one hand to make all parts in rotation. It is therefore clear that this principle of the division of labor and production, like its co-principle of exchange or commerce, is inherent in the laws of nature; both arising from the various conditions, constitutions and tastes of mankind; and that it will still go on in spite of all efforts to prevent it, as the pressure of competition increases through the decline of the general rate of profit. Instead of increasing profits by producing all kinds of commodities required in any particular country, they would be diminished. The only true policy for nations as well as individuals is a *thorough* free trade. The question of what is sometimes called one-sided free trade has often been mooted, both in the Dominion and elsewhere; that is, as to whether it be beneficial or injurious for a country to open its ports freely, while others tax the commodities it exports? In answer, it may be said that no trade can be carried on without a profit; and if a country imports, she must export, and *vice versa*. If one country imports commodities from another, they must inevitably be paid for by some other commodities produced in the importing country. If not directly, then by some round about trade, such as exporting commodities to some other country to which the first country was indebted. So the only difference would be that the balance would have to be adjusted by two transactions instead of one. If no equation of payments could be made directly or indirectly, the trade would necessarily cease without the imposition of extra import duties. If the trade should continue after the extra duties were levied, it would only prove that the trade was still profitable, and the tax would fall on the consumer, as he must pay all taxes and all profits. It is therefore hardly worth while to run the risk of increasing our own burthens for the sake of curtailing the profits of others.

From what has been said, it may be inferred that protection must always reduce the rate of profit on capital, and cannot for any length of time even benefit the parties intended to be protected, as the extra profits caused by the increase of prices must shortly be decreased by competition, and in the end the capitalist may lose more by the loss of capital than he had gained by protection. The statistics of exports and imports of different countries taken in money are now no criterion of the real values, or quantities of goods exported, or imported. No doubt all exchanges must be balanced in *real* values, whatever money prices may indicate. And it is hardly necessary to say that under ordinary circumstances no one would part with a commodity in trade without receiving its full equivalent in some other commodity, or its precise value in money, or in a bill, or note of hand that would at some future time command its full value in money, or in other desirable commodities. It is perhaps now necessary to explain the difference between values and prices. Prices are the nominal or exchange values expressed in money. They may be higher or lower, according to the financial condition, or according to the necessary quantity of money in circulation in each particular country. Real values are the cost in labor and capital consumed in the production of each commodity. Prices may be increased, or decreased, by alterations in the value, or the quantity of money, without