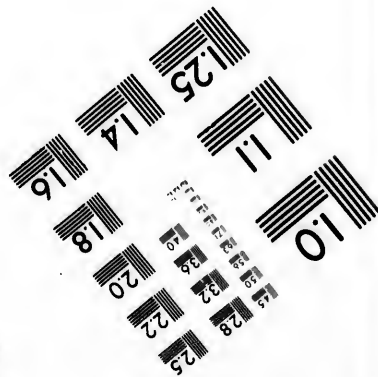
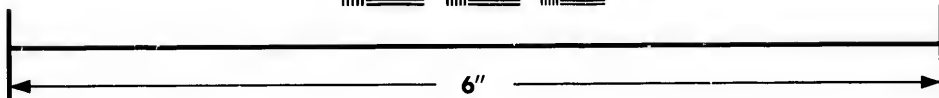
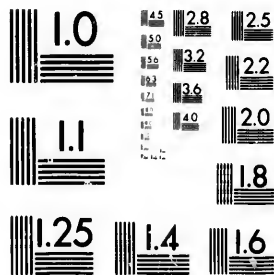


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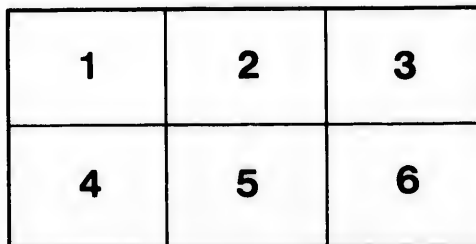
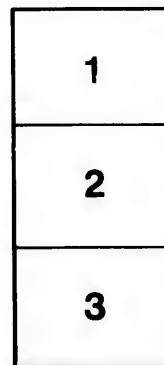
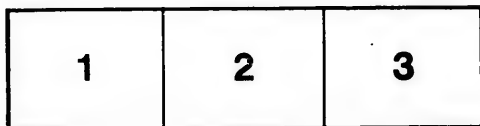
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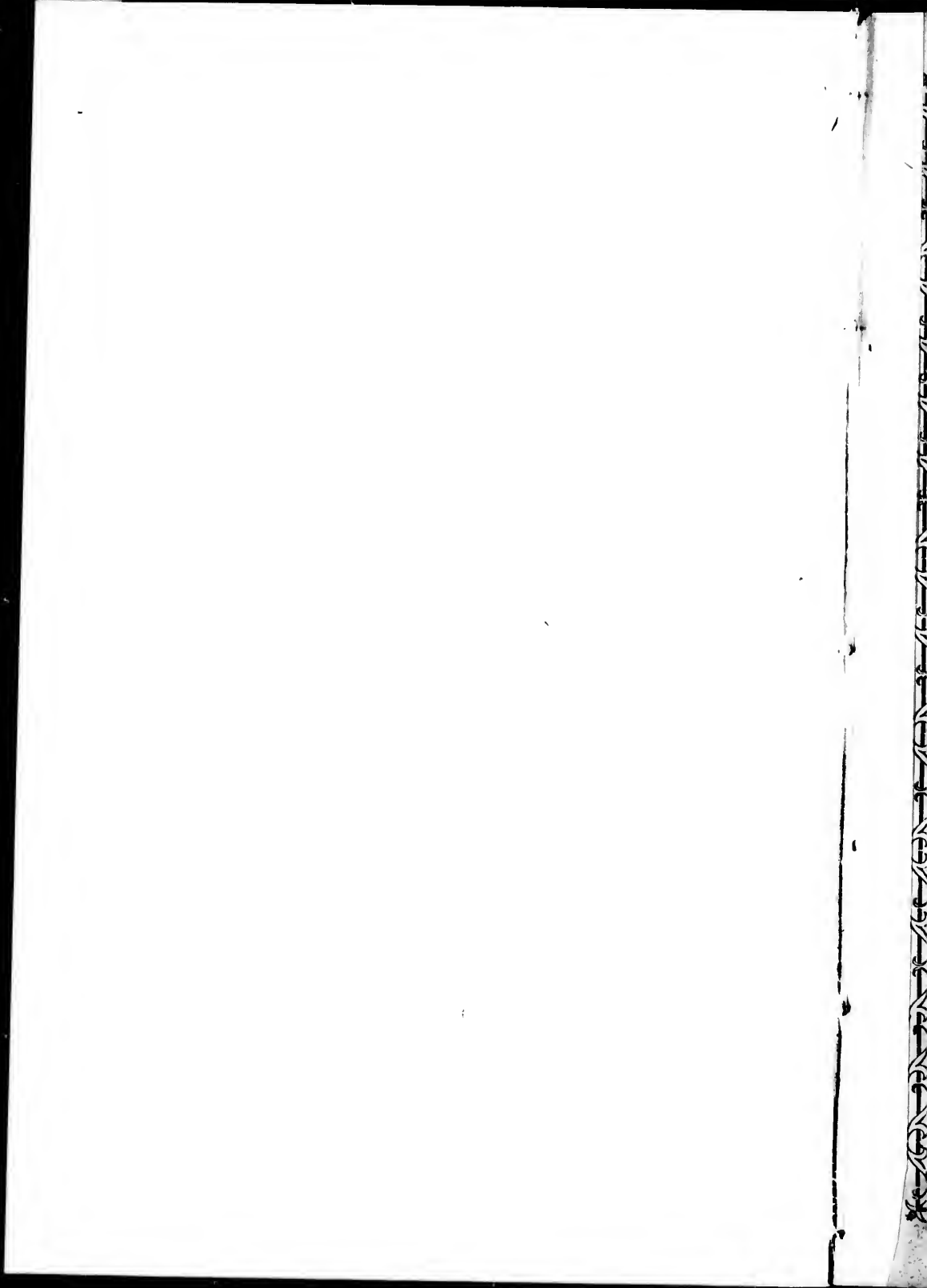
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PROTECTION

AND

FREE TRADE.

BY

JOHN MACLEAN.

Fourth Thousand.

MONTREAL:

PRINTED BY JOHN LOVELL, ST. NICHOLAS STREET.

1868.

*To H. J. Morgan Esqr
Ottawa
with the Author's Compliment
May. 1868.*



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PROTECTION AND FREE TRADE.

THE present circumstances of the "new nationality," or Dominion of Canada, call for an early practical solution, in our own case, of the great question which, for want of any more accurate and generally accepted designation, is commonly alluded to as that between Protection and Free Trade. To place before the public some portions of the general argument in favour of encouraging Home Industry, also arguments having a special bearing with reference to these Provinces; and to expose a few prominent Free Trade fallacies, is the object of the present pamphlet.

In taking up one of two sides on any question, it is desirable to have before the mind as clear and as authoritative a statement of the other side of that question as can be obtained. Clearness of definition and the narrowing down to a point of each debated issue, is essential to efficient discussion, with results. Keeping this requisite in view, the writer takes for a principal portion of the text of the argument on the Free Trade side a letter written by Mr. John Stuart Mill, and avowedly put forth, by a New York Free Trade paper, with extracts from Mr. Mill's works annexed, as a refutation of certain "fallacies of American Protectionists," alluded to. The similarity of natural, material circumstances, between these Provinces on our side of the line, and some of the States on the other, makes what Mr. Mill says in this letter almost as closely applicable to our own case as to that of our neighbours. This letter is therefore placed in an appendix, supplemented by an article from the *Toronto Leader*, of Dec. 24, 1866, which article is selected for the following reasons: First, because it is a set newspaper essay—an elaborate attempt to bring Mr. Mill's doctrine to bear against the idea of "protection to native industry" in Canada: and next, because it was evidently intended to rebut the arguments used at two Home Industrial meetings of importance, which had not long before been

held—one in Toronto at the end of September, 1866, and the other in Montreal about a month later. It is not assumed that the whole of the case for Free Trade is even epitomized in the letter and article quoted, but merely that they profess to make certain points which the great head of the Free Trade school in England, as also a prominent newspaper writer and disciple of his here, put before the public as specially applicable to the circumstances of the United States and of Canada respectively.

It is surprising how much men's opinions of any cause are influenced—aside from the intrinsic merits or demerits of that cause—by considerations as to whether it is a gaining or a losing one—whether it represents an advancing or a receding principle. That men are apt to look towards the rising sun, is a saying which is true in many cases besides those in which personal or political party motives may be detected. There are good reasons for believing that the vast majority of professed supporters of Free Trade, both here and in England, are sustained in their opinion on the question in hand far more by a crude notion or impression that what they call "Protection" is "exploded," and that Free Trade is inevitably the advancing system—the system of the future—than from any real, critical examination of the arguments on both sides. We need not wonder that the general mind should be thus far astray as to the fact, when we find so accurate a writer as Mr Mill referring, in the year 1866, to the United States, as a country "in which "the system of protection is declining, but not yet wholly given "up"—a statement which reads strangely to us on this side of the Atlantic, who know so much better what is the case. Duties on imports of foreign manufactured goods are not declining in the United States, or at all likely to decline much in our time; though that internal revenue taxes will have to decline considerably or be mostly abolished altogether, is certain—while it is not improbable that Canadian raw material (but not by any means Canadian manufactured goods,) may by and by be admitted either reciprocally free or at moderate duties. Of all false impressions which are abroad on the subject, the most potent, by all odds, is that which is to the effect that Free Trade is advancing, while Protection is dying out. It is extensively assumed and taken for granted, with great carelessness and disregard of present facts, that the

latter is the policy of the past, while the former is the policy of the future. Protectionists, it is said, are "old fogies," men of worn-out and obsolete ideas, which are being discarded by the advancing intelligence of our day. Between sheer intellectual indolence and the actual want of leisure to examine, in our pushing business age, men get into the habit of taking upon trust their opinions on many subjects which are either difficult, or have been made to seem so. How many are there in Canada this day who, if mental processes could be daguerretyped to our view, would be found deciding in favour of Free Trade for no other reason than because public opinion in England has decided for it? They will profess to give other reasons, but this is the principal one, could the truth be known. Such men of mark as Mr. Cobden and Sir Robert Peel were Free Traders; Mr. Gladstone and Mr. John Stuart Mill are the same, while the English periodical press has, by its scathing exposures of the fallacies of the old and absurd system of restrictions on imports of foreign food and raw material, made a belief in Protection in England almost an accredited mark of mental imbecility. And little wonder either that it is so, for the Protection from which England has lately been emancipated was one of the most stupendous structures of national folly ever reared. It is not that sort of protection, by any means, which we should desire in Canada: but to this point we will come further on. National conviction on the subject has now in England so matured itself, fortified by experience, that Conservative Governments no longer dream of reversing the new policy. Indeed, Lord Derby and Mr. D'Israeli are now probably Free Traders, not merely from motives of policy or expediency, but from actual conviction. It is a hasty taking up of these facts, with a disregard, meanwhile, of certain other facts, which makes so many people jump to the conclusion that Free Trade is the "policy of the future," without doubt. And it is through a process of this kind, combined with the *fear* of being classed among the obtuse and thick-headed representatives of old foggydom, that so many well-informed people amongst us declare themselves to be Free Traders. Among commercial men, especially, it is deemed "not the thing" to be a Protectionist. It may do for the class of small country storekeepers and their clerks, but would be ridiculous in any one holding a position in a wholesale house. The

gentleman who visits Europe annually to purchase for his firm, is supposed to be, as a general thing, above the absurdity of being a Protectionist. He affects in Canada the opinions of the "Manchester men" and commercial magnates at home, whom he is happy to name as his intimate acquaintances. Those here who are not privileged with such cosmopolitan experiences, catch the tone which they hear from the very beginning of their business apprenticeship. Let those who know the facts look closely into the truth of the matter, and say if the influence here pointed out be not in Canada more potent in upholding Free Trade doctrines amongst us than all the arguments that we are accustomed to see in print. This is the subtle, false impression, the chief of all hostile influences, which the home industrial movement has to encounter in these Provinces. What are called Free Trade arguments, however elaborately set before the eye on the printed page, are of but small effect on the public mind compared with the idea that it is unfashionable in certain quarters, "uncommercial," so to speak, to be a Protectionist. Frequently, too, the man of "common sense" only, who does not profess to understand commercial matters, thinks it highly sensible to be a Free Trader, merely because he sees the majority of commercial men taking that side of the question. A superficial, only partially informed, and uncritical idea of what is English opinion on the question of Protection or Free Trade, and a weak deference to so-called commercial authority, are the main supports upon which popular Free Trade public opinion rests in these Provinces.

The old story about Charles the Second and the Royal Society, whether true or not, serves well to point a moral. It is related that the "merry monarch" propounded to his wise men the scientific question why a living fish, swimming about in a tub of water, added nothing to the gross weight of the tub and its contents, while if a dead fish were put in, its weight immediately told on the whole, as so much added. As in the case of the wonderful little glass bubble called Prince Rupert's drop :

"Whose least part cracked, the whole does fly,"

"And wits are cracked to find out why,"

the wits of the big wigs of the Royal Society were cracked to no purpose in the endeavour to assign scientific reasons for the extraordinary "fact" which they were challenged to explain. It

was only after long puzzling and poring over the matter, that one of them—a little wiser than the rest—suggested the propriety of actually trying the experiment, and seeing for themselves whether the living fish really added nothing to the weight of the tub. The trial being made, it quickly appeared that the fish, alike whether living or dead, increased the former weight exactly by its own. It is to be supposed that they drew a good long breath when they saw at last the solution of the puzzle.

Now we have wise men of Gotham in our day, who gravely affirm the fact, as they call it, that what is called "Protection," is dying out in the world, and that civilized nations are rapidly becoming converted to Free Trade. This affirmation is so constantly dinned into our ears, that many people believe it from the mere force of reiteration. We are asked to believe in Free Trade, because, say its advocates, if it were not the right doctrine, the eminent statesmen and great political economists of the day, with the nations whose opinions they lead, would not be found adopting it. When you see the civilized nations of Europe coming round to it, you must concede that it is the only sound and rational policy; the policy of the future, as distinguished from that of time past, when people knew nothing about political economy and the laws of trade. This is the argument which, more than all others combined, sways the popular mind in favour of Free Trade. Free Trade is the growing, the winning, the advancing side: it is, therefore, folly, to stand up for a "lost cause," such as that of Protection. But it is high time now to call upon the Free Trade men to weigh their fish, tub, water, and all—to show the proofs that their favourite system *is* advancing in the civilized world, ere they ask us to found our belief in its soundness on the fact of its advance.

I venture to take the bull by the horns at once, and to meet the logic of the Free Traders with a fair and square denial of their minor premiss. I maintain that, as a matter of fact, Free Trade is *not* advancing among civilized nations generally: nay, further, that by an inexorable law of the industrial and economical progress of nations, it must in time to come lose most of the ground over which it unquestionably has advanced during thirty years back. We do not see its advance in the United States, certainly. There is a cry amongst our neighbours for relief from existing burdens, but

the burdens about to be shaken off are not those put upon foreign manufactures by high customs duties, but those of high internal revenue duties on home products. The Cobden-Chevalier French treaty, the boast of English Free Traders these seven years past, is in imminent danger of abrogation when the year 1870 arrives. Large importations of English goods during a few years past have so injured French manufacturers and their workmen, that widespread popular discontent has arisen, and the matter already wears a serious aspect. Look elsewhere on the continent, and calculate what England's chances will be of getting Free Trade *in manufactured goods* from the German Zollverein, now so much more firmly compacted than ever before, under the auspices of Prussia. Two of the last German States to give in their adhesion to the Northern Confederation recently experienced an instantaneous conversion of view, when informed by Bismarck that they could not be members of the commercial union, if they staid outside of the political one. The benefits of the German Customs Union were too real and tangible to be sacrificed for a political idea. Now the fundamental principle of the Zollverein is free internal trade within Germany, with customs duties against all the world outside. The Zollverein may not be a symmetrical system, perfect in all details; but beyond fear of contradiction there is this much to be said for it—that under its operation imports of raw material, and exports of manufactured goods, have immensely increased, not only absolutely but relatively—while exports of raw material, and imports of manufactured goods, have correspondingly decreased. In other words, Germany has been making rapid progress in material civilization; one of the most unfailling signs of which is an increasing import of raw material, with a decreasing import of manufactured goods, while the reverse process is always the concomitant of barbarism, imperfect civilization, and retrogression. It is certain that the greatest efforts of the greatest Free Traders in the world will not persuade Germany to relinquish the wise and patriotic system under which the country has already so well prospered.

It would not answer to make this pamphlet a history, or to attempt within its limited compass a *resume* even, of the various commercial changes of some years past, which are claimed by English economists as showing the progress of Free Trade in the world. A much

brief reference will abundantly answer the present purpose. The countries, besides England, which are already either great manufacturing countries or which are in rapid present progress of becoming so—are France, Belgium, Germany, the United States, and the British North American and Australian colonies. These are the spots—some of them pretty large spots—on the globe, where civilization to-day shows its most forward strides. For the Free Traders to point us to “liberal” commercial intercourse with the South American States, Greece, Turkey, or even with Italy, Austria, Spain, or Portugal, is beside the mark—utterly fails to prove their case. (To Italy an apology is due for even temporarily mentioning her in the same category as some of the others named, and let the following suffice. Italy, though possessing in a very high degree what may be called the *morale* of civilization, yet lags far behind in its materialities—in the material, industrial elements of national progress and wealth. Not that the gifts of Nature to the country are lacking, but that the economical and industrial improvement of those gifts, by the Italians themselves, has not yet been attained to. The almost unrivalled agriculture of Lombardy, and the remarkable prosperity of Milan and its neighbourhood, furnishes the single brilliant exception to this general statement. As for Austria, whatever rank she holds as a manufacturing country is due to the German element in her population, which may, for the purpose of the present argument, be fairly enough counted in with the rest of the great Germanic body.) This exception made, the countries last named admit of classification together in this respect, that they have little or no manufactures to speak of. What they have to dispose of consists of the raw products of the soil only, and these they exchange for the manufactured goods of more advanced countries. Now the Free Traders are welcome to all they can make of the admission that their system has undoubtedly advanced a certain stage, when liberal commercial arrangements are made and kept up between England or any or all of the other manufacturing countries on the one hand, and any or all of the non-manufacturing countries on the other. A country which either cannot or will not manufacture for itself doubtless makes an advance in civilization, when it substitutes freedom and facility of trade with nations that do, for a former state of restricted intercourse by reason of high duties or other

hindrances. The advocates of the encouragement of home industry by taxes on imports of foreign manufactures, do not concede an inch of their ground when they admit the triumphs and the progress of English Free Trade, in its large extensions to the non-manufacturing countries on the globe. Where they *do* take their stand is on the ground that English Free Trade is not extending its triumphs—has scarcely any triumphs to show, in fact—as far as the relations of England with the manufacturing countries are concerned. We may, speaking broadly, call France, Belgium, Germany, and the United States, manufacturing countries; and the other countries of Europe and America, agricultural countries. (That is, of course, leaving out England and her colonies, and counting foreign nations only.) Now concerning the former, the manufacturing countries, which are in the vanguard of the world's progress, it is safe to assert that they are *not* following England in the matter of Free Trade. It is conceded to the Free Traders that their system has been gaining ground in some of the agricultural countries; but they are challenged to show that it is gaining in those which are farther advanced in the path of progress. Against them the point is to be made, that if their system really harmonizes with the "music of the future" as they say it does—then it ought to be showing its greatest strength, making its most forward strides—in the most advanced communities. But this is notoriously not the case: for Free Trade, which is strong in Turkey, Spain, and South America, is weak in France, Germany and the United States. The reason of this it needs no great profundity in political economy to explain; the homeliest wits may find the solution in the old proverb that "two of a trade can never agree." It is precisely because the countries last named are following hard after England in the race of material, industrial improvement, that they are disinclined to follow her in a system of indiscriminate Free Trade. They have embarked heavily in manufactures, and being still behind England in cheapness of production generally, they have too much at stake to accept a race on even terms: that is, with reference to the great bulk of manufactures; though in some branches they have, to be sure, peculiar advantages, and the precedence even of England. To say that England, the most advanced of all the nations, has declared in favour of Free Trade,

does not meet the point. The fact that she *is* the most advanced, furnishes the very reason why the others cannot compete with her. Suppose there existed another nation, as far ahead of England in extent and cheapness of manufacturing production as England is ahead of the United States; then, perhaps, English economists might see the advantages of a system of Protection. It is the single nation which is ahead of all others that has its advantage in Free Trade, harmonizing on this subject with barbarous, half civilized, and half developed nations generally, but decidedly *not* harmonizing with those whose development most nearly touches its own.

