

ing products of our own Country. The rule will very generally hold good, that those articles of home production which cannot be rivalled by Importation are and will be relatively cheaper than those of a different character.

12. *Theory and Practice.*

And here it may be well to speak more directly of the discrepancy between Theory and Practice which is so often affirmed in connection with our general subject. There are many who think the theory of Free Trade the correct, or at any rate the more plausible one, but who yet maintain, because they know by experience, that it fails practically of securing the good it promises. Hence they rush to the conclusion that a policy may be faultless in theory yet pernicious in practice, than which no idea can be more erroneous and pernicious. A good theory never yet failed to vindicate itself in practical operation—never can fail to do so. A theory can only fail because it is defective, unsound—lacks some of the elements which should have entered into its composition. In other words, the practical working is bad only because the theory is no better.

13. *Cheapness—Real and Nominal.*

Let us consider, for illustration, the fundamental maxim of Free Trade, "Buy where you can buy cheapest." This sounds well and looks plausible. But let us hold it up to the light! What is "cheapest?" Is it the smallest sum in coin? No—very far from it; and here is where the theory gives way. We do not, as a nation, produce coin—do not practically pay in coin. We pay for products in products, and the real question first to be resolved is, Whence can we obtain the desired fabrics for the smaller aggregate of our products—from the Foreign or the Home manufacturer? Take Woolen Cloths, for instance: We require of them, say One Hundred Millions' worth per annum. Now the point to be considered is not where we could buy most cloths for One Hundred Millions in money, for that we have not to pay; but where our surplus product of Pork, Lumber, Dairy Produce, Sheep, Wool, &c., &c., will buy the required Cloth most advantageously. The nominal or Money price paid for it may be Eighty Millions or One Hundred and Twenty Millions, and yet the larger sum be easier paid than the smaller.—that is, with a smaller amount of our Produce. The relative Money prices do not determine the real question of cheapness at all—they may serve, if implicitly relied on, to blind us to the merits of that question. In the absence of all regulation, the relative Money price will of course determine whether the cloths *shall* be imported or produced at home, but not whether they *should* be.

But this is not all. We may obtain a desired product to-day (and fitfully) cheaper abroad, and yet pay more for it in the average than if we produced it steadily at home. The question of cheapness is not determined by a single transaction, but by many.*

*Madison's Messages, 1-11-16-16.

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