

THE WHOLE CASE OF THE NAVIGATION LAWS.

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In the rapid progress of commercial reform during the last twenty-five years, there is no feature so remarkable as the fact, that the fears and forebodings of the consequences upon the interests of those who were supposed to be benefitted by existing restrictions, have been singularly falsified by the results; and that in all cases those interests which at first sight appeared to be most menaced with danger, have found, instead of ruin, only a new and enlarged field of prosperity and success in the development of free trade. No matter to what branch of commerce or industry we refer, we are struck with this fact. In home manufactures—in the silk and iron trade—in agricultural productions—in the growth of wool and the more recent efforts to effect agricultural improvement—and even in the reviving hopes of our colonies, in the timber trade of Canada, and the sugar cultivation of our East and West India possessions—it is impossible not to recognise in all, the clearest and most unquestionable evidences of the benefits of free and unrestricted trade, especially when carried out with that due regard to the broad interests alike of producers and consumers, which has been so consistently and so creditably done by the present Government, in their enlightened settlement of the sugar duties, and in the removal of all the just and well-founded complaints of the planters.

The falsification of the fears and despondency of the various protected interests, may be traced to three distinct and obvious causes.—first, the effects of protection have in all cases been greatly exaggerated, secondly, no sufficient allowance has been made for the improvements and economy in any art, which free competition effects, and lastly, the most important consequences of the increased employment and consumption which those improvements have effected, have always been too much overlooked.

In no branch of British interests has the principle of protection so ancient, so popular, and so deeply-rooted a hold on public opinion as it has in favour of those laws which are supposed to maintain and strengthen the prosperity of our shipping. Many who would not sanction the privileges contemplated by our Navigation Laws on commercial grounds are still willing to do so on grounds of public policy and safety. By such they are regarded purely in a political light, and as an adjunct to our naval power. But with such, as well as with those who support those laws on account of the advantages which they afford to the ship-owners, it is essential to show that they are really calculated to promote and extend our shipping; that contemplated protection is really operative and advantageous. Unless this can be shown and maintained, it is clear that, while these laws inflict the greatest inconvenience on the commerce of the country, and especially so at particular times, they afford no real advantage to the ship-owner, nor can they be regarded as a source of political strength. If, on the other hand, it can be shown that the relaxations which have already taken place in our Navigation Laws, have been highly beneficial to the extension of our mercantile marine—that the remaining restrictions are inoperative for any of these contemplated objects—that restrictions upon shipping only impose restrictions upon our general commerce, and thereby are calculated to diminish the general carrying trade of the world, which would otherwise be profitably carried on,—then we apprehend all the grounds on which any of the advocates of the Navigation Laws at present support them will be removed, and that no opposition will be offered to their repeal. We believe that shipping forms no exception to the general rule to which we have already alluded, as the result of free competition; that no interest has already been more benefitted by the partial removal of the restrictions immediately affecting it, than the shipping trade; and that the whole of the remaining restrictions might be removed not only without injury, but with absolute benefit to the general commercial marine of the country. Startling as such propositions may appear, we have not the slightest doubt that they can be successfully proved and maintained. In undertaking this task we are fully aware that we have to grapple with popular prejudices and mistaken views of self-interest, more deeply rooted than any other. Still we do not despair of success.

First then, let us examine what has already been done to remove the restriction which the original framers and supporters of the Navigation Laws conceived to be needful to protect our shipping, and what results have followed therefrom. The various attempts in ancient times to secure to this country the largest share of the carrying trade by legislative enactments and restrictions, were embodied in that famous law, called the Navigation Act, which was passed in the 12th of Charles the Second, and which remained in operation without change or modification, until the force of events rendered a partial relinquishment of its principles absolutely needful in 1815.

By this law it was enacted, that no goods the produce of Asia, Africa, or America, should be imported into the United Kingdom except in British ships. With regard to these three important quarters of the globe, an absolute monopoly was established in favour of British ships. And it was further provided, that any goods imported from the continent of Europe in foreign ships should be charged with additional rates of duties. With regard, therefore, to three quarters of the globe, British shipping had an absolute monopoly; and with regard to the remaining quarter, it was protected by high discriminating duties. So far, however, as our intercourse with Asia, Africa, and America, was concerned, the contemplated restrictions were in a great measure a dead letter down to the beginning of the present century, inasmuch as the whole of our trade, to that time, was confined to British possessions. For example—as long as the United States remained a dependency on this country, nearly the whole of the North American continent stood to us in the relation of colonies, to which the restrictions referred to did not apply. Then, with respect to South America, the greatest portion of it formed dependencies of Spain and Portugal, which dependencies possessed no shipping of their own, and the trade of which was regulated by the parent states in Europe. Again, with respect to our trade with Asia and Africa,—the whole of it was carried on either with our own dependencies, or with countries who, having no shipping of their own, never felt the privileges enacted in favour