Mr. Cobden's French treaty is avowedly the greatest of all the "modern instances" which Free Traders cite to show that their system is advancing. But there are two remarks to be made concerning this treaty, with regard to which the Free Traders have managed to raise a dust that rather obscures the popular view. The trade which has so increased under it is largely of a character such as Protectionists may approve of as heartily as did Mr. Cobden himself. France now imports English coal, a raw material of unsurpassed value in promoting industrial development; while England imports wines, the native product of French soil, an article which England cannot produce at all. England has no wine, while France has not enough coal for her requirements, and, therefore, on the sound principle that cheapness and facility of supply of raw material is part and parcel of a wise home industrial system, both are benefitted by the exchange. France has, indeed, rather the advantage, for the reason that though cheap and good wine is an agreeable and really beneficial acquisition to England, it cannot—as far as its relations to national industrial development are concerned—take rank in the scale with coal. And there is this much more to be said, that whereas France may be expected to continue producing wine until seed-time and harvest cease, the probable exhaustion of England's coal supply—not totally, perhaps, but to the point of interference with that cheapness and abundance of the article upon which so much of England's prosperity is based—is already matter of serious consideration with scientific men. Already there are those who say that England will at no distant day rue the folly of giving away, dirt cheap, her precious "black diamonds,"

which can never be restored, and which go—to do what? Why, to enable her manufacturing rivals, France and Belgium, to run considerably closer to her in the race of competition than they would be able to do, but for the convenient supply of this life-sustaining food of manufactures. It is perhaps not altogether a chimerical idea to suppose, that when sound political economy—the real wealth and strength of nations—is better understood than it is now, those countries that possess the treasure of coal will keep it to themselves by heavy or prohibitory export duties; while those who have it not will be only too glad to get it on almost any terms, and will marvel at the folly of a former time, when it was the fashion to levy duties on imports of the invaluable commodity.

The second remark to be made about the French treaty is, that it is not nearly so much of a Free Trade treaty as is generally supposed. It would seem, from the frequent allusions made to the “European system,” as synonymous almost with “Free Trade,” that there must be a great deal of popular misapprehension on the subject. People, vaguely remembering that the reductions made were really considerable, or perhaps that they were very freely spoken of as such, forget that the present figures are still a long way from Free Trade. There is reason to believe that the simple publication of the rates mentioned in that treaty, on both sides—also of the former rates, to show what the reductions really amounted to—and of the whole customs tariffs of Great Britain, France, and the German Zollverein respectively, would dissipate much of the misapprehension which seems to prevail—on this side of the Atlantic, at all events—with reference to a supposed “European system” of Free Trade, which exists in imagination more than in reality. Why that should be called a “Free Trade” system, under which Great Britain collects annually £24,000,000 sterling, or fully one-third of her entire revenue, from customs duties, it might puzzle some people to explain.

The French Treaty has been abundantly referred to by Free Trade writers as a set trial or test of their system, which they claim to have proved victorious in the ordeal. For the two reasons just mentioned, however—first, that the mutual exchange of the natural products, coal and wine, is not the same as that Free Trade in manufactured goods which they invite the world to adopt—and next, be-

cause French duties on English goods are still pretty high after all—it cannot be regarded as the *experimentum crucis* which they profess to see in it. The Free Trade of the English school—as taught to other communities—is, the free importation of manufactured goods. But, however, much as the French treaty lacks of coming up to this ideal, it is already regarded as too much Free Trade by the French people. There have been riots in certain districts in France, provoked by the sight of food being exported in large quantities from those districts; and there have been strong remonstrances addressed to the government, provoked by the sight of English goods brought in. The popular mind reverts irresistibly to the double idea, that the exportation of human food, and the importation of foreign manufactures, leads to national ruin. This rude, popular notion, has at its bottom a truth which the most advanced philosophy of our day recognises as unimpeachable. In the meantime, the Free Traders may very fairly be requested to “wait a little longer,” ere they have conceded to them the point that a real Free Trade treaty between two nations, both highly civilized manufacturing nations, has proved a permanent success.

What, it has been asked, is to be said about the seeming absurdity of French operatives and manufacturers grumbling at English goods coming into France, while in England, French and Belgian manufacturers are taking heavy contracts, underbidding the English in their own country—and this to an extent which has caused an inquiry and a report on the subject by an influential commission? The explanation is as follows. The iron-workers of Britain are the strongest, best organized, and most aggressive of any Trades Union of workmen in the world. They have been able to force increased rates of wages, which have told on price, and have caused Belgian-made rails, and French-made locomotives, to be purchased for English railways. But the cotton-workers of England have never been able to force the masters in this way, and cotton fabrics are still produced in England cheaper than in France: and the phenomenon is thus easily accounted for.

But there is more to be said than merely to deny the assumed fact of the advance of Free Trade, as between two or more highly progressive manufacturing nations, and to affirm that what is called Protectionism makes its greatest advances among those nations that

are themselves the most rapidly advancing—England, of course, excepted for the present. Besides the fact that it *is* so, as here stated, there are large general reasons—deductions *a priori* from incontrovertible principles, to prove that it *must* be so. Let us sketch an example. A distant colony, newly settled by hardy adventurers from the parent state, has as its only source of wealth, at first, the rude unmanufactured products of the field, the forest, or the mine. Duties may be collected for revenue, but the idea of duties to encourage home manufactures, the conditions of which have not yet come into existence, are unthought of. But with the lapse of time these conditions do come into existence, and murmurs for Protection begin to be heard. Villages become cities, population grows denser, and “infant manufactures” spread around. But these “infant manufactures” cannot stand an even competition with those of older communities. They are given a modicum of Protection, not so much perhaps to encourage them, for they are not thought worth encouraging, but merely as an incident in raising the revenue. On this they spread, become strong, and gather around them a number of able business men, members of Parliament too, and a large voting population which can be made to tell in elections. The Protection once carelessly accorded them, for the sake of revenue merely, may not now rashly be taken away. As in the progress of civilization the proportion of village, town, artizan and manufacturing population to agricultural population increases, the Protectionist element thus strengthens with the advance, *with the progress of the country*. But meantime, two other interests besides have been growing up. One is the importing interest, the other is the forwarding or shipping interest. Both may be classed together as forming the “commercial” interest. This interest, some say, should seek no home manufactures, but only exchange of commodities between distant points. Such is a supposable case. And is not this exactly what has happened in Canada?

In the United States we see on a larger scale the inevitable co-development together, in perfect harmony with each other, of Protection to home manufactures and material civilization. First, manufactures spring up near the seaboard, and in the Pennsylvania coal and iron districts. Protectionism rears its head, and calls for their encouragement. They become a power in the State, and keep

progressing westward. Only a far greater power in the State, the agricultural South, prevents the permanent establishment of Protectionist principles in legislation. A civil war ensues, and the South, not being in the national councils, no longer prevents. Some will say that but for the war debt the existing high duties would not have been imposed. The war hastened the protective tariff by some years, no doubt, but progress was already strongly and inevitably that way, war or no war. What has Buffalo become within twenty years past? An Eastern manufacturing city, set down on one of the Western lakes. Other cities, more Western in location, but Eastern in manufacturing enterprise, and in feeling on the subject in hand, are growing up. The country on the western margin of Lake Michigan now talks Free Trade, but in twenty years more it will have manufactures, and will then talk Protection. Protection travels westward, and spreads over the country, with the progress of what we may call the materialities of civilization. Of course the Tennessean, the Virginian and the Missourian are now Free Traders. But wait twenty years, or perhaps but half that period, and who lives to see the day will see these States as much Protectionist as Pennsylvania is, in virtue of their mineral manufacturing resources. This last is mere passing reference to what has not yet taken place, but it accords with all experience of what *has* taken place. As surely as water runs down hill does the development of a rude backwoods community into an advanced and more civilized one bring the inevitable change from Free Trade to Protection. And yet we have wise men amongst us, teachers of wisdom of a certain sort, who think they see in the "progress of the species" in America, the advance of Free Trade and the decay of Protectionism. These men read the signs backwards, or else shut their eyes and do not see them at all.

But while Protectionism is spreading westward, the Free Trade shipping and importing interest has been growing up behind it, to the eastward. Here we have the secret of the Free Trade movement of to-day on the seaboard. Hence the phenomenon of the East now actually divided against itself, making New York and Boston strongholds of Free Trade, while Philadelphia is more debateable ground. Can this interest keep pace in development with the manufacturing interest? By no means. It is limited to the large seaboard cities :

and though it must grow with the country generally, has not before it that almost unlimited capability of expansion which the manufacturing interest has, all the way to the Mississippi. The importing interest is strong, no doubt, but the development of other Pennsylvanias in Maryland, Virginia, Tennessee, Kentucky and Missouri, and of another and greater New England on the borders of Lakes Erie, Huron, Michigan and Superior, will by and by throw a weight into the scale which will render resistance hopeless. This is the natural, inevitable course and sequence of events, which may, almost for all countries and in the history of all ages, be described as follows: First, agricultural civilization, equal, or generally so, to the demands of subsistence, but without either commerce or manufactures to speak of. A moment's reflection will show that a people so circumstanced, will, when they first experience the desire and the capacity to make use of the products of a more forward state of civilization, be more apt to seek to purchase those products from such communities as have them to sell, than to make them for themselves. It is of the very nature of things that the presupposed inability to manufacture, of such a people, leads them at first straight to the method of supplying themselves by purchase, rather than by attempts to manufacture at home. If this has been the case in time past, how much more may we look for it to be the case in our own time, when the school of political economists—of those who take that title exclusively to themselves—would almost move heaven and earth to show that exchanging, rather than producing, is the source of national wealth. The natural tendency to procure by exchange at first is certainly strong enough, without being intensified by the teachings of those who would keep us always exchanging, and never manufacturing—that is—in the background of civilization. According to this view, the commercial stage of national development necessarily precedes the mechanical or manufacturing stage, with exceptions, of course, in the cases of origination of particular manufactures, which it is plain must originate somewhere. The Free Traders are unable, with the whole record of history before them, to cite instances to confute the great general principle, that the commercial stage of civilization precedes, and is inferior to, the mechanical or manufacturing stage. Nay, we may carry the idea even into the domain of the fine arts, and say that the

people who produce, or who have produced, the world's masterpieces of painting and sculpture, for instance, certainly are or have been the superiors, as respects these arts, of another people, who are able to appreciate and to purchase, but not to produce. (It may not be out of place to observe, in this connection, that with the advancing refinement of modern times—and under the spur of an emulation which seeks to achieve in our own century, if possible, something approaching to the artistic triumphs of former ages—the quality of diffused, popular, artistic aptitude, is yearly becoming more essential to success in the higher and more delicate branches of manufacture. A feeling of the great and growing importance of the artistic element in manufacturing is at the bottom of the intense, almost too business-like eagerness, with which schools of design are now cultivated in England. Manufacturers there keep nervously and jealously looking “over the way;” *i. e.*, to France and Belgium; and money is not spared if it can help to win the race.) The logical position that the manufacturing or *making* stage of national development is superior and comes subsequently to the commercial stage, is perfectly unassailable, regard being had to the presupposed origin of manufactures, which must take place somewhere. Now the syllogism presented to the Free Traders, and in which they are challenged to pick a flaw, is that the natural course of progress being *from* the commercial *to* the mechanical or manufacturing stage—which latter is the superior or more advanced stage—the tendency must be, as civilization moves onward, to import less and to manufacture more—that is, relatively, though not always absolutely. The Free Trade dream of one or more great “world's workshops,” supported by a number of civilized yet non-manufacturing States, has attached to it a supposition of continued inferiority, on the part of the latter, which is at variance with the very idea of progress. The Free Trade theory is in effect based upon the idea of permanent backwardness or of a degree of barbarism; even on the part of the greater number of civilized nations, to the aggrandisement of a few countries which happen merely to have had the first start in the race.

The Free Traders may here appeal to the modern doctrine of progress, as originated by German philosophy, and elaborated by Mr. Herbert Spencer and others. That doctrine is, that

progress consists essentially in diversification, in change from the homogeneous to the heterogeneous.* It agrees with the older politico-economical doctrine of the benefit of division of labour, which latter was accepted from observation of facts, long before its connection with the great cosmical principle of progress was thought of. It may be—and in fact is—attempted to be shown that the principle of division of labour must keep extending, not only as between different individuals or different sections of the same community, but also as between different countries. Now, without going to ulterior lengths of abstract speculation, which would be beyond the scope of a popular essay, it will be sufficient to touch here the single practical point, that amongst civilized communities, the process of diversification of employment, as between different individuals and as between different sections, within the same nation, is advancing at an immensely faster rate than that of diversification as between different nations.

Within the limits of England, for instance, we see the cotton manufacture selecting one spot for spinning, another for weaving, and another for bleaching and printing. In America, again, we see the iron manufacture centralizing itself at Pittsburg, and the cotton manufacture at Lowell. But while the division of labour process is thus going on *within* each nation, similar manufactures in different nations are rapidly similarizing themselves—if the word may be allowed—to each other. Year by year the similarity increases, as between similar manufactures in the different countries of England, France, and the United States—as, for instance, between the iron manufacture in the “black country,” at Creusot, and in Pennsylvania; or as

* The development of the chicken from the egg may be cited as the readiest and most familiar illustration of this doctrine. At first, we see but two divisions, the yolk and the white, each apparently homogeneous, or all alike. But at last there appears, formed out of these, the chicken—with beak, eyes, skin, down or feathers, claws, flesh, bones, and a complicated vital apparatus—many different parts, developed out of apparently two only. This, says the German philosophy, is *progress*—change from the homogeneous to the heterogeneous—from the state of being all alike to the state of difference between many different parts. Mr. Spencer finds the operation of this law not only in the development of suns and systems from nebulous matter—the “nebular hypothesis”—in geology, physiology and the physical sciences generally; but also in history, morals, politics, sociology, religion—in fact, everything.

between calico printing in Manchester, Mulhouse, and Paterson. Lowell and Pittsburg, and the workers in these places respectively, become more and more unlike each other, but Lowell becomes more and more like Manchester, while the coal and iron country in Pennsylvania becomes more and more like the coal and iron country in England. This idea of increasing similarity, in such cases as those cited, is no more at variance with the philosophical doctrine of progress from the homogeneous to the heterogeneous, than it is to say that the same laws which govern the development, from planetary rings, of the satellites of Saturn, also govern the development of the satellites of the Georgium Sidus; or that those which determine the formation of the delta of the Nile, also determine the formation of the delta of the Mississippi. But further, the existence of the element of human agency, in the industrial theorem, entails consequences not paralleled in the physical theorems indicated. For what does the boasted free, rapid and extensive intercommunication of ideas and of inventions in our time mean, if not an increased and increasing facility of adoption, by one civilized nation, of the improvements of another? It is plain that the most powerful agencies of the day—the press, steam, the post-office, and the telegraph, for instance, are promoting with immense and ever increasing effect, the transference from one country to another of capital, skilled labour, and valuable inventions. From this unquestionable fact consequences almost startling to contemplate may be expected, by and by, to result. We ourselves, or our posterity, may yet witness, before the end of the present century, industrial transfers on a scale undreamed of at its beginning, and scarcely yet thought of. The point to be noted is that modern progress more and more favours the practicability of such transfers. Turn the matter over, view it on every side, and more and more is there forced upon us the conviction that the English Free Traders, in seeking to perpetuate, within the limits of a highly civilized world, the distinction between manufacturing and non-manufacturing nations, are fighting against the very progress of civilization itself. With them the "situation" may be described as follows: They have attacked and broken down in England the indefensible system of high duties on food and raw material, thereby conferring on the manufacturing population a benefit as real as

higher wages and an increased price for the goods made would have been. They have also greatly extended their trade with other countries which take British goods in exchange for food, raw material, and commodities that England cannot produce. They have thus induced, on the part of other nations, vast strides from the merely agricultural into the commercial stage of development. So far the law of national progress has been on their side, and victory has perched upon their banners. But, mistaking the nature of the great changes they have themselves brought about, or more probably from perfectly intelligent though selfish reasons, unconfessed, they seek now to prevent further changes, which naturally come after those first referred to. Having bent themselves with might and main to bring certain other peoples forward from the merely agricultural to the commercial stage of development, they resolutely set themselves against any progress beyond the commercial stage, on the part of the latter. But they have no right to suppose, from the fact of their success in this line with the South American States, and some other countries, that a like success awaits them in Canada or the United States, both countries having a population with a natural aptitude for manufacturing, equal to any European population. These English economists invite us onward in the path of progress as a commercial people, but having got ourselves and others to that stage on the road, they take to lecturing us pathetically on the folly of our trying to get beyond it, into the manufacturing stage of national progress. Men and gods were on their side in the first part of their undertaking: but they have all Olympus against them in the second. In other words, having profited by the operation of a great natural law of development, they endeavour to arrest the operation of that law, when a point beyond what they desire to see is likely to be reached. They may of course succeed in Rio or Valparaiso, but not in the latitude of the St. Lawrence.

