

SPiRiT OF THE COMMERCIAL AND INDUSTRIAL PRESS.

NEW ECONOMICAL FACTS FOR CONSIDERATION

(St. James' Gazette)

It is surprising to see how English public men of eminence and ability either evade or are unable to grasp the true economical question which is taking so firm a hold on English opinion—brought, no doubt, into prominence by the prevailing distress, but assuredly not created by it. Lord Grey, who seems to care for nothing but abstractions, proves to demonstration that stipulations for the lowering of duties in commercial treaties found no place in the theory of Free Trade as devised by its original inventors Lord Derby, who appears to care for nothing but facts, points to the figures which show that, in spite of ups and downs, the British trader has on the whole been making money between 1870 and 1880. No controversialist worth mentioning has denied either position. It is quite true that Free Trade was originally supposed to be good in itself, and to be capable, through its manifold serviceableness to mankind, of unlimited self-propagation. Nor need it be denied that several inconveniences have followed from the expedient of extending its area by international compact. It is equally true that the abolition of the British tariff was followed by an expansion of British prosperity which has only lately begun to give signs of serious diminution. But the real question is what is to be done, and whether anything can be done, in presence of some wholly new facts, absolutely unexpected when the laws protective of British industry were repealed forty years ago. Free Trade has turned out to have exactly the opposite quality to that which was attributed to it with such unshakable confidence. It proves to be endowed, not with attraction, but with repulsion. The more we have practised it the more foreign nations dislike and fear it; and the result is one that must be stated in words incapable of being too often repeated—that the entire civilized world is closing its markets against us. Our colonies, the moment we confer self-government upon them, imitate the example of the colonies which throw off our authority by force. Australia and Canada go as far as they can imitating the strict protectionism of the United States; and the British manufacturer is confined for his markets to the homes of savagery, barbarism, and semi-barbarism—the seats of unknown forces which may explode any day. Wherever there is national will, there is protectionism. The countries under the Turkish sceptre are open to our goods; so is China under present treaty with us. But France, Russia, Spain and Germany, the United States, Canada and the Australian Victoria have built a barrier of customs duties all round their boundaries and shores.

Will anybody in his senses proclaim that these new facts are of no importance whatever? Will anyone really assert that the contraction, and probably the eventual loss, of the markets of civilization is an idle and immaterial circumstance? The men who have talked a particular jargon until it does duty with them for thought have never had the audacity to assert this. They merely jog on with their old claim of eternal truth for their own theories, with their old imputations of motive, with their old abuse of opposition. If they ever really came to close quarters and asserted that there was anything in our present fiscal system which makes the entire or partial loss of a great market a matter of no consequence, it would be easy to shut their mouths in a moment with the example of the United States. We have over and over again pointed out that it is the American tariff which makes the difference to this country between bad times and good. From the period when the United States settled down into protectionism, after the defeat of the South in the War of Secession, the industrial prosperity of Great Britain began to slacken. Every now and then the community which has attained to such splendid industrial success under conditions which ought, according to the theories prevailing here, to have brought nothing but ruin, is overtaken by necessities which it cannot for the moment satisfy. It has not iron enough, let us say, for the railways which it is constructing at headlong speed; and then it is willing to pay such a price for British iron as will make it profitable to the British manufacturer to sell it even with the American duty to pay. This is what constitutes a revival of British industry; this is that return of good times which has so often flattered the hopes of the British optimist. But in a little while the demand slackens; the American iron producer has made up his leeway, and the British trader cannot force his goods over the barrier of the American tariff. Then come bad times again, which, combining with the pressure of an intolerable deterioration of climate on the British agriculturist, have set all classes of this country a thinking, with the not uncommon result of thought—that certain old idols are in much danger of iconoclasm.