of British ships any grievance or inconvenience. Our trade to those portions of the globe consisted chiefly of that carried on with our dependencies at the Cape of Good Hope, the East Indies, and to China. The two former, having all the privileges of colonial possessions, were excluded from the restrictions of the Navigation Laws, and the latter, having no shipping with which our laws interfered, experienced no inconvenience from them. As far as regarded all these countries and their trade with us, our Navigation Laws were a dead letter. Vessels built in America or the East Indies had all the privileges of those built in England. China and other foreign countries with which we traded out of Europe, having no ships of their own with which we interfered, were unconscious of the nominal disadvantage under which our laws placed them. In short, our trade with those countries would have gone on precisely as it did, irrespective of any law which contemplated an interference with the ships of those countries.

The first circumstance which really brought the provisions of the Navigation Act, as far as it related to the countries out of Europe, into practical operation, was the erection of the United States into an independent country. No longer possessing the privileges of colonies, their ships were debarred from bringing cargoes of their own produce to this country; and the consequence was, that those American ships which traded direct to Great Britain, were obliged to come in ballast, in order to carry a cargo back. After long and repeated attempts, on the part of the United States, to induce the English Government to enter into an arrangement, by which so inconvenient and so wasteful a system might be obviated, and despairing of success, they had recourse to a system of retaliation, and enacted against British ships a law corresponding to our law against their ships. They prohibited the importation of British goods in any but American ships. Thus, the trade of these two large and important countries was reduced to this absurd and anomalous predicament—English ships sailed to America in ballast in order to bring home American produce, and American ships sailed to England in ballast, in order to carry home British manufactures. Just double the quantity of ships necessary to conduct the commerce of the two countries were thus rendered needful; and, as the freights obtained for the voyage one way must have been sufficient to defray the cost of navigating the ships both ways, the transport of the produce of each country must have cost just double that it otherwise would have done. American cotton and tobacco were brought to England at double the cost of freight, which additional cost injured the consumer in England, by adding to the price, and injured the producer in America, by limiting the consumption.—British manufactures were carried to America at double the necessary cost, which injured the consumers there by adding to their price, and also injured the producers here by limiting their consumption. And both countries were deeply injured by a wasteful and useless application of much capital, which otherwise might have been applied to other national and profitable objects—to the construction of canals or roads, the improvement of the soil, or the extension of manufactures: all of which of themselves would have led to an extended demand for shipping in a legitimate and useful way. Absurd and ridiculous as this position may appear for two great countries to be placed in, yet we shall find that the whole tendency and spirit of the Navigation Laws, even as now existing, has a tendency to produce the same anomaly, when they have any effect at all. These laws, in fact, in their practical effect, are precisely the same as if two rival railway companies, traversing the same country, with lines running close to and parallel with each other, had the power, and exercised it, of confining each other to conveying passengers and goods in one direction, the carriages returning empty; as if two railways were established between London and Edinburgh—the one belonging to the former city, and the other to the latter; as if London were to prevent the arrival of passengers and goods in any other but the London carriages, and as if Edinburgh were to prevent the arrival of passengers and goods in any other but the Edinburgh carriages—the London carriages going to Edinburgh empty, in order to bring back goods and passengers, and the Edinburgh carriages going to London empty in order to return full. Two lines of railway would be required in place of one, just double the quantity of carriages would be necessary, and the fares would require to be double, in order to recompense for the traffic one way, under circumstances which involved the necessary cost of carrying it both ways. And, again, double the quantity of capital would be brought into requisition, for a given object, which might otherwise have been profitably engaged in constructing other railways, or for any other purpose. Such, however, is the spirit, and such is the effect—as far as they have effect at all—of our much praised Navigation Laws.

The absurdity and inconvenience which arose under this retaliatory system in the trade between the United States and Great Britain led to the treaty of 1815 between the two countries, by which each conceded to the other, in their direct communication with each other, the privileges enjoyed by their own ships. American produce could thenceforward be imported into Great Britain direct from America, by American ships, on the same terms as in British ships, and British manufactures could be imported into America, direct from Great Britain, in British ships, on the same terms as in American ships. It was thus that circumstances forced the first change in the Navigation Act.

But the same principle which applied to our American trade, in the absolute exclusion of their produce, except in British ships, applied practically to our trade with the Continent. It is true that we did not absolutely prohibit European produce in European ships, but we placed discriminating duties upon the ships themselves, and upon the goods imported in them, which led in a great measure to the same inconvenience. Continental ships found that they were either obliged to come to this country in ballast, or, if not, at a great disadvantage of duties, in order to carry back cargoes from this country. Those countries, seeing the process by which America had compelled Great Britain into the recognition of a just and reciprocal system in 1815, and feeling the growing inconvenience of the existing system began a few years afterwards to adopt a similar retaliatory course, after having made vain attempts to have similar privileges recognised, without doing so. In 1823, Prussia imposed upon