The great Free Trade triumphs which the present generation has witnessed, have undoubtedly had an overpowering effect on the general mind. Struck by the magnitude and the success of the changes which have been wrought, people resign themselves to the idea that if Free Trade has done so much good in one case, it must do good in all others. The essential distinction between the free

and abundant importation of food and raw material, which furnishes well paid work and cheap subsistence to the labourer, and the free importation of manufactured goods, which deprives him of both, is forgotten. It is also forgotten that the Free Trade system, which works *with* the law of progress when under it nations that formerly repelled commercial intercourse begin to appreciate and to seek the advantages of exchange, works *against* that very law when the attempt is made to keep commercial nations of high material civilization from manufacturing for themselves. Still another important distinction, which has been already alluded to, but will bear being re-stated, is ignored and lost sight of. When the coal of England is exchanged for the wine of France, the exchange is profitable on both sides, especially to France, which builds up her manufactures with English coal. (The exchange would be a more equal one, perhaps, if Frenchmen could be induced to take English beer for the wine; which they are not likely to do, however.) But neither England nor France produce cotton, both alike having to import it. For England to buy French cottons, or for France to buy English cottons, is therefore absurd, and only tolerable on the supposition of an acknowledged inferiority in the art of manufacturing cotton, on the part of the people purchasing the goods. But the success which has attended the development of the exchange between different countries of the products peculiar to each, is recklessly claimed also for that far different, and most unprofitable trade in articles common to both, or having to be imported by both. Free Trade logic is unassailable when it affirms the advantages to the hatter and the shoemaker respectively, of the exchange of a hat for a pair of shoes. But two hatters would scarcely "see the point" if they were told that it would be to their profit for each of them to make a hat for the other—although a case might be imagined, rarely to be expected to occur in practice, when such an exchange might have its advantages. The trouble with the Free Traders is that they insist upon applying the perfectly sound argument in favour of exchanges—such as that of West India sugar for New Brunswick timber, for instance—to other exchanges of a very different nature. What an absurdity it was for Canada, during a time now past, to buy from New England millions worth of coarse cottons, which might as well have been made here.

Cotton is no more a natural production of Massachusetts than of Canada. Free Trade catechisms for little boys are luminous on the advantages which the baker, the butcher, the grocer, and the farmer, derive from exchanging commodities: but they fail to show how two bakers, for example, can drive a mutually profitable trade with each other, any more than did the two boys who thought they had made five dollars apiece by many exchanges of jack-knives. The reasoning employed is, in fact, little else than the confounding of natural, essential distinctions; and the carrying over of arguments, which hold admirably in certain cases, to others in which they do not hold at all. Yet for all that—the large prominent fact of the success of the English experiment of nearly free importations of food and raw material, which is just the half of the true home industrial system, has in the popular mind given a charm to what is called Free Trade that is not easily broken.

It is an admitted fact, that the great increase in exports of British manufactures, within twenty or thirty years past, has mainly been made up of exports to South America, Asia, and generally to countries in a backward state of development. Exports to the more advanced countries of Europe, again, on the other hand, show but a trifling general increase, in some instances, a decrease instead. Some years ago the *North British Review*, a high Free Trade authority, thus described a process which has since been going on at an increasingly rapid rate:—

“ We have now many rivals, where formerly we had none; we formerly supplied nations, which now partially or entirely manufacture for themselves; we formerly had the monopoly of many markets where we are now met and undersold by young competitors. To several quarters we now send only that portion of their whole demand which our rivals are unable to supply. A far larger proportion of our production now than formerly, is exported to distant and unproducing countries. A far larger proportion now than formerly, is exported to our own colonies, and to our remote possessions. More, relatively, is sent to Asia and America, and less to Europe. Countries which we formerly supplied with the finished article, now take from us only the half-finished article or the raw material. Austria meets us in Italy; Switzerland and Germany meet us in America; the United States meet us in Brazil and China. We formerly sent yarn to Russia: we now send cotton

wool. We formerly sent plain and printed calicoes to Germany; we now send mainly the yarn for making them. All these countries produce more cheaply than we do—but as yet they are not producing enough; we therefore supplement them. Partly by our old restrictive system, partly by the natural effect of an increasing population, they have been driven from the plough to the loom, or have been driven to add the loom to the plough; and henceforth our manufacturing can increase only, not by underselling, or successfully competing with our rivals, but by the demand of the world increasing faster than our rivals can supply it. This is more or less the case with all our principal manufactures; it is pre-eminently the case with our chief manufacture, the cotton."

The words, "partly by our old restrictive system," are well put: it is evident that the British corn-laws, by discouraging foreign production of corn for export to Britain, drove foreigners from agricultural to manufacturing pursuits. (This argument, by the way, amounts to an admission that the British consumer did not pay *all* the duty on imported corn; though that duties are wholly paid by consumers, and not all by producers, is the very first principle in Free Trade doctrine—the corner stone of the fabric.) The repeal of the corn-laws was followed by increased importation of foreign corn, carrying with it increased encouragement to its production abroad. This, again, implied the further consequence of a diversion on the part of foreigners supplying Britain with corn, from manufacturing pursuits back to agricultural. Or, to speak more correctly, it had the effect of retarding that process of diversion to manufacturing pursuits which was always going on. And this very consideration weighed much with the clear-headed Manchester men who fought the battle for free importation of corn, for the double purpose of making food cheaper to their own workmen, while also increasing the inducements to produce corn abroad, rather than to manufacture. The point in the quotation from the *North British* is, however, the admission that henceforth the English export trade must seek its greatest expansions in new, half-civilized or undeveloped countries. Countries more advanced, as France, Belgium and Germany, buy relatively, if not absolutely, less and less from England, while manufacturing more for themselves. The writer in the *Leader* notes the same fact; too large and obvious a fact, indeed, to be put out of sight:—

“ It is not by trading with highly civilized nations that England makes her gains, but with people whose industry is yet undeveloped. The coarser manufactures adapted to such markets the United States could produce as cheaply as England, in establishments on the same extensive scale. America is nearer than Great Britain to both coasts of South America, yet the South American market is to the latter country a mine of wealth.”

The remark is here invited that the trade referred to has certainly not proved a “ mine of wealth ” to South America, and that the gains of a trade with “ peoples whose industry is yet undeveloped,” are not to these peoples, but to England, or whatever other country of advanced civilization possesses that trade. But let us see whither the consideration of the fact of the increase of England’s export trade with “ undeveloped ” nations, and its decrease, (always relative, and sometimes absolute, also,) with highly civilized nations, will lead us. It is, in the first place, a particular fact, agreeing with, and so far helping to prove, the truth of the philosophical doctrine already alluded to, that progress consists in increasing diversification—in change from the homogeneous to the heterogeneous. The more of progress there is, in any country, the stronger do those interests become whose growth has formed the principal part of that progress. Evidently, too, the increasing strength of those interests brings with it an increase of both the desire and the power to act for their own protection and advancement—to influence the councils of the State. In every community, therefore, which is progressing, not in the way of mere extension of territory or increase of population—but also in all that goes to make up what is called improvement and civilization, manufacturing interests must keep increasing in strength and influence, both absolutely and relatively. And that influence will certainly not be exerted in favour of Free Trade, but will be thrown into the other side of the scale instead. The process is easily followed by the mind’s eye, its *rationale* is clear, and the conclusion indicated perfectly irrefutable. National progress implies—we may say is but an inclusive general term for—the increase in strength and vigour of all the elements of Protectionist public opinion. It is not in communities that are rapidly progressing in civilization, therefore, but in those that lag behind, that Free Trade doctrines will keep their strength. It is of the very nature

of national progress, that the increasing diversification of employment in which it consists must develop in increasing strength the interests that are opposed to Free Trade and in favour of Protection. For one striking example, to show how well this application of the law of progress harmonizes with facts, contrast Free Trade Brazil with Protectionist Belgium.

A prominent argument with Free Traders is that founded on the permanent natural differences which exist between different countries; a really sound argument, certainly, but stretched by them to where it ceases to have any logical application. It cannot be too often repeated that a recognition of all natural or physical differences, as between different countries, must form part and parcel of any true system of promotion of home industry. What it is important to determine is—what *are* natural differences, permanent and irremovable, and what differences are, on the other hand, merely accidental and artificial, and therefore, possibly, of a transient character, admitting of removal. But the Free Traders, unmindful of this important distinction, say that Protectionists, to be consistent, should go the length of calling for such a measure of protection as would enable people to raise pine-apples in England, or oranges in Canada, at a profit. Now, it is perfectly true that we cannot alter climatic conditions, and that all attempts to raise pine-apples or oranges in these latitudes must be failures, in an economical point of view. Conditions of climate are particularly “not transferable,” and the rice, indigo, and cotton, for instance, of Southern regions, cannot be produced here. Again, some countries have vast available deposits of coal, iron, or other minerals, while other countries have not. Differences founded on the presence or absence of available mineral treasures come as clearly within the category of natural, irremovable differences, as do those founded on various conditions of climate. The capability of production of raw material, whether from the soil, the forest, or the mine, if it be denied by nature, cannot be conferred by art. But though the capability of natural production is thus eminently “not transferable,” as aforesaid, the capability of manufacturing—of applying human art to the working up of raw products—is transferable from one country to another. The error of the Free Traders lies in predicating as true of man’s labour, skill, capital,

&c., what is true only with respect to natural productions. An example or two will show the telling, practical point of this distinction. It is a positive, permanent, natural fact, that cotton cannot be grown in Lancashire, the head-quarters of the cotton manufacture. But against the spinning and weaving of cotton in Georgia no such natural disability exists. The cotton manufacture is transferable, though cotton-growing is not, if climate forbids. It is certain, again, that tea and coffee cannot be grown on the banks of the St. Lawrence: but a locomotive, one of the highest and most valuable triumphs of mechanical art, can be built here as well as in Birmingham. In one class of cases man's art and enterprise may effect a transfer; in the other a transfer is impossible—is forbidden by an edict of nature. It is not sound reasoning, but sophistry, to confound two classes of cases so essentially dissimilar. Yet this is what Free Trade writers are constantly doing, as the reading public can bear witness.

The reply will be, and has been made—that certain requisites of social condition are just as essential to successful manufacturing, as certain physical conditions are to natural growth or production. We will not imagine any Free Trader so obstinate as to deny, when pointed out, the difference between sheer natural impossibility on one hand, and mere difficulties, however serious, due to social conditions, on the other. It has to be conceded that abundance of capital, of cheap skilled labour, and the presence of that native, even sometimes hereditary aptitude for any particular branch of industry and of business, which comes of the long and settled establishment of the same in any particular locality—all confer extraordinary advantages. But the point to be made is, first, that in some cases at least, these advantages admit of transfers to an extent sufficient for success: and, secondly, that where such transfer really cannot be profitably effected, the attempt to do so is not here advocated. Enlightened tentative practice, not blindly groping in the dark, and making endless empirical experiments, but founded on a rational, business-like, and even philosophical understanding of conditions—can alone determine what transfers of industrial occupations to our shores we may attempt with well founded hopes of success, and what others we had better leave alone. The equalization, as far as practicable, of the duties on all imported

manufactures, with the element of public confidence that the system adopted would be permanent, would develop an ever-extending process of "natural selection," under which one branch of industry after another, of those suited to our condition, would establish itself amongst us. The term "natural selection" may be objected to, because here associated with an artificially created advantage in favour of home manufactures over foreign. The answer is that, in the cases of possible successful transfer supposed, the greater portion of present existing advantages possessed by the foreign manufacturer are at bottom artificial in their character too, as much the results of human agency, as a customs tariff is. To establish and to naturalize amongst us conditions of success which have to some extent to be, as we may say, imported, doubtless takes longer time than to frame a tariff, and make it law. But the immense future gain to ensue is well worth the effort, and all it costs to make it.

In this connection there are two considerations of great importance to be noted. The first is, that the transfer of manufacturing art and enterprize ought certainly to be easiest, and to have the best chances of success, when made *to* a country, having inhabitants of the same race as those of the country it is made *from*. On this ground the transfer to Canada of many branches of manufacture carried on in England, France and the United States, appears both practicable and probable. The more the value of this element in the problem is considered and reflected upon, the greater will its importance appear, both to the philosopher and the statesman: and the more, also, will it enter into the calculations of prudent, practical men. Nay, there is reason to believe that it has by no means been lost sight of here, but has been duly taken into account, in connection with large investments of capital already made; and more yet to be made, if only the *sine qua non* of a *permanent* system of encouragement of home industry be reasonably assured. Bearing this in mind, what are we to say to the absurdity—the impudence, it ought to be added—of the Sheffield and Manchester men, who seem to look upon Canada as a sort of semi-civilized trade hunting-ground of theirs; and upon Canadians as only a little in advance of Mexicans, Brazilians, or Patagonians. But we cannot after all lay upon them the whole blame of the de-

lusion under which they labour. To them and to ourselves, and by some of ourselves, the doctrine has for decades of years been preached, with most execrable iteration, not merely that Canada is an agricultural and timber country, "only this and nothing more," but that it must always remain such, to the end of the chapter. We cannot be as angry with them as we otherwise would, knowing how egregiously they have been imposed on by misinformation, and how much they are in the dark for want of any information at all.

The second consideration referred to is—that the progress of science, invention, and commercial enterprise, in our day, while rapidly cheapening and facilitating the transportation of commodities between distant points, is also, but still more rapidly and effectually, facilitating the transfer of the business talent, the capital, and the skilled labour of old, populous, and wealthy manufacturing countries, to new countries. Observe the following facts. It is obvious that the cost of transportation of commodities over long distances, especially of the bulky produce of the soil, must remain a serious item, spite of all that can be expected from steam, railways, and probable further improvements. Irremovable physical conditions, notably the *weight* of commodities, as also the cost of coal (the latter more likely to increase than to decrease, the world over), impose limitations to further possible cheapening of heavy transportation. We know that the cost of carrying a barrel of flour from Chicago to Liverpool has been sensibly reduced within a number of years back, and the expectation is a reasonable one, that further reductions will yet be effected. But a little reflection will show that already we are not very far from the lowest point in cost that any reasonable expectation, even in our wonderful age, can contemplate as probable. True, we know not what Professor Tyndall, Mr. Grove, and others, or their successors in the study of molecular physics,—that most pregnant of all the sciences—that science which some believe to have within it more possibility of practical, material benefit to mankind than any other whatever—may yet discover. Steam itself may be superseded, and the operations of natural forces, as yet unknown, may do for man what we cannot even imagine now. As yet, however, and with the use of steam still remaining our latest and best achievement, it is evident that such further reduction of cost of heavy freight is out of the

question, and that we are already very near its lowest probable limit. But if the probable or possible cheapening and facilitating of the transfer of bulky commodities is seen to be thus limited, by irremovable physical conditions, no such limitation attaches to the possibility of transfer of labour, skill, capital, and enterprise, from one country to another. The transfer, for instance, within a very few years, of enough British capital and labour to make Canada another country, almost, is perfectly within the limits of physical possibility. Its degree of moral probability, quite another question, has nothing to do with the point now urged, which is merely that while the facility of transfer of commodities is limited by physical conditions, the facility of transfer of most staple manufactures, of the most necessary branches of industry, practically limited by human action mainly, has before it unknown possibilities. We have but to reflect a little on the evident tendency of expanding commercial enterprise; on the influence of modern improvements in travelling, and communication of ideas; on the results of social and political movements, to realize something of the vast importance of the distinction here pointed out, and of its probable bearing on the future history of nations.

Of course, it is not to be forgotten that there *are* physical conditions which limit the transfer of certain industries. For instance, a New York Free Trade paper, the *League*, recently made the alarming discovery that the Williamantic Mills, protected by an enormous duty on foreign sewing thread, were working against Nature, trying in vain to make thread equal to that made at Paisley, which positively cannot be done in these latitudes and longitudes, owing to subtle, yet powerfully-operating climatic influences. The *League* might have gone further, and informed its readers that not even in Manchester, with the same hands, the same machinery, and the same cotton, can a thread be spun of fineness equal to what can be spun in Renfrewshire and Lanarkshire. We could not, probably, make thread like the Paisley thread here; and people are recommended not to try. But what carloads and shiploads of many useful cotton fabrics we *might* make here, just as well as they do "at home," had we but a good start in the business!

Perhaps the most remarkable instance on record of the transfer,

or—to speak more correctly—of the *extension* of any branch of industry, is that of the beet-root sugar manufacture on the continent of Europe. Fifty years ago, when this manufacture was being commenced, only from one-and-a-half to two per cent. of sugar could be obtained from the beet, and the cost was nearly thirty cents per pound! According to Free-Trade doctrine, that was clearly a case of a “sickly exotic,” and doubtless the “consumers” of France and Germany were most unmercifully fleeced for the benefit of a few beet-root sugar manufacturers. But well may the Continent thank Napoleon the First for the results in this case, if for little else. His Berlin and Milan decrees, though they did not prevent the saving of his own soldiers, by supplies of English great-coats, from perishing amid the winter severities of the battle of Eylau, yet sufficed to stop almost wholly the importation of cane sugar. Necessity proved itself the mother of invention. To-day the yield of sugar from the beet is given at seven per cent. in France; eight to nine per cent. in Germany; and nine to ten per cent. in Russia; and the actual cost of production is stated at only four cents per pound! It is further affirmed, that to-day fully one-third of the whole amount of sugar consumed in the world, (in the civilized world, perhaps, is meant, though the writer offers this as a conjecture only,) is made from the beet-root. What makes the success of this manufacture so remarkable in industrial economic history, is the fact that the difficulties encountered were mostly of the class arising out of physical conditions, and but to a small extent of that other class, more *possible* for man to meet and overcome, which arise from human agency mainly, such as population, capital, &c. The reader is referred to the essential distinction pointed out, in a former page, between these two classes of difficulties. Does anybody need to enquire whether, if cane sugar had always been obtainable on the Continent, free, or at a moderate rate of duty, there would have been, to-day, any beet-root sugar manufacture worthy of the name? To-day, in France, beet-root sugar pays to the Government an internal revenue tax of six cents per pound; being placed on exactly the same footing as cane sugar from the French colonies. The case cited is indeed a bright and shining example of the rise and establishment of an important home manufacture by a protective import duty: and those who are so fond of putting the familiar

“sickly exotic” objection, had better after this beware where they put it.

