



CANADIAN ECONOMIST.

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MONTREAL, SATURDAY, 16TH JANUARY, 1847.

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CONTENTS.

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|---|-------------------------------------|
| 1.—Free Trade and "The Hamilton Commercial Advertiser." | 6.—Public Meeting—Niagara District. |
| 2.—The Provincial Tariff. | 7.—Canals of New York. |
| 3.—The Portland Railway. | 7.—Miscellaneous Articles. |
| 4.—Canada Steam Navigation Company. | 8.—Intelligence—General and Local. |
| 5.—Report of the Toronto Board of Trade. | 9.—The Markets. |
| | 10.—Advertisements. |

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FREE TRADE AND THE "HAMILTON COMMERCIAL ADVERTISER."

It was our intention last week to notice two articles on Free Trade which appeared in the *Hamilton Commercial Advertiser* of the 29th ultimo and 2nd instant; but a press of matter for our columns prevented us. As we are fully sensible that on this all-important subject there is considerable difference of opinion throughout Canada West, we look with interest to the discussions through their press, and are at all times glad to see the objections to such a modification of our commercial tariff as we hold to be necessary, fairly stated, believing, as we do, that they admit of an easy and a satisfactory refutation.

The editor of the *Hamilton Commercial Advertiser* commences by informing his readers of a fact—of which none who peruse his paper can doubt—that he is directly opposed to Free Trade principles. He goes on to say of the *Canadian Economist*—whom he honours with the appellation of "the great organ of the party,"—

"It is not easy to say what he would be about. Freedom of commerce, perfect freedom, he does not advocate, else with those who adhere to the doctrines of free trade, and follow them out to their legitimate consequences, he would abjure as a first principle, all taxes on imported goods. According to the reasoning of the economists they should be abolished and, instead of an indirect system, by which the taxgatherer puts his hand in your pocket and abstracts a certain amount without your knowledge, and for the dexterity of such abstraction he is largely paid, there ought to be a direct tax levied, in the simplest way, on all who may rightfully be enticed on to pay taxes. This would give perfect freedom, and thus alone can it be attained."

Now, as "a rose by any other name would smell as sweet," we are not by any means anxious by what name we should be designated. The *Commercial Advertiser* may style us Free-traders, Protectionists, or give us any other title in the vocabulary; it is to us a matter of perfect indifference: but we shall endeavour to enlighten him as to our principles, and in the exposition of them, we think he will have no reason to complain of us "fighting shy."

Our views on taxation are embodied in the following passage from the Address of the Free Trade Association, dated March, 1846:—

"We further avow that we entertain the opinion that Duties should be levied solely for the purpose of creating Revenue to provide for the necessities of Government, and the extension of internal improvements, and that, for these objects, such articles only should be selected for Duty as afford it without restricting or fettering the general Commerce—Carrying Trade—or the Agricultural Industry of the country."

Now, surely there is nothing in this passage which implies a desire for the substitution of direct for indirect taxation, nor can any passage indicative of such wish be produced in any of our columns. Our views on this subject have not as yet been brought out in detail or digested form, but we may briefly state, that in any

scheme we may propound, the main object will be to equalize as nearly as circumstances will admit, the pressure of taxation, so that the burthen may be distributed in proportion to the capacity of the tax-payers, in other words, in proportion to the revenue which they enjoy under the protection of the State. This object we believe has been altogether lost sight of in our present Tariff, and the attainment of it we should hail as a great fiscal reform, by whomsoever it were effected. We believe also, that in the actual circumstances of the country, it is through the medium of indirect taxation, that the necessary revenue can be most conveniently and advantageously, collected.

But, says the *Hamilton Commercial Advertiser*, this is contrary to the doctrine of the economists. This is a mistake. It is true that some political economists are now propagating the opinion, that direct taxation is decidedly preferable; and a very able article in the *Westminster Review*, recently quoted in our paper, certainly brings some cogent arguments in its favor. But the great mass of the writers on political economy,—Smith, Say, Storch, Garnier, McCulloch, and others,—assign various reasons justificatory of the preference of indirect over direct taxation.

Having made these remarks, we need say little with reference to the illustration of our *Hamilton* contemporary, drawn from the two descriptions of claret wine. We will not insult his palate by putting it on a par with the "English taste," which, the Secretary of the Free Trade Association of Bordeaux assures us, would be "perfectly suited" with an article costing only £8 per hhd., and which could be laid down in *Hamilton* at 9d. per bottle.—Let him try the experiment of importing a few dozens of his claret at 9d. per bottle, together with an equal quantity of what he styles "very little superior, in reality, at 5s per bottle or upwards;" and we will wager our reputation as political economists against his, that both he and any of his friends that he may seat at his festive board will find the difference in quality fully equal to the difference in price. At any rate, we do not envy any gentleman his feelings the morning after he may have "exceeded in his potations" of the cheaper article.

Another trifling point we would fain set our contemporary right on. The English, we believe,—although their climate is such as to give to their Port a ripeness and a richness of flavour unequalled elsewhere,—are by no means indifferent to the charms of Claret, as our youthful reminiscences, when the one was sold at 5s. and the other at 15s. per bottle, assures us.

We cannot, however, but wonder at the ingenuity of the *Hamilton Commercial Advertiser*, in pressing this article of wine into his service, as an argument against Free Trade; since, if there be a point on which there is no difference of opinion, it surely is that of the absurdity of the encouragement which the British Government gave to the trade with Portugal, at the expense of that with France—an encouragement which lost to the British nation the French market for their woollen manufactures, and which, in the words of McCulloch, "not only excluded one of the principal equivalents the French had to offer for our commodities, and proclaimed to the world that we considered it better to deal with two millions of poor beggarly customers than with thirty millions of rich ones, but we also provoked the retaliation of the French, who forthwith excluded most of our articles from their markets!"—Although Great Britain has to a certain extent retraced her steps, yet the wound still rankles—*hæret in latere lethalis arundo*—and it will be long ere the injury to her commerce, arising from the absurd Methuen treaty, will be repaired.

So far as the argument of the *Hamilton Commercial Advertiser* applies to the propriety of a scale of Duties on wines, graduated in proportion to their value, there is, according to the principles of taxation we have enunciated, no difference between us, we believe; and the same remark applies to other foreign luxuries imported into the Province. We can see nothing in such a system of taxation incompatible with the most enlarged freedom of commerce; and it is manifestly accordant with justice and sound policy. It is only when taxation on luxuries, levied solely for the supply of necessary revenue, is so heavy as to defeat its object, by diminishing consumption, and thus materially injuri-