It may be taken, therefore, for granted that the loss of a civilized market—that is of the liberty of selling to a community of men whose needs are always increasing and who are constantly increasing their purchasing power—is a commercial and industrial calamity of the first order. The loss of two or three such

markets is a still greater disaster, and if, instead of a loss, there is only a serious contraction of such markets, there is at least a mitigation of the evil. It ought, further, to be recognized by all who are not obstinately blind that the difficulties of a populous manufacturing country against which the avenues of trade are being closed are enormously increased and rendered vastly more complex by a fiscal system which has deprived the producing classes of the home or domestic market, by throwing this market wide open to the productions of foreign nations. We may add that these difficulties are not less, but greater, in the case of a country of which the richer classes do not suffer in proportion to the sufferings of the poor, because they have invested in foreign securities the great gains which they made in more fortunate times. The position, therefore, being one of the greatest embarrassment, and we will further assert, of very serious danger, what remedy can be discovered? We fully admit the inconveniences of the method of creating markets artificially which was devised by Cobden and carried into effect by Mr. Gladstone. Beyond a doubt it ties the hands, and thus fetters the energies, of British statesmanship in a very awkward and annoying way. It is a very small matter in our eyes that it is not reconcilable with the theory of Free Trade. But we fully allow that, Free Trade having been once established, we as a free trading nation negotiate under the greatest difficulties; because in reality we have no compensations to offer. We can only promise to impose no duty on coal—which means that we will alienate a part of our capital; or that we will reduce duties imposed for the sake of revenue—which really implies that we will buy a market for one class at the expense of another. But the question remains, what is to be done? It would be madness to sit still; and the fact is that it is for the moment impossible to do anything except to purchase markets for our goods by international bargain and sale. Indeed, rigorously speaking, the matter has passed out of our hands. Foreign countries are practically declaring under what conditions they will admit our productions. Look at the French fiscal system, which may be regarded as typical. The French Government and the French Legislature have created a "general tariff" which expresses the normal commercial policy of the French Republic. It is sternly protectionist, and, as regards the bulk of British goods, it would undoubtedly be prohibitive. But it is to be subject to exception in case of treaty. Thus for France has declared, in the clearest, most public, and most positive way, that she is by rule protectionist, but that she will allow her market to be purchased by concessions under treaty. And this, no doubt, will very shortly become the system of all Europe, and possibly in time of the United States also. It is a system very much more likely to spread widely than Free Trade. Hence we are really placed between commercial treaties and loss of markets. It is true that there is a policy conceivable which might give to this country the command of a very different position. The British market is so great and rich that, if the British nation would submit to temporary sacrifices, foreign communities might well be brought to terms for the sake of obtaining it. But if there is courage enough in the people for such a policy as this, the courage of our statesmen is a great deal more open to doubt.

HARMONIZING LABOURERS AND CAPITALISTS

(Chicago Industrial World.)

It is a grave mistake to suppose that there is any antagonism between capital and labour. These are always and universally friendly. Capital is merely an instrument of production, but its use may be abused. An axe is capital in the hands of its owner, yet it may be employed to commit murder as well as to chop wood. That is not the fault of the axe, but of the criminal intent which misdirected its genuine instrumentalities. Still, the axe itself is not destroyed. It may falsify its functions in doing a murder, yet afterwards perform them in chopping hundreds of cords of wood. So it is with capital in general. Its true office is to elevate the condition of man, first converting his drudgery into toil, then his toil into labour, finally his labour into work. If, for a time, it is perverted from its office, it returns to its duty at the earliest opportunity. The nineteenth century is more enlightened and more progressive than any one preceding, because it possesses more capital in a higher state of activity, increasing at a more rapid rate. Indeed, the welfare and the progress of the labourer are inseparably bound up with the increase and the activity of capital. However, the most useful and potential part of capital is precisely that which the labourer generally regards with least esteem. We allude to principles. When the principle of the arch was discovered, mankind took a long stride in their progress. "The finding out of the principle that the people are the only true source of political power is fast working the downfall of monarchial institutions. Discovered principles, therefore, are the greatest motor of human advancement. At first they appear to have nothing to do with utility, and to be nothing more than the satisfaction of curiosity; yet, as they accumulate, they intermarry, so to speak, and bring up a large family of highly practical and beneficial results.