It may be appropriate here to quote the following graphic sketch, taken from an article in the *New York Tribune*, of a date sometime last winter. The consideration that the cultivation of the sugar beet, and the production of sugar therefrom, may not improbably yet become a staple branch of Canadian industry, should not be lightly or too hastily dismissed, and may excuse a somewhat extended reference to the subject. It is said that while the soil needed by the sugar beet is very different from the grape-growing soil, the required climate is identical. Now that we have the grape-growing climate within Canada is certain,—much as it may astonish our friends in Great Britain and Ireland to be informed of the fact—while that we have, amidst our great variety of soils, some that will exactly answer for the sugar beet, is at least probable; probable enough, at all events, to warrant experiment. It is a fact that Germans in Canada, who ought to know something practically of the matter, affirm that we have here both the soil and the climate that are required :

“That Sugar was essentially a tropical product, and only to be grown along the 50th parallel of north latitude at a price utterly ruinous, was an article of the creed of mankind. All manner of professors and other depositories of useless knowledge stood ready to certify that making Sugar in France was exactly on a par with extracting sunbeams from cucumbers or growing pine-apples in Greenland. The British (who always protected their own infant, or imperilled industries, and discouraged like protection by others) fairly exploded with derision of the Little Corporal’s last and greatest folly. The art had to be created as well as the industry; and of course great blunders were made, great errors had to be corrected by experience. Beet Sugar made in France at first cost many times the price of Cane Sugar made in the East or West Indies. But every year of resolute perseverance increased the skill and efficiency of the growers and manufacturers. Each year witnessed the invention or adoption of new machines, new processes, auxiliary to the new industry; so that, when Napoleon fell, public opinion, grounded in the success already achieved, dictated to his Bourbon successors the continuance of the needed Protection, though France had now restored to her some small but choice tropical isles, wherein Cane Sugar was produced as cheaply and amply as anywhere on earth.

“ Thus nurtured, the Beet Sugar manufacture grew steadily in extent of efficiency, until it has long since outgrown the need of Protection. Its product now pays the same tax in France as is imposed on the rival Sugar of tropical Martinique, Guadaloupe, and Reunion—all mainly devoted to Cane Sugar—yet the wholesale or manufacturers’ price is but five cents per pound. And the cultivation of Beets, with the manufacture of Sugar therefrom, is largely prosperous and rapidly extending. It has largely increased the value of lands in the Beet growing region ; it has deepened and enriched the soil of whole Departments ; it employs and pays many thousands of skilled as well as unskilled workmen ; it supplies France more abundantly as well as more cheaply with Sugar than she ever was or could be supplied from external sources ; and it has added immensely to the sum of her wealth and power.

“ But France does not monopolize the benefits flowing from Napoleon’s protective policy. The Beet Sugar manufacture which she created has overflowed her boundaries, and Belgium, Italy, Germany, Hungary, and even Russia, have naturalized and are steadily increasing it. Sugar—the luxury of the poor—the *only* luxury of many of them—is now enjoyed by many millions of people who would rarely have tasted it had it continued to be an exotic. The enjoyments—few enough at best—of the labouring masses of Europe have been signally, permanently increased by the protection accorded by Napoleon to the production of Beet Sugar in France.

“ These and kindred facts do not find a place in the writings of the presidents and professors who supply our colleges with their Political Economy. They tell you that Protection is a device of manufacturers to increase their profits ; but ask them who and where were the manufacturers whom Alexander Hamilton, Henry Clay, Matthew Carey, Hezekiah Niles, and their compeers, were intent on enriching when they *initiated* the Protection, whereby American Manufactures were warmed into existence, and they have no answer. But the people are wiser than the professors ; and in their instinctive sagacity is our trust.”

There is another prop of the Free Trade fabric which particularly demands examination. It would be well, perhaps, if the question could be discussed wholly without reference to politics and parties, but without some such reference it cannot fully or even at all fairly be considered. It is affirmed that the extension of popular influence in government implies the advance of Free Trade as a principle, and that the two must go hand in hand. Men are apt enough to be influenced by sound more than by sense, and the very word

“free” has for some people an attraction which they do not attempt to withstand. It throws a spell over their judgment, in favour of the system to which it is applied, and correspondingly causes a prejudice in the mind against another system, supposed to be at variance with “freedom.” And besides, many persons of Conservative opinions in general politics are apt to look upon the question of Free Trade as the one instance in which they can afford to be what passes for “Liberal.” While resolutely holding the brakes against the democratic idea of political progress, they attach to the trade question so much of a non-political character, that they think themselves none the less Conservatives for adopting the commercial opinions of Cobden and Bright. The tendency to regard Free Trade opinion as English opinion, in contradistinction to the prevailing American opinion in favour of Protection, has its influence also, no doubt, with many members of the Conservative party here. While a large majority of the Reform party undoubtedly believe Free Trade to be naturally part and parcel of their political system, many Conservatives, again, accept it as certainly the least objectionable part of the same. On the minds of men of both parties rests a vague, undefinable impression, that the progress of popular governmental institutions, as also of civilization and popular enlightenment, must favour the extension of Free Trade in the world. This impression is based on the confused idea of “progress” already commented on, which fails to distinguish the essential difference between the forward tendency of Free Trade, when it promotes national progress from the agricultural to the commercial stage, and its backward or obstructive tendency, when it hinders and would actually block all further progress from that to the higher and more advanced manufacturing stage of national development. Free Trade in the first case means progress, and so, it is assumed, it must mean progress all through. Because English Liberals fought the battle of Free Trade, Canadian Liberals think consistency demands that they should be on the same side. In England the Liberal party, the party of progress, is on the side of Free Trade, while the principles of Protection, or what is left of them, are professed by the Conservatives. Such is the case even now, but if we want to get at the real basis of popular conviction on this subject, we must refer back to the long and world-renowned struggle initiated by the Manchester

Free Trade League, which culminated in the conversion of Sir Robert Peel, and of the nation. That great contest filled the world with its fame, and its attendant circumstances were indelibly impressed upon the world's memory. Prominent among those impressions was the well-marked one that Liberalism and progress were on the side of Free Trade, while Conservatism and resistance to improvement were on the side of Protection. So deep and so general has been this impression on the minds of men that nothing short of an event, or series of events, of similar importance, but shewing the other side of the truth, will be sufficient to efface it. The large scale upon which this grand panoramic struggle was carried on, its being the first of its kind in more than one sense, has given it a place in history and literature, and an influence, such as the great epic of the first of bards has in another way. Already, however, it is beginning to be suspected that the connection between Liberalism and Free Trade, so long believed in as natural and necessary, is a mere accidental phenomenon, more than an essential truth. Three years ago the London *Times* drew attention to the fact that, contrary to all home experience, the democratically inclined colonies of Australia were adopting Protection as a principle. That men of Liberal, of almost revolutionary political sentiments, should be Protectionists, was to be regarded as almost an eighth wonder of the world. But the leading journal had evidently even then a glimpse of the truth, though it professed, on behalf of the English public, a wonder which perhaps it did not altogether feel. Since then the *Times* made another discovery more alarming still. It was that if British constituencies of working men were given controlling power in Parliament, they would by and by re-enact Protection, and keep out of the country, by high duties, all foreign manufactures competing with their own work. Of the re-imposition of duties on food or raw material, however, it was intimated that no fear need be entertained. This subject of the natural leaning of the artizan towards the protection of his own sort of work, which means at last the agreement of all trades to sanction protection to every trade, is but sparingly alluded to in the English papers. The phenomenon is contemplated by not a few with a dismay which prompts the giving of reasons other than the true one for action in certain cases, for fear of the effect which might be

produced. To those who understand the feelings and aims of the artizan class in England, it is known that we should hear more of the "progressive" working man's leaning towards Protectionism, if it were deemed prudent to make it a prominent subject of discussion.

In the United States we have an example on a large scale, giving the most emphatic contradiction on record, of the untruth that Free Trade principles do actually advance alongside of and in harmony with Liberalism or Radicalism in politics—with what is not unfrequently called political "progress" in a general way. There the party of Conservatism, of reaction, are Free Traders, while the Radicals are Protectionists. Observe how, on this continent, relative positions are reversed, as compared with what obtains in England. The agricultural and non-manufacturing South and West, what we may call the "country party," is for Free Trade, while New England, New York State, and Pennsylvania, with their populous manufacturing towns, are for Protection. In England, during the long struggle already alluded to, the positions of the town party and the country party were exactly the reverse. Does it not seem as if there must be, between material and other conditions in England and in America, some essential, strongly-marked natural differences, which make Protection and Free Trade, each with its concomitants respectively, very different indeed, according to which side of the Atlantic it relates to? The examples of Australia, Canada, and the United States, all offshoots of one parent stem, and together exceeding the mother country in population and resources, show that the English connection which has been—but may ere long cease to be—between Liberalism and Free Trade, is not the rule, but the exception. As for other countries, there is scarcely one of them in which there is yet enough of anything like independent popular sentiment to afford a test; though it is worth remembering that Belgium, with an educated and industrious population, which manufactures largely for its numbers, is Protectionist; while in France the Free Trade doctrines of some of the Emperor's financiering protegés are the especial dread of that class of men who are supposed to constitute the Radical revolutionary element of the day.

The English Free Trade revolution embodied a great truth, but we must be careful not to misapprehend the meaning of that truth.

The truth it taught was the doctrine of the encouragement of home industry by the free admission of *raw material*. Without raw material to work upon, the workman has nothing to do. With raw material made artificially dear, he has less to do, and is paid less for it, than he would have if it were plentiful and cheap. The first and most necessary of all raw material is food for the workman. Flour, meal and provisions are raw material to Lancashire, just as truly as is the cotton which is there in such quantities manufactured. So likewise, in effect, is sugar, and every other article of large and general use among the people, which England either does not produce at all, or only in insufficient quantities. The real fundamental principle of the English movement is not Free Trade, simply as such, as is so commonly but erroneously supposed. It is the development of home industry which is the great guiding principle, while that this is done by Free Trade is almost wholly an accident of England's peculiar position among the nations. In newer countries, with smaller resources in the way of capital and skilled labor, the same effect has to be produced by the application of two principles, different in expression but perfectly harmonious in effect. One is that of the free importation of raw material; the other, its twin pillar in the structure of national prosperity, is the protection of home manufactures by duties on imported goods. No reasoning can do away with the fact that the manufactures of England grew up under Protection. And only under Protection will manufactures now grow up in any new country. They may stand, after full grown, even should it be withdrawn; but without its initiatory impulse they will never exist at all. England prospered in the beginning of the century, when she had high duties on imports of all kinds, both of raw material and manufactured goods. She would have prospered far more had the raw materials, including food for the people, been allowed to come in free, the duties on foreign goods remaining. The great consideration with England now, in extending Free Trade to manufactured goods as well as to raw material, is to induce other nations to enter upon a race with her in which they are sure to be beaten. The position of England is now unique; it is simply that of no other nation in the world. These Provinces are safe to follow the great guiding principle of England's policy, already pointed out. But

the particular application of that principle, followed in England, may not be advisable under our very different conditions. During the first forty or fifty years of this century, England rested almost wholly on one of the twin pillars mentioned; now she rests almost wholly on the other. Rightly to comprehend the development of her industry, which has been witnessed, we must look upon it as based in effect on both.

It is the manufactures of the United States, rather than those of England, against which Protection is required in Canada. The reason of this may be given in few words. The material circumstances—and, it may be added, the *social* circumstances, (however much political circumstances may differ)—of these Provinces, resemble very much those of the neighbouring States, while differing greatly from those of England. These circumstances, all of which determine the particular varieties of industrial pursuits that the people “take to,” so to speak, furnish the explanation of the broad general fact before us, namely, that the industrial aptitudes of the Provinces are like those of the States, but unlike those of England. Now it is plain that while manufacturers of similar articles are competitors with each other, manufacturers of different lines of articles are *not* competitors. Canadian manufacturers can look with perfect complacency upon importations of Sheffield cutlery, most articles of “Brummagem” ware, Spitalfields silks, West of England broadcloths, “Hoyle’s” and “Ashton’s” prints, Glasgow fine muslin, and Paisley sewing thread. But they cannot so regard the importation, either free or at too low rates of duty, of American mill machinery, leather, boots and shoes, cotton yarn and coarse cottons, “Lawrence” (Massachusetts,) woollen shawls and woollen goods generally, flax and hempen fabrics, starch, corn-spirit, reaping and mowing machines, axes, saws, and other mechanics’ and farmers’ tools, cigars and manufactured tobacco, brooms, pails, tubs, &c., and the rest of the list of articles in which we are running the race of competition—not with England, by any means, but with the United States. The moral of the distinction here pointed out is so obvious, that it needs not to be enforced at any great length. It may be profitably studied in connection with the paragraph from the *New York World*, quoted in the *Leader’s* article.

At present the true state of the case, as between American and Canadian manufacturers, is masked by the premium on gold, the derangement of affairs on the other side by the war, and other circumstances. But let the premium on gold fall considerably, and let a different set of circumstances arise in the United States, as is very likely to be the case ere long, and our manufacturers will quickly have a taste of what sharp American competition amounts to with the tariff of 1866, and its prominent reductions on leading articles that we can and ought to make for ourselves. The hardship to our manufacturers is, that our machinery and goods are kept out of the American market by enormous duties, payable in gold, while Americans have the privilege of our market, either free or at low rates of duty. On all hands, Canadian manufacturers are heard saying: "Give us equal duties on both sides, and 'you may make them high or low, just as you please.'" The present injustice is simply glaring, intolerable. We are of course willing to give the Americans the freedom of our market for manufactured goods, provided they give us the freedom of theirs, *for the same*. But this is a most unlikely contingency, which no practical man expects to see realized in our time.

Were the true nature of the Canadian industrial movement—what are its aims, the points where it does meet obstructions to its expansion as distinguished from those other points where outside competition does not touch it at all—the two moving on different lines, and therefore *not* coming into collision—were all this explained to the English public, it is possible that hostility to the proper industrial policy for the Dominion would be disarmed, even in Manchester and Sheffield. Particular interests, those engaged in the coarser and easier manufactures, might be implacable. But the great English manufacturing interest, as a national body, would not fail to see, in the increasing prosperity and increasing numbers of our people, the promise of largely increased aggregate purchases, with improved ability to pay on our part; and consequently of benefit to English trade. It would come to be seen that for a small aggregate result, now attempted to be secured in the *wrong* way, a much greater result might be substituted, simply by going to work in the *right* way.

It would be but a left-handed compliment to public intelligence, to go into a lengthy disquisition to prove that an import duty is really no protection at all, if neutralized by an excise duty. But the ex-

perience of manufacturers here, and still more of American manufacturers, warrants the further remark that, from the *peculiarly* harassing nature of the operation of excise duties, (on this side of the Atlantic, at all events,) ten per cent. excise will more than neutralize twenty per cent. import duty. It is a gigantic mistake to attribute the present depression in the States to the high import duties on foreign manufactures, instead of to its true cause—(of course coming after the great primary cause, which is simply the existence of a large national debt,) the high internal revenue duties, now about to be greatly reduced, or perhaps almost entirely swept away, with the exception of those on tobacco, beer, and spirits.

It is important to observe also that a reduction of duty on raw material, which ought to benefit the home manufacturer, may be wholly or more than neutralized by a reduction of the duty on the finished article. This is a consideration which should never be lost sight of, in framing a tariff.

One of the fallacies of the day, repeated unchecked in our most ably-conducted newspapers, and echoed from one to another, is that high duties raise prices, and are necessarily so much of an *added* burden on the people, more than they would otherwise have to bear. The absurdity is affirmed and re-affirmed, having all the currency that a counterfeit note obtains while yet undetected. Let us be a little mathematical on this point. Fix your annual vote of supply in the House, whatever is necessary, in order that "the Queen's Government may be carried on," and faith kept with the public creditor. That once determined, the aggregate burden on the whole community remains unaffected by the mode adopted of raising it, except in the item of departmental expense to be incurred in the process, which may of course be an element in the calculation. Practically, it is not much of an element in our calculations now, for the reason that Custom house expenses would not be sensibly diminished were the amount collected halved, or much increased, either, were the amount doubled. The question of the distribution of the burden on various classes is undoubtedly of importance, and is found in practice to be the real test of administrative ability in the financial councils of the State. But let this pass for the moment. Say that it is determined to raise the whole amount without Customs duties, and that your tariff of inland revenue is a marvel of statesman-

like skill, fair to all classes, unjust to none. All importations are now free ; but has the nation, as such, got rid of its burden ? Certainly not : the burden remains, and has to be borne. The aggregate of prices still remains enhanced by the quantity of the aggregate of taxation. It is extremely bad logic to argue as if duties on imports were the cause of the burden upon the community, which burden already exists in the shape of public debt and annual public expenditure, independently of the mode in which it may be taken from the pockets of individuals and put in the public purse. Yet this is what "able editors" and their correspondents who write to the papers are doing every day. The people of the United States would not escape the burden of their war debt, nor the aggregate enhancement of prices consequent on the high taxation which it compels, even were they to resort to Free Trade out and out. English and French goods might be cheaper to the consumer, but something else would have to rise in price to make up the balance. And yet is it not a fact that Free Trade writers in the papers constantly argue, as if Customs duties on foreign imports were a real addition to the burden which the country has to bear ; an additional burden being created, as they would wish us to believe, by the duties ? What "Protectionist fallacy," more glaring than this one, can be mentioned ? Admit iron, cotton, and woollen goods, duty free, and you must tax something else, or somebody, to make up the balance to the revenue. If you thus lower the price of these articles, you will infallibly raise that of others. The case has all the fixity and clearness of mathematical conditions ; and there is no escape from the conclusion indicated. This is the *reductio ad absurdum* of the truly absurd idea that the burden of national taxation, with its consequent enhancement of the aggregate of prices, can be got rid of by shifting it from one shoulder to the other.*

That internal revenue taxes, in the shape of excise, stamps, licenses, &c, are *wholly* paid by our own people, seems not to admit of a doubt. Whether import duties are paid by the foreign seller or

* This is not one of those *too* symmetrical, mathematical propositions elsewhere spoken of. In the latter the danger of error arises from the fact that quantities *in process* of being affected by the very uncertain and *incalculable* element of human agency are taken into account. But here the quantities are supposed to be *already determined*, which makes all the difference in the world.

