

FREE TRADE AND THE 'HAMILTON COMMERCIAL ADVERTISER.'

The *Hamilton Commercial Advertiser* of the 21 inst. contains a long article in reply to our observations of the 20th ult. We shall not imitate the diffusiveness of our contemporary, but shall condense our remarks as much as possible, and this we can do with the greater propriety, since his last article has narrowed the controversy to such trivial points that it is almost a waste of time and paper to discuss them. Still our antagonist appears determined to deny that there is any similarity in our views, although on almost every individual point there is nearly perfect unanimity. For instance, he writes:—

"We cordially agree with you, in the present circumstances of the relations between Great Britain and Canada, in the propriety of Canada insisting on a repeal of the Navigation Laws, in our claiming the right freely to admit to our waters whatever vessels will carry our produce, at the cheapest rate, to the best markets. We agree with you, also, in the propriety of doing away with all differential duties. In short, while Great Britain adopts the principle of regulating her whole fiscal concerns by the theory of free trade, and on the grounds that she must, in all her commercial regulations, guide herself by the principles of profit and loss, as expounded by the economists—profit and loss to herself irrespective of her colonies—we hold that we are called on to follow out these very same principles. We cannot hope to alter her course by opposing it—we may perhaps influence it by ourselves adopting it. Come, then, friend and confère, and see what we are to do with our system of imports. We agree with you in the propriety, in as far as possible, of taking off all taxes on what you call necessities, which we should be inclined to term articles deriving their value from their intrinsic value. Duties on sugar, duties on tea, duties on molasses vanish as far as possible."

Having thus given an unqualified assent to our leading doctrines, he proceeds to give his own tariff of taxation, on what he styles articles of ostentation, fixing the rates at 25 to 50 per centum, and then, in a tone of triumph, asks whether such a scale of taxation might not, under certain circumstances which he specifies, foster and protect the manufacture of such articles, and whether such protection would not be contrary to those principles of Free Trade which we advocate? Our answer to this is very simple: we object to his scale of taxation—it is not ours, but his own. Our objection to such an exorbitant scale of taxation, even on articles of ostentation, are clearly stated in our last, namely, that it would tend to diminish consumption; and we produced some striking instances in the history of taxation in Great Britain—those of the taxes on chip hats, and the use of hair powder—which clearly demonstrate that in taxation two and two do not always make four. The rule which we laid down—and in which certainly nothing that the *Hamilton Commercial Advertiser* has written has shaken our confidence—is, that taxation should be "proportioned in a considerable degree to the intrinsic value of the articles, and not to the means of those who, it is presumed, may be the purchasers." For all the consequences which may flow from such a rule—if it be inconsistent with the doctrines of Free Trade—we are of course responsible, but we must disclaim the responsibility of any such scheme as that which the *Hamilton Commercial Advertiser* proposes.

But it may be said, that even a moderate scale of taxation on imported articles, to a certain degree, raises and protects domestic manufactures. No doubt it does: and this is the main argument in favor of direct, in opposition to indirect, taxation. There are, however, numerous reasons—which it is unnecessary to particularize here—which cause the latter system to be generally acted on in every country; and such an incidental protection of manufactures—supposing it to be an evil—is too trifling to outweigh those reasons. Of course in legislating on this, as on other subjects, there are some anomalies which cannot be entirely avoided, and all that can be done is to make them as trifling as possible.

In our number of the 20th ultimo, we asserted what we thought a self-evident proposition, and which, therefore, needed no argument to support it, "That a tax on luxuries may frequently be collected to the advantage of the revenue, and without inconvenience to the payer, we apprehend no one can deny, and this, as we have already stated, is a strong argument in favour of the taxation of such commodities; but that such a tax does take just as much wealth from the pocket of the payers, as any tax on necessities, is we think equally clear."

To this the *Hamilton Commercial Advertiser* replies:

"We bring forward a supposed case of a country having been in the habit of importing lace from another to the value of £1,000,000 per annum, free of duty. We suppose, then, a duty of twenty per cent. to be levied on it, and affirm that in that case the quantity or quality of lace imported will fall, or nearly fall, so much as to make the amount expended on lace, by the members of that community only, £1,000,000, as before. The *Economist* does not dispute the probability of this, nor do we think he can do so. How, then, is it that he affirms that such a tax

takes out of the pockets of the consumers just as much as a tax on necessities? It clearly takes nothing out of the pocket; it only somewhat diminishes the size, or alters the pattern of the articles of lace worn on the person. To the initiated in all the secrets of these fabrics this may make a sensible difference. We question much, however, if, in the age of true taste, it would make any sensible difference."