While there never has been antagonism between labour and capital, there has long been antagonism between the labourer and the capitalist. Selfishness is the primal cause of this opposition. We are among those who believe that the relations between the labourer and the capitalist will never be settled upon a perfectly equitable basis until all hearts shall be imbued with a strong desire to do unto others as they would others should do unto them. Man brought discord into the world, and sin must be eradicated in order to banish discord.

For a series of centuries, the general condition of the labourer has been constantly improving. His right to wages, and even to good pay, is now almost universally conceded. But it was not so always. At one time the labourer was a serf attached to the soil, and transferred with it as so much property, by sale or by conquest. Often he carried about his neck a collar, with an inscription which showed that he was born a slave, and belonged to a particular master. In that day, any serious talk about compensation for labour would have been considered as wickedly innovating, and as worthy of merciless punishment. Through a natural process the serf worked out his freedom. His toll was unproductive, because there was in it neither heart nor hope. He produced little and got little. The master soon saw that he could increase his profits by tempting the slave to increase his work, giving him all the surplus he could earn after finishing his task. With this partial liberty of working for himself came the stimulus of hope; he worked harder for himself than when working for his master. It was finally seen that more exertion could be obtained from him, and at a really cheaper rate, by paying him wages than in any other way.

After a considerable period of trial, this system is now rapidly advancing to new stages of development. The labourer perceives that the capitalist realizes a profit upon the hire of services, and knows that all this gain would be his own could he only discover some way of self-employment. Co-operative societies of various kinds have grown out of this view of the subject. It thus seems that co-operation is to embody the next great fundamental step of progress that will be taken by the labourer in his slow and painful movement from a state of slavery to one of full power of self-assertion and of self-direction. Here we catch a glimpse of the idea that antagonism between the capitalist and the labourer will cease when the labourer shall himself become a capitalist. Assuredly, the toiling millions are advancing in that direction. This fact is discernible in the growing number of persons who own their homes; in the larger variety of comforts, conveniences, and even luxuries enjoyed by the working classes, particularly in this country, and in their rapid elevation in the scale of intelligence. Now-a-days we would consider that man plunged in the depths of poverty and wretchedness whose daily fare was horse corn, beans, poison, oats, rags and lentils; and the certification of his such miserable condition would make him an object of general commiseration, and speedily the recipient of charity; yet such was the common state of the labourer in the fourteenth century. Harrison, a high authority, affirms of those times that if a man in seven years after marriage could purchase a flock bed and a sack of chaff to rest his head upon he thought himself as well lodged as the lord of the town, "who peradventure lay seldom on a bed entirely of feathers." The home of the manual day labourer in the nineteenth century contains furniture and utensils which, in the fourteenth century, would have represented a high grade of luxury. Many a labourer in this age would have been a capitalist in that. In brief, there has been an immense accumulation and wide diffusion of capital, and every individual member of society has derived a bettered condition from the greater abundance of the instruments of production. Had the people of the middle ages possessed our knowledge, our skill, our mastery over the forces of nature, they would have occupied our place in the scale of civilization, instead of their own crude and clumsy development, and we should very probably have been as far advanced beyond our present situation as that is beyond the situation of the middle ages. Social progress consists in the growth of population and capital. Both begin at zero together, and go continually increasing.

It is not capital that is unfriendly to the labourer, but its concentration in few hands, and its prostitution to oppressive ends under the rule of selfishness. Even then the rapid increase of capital is the speediest remedy for the evil; for the more there is of it the stronger will become its inherent tendency to diffusion. In feudal times the principle of the concentration of capital was powerfully active, it being the rule, as Blackstone says, "that the king is the universal lord and original proprietor of all the lands in his kingdom, and that no man doth or can possess any part of it but what has mediately or immediately been derived as a gift from him, or to be held upon feudal services." The king had his vassal lords, who, in turn, had their vassal tenants. Capital was meagre in quantity, insecure in tenure, and inferior in quality; hence the labourer was almost helplessly dependent upon the capitalist. As capital accumulated, very gradually, however, the feudal system, out of its military character, being transformed into a civil establish-