the home purchaser is a much-vexed question, which parties on either side are apt to answer sweepingly, each from their own point of view. The probability is that no answer, to be true for all cases, can be given, but that each case will require a special answer based on its own peculiar circumstances. The standard Free Trade doctrine is, of course, that duties are wholly paid by consumers. It is a remarkable fact, however, that Free Trade practice seldom accords on this point with Free Trade preaching. English Chambers of Commerce seem always to imply, in their remonstrances against Canadian Protection, that it is the English manufacturer, more than the Canadian consumer, who pays the duty. Similarly, the organs of the Free Trade interest in New York have of late been arguing with great vigour, and apparently with success, that the internal revenue tax of three cents per pound on cotton is wholly paid by the Southern cotton-grower, and not at all by the purchaser, whether foreign or domestic. On this very debateable question volumes might be written on either side, without carrying much of conviction to the other. Meanwhile, whatever theory on the subject may be held, the fact is beyond question that business men daily act and talk on the supposition that duties are paid by sellers as well as by purchasers. Let us make a slight attempt to elucidate. It will probably be conceded that a Canadian duty on tea, an article which we do not produce, is wholly paid by ourselves. Of barley, however, we have a large surplus, which is every year purchased by foreigners. Were a Milwaukee man, however, for example, to try the experiment of sending Wisconsin barley here to be sold—he, and not the purchaser he might find here, would probably have to pay the whole of the ten cents per bushel duty. These are extreme instances, but they seem to suggest the safe general conclusion that, in the majority of cases, duties are paid partly by the seller, and partly by the purchaser. But this conclusion carries with it the further conclusion—rather startling to contemplate when stated in terms, though really tacitly acted upon by business men every day—that a foreign producer may virtually be taxed by our Government, and the money put into our public treasury: with other nations, of course, the same conditions holding good. Suppose we try a mathematical sort of a statement, which may appear, on close examination, to embody not a little of

the truth of the matter ; and say that the proportion of import duty paid by home consumers varies inversely as the proportion of the whole home production to the whole consumption. That is to say, if we produce one-half and import the other, of any article, we may consider that of every dollar of duty collected on that article some foreigner has paid fifty cents ; a comfortable reflection for our own taxpayers. If we produce but one-fourth of our own consumption, we pay three-fourths of the duties collected on the remaining three-fourths, and the foreigner but one-fourth of the duties. If, again, we produce three-fourths ourselves, then the foreigner from whom we buy the remaining fourth pays three-fourths of the amount of duties collected on it. This view of the case is submitted as affording, in the playful task of its examination, an agreeable recreation for political economists of a mathematical turn of mind. It certainly seems to harmonize in a general way with the idea that we, who produce no tea, pay all the duty on tea, while in the case of a foreigner sending barley here, of which we have a superabundance for export, he would pay all the duty, and the purchaser here none. There *may* be more in the solution just suggested than to some people may appear at first sight. It should not be forgotten, however, that mathematical, *symmetrical* solutions of problems, into which human agency enters as one of the elements or conditions, had better be accepted *cum grano salis*, or even regarded with salutary suspicion. But, coming down from the theoretical to the practical, we may consider ourselves on *terra firma* once more when we conclude, with the majority of business men, that in many or most cases, when our government collects duties on imports, the foreign producer does not wholly escape paying some share, more or less, of these duties. That business men, English Free Traders included, generally act upon this belief, is certain, whatever theory they may profess to hold. The conclusion is suggested that raising revenue by customs *must* be preferable to raising it by excise, for the reason that in the latter case it is certain that we ourselves pay the whole, whereas in the case of customs duties there is room for the supposition that some portion of the amount, more perhaps than is generally imagined, is really paid by the foreigner.

The benefits of simplification, of having as few different rates as

possible in the tariff, are very great. Public opinion in England has already accepted this truth from Sir Robert Peel and Mr. Gladstone: and Mr. David A. Wells, Revenue Commissioner for the United States, has bent himself to the task of impressing it upon the public mind in America. It is admitted that we must raise some, the greater part, indeed, of our revenue, from duties on imports. Suppose that a uniform duty of twenty per cent, were placed on almost all imports, with the exceptions—first, of such articles as might commend themselves to the free list—next, of tobacco, beer, wines and spirits, for reasons which most governments recognise, and which need not here be mentioned—and lastly, of tea, coffee, sugar, and the productions of warm or tropical countries generally, the duties on which last class of articles might be made the sliding, variable, or elastic portion of the tariff, to be shifted up or down with regard *solely* to the wants of the national exchequer. Let no one be alarmed at the term “sliding” or “variable” as applied to the duties on these articles. For, if the other portions of the tariff be reasonably permanent and secured against change, this portion will not be much subject to it, and will cease to be the cause of anxiety to business men. But as things are now, any important change in one portion of the tariff always necessitates *other* changes, to balance, and so creates a disturbance of the whole. Provided, however, that the other portions of the tariff were left steady, only a trifling per centage up or down from year to year, uniform on the whole list of tropical productions, (excepting those that form the raw material of important manufactures,) would be sufficient to meet varying circumstances, and would never alarm the mercantile community. Then, with regard to manufactured goods, imported from England, the Continent of Europe, or the United States, the effect would be this: With a uniform duty on them all, manufacturing enterprize here would keep taking up, from time to time, on a safe and wholesome principle of “natural selection,” just those branches of manufacture the conditions of success in which either exist here already or are capable of easy transference to our shores. The qualities of simplicity of arrangement, and *permanence*, in the tariff, are of importance to the country’s prosperity, beyond all calculation. It will not do, either, to pooh-pooh the demand for having these two grand principles embodied in our system, and to condemn them as “impracticable.”

The principle of making permanent that portion of the tariff which affects the development of home industry, and of taking, for the elastic or sliding part of the tariff, that other portion which does *not* affect or disturb that industry and its investments,—is the true principle; and is perfectly practicable, besides. It stands to reason, too, as already affirmed, that steadiness in the former would go far towards reducing to a minimum the necessary fluctuations of the latter. Fluctuations of the latter only, however, would never carry to the mercantile mind that dread which fluctuations now do—first, because disturbance of domestic industry would not be involved—secondly, because a rise or fall being general over all articles of the class, would leave no room for anxiety as to particular articles going up or down, which is so distressing a feature of the present system—and, lastly, because the simple announcement that the Government was likely to want a little more next year, or a little less, as the case might be, would at once enable the whole country, almost, to anticipate the change indicated, and to prepare for it. The importance of the element of permanence is so generally admitted, and is just now so much the subject of remark by business men in all quarters of the Dominion, that it is deemed superfluous to enlarge upon the general question. The particular suggestion which the writer submits is, that as permanence of the whole tariff is impossible, it be divided into two principal portions—that to be the permanent portion, which most immediately affects home manufacturing industry—and that other, embracing productions of warm climates generally, which does not directly touch home manufacturing, to be the sliding or variable portion—by which the great requisites of beneficial permanence in one case, and of harmless elasticity in the other, would be secured.

Mr. Mill, in objecting to the doctrine of incidental protection, resulting from duties imposed primarily for revenue only, says :

“ This doctrine overlooks the fact that revenue is received only on the quantity imported, but that the tax is paid on the entire quantity consumed. To make the public pay much, that the treasury may receive a little, is not an eligible mode of obtaining a revenue.”

• The idea here presented is thus worked out by an American

writer, Mr. Walker, who says, in a work of his called the "Science of Wealth:"

"If a home product is to be encouraged by government, it is desirable that it should be done as economically as possible; or in such a manner as to impose the least taxation and loss upon the public, while it shall be as effective as possible in securing the object. Let us take the sugar crop of 1858, just referred to, as an illustration. It amounted to \$25,000,000. To protect this to the amount of twenty-four per cent. the people paid, as we have shown, \$14,300,000. Here was a clear loss to the consumers of \$9,832,000. Suppose now, instead of this protective duty of twenty-four per cent., a bounty of equal amount, (twenty-four per cent.,) had been paid by the government. The matter would then stand thus:—Twenty-four per cent. on \$25,000,000 is \$6,000,000 which the people would pay to the sugar growers, instead of \$9,832,000 they were obliged to pay through Protection—a saving of \$3,833,000, equal to thirty-three per cent. of the amount paid under the protective system."

The foregoing is taken, not from the original work, but from an article, (date early in 1867), in an Upper Canadian Free-Trade journal; which plainly enough takes that position, by denouncing in the same article American Protection, speaking of American manufactures which have been "protected to death," and closing with the following sentences:

"In the coming Confederation it will be of the utmost advantage that no tax should be levied for the purposes of Protection. What falls in an incidental way may be accepted—though even of the policy of that, some grave doubts arise—and for the rest, by keeping down the cost of labour, by securing cheap commodities for the public, a vantage ground of no small value will be gained. To commence a "new nationality" upon the worn-out principles of Protection, would be not only to retrograde in political science, but to show, by very narrow-mindedness, our incapacity to assume the Imperial purple, and become a veritable people, a true nation."

As with one, so with all: *ex uno disce omnes*. The writer in the journal alluded to epitomizes, in the second sentence just quoted, the avowed belief of perhaps all the Free Traders in the Dominion, that the enhancement of prices due to the burden of taxation can be got rid of by reducing or abolishing customs duties, and raising the same amount of revenue in some other way. It

is not perceived that, raise the revenue as you will, the aggregate of prices must remain enhanced by the aggregate of taxation; and that a burden is not got rid of by shifting it from one shoulder to the other. There is no allowance made, either, for the very practical consideration which the present writer begs to submit to the public: viz., that while it is certain that all direct taxes and internal revenue duties are paid *wholly* by our own people, there is found, in the every-day talk of business men, Free Traders included, and still more in the way they generally *act* on tariff questions, good ground for the belief that, taking any national tariff as a whole, some part of the burden of customs duties really falls upon the foreign producer, to that extent relieving home consumers. But to return to Mr. Walker. His extraordinary illustration given above, alarms even Free-Trade writers here, who seem to fear that their champion is proving too much. The journal already quoted thus betrays its uneasiness as to the soundness of Mr. Walker's logic:

“ If this showing does not contain some fallacy which is not apparent upon the face of it, it would be more profitable to pay a bounty than to collect a duty. This view of the case is startling enough, but illustrates in true colours the unhealthy principle that lies at the bottom of the cry for Protection.”

Another Canadian Free Trade journal, also evidently staggered by Mr. Walker's *too* powerful argument, thus comments:

“ But we think that Mr. Walker has not represented the case exactly as it stood. Was the sugar crop to which he referred really worth \$25,000,000? It does not appear on the face of it to have been so, for that crop, as we infer from his remarks, was raised under a protective duty of twenty-four per cent., and therefore, according to the bonus system which Mr. Walker suggests, the premium ought not to be paid on the fictitious value created by the tariff, but upon the actual market value, less the import duty on the foreign article, which, in the case supposed, would have saved an additional million of dollars, or thereabouts, to the public: nor does it appear from the above extract, why the people had paid over fourteen millions, when the government received less than five. *The loss to the consumers, of the nine millions, is not, we think, very clearly made out—in fact, it is not made out at all,* and until this point is clearly established, the argument from such reasoning, in favour of the bounty system, is

“ not so clear as Mr. Walker believes it to be. Reasonably we
 “ may suppose that the people paid the sugar grower a percentage
 “ equal to that imposed by the tariff on the imported article ; and
 “ we may assume also that the profits paid to the dealers on the
 “ whole amount of fictitious value, created by taxation, would amount
 “ to a very large figure, but we hardly see how a loss to the con-
 “ sumer of nearly ten millions of dollars, on an import of fourteen
 “ millions, could be satisfactorily established. On the whole, we
 “ incline to the opinion that Mr. Walker has gone somewhat loosely
 “ about his work, and we infer this from the fact that he fails to
 “ recognise the fictitious value given to the home-made sugar, by
 “ virtue of the duty on the same article of foreign growth.”

Suppose we have been importing our *whole consumption* of a cer-
 tain kind of cloth, say one million of yards, export price one dollar
 per yard, duty 20 per cent, the Government collecting \$200,000.
 We commence making for ourselves, and a time arrives when our
 home production reaches half a million yards, to that extent displac-
 ing the foreign article ; Government, of course, now receiving only
 \$100,000. “ Now,” says the Free Trader, “ I do not object to the
 “ \$100,000 which consumers pay to the Government, for I concede
 “ that a revenue must be raised in some way, but I *do* object to the
 “ other \$100,000, which is still paid by consumers, but which the
 “ Government does not get as before, it going, instead, to the home
 “ manufacturers.” The answer is first—that a part of the \$100,000
 is simply the price which the country pays at present or for a while
 for the establishment of manufactures the future benefits of which are
 to make it a good investment. Mr. Mill himself concedes that there
 may be cases in which this would be sound policy. But has the coun-
 try not got back all or the greater part of the \$100,000, even with-
 out counting the benefit from increase of population, full employment
 for the people, higher prices to farmers for produce at their doors,
 and other results ? I answer—Yes—our consumers get a further
 benefit, which puts back in their pockets all or the greater portion
 of the \$100,000, which they are supposed to have given to the home
 manufacturers. The foreign producer, finding now a competition
 against him where none existed before, has reduced his price by as
 much as to make up to our consumers all or the greater part of the
 \$100,000. Competition between him and our home manufacturers
 forces him, in order to keep his goods in our market, to pay some

part of the duty collected ; which is no longer *wholly* paid by our consumers, as was the case before these competitions arose. The extension of manufactures to new countries, which is just an increase of the number of mills and factories in the world, *must* have the effect, either of making goods cheaper as compared with raw material, or at least of preventing a rise that otherwise would have occurred. At present textile fabrics are to be had at the mills in England, cheaper than at the mills in America. But say that every carding machine, every spindle and every loom in the United States and Canada was stopped, in accordance with a determination to manufacture no more dear goods on this side of the Atlantic, but to buy cheap goods in England instead. How long would goods continue cheap there ? Is there not reason to believe that prices of fabrics, even with open ports for their admission, would rise immensely ? It cannot be that the extension of manufactures to new countries—an increase in the number of mills and factories in the world, can have the effect of raising prices in the world's market. Nay, it is certain that either a fall in prices or at least the prevention of an otherwise inevitable rise, must be the consequence instead. The leaving out of the calculation the important practical element of the cheapening effect of competition between home and foreign producers, is the "fallacy not apparent upon the face" of Mr. Walker's "bounty argument."

It is to be remembered that, with competition established as in the case supposed, the home manufacturer would not be getting the whole of the \$100,000, as the Free Traders suppose. The competition between him and the foreigner would quickly bring about a reduction in price, by probably more than the \$100,000. Ten per cent., or ten cents per yard reduction, would balance this amount. But would this reduction take place, and that as a consequence of the new home competition ? I answer unhesitatingly that it would take place ; and that the case sketched is substantially what is happening year after year. The writer feels confident that the great body of commercial men here will see, in the single great fact of the rise and progress of the woollen manufacture in Canada, ample confirmation of the correctness of the view here taken.

Professor Hincks' argument, quoted by the *Leader*, altogether

ignores the cheapening effect of competition between the home and foreign producer. It is based throughout on the supposition of the *continued* inability of the former to manufacture as cheaply as the latter. But such crucial instances as that of the beet root sugar manufacture on the continent of Europe, and of the woollen manufacture here, furnish the best answer to the Free Trade theory, that a natural growth may not be legitimately and successfully assisted by artificial measures. The *rationale* of the process is seen when we realize the fact, that the advantages possessed *at first* by the Free Traders favourite, the foreign manufacturer, are themselves *wholly* or *wholly* of an artificial character, and capable of transfer.

Mr. Mill has more of reason on his side when he speaks of English consumers of grain having to pay the whole of the augmentation in price arising from a duty on corn. And this brings us to a consideration of an important difference between the operation of customs duties on agricultural and manufacturing production respectively. Factories may be closed, burnt up, or converted to other uses, if an imported article crushes the home manufacture out of existence. But land in England, or any civilized country, will not go out of cultivation, let foreign corn be imported as it may. This is what our Free Traders forget, when, with the *Leader*,

they conjure up the impossible contingency of agriculture discouraged and repressed in Canada by protective customs duties, causing us to manufacture for ourselves instead of importing. The idea of farmers being injured, or of agriculture becoming less profitable, as the consequence of the rise of a manufacturing population at the farmers' doors, is an utter absurdity. The dreaded diversion of labour and capital from agriculture, is something simply impossible; it cannot take place in a civilized country—least of all, we are safe to say, in a country that is extending its manufactures and increasing its manufacturing population. Similarly, land cultivation in England would not greatly extend by reason of a duty on foreign corn, nor would it fall off, either, in consequence of the admission of foreign corn duty free. Agriculture, in brief, does not admit of that almost unlimited expansion, or contraction down to the point of extinction, that manufactures do. But Mr. Mill "overlooks the fact," that a shilling duty taken off does not always mean a clear gain of a shilling to the consumer. Markets,

on occasions of changes, always go half-way, more or less, to meet each other. Were the Americans now to take off the duty on Canadian lumber, it would be a mistake to expect either that our lumbermen would get a full twenty per cent. more, or that American consumers would get the article a full twenty per cent. less. The two markets would meet each other probably about half way. This is something well known to practical men, but it is ignored by Free Trade theorists, who will have it that the consumer always pays all the duty.

Against the doctrine of "incidental" Protection, Mr. Mill puts the objection that it involves a palpable inconsistency, inasmuch as to whatever extent revenue is obtained under it, by just so much it ceases to be Protection at all; while, to whatever extent it protects, or, in other words, causes home products to be substituted for foreign, by so much it ceases to bring in revenue. On this it may be remarked that, admitting a case in which the two objects of "Protection" and "revenue" reciprocally neutralize each other, say to the extent of one half, it is plain that the object in either case is not *wholly* defeated. And there may be some who will tell us that the accomplishment of one half of each of the two objects, Protection and revenue respectively, is better than the full accomplishment of either object, and the total failure of the other. But the real, national, patriotic solution of the problem, how to reconcile Protection with revenue, is to be found in another way. In all cases where home manufacturing industry has been promoted, —made safe, permanent, and prosperous—the prosperity induced by the full employment of the people, and the additional wealth thus created, has caused increased receipts of revenue. This is the familiar explanation of the fact that England, with one reduction after another in Customs rates, has experienced an increase rather than a diminution in the aggregate revenue from Customs. If a country that has heretofore imported its whole supply of any particular class of goods, becomes able to make and does make its whole supply at home, then, of course, import revenue, from that particular source, ceases. But the real, actual augmentation of national wealth, inseparable from such a process, (supposing that process not to have been carried on in defiance of natural conditions,) has always the effect of more than compensating the loss by increase of revenue

from other sources. A protective duty, on an article that we can make ourselves, is not only protective through preventing importation of that particular article, but, through its further consequence of favouring home industrial development—which makes the people able to purchase other articles still carrying a duty, or to pay other imposts—it escapes being the cause of diminished aggregate revenue.