Now, really the case as put by himself is so clear, as not to admit of a doubt. If the quantity of the article be diminished, or the quality be deteriorated, to the extent of the tax, does not the consumer receive so much less value for his money, and does not the State take from his pocket the difference? Take the case of a person determining to invest a sum of money, say £1,000 in pictures, a description of merchandize, which we suppose our contemporary will class under the head of articles of ostentation. Now suppose the cost of each picture to be £100, is it not evident, that if there be a duty of 10 per cent, with his £1000 he can only buy nine pictures, whereas if there were no duty he could purchase ten; the State, therefore, by imposing a duty of ten per cent, takes from the pockets of the importer or owner the value of one picture.

But, says the *Commercial Advertiser*, the smaller quantity of lace or the smaller quantity of pictures, are of the same value in the market, as the larger quantity or number would be. What is this, but saying in other words, that taxation adds to the cost, and of course the exchangeable value, of commodities; a proposition which no one will deny? And does not this equally apply to taxation on necessities, and is not, therefore, the distinction which he attempts to draw between them and superfluities, or if he prefer the term, articles of ostentation, merely the creature of his imagination?

The editor of the *Commercial Advertiser* says to us,

"You and we, for instance, though agreeing as to Canada, are, to a certainty, wide as the poles asunder as to the British Empire." He then proceeds to point out, what he considers the correct position for Britain to assume; and recommends "first, a British League, a British Zollverein; and secondly, some such representative scheme as that of Mr. Howe."

It would be of little service—and altogether exceed the proper limits of such an article as the present—to enter upon a speculative disquisition as to the proper policy to be pursued by Great Britain in her commercial relations with other countries. For this reason—however tempting it may be—we shall not offer any comment on our contemporary's observation. Great Britain has decided on her course, and remonstrances from all her colonies collectively—still less from any one of them—would prove unavailing. Our object—and in it we rejoice to find there is no difference of opinion between us and the *Hamilton Commercial Advertiser*—is to secure the adoption in this colony of such principles of commercial legislation, as may give us as many of the benefits, and as few of the injuries and inconveniences as possible, of the changes which have been wrought in the fiscal policy of the mother country.

MONTREAL HERALD'S ADVOCACY OF FREE TRADE.

The *Montreal Herald* of the 9th instant, in answer to the strictures in our last on the subject of his advocacy of the cause of Free Trade generally, puts the following question to us:—

"Does he or his correspondent assert that the *Herald* did not distinctly advocate the 'Repeal of the Differential Duties,' the 'Abolition of the Navigation Laws,' so far as they restrict Canadian commerce, and the 'Opening of the Trade of the St. Lawrence' before these reforms were mentioned in the *Economist*?"

He then proceeds to remark:—

"If he deny our claim to have been first in the field, then we come at once to issue: *littera scripta manet*—our files are in our office—and we shall have no difficulty in establishing that which we have alleged. In the meantime, we will give our friend a specimen of our quality, which, if he think it worth his research, he will find was published a very respectable length of time before the St. Sacrament Street Journal made its appearance on this lower earth. If this be not sufficiently remote we can still go further back:—

"We mentioned in our last issue among the subjects, which it was to be hoped would occupy the attention of our Provincial Parliament during the present session, the absolute necessity, in consequence of the new commercial policy of the Mother Country, of remodeling our own system of Provincial duties, and the more we reflect upon and examine into the effects which must result from any supineness on the part of the Provincial Legislature in adopting the general principles of free trade, and following in the steps of the Imperial Government, the more do we feel our duty to lose no opportunity and spare no labour in pointing out the suicidal policy of retarding or standing still, while all the rest of the world are at least advancing towards the adoption of free trade principles, and the abrogation of all unnecessary restrictions on commerce."

Now, our respected contemporary would have adopted a course which would have carried conviction to his readers, had he, after reference to those files which he has so carefully retained, specified the dates on which those articles appeared, which, by their "boldness," according to his account, produced so powerful an effect on the public as to have "startled some and alarmed others." The meagre extract with which he concludes, by no means explicitly establishes the fact of his advocacy of the "Repeal of the Differential Duties," whilst he does not furnish us with a tittle of evidence in proof of his having taken up at an early period the