ment, and feudal services were converted into pecuniary assessments. With this change a portion of freedom passed to the nobles and their underlings. Capital growing more rapidly, the arbitrary authority of the sovereign ceased, law emanating from a small part of the people taking the place in the society formation. With every successive increase of capital there has been a resulting diffusion of it throughout the community, to greater or less extent, according to its quantity and quality, until, in the most civilized countries of Europe, monarchs are rapidly losing power and prestige, and the people, with expanding franchises, are more and more able to control their own present condition and their destiny. History demonstrates that capital is the great lever. It is the labourer's unfriend co-worker and best friend, and will ultimately redeem him from every species of thralldom. The more plentiful and the more active it can be made, the sooner will arrive that grand day of universal emancipation.

So long as society shall be divided into two distinct classes—labourers who let their services for wages, and capitalists who hire the services and pay the wages—there will be antagonism between the two, because their interests are different. Whatever tends to increase production, and thus to augment capital, whether the tendency arise from freer political institutions, or from juster laws, or from a purer administration of justice, or from improvements in automatic machinery, or from other source, must tend to convert labourers into capitalists capable of self-employment, and so of independent action in applying their exertions. We advocate a protective tariff because it operates to energize production, and thus to increase capital. It is where production is most active and most diversified that the labourer finds the largest and steadiest demand and the highest pay for his services permissible by the form of government and legislation under which he lives. In a country like ours, where the masses of the people are the governing class, and where the doctrine of equality of political rights prevails, and where the ownership of land is so widely distributed among the population, a protective tariff becomes a prudential force to augment and to diffuse capital. Nevertheless, as one difficulty of the labour problem shall be settled, another difficulty, on a higher plane of justice, will emerge from the adjustment, in its turn requiring consideration, just as the emancipation of the Southern slaves was followed by the necessity for civil rights, and the granting of those is now supplemented by the need of education to fit the liberated blacks to exercise intelligently and beneficially the franchises of citizenship.

Finally, it is plain that the world has barely entered upon the acquisition of capital. An incalculable abundance awaits appropriation in the vast storehouses of nature. Every successive generation inherits an augmented accumulation, and this increase embodies the process constantly going forward, by which the circumstances of all classes have been raised. Additions of capital, whenever productively employed, and that is the tendency, will operate as certainly to the benefit of the labouring population at large as if the owner was a trustee in their behalf. We therefore repeat, with all the confidence which comes of a conviction of being in the right, that the welfare and the progress of the labourer are inseparably bound up in the increase and activity of capital.

THE COMMERCIAL TREATY NEGOTIATIONS WITH FRANCE.

(English Press Opinions.)

The Times says the consent of the English Government to renew the negotiations for a commercial treaty with France can have been given only on the understanding that France is prepared to make very considerable concessions in the direction of free commercial intercourse. If this be so, a very short discussion will be enough. If it is not so, it would have been better to have declined altogether to discuss terms which can come to nothing in the end. The English Government has more than once declared that it will be no party to the conclusion of a treaty which is not at least as good as the present treaty. The nation, the Times is sure, will hold the Government to its promise in this matter. Englishmen have no great wish for a commercial treaty with France or with any other country. It is as a concession to French weakness that they consent to entertain the idea at all. It is the policy of France to trade only on terms. A foreign nation which deprives itself of the benefit it might obtain from the admission of French goods is punished by retaliatory measures from which France is the chief sufferer. For this state of things a treaty is the natural cure. It is arranged, of course, on the give and take principle, after a due amount of higgling over details. But this implies a view of trade which is not the English view, and which is entirely opposed to the English view. The true course for England, as Mr. Bright said in his recent letter on the subject, is to open her ports as widely and completely as possible, whatever may be the tariffs of other countries. The renewal of the treaty negotiations with France comes as a curious practical comment on Mr. Bright's words.

The Standard urges that in the renewed negotiations her Majesty's Government should do nothing to weaken the position they have already taken up.