The advocates of the promotion of home industry by duties on foreign manufactured goods are under incalculable obligations to Mr. Mill, for that paragraph in his works quoted both by the *World* and the *Leader*, (the latter giving also a following sentence which the former omits.) With all the illustrious author's explanations—and explanations of these explanations again, by other writers—an admission of immense value has been placed on record; and a great many explanations will not neutralize its effect. The object of the writer, in quoting from Mr. Mill, was simply to secure, within a limited compass, certain admissions which, on account of the source from which they come, are likely in future discussion to save volumes of argument. If Mr. Mill's disciples, in the Dominion of Canada, will but concede all that their master does, the task of "protectionist" writers and debaters will be lightened immeasurably. It is indeed worth volumes to hear from such authority as Mr. Mill that "the superiority of one country over another in a branch of production often arises only from having begun it sooner;" a statement that to some extent describes the case as between Canada and England, and which very accurately describes it as between Canada and the United States. His further remark, endorsing Mr. Rae's, that "nothing has a greater tendency to promote improvement in any branch of production than its trial under a new set of conditions," is corroborated by the experience of all who have had occasion to realise the difference between Canadian scythes, hoes, hay-forks, and other tools, and those imported from "the old country;" as also by that of every farmer's wife, and every weaver, who has had occasion to know the difference between Canadian and English cotton yarn, in the making of satinets and "union" flannel. The admission that temporary protection of home manufactures may be advisable in some instances, concedes the whole case in favour of the protection asked for in

Canada. For what other country is there, that presents better *natural* conditions of success in manufacturing? Of the possibility and the probability of the joint growing-up and transfer here of all the artificial conditions required—those depending upon human action or agency—enough has been already said. But why should Protection be continued beyond a very limited time, it is asked. The answer, in our own case, must be as follows:

We are a body of but four millions: England and the United States respectively of over thirty millions each. Astronomical science teaches that two bodies mutually attract each other, each causing more or less of a perturbation—of a disturbance of the other from its orbit. But while a smaller body disturbs a larger body but slightly, the larger body *greatly* disturbs and deflects out of its orbit the smaller body. A jolly boat, if sufficiently near at hand, (*i. e.*, within the influence,) would be engulfed in the vortex caused by the going down of a seventy-four in a calm sea; such a case as that of the Royal George, for example. Our market and our industry are not safe as long as they are subjected too much to the disturbing influence of our two great neighbours, as we may call them. (Of course the mother country is *more* than our neighbour, but not in commercial matters, as is on both sides conceded.) While our operations can but slightly affect either of them, their operations—a crisis often coming simultaneously in England and in America—may wreck our whole industrial fabric. Our manufacturing interests have steadily prospered these eight years, to be sure, (making allowance for the changes of 1866;) but they are still, as compared with those of England and the United States—“infant manufactures.”

But there is a further question asked—a question which the writer believes to be the real *bete noir* with not a few large manufacturers amongst us, and with some commercial men also, who are pushing the trade in Canadian goods. Some branches of our manufactures have already attained a capability beyond supplying the home market merely, and are looking for markets abroad. What then, it is asked, is the use of Protection at home, against competitors whom we must meet abroad, without any protection in our favour? That is, if these manufactures of ours are ever to get beyond the Provincial stage of progress, and take rank in the markets of the

world. This is undoubtedly the great practical question of the time, in connection with the subject in hand, and demands the best answer that can be given to it.

It may be remarked in the first place, that it would be well worth our while to promote home manufactures, up to the point of fully supplying our own wants, even if we made no sales of goods outside of the Dominion. If we brought no money in by them, we would at least be saving a great deal from going out; which is a view that obtains much prominence amid the mass of good advice given in private life. And it will be pertinent to add, further, that when once our manufactures have grown to the extent of production beyond home requirements, and are seeking foreign markets—as is the case in some branches already—then, surely, the free traders will cease their wailings over the unfortunate consumer, who is supposed to be victimized by a few manufacturers. The consumer here will certainly have the benefit of competition to the full, when producers are in the home market with a surplus, and obliged to look abroad for additional customers. It is sincerely to be hoped that this very important point will not be skipped over dry-shod by Free Trade writers, in the course of future discussion. But to return to the question just now in hand. There is no necessity for our enterprize halting at the point indicated. The idea that protection at home can be of no use to manufacturers who have without it to meet competition abroad, is part of a most mistaken theory, amply contradicted by mercantile practice, and the record of commercial history. In this matter, practical business men are not unfrequently the victims of a delusion, which has been fastened upon the general public by the book-worm school of political economists, and which has its strength mainly in the fact of its wide, popular, uncritical acceptance by the reading masses of the day. The doctors of the school alluded to are popularly looked up to as very Gamaliels in the temple, at whose feet we must sit if we would learn the mysteries of national trade and finance. In private business transactions mercantile men are not imposed upon, by shallow theories which pre-suppose a perfect, self-regulating action of supply and demand together in the market, or that of the consumer *always paying all* the duties, and such like. Not an exporter of goods among them all, either in England, Canada, or the United States, but

knows, to a dead certainty, that he has to take a lesser price on account of the duty imposed in the country to which he exports. Well does he know, and feel, too, that the consumer of what he exports does *not* pay all the duty, but that some of it—more or less according to circumstances—has to be paid by himself, and so has to be taken account of in all his steps previous, and leading to the act of exportation. But take the question out of the circle of concrete private transactions, and put it in print, let us say, giving to it the abstraction and the dignity of a question in the mysterious science of political economy, and straightway the sharp, knowing business man yields himself to the popular, literary weight of delusions which, if presented to him in the shape of actual business, he would instantly repudiate. One of these delusions is of the mathematical, symmetrical sort already alluded to. It is based on the supposition, quite a false and misleading one, that the theory of supply and demand in the market, that prices always find their level, and so on, is perfectly realised in practice. Coleridge, who passed for a metaphysical dreamer, has a remark that our “hard-headed” political economists—as they rather like now to be called—might ponder over with advantage. Objecting to the expression that “things always find their level,” or something conveying the same idea, he says that the idea conveyed is wrong, the true expression being that things are always *finding* their level, like water in a storm. The book-worm theory of supply and demand, however, as impressed upon the popular mind, pre-supposes the existence of something like an electrical circuit, an instant’s close of which makes an equilibrium throughout. What the doctors aforesaid forget is, that they are not dealing with problems of physical matter and motion merely, of pure mathematics or mechanics, but with problems which are complicated by the subtle, baffling element of human agency and action. This is the unknown, variable quantity, which can never be properly expressed in their formulas, and which sets at fault their nicely-exhibited and symmetrical results. It seems no doubt ridiculous, in theory, to say that a Canadian producer, who needs Protection at home, against his English or American competitor, may nevertheless be able to meet the latter abroad on equal terms. The reader is referred to an article from the *New York Tribune*, quoted in the appen-

dix, in which it is shown that the British Government wisely kept up duties that were really prohibitory against foreign iron, long after British producers were turning out iron at rates far below continental prices. The sound, practical view of the matter is that a secured, permanent home market, is to manufacturers a *point d'appui*—a base of operations. “With the ancient Romans,” says the eminent writer just referred to, “war was their business; in our time, business is war.” Our home industrial system, to grow and prosper, must be secured against raids. Nay, the term “raids,” very inadequately symbolizes the gigantic regular warfare which great, powerful, and established national manufacturing interests sometimes make against young and struggling rivals that threaten a vigorous growth if not destroyed; or against really strong competitors, labouring under temporary disadvantages. The importation of over four hundred millions worth of foreign manufactures which the *Leader* mentions as made by the people of the United States, in spite of a 50 per cent. tariff, would be more correctly described as so much exportation by European manufacturers and jobbers, in great part with the design of crushing their American competitors, while the latter were struggling under heavy internal revenue taxes, with the South disorganized and the North discontented, and all the multifarious disarrangements resulting from the war. It is a fact beyond question that the price of cotton was kept at high figures in Liverpool, long after it ought to have been down to something near the old rates, by a systematic sweeping of cotton goods in the market, for export to the United States, South America, and everywhere. The operators seem to have had in view the double object of saving themselves on their large speculations in raw cotton, and of at the same time crushing manufactures abroad. Not only Liverpool men, but their bankers, together with East Indian rajahs and Parsee millionaires, had a hand in the game, and many of them have their hands in yet, to their sorrow. There is room for the belief that the great pressure, of late, of English goods on the French market, which is the subject of much vigorous remonstrance by French manufacturers, is but part of a great, gigantic business war waged against the cotton manufactures of the world. It is all very well to refer now or lately to immense imports of foreign goods into the United States, in spite of a 50 per cent. tariff; but that next

year will tell a different tale is tolerably certain. As business men very well know, the fever of importation of British goods into New York is already over, and a state of collapse has ensued, which will leave its mementos behind it for many a day. The argument from continued importations of foreign goods into the United States, "in spite of a 50 per cent. tariff," will shortly have to be amended.

Those who doubt the fact of business wars such as alluded to, are commended to a perusal of the following, which Mr. Henry C. Carey gives, in one of his "Letters to the President," as extracted from a document published by order of the British House of Commons, in or about the year 1854 :

"The labouring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense losses which their employers voluntarily incur in bad times, in order to destroy foreign competition, and to gain and keep possession of foreign markets. Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labour and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in when prices revive, to carry on a great business before foreign capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries and are the most effectual instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labour, abundance of raw materials, means of communication, and skilled labour—being rapidly in process of being equalized."

On which Mr. Carey remarks as follows :

The system here described is very properly characterized as "warfare;" and we may properly inquire for what purposes, and against whom, it is waged. It is a war, as you see, Mr. President, for cheapening all the commodities we have to sell, labour and raw materials—being precisely the objects sought to be accomplished by the "Mercantile System," whose error was so well exposed in the *Wealth of Nations*. It is a war for compelling the people of other lands to confine themselves to agriculture—for preventing the diversification of employments in other countries—for retarding the development of intellect—for palsyng every movement, elsewhere, looking to the utilization of the metallic treasures

of the earth—for increasing the difficulty of obtaining iron—for diminishing the demand for labour—for doing all these things at home and abroad—and for thus subjecting the farmers and planters of the world to the domination of the manufacturers of Britain.

To measures such as here described, was due the closing of all the factories of India, followed by the exportation of cotton to England, there to compete with the products of Carolina and Alabama. The more perfectly the system can be carried out—the more the manufacture can be restricted to England—the cheaper must be raw materials; but the greater must be the export of cheap labour to Texas and to the Mauritius, there to raise more cotton, sugar, and other rude products: and thence to compete with each other for the reduction of prices, and for the more complete enslavement of the labourers of all those countries.

In the case of a war like this, what, Mr. President, does a government owe to its people and itself? The answer to this question is furnished by one of the most distinguished of your predecessors, Mr. Madison, in the following words:—

“Should it happen, as has been suspected, to be an object, though not of a foreign government itself, of its great manufacturing capitalists, to strangle in the cradle the infant manufactures of an extensive customer, or an anticipated rival, it would surely, in such a case, be incumbent on the suffering party so far to make an exception to the ‘let-alone’ policy as to parry the evil by opposite regulations of its foreign commerce.”

The admission made in an important public document, published, remember, *by order of the British House of Commons*, that the other elements besides capital—“cheap labour, abundance of raw material, means of communication and skilled labour”—are now “rapidly in process of being equalized” may be taken, along with the quotation elsewhere from the *North British Review*, as in a striking manner confirming the fact of the operation of that law of progress, by increasing diversification *within* each civilized nation respectively, which has already been spoken of. The theory of increasing similarization, as between similar industries in different countries, going on side by side with increasing diversification, (progress,) within each separate country, is thus seen to accord well with unquestioned facts. The increasing cosmopolitan tone—increasing similarity—as between the cultivated classes in all civilized countries; and the far-reaching, suggestive truth, which has been uttered in our age, that “the cohesions of European society “are extending in *horizontal* layers alone”—through all Europe—also go to support this theory. Of course there will keep developing, many of the finer and subtler differences, as between

different nations, after all: but these will not be of a nature to affect the question of progress in ordinary manufactures of staple goods, of a people's every-day use and wear.

It may seem harsh to speak of our friends at home as waging even a "business war" against us. But there actually *is* a business war going on, and our blinking the fact will not do away with it. It would better become the influential manufacturers and business men of England, instead of jealously snubbing our ambition, to take pride in us as "chips of the old block," to pat us on the back, and tell us to "go in and win." We want to be a nation, too; and it might help them wonderfully towards a correct understanding of the situation, if they could but realize how much more our business war of competition is with the United States than with them—a point already sufficiently dilated on.

Mr. Henry Carey, the head of the American Protectionist school, has written at great length to prove that the *continued* export of grain from a country, must end in the exhaustion of the soil and national ruin. In every precious grain exported is contained certain elements, which are not restored, and the final disastrous result of the bankruptcy of the soil, though it may be delayed, is sure to arrive at last. Mr. Carey cites many examples, ancient and modern, but it will be sufficient here to mention, in connection with the exportation of wheat, the instances of Lower Canada first, Western New York afterwards, and Upper Canada last. Let farmers look out for the barley crop next: its elements are rapidly taking their long departure from our soil. Free Trade controversialists will probably accept as conclusive Mr. Mill's endorsement of Mr. Carey's views *as to the fact*. Mr. Mill says:

"This argument deserves attention on account of the physical truth on which it is founded—a truth which has only lately come to be understood, but which is henceforth destined to be a permanent element in the thoughts of statesmen, as it must always have been in the destinies of nations."

It is an utter mistake to imagine that the mercantile interest would lose by the substitution of home for foreign manufactures. An increasing population, full employment for all, and that augmentation of national wealth which is represented by the difference in value between the raw material and the finished article, would

furnish the elements of an increasing business and an improving prosperity. This much it is safe to promise the whole mercantile interest, as a body, taking that body to include retailers as well as wholesalers, all over the country. But there is something further which it is very necessary to say, with special reference to the importing interest alone, which some suppose to be directly benefitted by free trade, and correspondingly injured by Protection.

It will be admitted that bad debts and slow payments are what bring losses upon importers. But for these, importers would be always, steadily, making money—that is, if they sold their goods at a profit at all. Now it is clear that whatever promotes *general* prosperity must benefit the importers. To enlarge on this point, to a class of men who to such an extent and so systematically estimate their own private prospects by the country's prospects, as they do, would be superfluous. The Free Trade ideal for Canada is endless importation of British and foreign goods, to be paid for by endless exportation of grain and timber. Unfortunately for the Free Trade theory, the exhaustion of our forests, and the bankruptcy of the soil from the loss of the constituent elements of wheat and other grain, loom threateningly in the distance—the terrible Fates destined to avenge upon us or our posterity the transgression of Nature's laws. Continued exportation of grain cannot go on, without national ruin as the ultimate goal. That great physical truth of the ultimate exhaustion of the soil by such a process, which Mr. Mill tells us "is henceforth destined to be a permanent element in the thoughts of statesmen, as it must always have been in the destinies of nations," may be more worthy of *present* attention here than is generally imagined. Importers who may think all this too general and too far-fetched to influence the business of the present time, are asked to figure up what their losses, by the failure of the wheat crop in Canada, already stand at. They may also be asked to estimate, in a rough way, what their losses might be, were a like fate to overtake the now important staple of barley. Thoughtful observers have imagined that they saw, in the barley growth of 1867, the first faint outlines of a handwriting on the wall. These considerations are well worthy the attention of our importers, a class of men who, more than any other class, have their private interests interlocked with the public prosperity. What, to them, does a "bad year" mean

—a year when the country's produce does not suffice to pay for the year's importations? We have had "bad years" before, and may have them again. With manufactures extending in the country, and safe against foreign "raids," there would not be that almost *sole* dependence upon the grain crop and the timber export, which has been so dangerous a feature in our economy in time past, and which may be so again, if we do not retrace our recent erroneous steps, but proceed farther upon the delusive path of so-called "Free Trade." The country *cannot* be as safe against a crisis, with its whole dependence on the export of grain—its venture almost all in one boat—as it would be with a mixed dependence on both agriculture and manufactures—also on mining, to the extent that the latter may be developed.

"The evil of over importation" is a text that has been abundantly preached upon in Canada. One might imagine, from all that has been written and spoken on this subject, that arguments in favour of manufacturing for ourselves, to the extent practicable, instead of importing, would be superfluous in this community. Does anybody remember a year in which the country suffered from having imported too little? A number of years in which we imported too much are on record; and are honoured in the calendar with marked prominence, they having most emphatically left us "something to remember them by."

It is certain, however, that through the development of manufactures, and the increase of population, the import trade would be immensely extended, instead of suffering any contraction. The only difference would be, that we would be better able then to pay for a large importation, than we now are to pay for a small one. Besides, the bulk of the trade in our own manufactures would go through the hands of the merchants, after all. It is an old saying in England, that profits go to the merchants more than to the manufacturers, in nearly all branches of trade. The idea that the importing interest can lose by a Protectionist home industrial system is wholly untenable. It is much on a par with the idea of agriculture being depressed, and farming ceasing to pay, in consequence of a policy that would certainly bring about an increased demand for farm produce, as indeed the rise and spread of home manufactures could not fail to do.

One of Mr. Carey's strongest arguments is, that in commerce, between an agricultural country and a manufacturing one, the former, which sends far the greater bulk and weight of commodities, pays nearly the whole cost of carriage both ways. A bushel of corn, which in Manchester would exchange for a dozen yards of cotton cloth, can in Iowa be sold for but the price of one or two yards. The cost of carriage is evidently a loss to somebody. As Mr. Mill says, "on whomsoever it falls, it is without doubt a burden on the industry of the world." But the burden, he adds, is only borne for the sake of a more than equivalent advantage. The answer to this is, that it supposes the advantage possessed by old manufacturing countries to be permanent and untransferable, whereas they are largely of such a nature as to be capable of transfer to newer countries. Free Traders apparently look upon the burden as destined to remain to the end of time; whereas, the advocates of and believers in national progress, hold that, by a system which shall promote the movement of artizan populations into countries now agricultural, the producer and the consumer will at last be placed side by side, and the burden got rid of. The point is that they believe, also, that it pays a nation to hasten the process by appropriate legislation.

Mr. Mill admits that there is "a great foundation of reason," for the view that a purely agricultural nation is not a complete nation, and that the "higher interests of humanity" are best served by a more varied development. This is, in other words, Mr. Spencer's "law of progress," already spoken of, applied in the department of social science. Mr. Mill and Mr. Wakefield would prevent dispersion of the people by raising the price of the public lands, and so keeping them in the towns. This way of promoting social development is, to artificially retard agricultural settlement: a strange view for men of their school to hold.

The argument that Ohio and Michigan would require to be protected against Massachusetts as well as against England, is to be met with the statement that manufactures are rapidly moving westward and southward; so that there will by and by arise, as mentioned in a former page, other Pennsylvanias in some of the Middle and Southern States, and another and greater New England on the borders of the Western lakes. A nation being a community, with regard to taxation, the increasing wealth of Massachusetts, for instance, light-

ens the burdens to newer States. It will probably be conceded that supposing England's annual expenditure to remain at its present figure, taxpayers in Dorsetshire and Devonshire would have to pay more than they do now if the extra heavy contributions of Lancashire and the West Riding were lost to the nation.

The national, patriotic view of the question deserves attention. Every million added to our population makes the Dominion stronger, and less inviting as an object of attack. In the extension of mining and manufacturing are to be found those possibilities of future increase in our numbers, of expansion and greatness, of which we now patriotically dream. It is worth enquiring whether, in the efforts that have been made to promote emigration, too much attention relatively, has not perhaps been given to the question of *land* for the emigrant and too little to that of *work* for the emigrant. There is reason to believe that the great body of emigrants now leaving the British Isles for this side of the Atlantic, would prefer to take the work first and the land afterwards. There seems to be something of an inconsistency, too, in our inviting emigrants to a country that thousands of the native youth are leaving, to go to the United States. The question is a pertinent one: Do those Canadians who leave for the States go there to buy land, or to get work? "To get work," would be the correct answer in three cases out of four; aye, in nine cases out of ten! It is not forgotten that just at present the bad accounts which reach us from the other side are probably checking emigration from Canada thither. But it will be wise for us to reflect that important changes, for the better, are now probably near at hand on the other side. The premium on gold is falling, the extraordinarily oppressive internal revenue taxes on home manufactures are likely to be greatly reduced or wholly abolished. A great revival from the present depression cannot, with our active and enterprising neighbours, be very far off, and the practical inference to be drawn in Canada is obvious.

It is a mistake to suppose, as Mr. Mill does, that American manufactures have had the "benefit" of high Protecting duties for two generations. During the last sixty years there have been three Free Trade periods in American history; each showing results most disastrous to the nation. These were, from 1817 to 1824; 1834 to 1842; and lastly, from 1846 to 1862, when the necessities of

the war compelled, and the absence of the South from the national councils allowed—a “Protective” tariff to be imposed. Even now, however, the complaint is made that existing Protection by customs duties on foreign goods, is for the most part neutralized by the heavy internal revenue duties which manufacturers have to pay. The want of permanence in the system, the prevalence of dread and uncertainty as to future national policy—these are what have prevented the “benefit” aforesaid from being realized as it otherwise might have been. In our own case, the injury to manufacturing progress by reason of the tariff changes of 1866 has been immense, incalculable. It will be no rapid or easy task to restore again that confidence in the permanence of our system, which existed up to last year, and which was having such beneficial results on our advancing enterprise. No single Act of legislation will suffice wholly to restore this confidence: the only reliance, in connection with a permanent industrial policy, must be in the education of public opinion, up to the point of comprehending where our true interest lies.

It is not only permanence in general policy that is desirable. Frequent changes of details even, of duties on particular articles, have a most alarming, unsettling tendency on the minds of business men. Manufacturing investments are *long* ventures: people require to see their way many years ahead, before making them. It is therefore to be hoped that the Government, in framing our next tariff, (said to be expected to stand for five years, though twenty-five would be better still,) will take counsel fully, systematically, and with all the deliberation possible—from representatives of the various interests affected.

The true policy is—the free importation of raw material, with duties on foreign manufactured goods. The present American policy of Anti-reciprocity is a failure, for the reason that it is Canadian raw material, so necessary to American manufacturing industry which it excludes. All arguments relative to the “absurdities of Protection,” founded on the mistakes of the Americans, in excluding foreign raw material—putting high or prohibitory duties on “foreign seeds having the germ of vitality preserved in them,” “American animals fattened in Canada,” and such like—are themselves absurd and irrelevant as against a system which proposes the free admission of food and raw material, with duties on *manufactured*

goods only. The proper distinguishing, according to the varying circumstances of a country, of what articles are to be counted as "raw material," and what as "manufactured goods," is the great practical problem. The finished product of one branch of industry may be the raw material of another. The scope for the exercise of a wise discretion in this respect, according to time and circumstances, is practically boundless. Perfection in all details is impossible, but a great general good effect is certainly attainable.

APPENDIX.

JOHN STUART MILL ON THE FALLACIES OF AMERICAN PROTECTIONISTS. THE PROTECTION-FOR-REVENUE-FALLACY EXPOSED. THE PROTECTION-IN-NEW-COUNTRIES-FALLACY EXPOSED. THE PROTECTION-TO-SAVE-MANURE-FALLACY EXPOSED.

From the New York World, March, 1866.

“BLACKHEATH PARK, KENT, Feb. 26, 1866.

“DEAR SIR: I have to acknowledge a letter from you, dated February 15, asking me to explain a passage of my *Principles of Political Economy*, in which I express the opinion, that a Protecting duty, for a limited space of time, may be defensible in a new country, as a means of naturalizing a branch of industry in itself, suited to the country; but which would be unable to establish itself there, without some form of temporary assistance from the State. This passage, you say, has been made use of by American Protectionists, as the testimony of an English writer, on political economy, to the inapplicability to America, of the general principle of Free Trade. The passage has been used, for a similar purpose, in the Australian colonies, erroneously in my opinion, but certainly with more plausibility than can be the case in the United States; for Australia really is a new country, whose capabilities for carrying on manufactures cannot yet be said to have been tested; but the manufacturing parts of the United States, New England and Pennsylvania, are no longer new countries: they have carried on manufactures on a large scale, and with the benefit of high Protecting duties, for at least two generations; their operatives have had full time to acquire the manufacturing skill in which those of England had preceded them: there has been ample experience to prove that the alleged inability of their manufactures, to compete in the American market with those of Great Britain, does not arise merely from the more recent date of their establishment, but from the fact that American labour and capital can, in the present circumstances of America, be employed, with greater return and greater advantage, to the national wealth in the production of other articles. I have never for a moment recommended or countenanced any Protecting duty, except for the purpose of enabling the protected branch of industry, in a very moderate time, to become independent of Protection. That

moderate time in the United States has been exceeded, and if the cotton and iron of America still need protection against those of the other hemisphere, it is in my eyes a complete proof that they ought not to have it, and that the longer it is continued the greater the injustice and the waste of national resources will be.

"I confine myself, on the present occasion, to the one special point which you have referred to me, and do not enter into the fallacies of Protectionism generally, or of American Protectionists in particular. But, since you pay me the compliment of thinking that what is said in my *Principles of Political Economy* is read and listened to by some Americans, I beg to recommend to your notice the further explanations which I have added to the passage quoted by you, in the last published (the People's) edition of that work. I have directed the publisher to send you a copy, and if the important journal with which you are connected is pleased to attach any value to my opinion on the subject, that opinion will be found much more completely stated, with additional replies to Protectionist arguments, in pp. 556 to 558 of the People's edition.

"I am, dear sir, yours faithfully,

"J. S. MILL."

JOHN STUART MILL ON PROTECTION IN NEW COUNTRIES.

The following is the extract to which Mr. Mill calls attention :

"In countries in which the system of Protection is declining, but not yet wholly given up, such as the United States, a doctrine has come into notice which is a sort of compromise between Free Trade and restriction, namely: that Protection for protection's sake is improper, but that there is nothing objectionable in having as much Protection as may incidentally result from a tariff framed solely for revenue. Even in England, regret is sometimes expressed that a moderate fixed duty was not preserved on corn, on account of the revenue it would yield. Independently, however, of the general impolicy of taxes on the necessaries of life, this doctrine overlooks the fact that revenue is received only on the quantity imported, but that the tax is paid on the entire quantity consumed. To make the public pay much, that the treasury may receive a little, is not an eligible mode of obtaining a revenue. In the case of manufactured articles, the doctrine involves a palpable inconsistency. The object of the duty as a means of revenue, is inconsistent with its affording, even incidentally, any protection. It can only operate as protection in so far as it prevents importation; and to whatever degree it prevents importation, it affords no revenue.

"The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily, (especially in a *young and rising nation*), in hope of nat-

uralizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may, in other respects, be better adapted to the production than those which were earlier in the field; and besides, it is a just remark of Mr. Rae, that nothing has a greater tendency to promote improvement in any branch of production than its trial under a new set of conditions. But it cannot be expected that individuals should, at their own risk, or rather to their own certain loss, introduce a new manufacture, and bear the burden of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protecting duty, continued for a reasonable time, will sometimes be the most convenient mode in which the nation can tax itself for the support of such an experiment.

“The only writer of any reputation as a political economist, who now adheres to the Protectionist doctrine, Mr. H. C. Carey, rests its defence, in an economic point of view, principally on two reasons. One is, the great saving in cost of carriage, consequent on producing commodities at or very near the place where they are to be consumed. The whole of the cost of carriage, both on the commodities imported and on those exported in exchange for them, he regards as a great burden on the producers, and not, as is obviously the truth, on the consumers. On whomsoever it falls, it is without doubt a burden on the industry of the world. But it is obvious (and that Mr. Carey does not see it is one of the many surprising things in his book) that the burden is only borne for a more than equivalent advantage. If the commodity is bought in a foreign country with domestic produce in spite of the double cost of carriage, the fact proves that, heavy as that cost may be, the saving in cost of production outweighs it, and the collective labour of the country is on the whole better remunerated than if the article were produced at home. Cost of carriage is a natural protecting duty, which Free Trade has no power to abrogate; and unless America gained more by obtaining her manufactures through the medium of her corn and cotton, than she loses in cost of carriage, the capital employed in producing corn and cotton in annually increased quantities for the foreign market, would turn to manufactures instead. The natural advantage attending a mode of industry in which there is less cost of carriage to pay, can at most be only a justification for a temporary and merely tentative protection. The expenses of production being always greatest at first, it may happen

that the home production, though really the most advantageous, may not become so until after a certain duration of pecuniary loss, which it is not to be expected that private speculators should incur in order that their successors may be benefited by their ruin. I have therefore conceded that in a new country a temporary protecting duty may sometimes be economically defensible, on condition, however, that it be entirely limited in point of time, and provision be made that during the latter part of its existence it be on a gradually decreasing scale. Such temporary protection is of the same nature as a patent, and should be governed by similar conditions.

“The remaining argument of Mr. Carey in support of the economic benefits of Protectionism applies only to countries whose exports consist of agricultural products. He argues that by a trade of this description they actually send away their soil—the distant consumers not giving back to the land of the country, as home consumers would do, the fertilizing elements which they extract from it. This argument deserves attention on account of the physical truth on which it is founded—a truth which has only lately come to be understood, but which is henceforth destined to be a permanent element in the thoughts of statesmen, as it must always have been in the destinies of nations. To the question of Protectionism, however, it is irrelevant. That the immense growth of raw produce in America to be consumed in Europe is progressively exhausting the soil of the Eastern, and even of the older Western States, and that both are already far less productive than formerly, is credible in itself, even if no one bore witness to it. But what I have already said respecting cost of carriage is true also of the cost of manuring. Free Trade does not compel America to export corn; she would cease to do so, if it ceased to be to her advantage. As, then, she would not persist in exporting raw produce and importing manufactures any longer than the labour she saved by doing so exceeded what the carriage cost her, so, when it became necessary for her to replace in the soil the elements of fertility which she had sent away, if the saving in the cost of production were more than equivalent to the cost of carriage and of manure together, manure would be imported, and if not, the export of corn would cease. It is evident that one of these two things would already have taken place, if there had not been near at hand a constant succession of new soils, not yet exhausted of their fertility, the cultivation of which enables her, whether judiciously or not, to postpone the question of manure. As soon as it no longer answers better to break up new soils than to manure the old, America will either become a regular importer of manure, or will, without protecting duties, grow corn for herself only, and manufac-

turing for herself, will make her manure, as Mr. Carey desires, at home. [See Note A., page 79.]

“For these obvious reasons I hold Mr. Carey’s economic argument for Protectionism to be totally invalid. The economic, however, is far from being the strongest point of his case. American Protectionists often reason extremely ill, but it is an injustice to them to suppose that their protection creed rests upon nothing superior to an economic blunder. Many of them have been led to it much more by consideration for the higher interests of humanity than by purely economic reasons. They, and Mr. Carey at their head, deem it a necessary condition of human improvement that towns should abound; that men should combine their labours, by means of interchange with their neighbours—with people of pursuits, capacities, and mental cultivation different from their own, sufficiently close at hand for mutual sharpening of wits and enlarging of ideas—rather than with people on the opposite side of the globe. They believe that a nation all engaged in the same or nearly the same pursuit—a nation all agricultural—cannot attain a high state of civilization and culture. And for this there is a great foundation of reason. If the difficulty can be overcome, the United States, with their free institutions, their universal schooling, and their own omnipresent press, are the people to do it; but whether this is possible or not, is still a problem. So far, however, as it is an object to check the excessive dispersion of the population, Mr. Wakefield has pointed out a better way: to modify the existing method of disposing of the unoccupied lands, by raising their price, instead of lowering it, or giving away the land gratuitously, as is largely done since the passing of the Homestead act. To cut the knot in Mr. Carey’s fashion, by Protectionism, it would be necessary that Ohio and Michigan should be protected against Massachusetts as well as against England, for the manufactories of New England, no more than those of the old country, accomplish his desideratum of bringing a manufacturing population to the doors of the Western farmer. Boston and New-York do not supply the wants of local towns to the Western prairies, any better than Manchester; and it is as difficult to get back the manure from the one place as from the other.” [See Note B., page 79.]

PROTECTION TO NATIVE INDUSTRY.

From the Toronto Leader, Dec. 24, 1866.

There is an analogy between moderate drinking and moderate protection; both frequently lead to the most extreme and objectionable results. The advantage is in favour of the drinking; for, whilst many men continue to be moderate bibbers to the end of their

days, it is rarely you find that where protection to native industry is once commenced it does not increase instead of relaxing its hold. Mr. MILL is sometimes appealed to as an advocate of moderate protection. There is nothing in his writings to justify the assertions of Protectionists on this point, and that they ever appeal to him for an argument only shows the weakness of their cause. This is the paragraph from which these gentlemen take so much comfort :—

“ The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production, often arises only from having begun it sooner. There may be no inherent advantage on one part, or disadvantage on another, *but only a present superiority of acquired skill and experience*. A country which has this skill and experience yet to acquire, may, in other respects, be *better adapted* to the production than those which were earlier in the field ; and besides, it is a just remark of Mr. Rae, that nothing has a greater tendency to promote improvements in any branch of production, than its trial under a new set of conditions. But it cannot be expected that individuals should at their own risk, or rather to their certain loss, introduce a certain manufacture, and bear the burden of carrying it on, until the producers have been educated up to the level of those with whom the processes are habitual. A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment. But the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will after a time be able to dispense with it ; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of performing ”

This is very different from the argument of the Protectionist. His idea is not simply to give temporary encouragement to some particular domestic industry for which a country may be peculiarly adapted, but that a country is enriched by excluding foreign manufactures by the imposition of customs duties so high that the same articles may be manufactured in the country, no matter what the adaptation of that country to the particular manufacture may be. The Protectionist theory is to exclude everything of foreign manufacture which can by any possibility be made at home. By this means they believe a country is enriched, and they sometimes refer to the paragraph from MILL's *Political Economy* which we have quoted as bearing out their views. Clearly no such meaning can be taken from these

words. Cases may arise in which a temporary protection, such as that here indicated, may be imposed, but they are very rare. The danger is when such teaching is made general instead of being limited to the peculiar cases to which it may with safety be applied. That Mr. MILL did not intend to advocate moderate protection as now understood no one can doubt who has ever read his writings on political economy. The paragraph immediately preceding that we have quoted is an argument against even the smallest incidental protection, and a few pages earlier in the same chapter, he says, with much emphasis :—

“The importation of foreign commodities, in the common course of traffic, never takes place, except when it is, economically speaking, a national good, by causing the same amount of commodities to be obtained at a smaller cost of labour and capital to the country. To prohibit, therefore, this importation, or impose duties which prevent it, is to render the labour and capital of the country less efficient in production than they otherwise would be ; and compel a waste, of the difference between the labour and capital necessary for the home production of the commodity, and that which is required for producing the things with which it can be purchased from abroad. * * *

“In the case of manufactured goods the whole difference between the two prices is absorbed in indemnifying the producers for waste of labour, or of the capital which supports that labour.”

The welfare of the many and not of the few should be the first object of a Government. It has the right to take by taxation so much as is necessary for its support. It should do this by making the burden of taxes bear equally on all. If it affords special encouragement to one form of labour, the other forms of labour are neglected, and thus positively discouraged. In the discussion of Protectionist doctrines, reference is usually made to the United States. In that country more than three-fourths of the people are engaged in agricultural pursuits ; so that the Government cannot, if it would, by any discriminating tax laws, protect the great majority of those who live by their honest labour. In trying to afford special protection to some of the other forms of labour, it is clear the Government is making laws for the good of a small minority, and imposing positive and unequal burdens upon the great majority. The Free Trade League of New York, states the case in these words:—

“The Southern farmer produces, say, a bale of cotton ; he can exchange this in the markets of the world, if the government will let him, for at least two tons of iron. But the government steps in and imposes a heavy duty on iron, not for the support of the government, because it would get more revenue by means of a lower duty, but for the special benefit of the iron masters of this country. The result is :— the Southern farmer gets only one ton of iron for his bale of cotton.

“The Northern farmer produces so many bushels of wheat. Left free to exchange it with the blanket-makers of the world he can get, for the same quantity of wheat, two blankets where he now gets but one. So it is with all the clothing of his family.” [Note, page 79.]

But the Protectionists say, “We want a variety of industry. A country which depends upon agriculture can never attain a position of greatness.” We answer this pretence in the words of Professor HINCKS, of Toronto University. They appear in a paper which was read by him before the Canadian Institute in March, 1862:—

“No one denies or doubts that increase in the quantity and variety of the products of industry in a country, is a blessing to its inhabitants, provided it is not extravagantly paid for; and it is evident that an artificial raising by commercial restriction or a heavy import tax of the price of an article will afford an opportunity to home producers, who before could not compete with the countries already advantageously engaged in this particular branch of industry. On the other hand this very statement of the way in which benefit is sought admits, and it is indeed undeniable, that we pay more for the same production than we need do for a similar or better article imported. We should pay to the importer the natural price, depending only on the labour, immediate or capitalized, which has been employed and on the usual rate of return for it. We pay to the home producer that price with the addition of a quantity expressing the amount that the duty is raised by the price improved. The whole body of consumers—probably many thousands—are taxed to this extent for the sake of having the article produced at home instead of abroad.”