They have pledged themselves not to agree to any conversion of duties which would destroy any branch of English trade, although to ask them to carry out this principle to such an extent as to promise not to injure any individual article of trade, however small, would be simply absurd. If our own Government make a firm stand on the principle, they have hitherto set forth they will, without doubt, succeed in obtaining a treaty, which will be really acceptable to the English people, and ultimately result in increased trade and more cordial relations between the two nations. Should they be unable to carry this point, they will better secure the respect of the country by making no treaty at all than by consenting to one which savours too much of the spirit of compromise. The inopportune agitation now being carried on in England in the name of fair trade is likely to throw difficulties in the way of a satisfactory solution of the difficulty, both by conveying a false impression in France as to the feeling here, and by causing weak politicians to waver in their allegiance to Free Trade principles. The Standard has more than once exposed the fallacy of attempting to remedy temporary commercial depression by resorting to measures of false political economy. English trade, no doubt, has been suffering from depression, from which it is rapidly recovering; when the normal condition of prosperity has again been attained, the public will recognize that it is only by adherence to sound Free Trade principles that the great progress which has really taken place in the ten few years has been secured. France also, will do well not to lose sight of the facts in the forthcoming negotiations and to confess, by acquiescence in reasonable proposals, its respect for protective economic laws.

The Daily Telegraph regards the renewal of the negotiations with satisfaction, because it has been secured without any surrender of principle on the part of the English Government. When France refused to grant a prolongation of the tariff fixed by the treaty of 1860, it was thought that the menace involved in the refusal would have terrified our negotiators into a capitulation; M. Tirard, however, found out his mistake. The threat had no influence whatever. The English representatives refused to surrender their objections to the new tariff, and the negotiations were suspended. It thus seemed possible for a time that the whole trade between England and France would, in November, fall under the new and protective scale of duties, to the derangement of vast industries on both sides of the Channel built up on the basis of the extended intercourse it was creditable to the Cabinet that they manfully faced that possibility rather than sanction by their signature a reactionary tariff. By a departure from economic principles to gain political ends, Cobden, twenty-one years ago, made reciprocal imports a matter of bargain; at the same time, however, he secured reduced duties which tended in the direction of Free Trade. But had Mr. Chamberlain and his colleagues accepted the propositions laid before them several months ago they would have affixed their signature and approval of England to a tariff tending the other way—to a new and higher scale of duties, some decidedly of a protectionist character. That would not only have violated the abstract idea of Free Trade, but would have been practical homage to very opposite principles in economic law. The Ministry must be congratulated on its firmness and on the result.

The Daily News does not think it worth the while of the English Government to assent to any arrangements which would not place English commodities in at least as good a position as that assigned to them by the treaty of 1860. On that understanding we are prepared to negotiate. From a purely economic point of view, the objection to the principle of commercial treaties is difficult, if not impossible, to answer. The familiar arguments which have been lately recapitulated by Lord Grey and treated as dangerous novelties by some who instruct the public on the true meaning of Free Trade may be accepted by a statesman who can nevertheless see that there are political considerations on the other side. To a treaty which binds us in any circumstances not to reduce duties, which committed us in any way to a policy of protection under any disguise, England would never consent. But if by concessions which do not violate the fundamental principle of international commerce it is possible to cement friendly relations between two countries, and at the same time to satisfy some class or classes of native producers, it is pedantic to urge that we are thereby condoning heresies of foreigners. It is necessary on some occasions to act upon the reasonable certainty that unusual and mischievous principles will continue for a time at least, to be acted on by those over whose conduct we have no control. Mr. Cobden was at least as well acquainted with the doctrines of political economy as those who imagine that "fair" is the antithesis of free trade. But France will do well to bear in mind that the consequences of a failure to conclude a fresh treaty will not be very serious to English commerce.

A messenger was sent from Mexico to a Michigan lumber camp to inform a man of the death of his child, but he used the money given him in purchase of drink, and did not perform the errand. He never got sober, for lumbermen hangd him before he had time.