Variety of industry is good where the several manufactures spring up spontaneously; where there are circumstances favourable to their development. When they have to be protected the cost of the protection comes out of some other interest which receives no protection at all; and the Government loses as well as a majority of the people. The income of the Government is lessened by very high duties; for revenue is got on the goods which come into a country, and the aim of protective duties is to keep the goods out. The people pay more that the treasury may receive less. Not only is the farming class, and with it the great body of consumers, including the mechanics of the country, made to suffer by a system of protective duties, but the nation, in its collective capacity, is impoverished. There should be freedom to manufacture and freedom to buy, in so far as the financial necessity of the country will permit.

It is a favourite argument with the Protectionists that a practical application of these doctrines has done much for the advancement of the United States. We don't believe it. They reason that if American manufacturers were deprived of the Protectionist go-cart

they would immediately fall prostrate ; whereas, in truth, the greater portion of the manufactures need no protection whatever. Listen to the *New York World* on this point ; and the article is so forcible, going to the very root of the matter, that we quote at some length:—

“ Calling all productions not created by agricultural industry manufactures, it will be easy to show that altogether the greater portion of our manufactures needs no protection. An hour’s observation on any American farm is as good for this purpose as a month’s study of statistical tables. Next to the crops and fences, which are the fruit of the farmer’s own labour, the most observable parts of his property are his buildings. These are certainly the product of domestic mechanical industry ; and though equal in value to the whole farm without them, they would just as certainly have been built by native industry if no duties on imports had ever been levied. Now let us see what besides gathered crops and domestic animals we find within these buildings. We will first enter the barn. Waggon, ploughs, harrows, cultivators, scythes, rakes, mowing and reaping machines, winnowing-mills, harness for horses, nearly complete the list. But how many of these things would be produced out of the country in the absence of protection ? Not one. Now let us look into the house. Stoves, tables, chairs, bedstead, bureaus, a sewing-machine, comprise a great part of the furniture ; all the work of native mechanics, and would be equally so if a protective tariff had never been heard of. We will next inspect the persons of the occupants. Not a shoe, not a shirt, not a hat, not a working-day garment of male or female, but was produced in this country, and produced more cheaply than it could be imported in the absence of all obstructive tariffs. If we look in the crockery cupboard and the Sunday wardrobe, they will indeed tell a different tale. But how small a part of a farmer’s purchases are the crockery and cutlery used on his table, and the silk and broadcloth occasionally worn of a holiday. We dismiss from consideration the tea, coffee, and other articles which must be imported if used at all, since this country cannot produce them. It will be seen from this cursory inspection that the talk of the Protectionist about the necessity of a tariff to diversify our industry and create a home market for the products of our agriculture, ignores the greater part of the facts. Every neighborhood abounds in mechanics, and all our towns and cities are full of manufacturers, employed upon productions with which the freest foreign competition could not interfere. Moreover, our industry is further diversified by the variety of our agricultural and mining productions which gives us an advantage like that possessed by China in the cultivation of tea, or Brazil in coffee. In cotton, tobacco, petroleum, and the precious metals, we have native products which force themselves into all markets because no nation

“ can successfully compete with us. The producers of these, as well
 “ as the vast army of our mechanics and manufacturers, are consumers
 “ of our ordinary agricultural staples, and form their chief market.
 “ There is such a manifold diversity in our firmly-rooted and competi-
 “ tion defying industries, that we need to nurse no sickly exotics
 “ not suited to our country or circumstances. The prices of agricul-
 “ tural products are, in all reason, high enough, without attempt-
 “ ing by legislation to divert more of our people from agriculture.”

The reason why some kinds of manufactures possible are not profitable in the United States is that the home market is not extensive enough to support them. To encourage such manufactures by a high tariff is supremely foolish. If the statesmen of the neighbouring republic were wise they would repeal all that part of their tariff designed to be protective, and seek to increase the national wealth by extending the foreign demand for the things they can produce as cheap or perhaps cheaper, than the rest of the world. England sustains her enormous debt and doubles her wealth every two or three decades by the immense profits she makes in selling her products in a wide range of foreign markets. It is not by trading with highly-civilised nations that she acquires her gains, but with peoples whose industry is yet undeveloped. The coarser manufactures adapted to such markets the United States could produce as cheaply as England, in establishments on the same extensive scale. America is nearer than Great Britain to both coasts of South America, yet the South American market is to the latter country a mine of wealth. The true policy of our neighbours is to buy the things which other nations can produce more cheaply than itself, and to compete with them in all foreign markets in such things as they can produce with equal or greater advantages. But it is simple nonsense to think of sending to foreign markets products which cannot stand their ground without protection at home. With its diversified industries, with its great mineral wealth and never-ceasing stream of labour supply, it ought to be able to compete with all the countries in the world for the command of foreign markets. No doubt it could have done so in many articles if a proper system had been adopted at the first. A ruinous national policy has, however, been entered upon. In spite of a 50 per cent. tariff the people of the United States imported last year over \$400,000,000 of foreign manufactures. What was the extent of their exported manufactures? Comparatively nothing, with plenty of markets open in which they ought to have been successful competitors. Had they pursued a proper commercial system they would to-day have been a creditor instead of a debtor nation, and branches of industry, now languishing, for progress in which the country is peculiarly adapted, would be flourishing. Provisions

would be cheap, wages would be lower without any loss to the mechanic or the artizan, and people could buy such articles as they desired to import from abroad without having to pay \$200,000,000 more than they need do to support a rotten system, which goes by the name of Protection. So miserable is that system that the small province of New Brunswick builds twice as many ships a year now as the whole of the United States.

It is a favourite argument with the Protectionist that England did not adopt Free Trade until she was in a position to compete with the rest of the world, that Sir Robert Peel did not act from conviction so much as from policy. Let us on this point hear Sir Morton Peto in this work on *Taxation*.

“ In one direction—the direction aimed at by Sir Robert Peel—great results have been achieved. The trade of the country has been unshackled. Prior to 1842 the commerce of the nation was clogged by a thousand different duties, which, with few exceptions, have now been removed. In 1841 there were 1,162 different articles subject to taxation at our custom houses, of which the greater portion were loaded with duties which, whilst they brought little revenue to the public treasury, opposed formidable obstacles to the extension of trade. In 1862 there were only forty-four articles chargeable with customs duties. This great result has been accomplished without any diminution of the revenue of the department. In 1841, the customs duties on 1,162 articles amounted to £21,898,845; in 1862, the duties on the comparatively few articles subjected to duty produced £29,036,000. By the extension of commerce which has followed the remission of duties on articles of import and export, employment has been afforded to the industry of the country, and, consequently, the means of the people has been increased. * * The declared value of exports of British and Irish produce from the United Kingdom, which, in 1841, was only £51,545,116, rose, under these commercial reforms, to £134,842,000 in 1860. A marvellous increase indeed! An increase, however, of which it may be confidently predicted that it is only the first fruits of a system as yet quite in its infancy.”

And the Customs Commissioners in their First Report (1857) say:—

“ Under the influence of the simplification of the tariff, the reduction of duties, and the facilities afforded to merchants and shippers, the commerce of Great Britain has shown a marvellous increase, and the revenue a still more marvellous elasticity. The net aggregate of the reductions in the tariff amounts to above ten millions. Yet the customs revenue scarcely varied for the last twenty years—ranging steadily from twenty-two to twenty-three millions.”

This is the lesson which Free Trade teaches. And we have thought

well to produce it in view of the objections taken in other columns to our previous remarks on the decline of shipbuilding and publishing in the United States. Mr. Whitney argues that greater things have been done in the latter country under Protection. We have endeavoured to show that Protection is the robbing of the many for the benefit of the few, and that the achievements of Free Trade are far nobler than those of the restricted policy of which he is the advocate. We believe that if the United States had followed out a Free Trade policy, as nearly as was practicable, she would be in an infinitely better commercial position to-day than she is, and that in time no country could compete with her: and as regards her debt, upon which Mr. Whitney dwells strongly, we would say in the words of the *New York Evening Post*:—"By the free method the debt will be paid rapidly, out of the constantly increasing riches of the people in the shape of taxes intelligently apportioned and cheerfully paid, because nothing is more agreeable than paying an honest debt out of growing riches. By the other method, it will be paid slowly, out of hard-toiling penury, by taxes wrung from every available resource, grinding the body of people to the earth, and transmitting the burden to posterity." There is little hope that the better policy will be adopted.

CUSTOMS RECEIPTS IN GREAT BRITAIN.

FIGURES QUOTED BY THE LATE MR. WHITNEY IN REPLYING TO THE "LEADER."

By the foregoing statements, the public were of course expected to see that Great Britain, by throwing off all protective duties in 1842, reduced the list that yielded those duties from 1162 to 44 articles, and thereby, through some unexplained process, increased her own revenue.

The facts, however, are these:

There were in 1841, 1162 different *rates of duty*, (not dutiable articles,) there were 862 articles subject to duty, there were of these 349 which produced less than £100 each per annum, and 147 which produced nothing; moreover, from so far back as 1838, 95 per cent. of the customs revenue was derived from 16 *articles only*. Thus long before the period of the tariff reform had the commerce of England, under extreme protection, shaped itself into what we now have it. What subsequent Free Trade enactments had to do with previous changes I will leave with the reader to judge.

Table showing the true position of the British custom-house returns in the two years quoted by the *Leader*:—

RECEIPTS CUSTOMS DUTIES.

	In 1841 under Protection.
Coffee.....	£ 888,563
Breadstuffs.....	576,407
Currants.....	221,197
Spirits.....	2,410,184
Timber.....	1,488,531
Butter.....	262,967
Cheese.....	136,054
Fruits.....	290,960
Seeds.....	107,111
Silks.....	244,076
Sugar.....	5,123,986
Molasses.....	193,546
Tallow.....	206,464
Tea.....	3,978,518
Tobacco.....	3,580,164
Wines.....	1,800,128
Miscellaneous.....	2,098,268
	<hr/>
	£23,606,124

	In 1862 under Free Trade.
Coffee.....	£ 433,360
Breadstuffs.....	845,037
Currants.....	245,540
Spirits.....	2,622,728
Timber.....	229,224
Cocoa.....	16,361
Pepper.....	106,080
Raisins.....	97,837
Figs.....	29,120
Oats.....	81,174
Sugar, unrefined.....	6,201,243
Do. refined.....	247,172
Molasses.....	192,816
Tea.....	5,582,793
Tobacco.....	5,714,448
Wines.....	1,123,605
Miscellaneous.....	225,034
	<hr/>
	£23,993,546

The item "miscellaneous" in the first column, has in it the duty on raw material taken off in 1842. But the similarity pervading the remainder is most striking, and shows that Free Trade made no other difference whatever.

In addition to the above, I here give the mean gross receipts for each five years, commencing from 1838 (omitting hundreds,) viz ;— £23,188,000, from 1843 £22,540,000, from 1848 £22,303,000, from 1853 £22,050,000, and from 1858 £23,900,000.

There is no pecuniary sacrifice to the principles of Free-Trade here, when over one third of the gross revenue of the kingdom is still derived from imposts on foreign trade. The English of it all is, that with the exception of raw material, nothing of the slightest importance to the finances was placed on the free list, till it had taken itself out of the paying column.

PROTECTION, AND THE RISE OF THE BRITISH IRON TRADE.

The following is taken from an article in the *New York Tribune* of Dec. 24th, 1866. As a short and telling recapitulation of the true story of how perhaps the most important of all branches of British manufacture rose and prospered, it is submitted for the information of those who may yet remain under the impression that Britain's manufacturing greatness owes nothing to Protection.

Just see what unswerving support the British Government gave to the British iron manufacture for an unbroken period of 147 years, till it was strong enough to invite the world to Free Trade, and to teach Free Trade. In 1679 the first duty on foreign iron was imposed by the British Government, of 10 shillings per ton. In 1710 the duty was advanced to £2. 1s. 6d. per ton in English vessels, and £2. 10s. 10d. in foreign vessels. A stiff tariff, which yearly did its intended work for 72 years, undisturbed by any howling of foreign importers, camped in London or elsewhere, against the folly of manufacturing dear iron at home when cheaper iron could be bought abroad. This tariff did not make cheap iron—did not even supply England with the iron she needed, for she was a constant importer of it. But what of that? She was after cheap iron, and she was going to get it through persevering protection. In 1782 the duty was raised to £2. 16s. 2d. In 1785 Parliament prohibited the exportation of tools, engines, models, or plans of machines used in the manufacture of iron, under the penalty of one year's imprisonment of the shipper, £200 fine, confiscation of the articles shipped or intended to be shipped, a fine of £200 on the master of the vessel, and the same on the custom house officers, who were to be dismissed, and be thereafter incapable forever of holding office. Item, for enticing iron workmen out of England, Parliament imposed the penalty of one year's imprisonment and £500 fine for every workman so enticed; the fine to be doubled for the second offence. Blood-earnest legislation—but there was not a man in England to protest against it. For England, and the English, were after cheap iron.

In 1787 there was nobody to talk about the right of buying in the cheapest markets, and foreign importers not having a voice in legislation, Parliament prohibited the importation of iron less than three-fourths of an inch square, except plain bars, and all manufactures of iron and steel. In 1795 that blood-earnest act prohibiting the exportation of tools and

machinery was made perpetual. In 1796 the duty on iron was raised to £3. 1s. 9d. per ton. And now England had 121 furnaces and made 124,879 tons of iron—and there was still no voice for Free Trade. In 1797, higher! the duty raised to £3. 4s. 7d. In 1798, unsettled revenue policy, eh? very bad for manufacturers, eh?—the duty was again raised to £3. 15s. 5d.—and not a whinny of Free Trade to disturb the deadly purpose of these wise English to beat the world in making iron. They were determined to do it, and through the only possible way, Protection. In 1802, England had 168 furnaces and made 170,000 tons of iron. And there wasn't a man in the realm to say that the iron manufacturers didn't need more Protection, that they could sustain themselves, that this increase of the tariff was special legislation, and other such bosh. In 1803—oh, the folly of changing tariffs, which our importers weep over!—up the Government puts the duty again—to £4. 4s. 4½d. In 1804, the duty again raised £4. 17s. 1d. In 1805, the duty again raised to £5. 6s. In 1806, up again!—advanced to £5. 7s. 5¾d. In 1809—oh, these constant changes of tariffs (in favour of Protection) so injurious to manufacturers!—the market of England for English iron not being yet secured, the Government again advanced the duty to £5. 9s. 10d. In 1813, the market not yet secured, the duty was again advanced to £6. 9s. 10d. Under this Protection in five years the production of iron in Great Britain ran up to 300,000 tons a year. But England could not yet beat the world in making cheap iron, and, inexorable in her determination, and wisely and faithfully governed, she again, in 1814, advanced the duty on imported iron to £6. 10s. in British ships and £7. 18s. 6d. in foreign ships. Iron slit or hammered into rods, or drawn, or hammered less than three-fourths of an inch square, was charged with a duty of £20. Hoops theretofore charged £11. 8s. 4d. a ton, were now charged £23. 15s. By 1825, what had this determined, patient, ever augmenting protection accomplished? It accomplished its work. It enabled England to develop her manufacture of iron to the degree that she could undersell the world, and begin to preach the gospel of Free Trade among nations. IN THIS YEAR THE PRICE OF IRON PER TON IN VARIOUS COUNTRIES WAS AS FOLLOWS: FRANCE, £25. 10s.; SWEDEN, £13. 13s.; BELGIUM, £16. 14s.; RUSSIA, £13. 13s.; GERMANY, £16. 14s.; ENGLAND, £10. In 1826 the duty on bar iron was reduced to £1. 10s.; on hammered rods from £20. to £5. Hoops remained at £23. 10s., and pig iron at 10s.

The British Government thus advanced the duties on imported iron fifteen times in a space of 147 years, from \$2 50 a ton, to \$35 a ton, and made every one of those duties specific. More than this, during all that time her manufacturers had the advantage of high prices of iron in all the other countries of the world. England did not begin to reduce her duties on foreign iron until she had so established her manufacture that she exported nine times as much as she imported, and of course no longer required Protection. More yet: she waited ten years after it was demonstrated that she could manufacture iron from 33 to 50 per cent. cheaper than any other country in the world before she reduced her tariff, and took the first step toward Free Trade.

"That persevering protective legislation, that piling of duty on top of duty, that construction block upon block of a wall to shut out competition and retain the home-market, we look upon as one of the proudest monuments of British administration, always, in respect to its own interests, vigorous and far sighted. WE HONOUR THE SAGACIOUS AND RESOLUTE MEN WHO FOR A CENTURY AND A HALF SHUT THE DOORS OF THE BRITISH CUSTOM-HOUSE IN THE FACE OF THE WORLD, AND HELD THEM TIGHT, WHILE, WITHIN THE KINGDOM, CAPITALISTS AND WORKMEN, UNDISTURBED, NOT ONLY, BUT ENCOURAGED, BUILT UP, BY ENGLAND'S SUPREMACY IN IRON MAKING, ENGLAND'S SUPREMACY IN COMMERCE, MACHINERY, AND WEALTH."

NOTE A., page 68. Mr. Mill says that the argument from exhaustion of the soil, "applies only to countries whose exports consist of agricultural products."

It therefore applies to a great portion of the New Dominion: and it is especially worthy the attention of farmers, who are told that their interest is in Free Trade. The rise of a manufacturing population in a country has not only the effect of keeping grain at home that would otherwise be exported; it likewise causes the cultivation of more green crops and less grain, in proportion, thereby saving the land, independently of manuring. Query—Have we "a constant succession of "new soils—" that is, of agricultural soils—in Canada? It is believed that the records of the Crown Lands Department tell a different tale. Or can we afford to continue the destructive process until the export of corn ceases by reason of exhaustion—then to begin importing manure?

NOTE B., page 68. Mr. Mill's admission here that "for this there is a great foundation of reason," really concedes the whole case. He is constrained to add, that it is still a problem whether the difficulty can be overcome, of a nation all agricultural attaining to a high state of civilization and culture. It would better become Mr. Mill to say that it is not so much a problem, as a question settled in the negative. Diversification of employments, variety in pursuits, amongst a people, is civilization, is progress, and brings *culture*.

NOTE C., page 71, Answer: If you have not enough (available) iron and enough wool in your own country, invite the importation of abundant supplies of both, in the raw state, duty free. Then adopt a permanent policy of such duties on the manufactured article as will promote the transfer to your country of the artisan who makes the goods, instead of the goods themselves, and you will soon have cheap iron and cheap blankets—cheaper than you had them before. Natural increase of capital, and gradually acquired individual, local, and even hereditary aptitudes, will supplement the process of transfer, and at last render it no longer necessary. If these results do not follow, enquire what race or races of people they are who inhabit your country, and whether they have ever elsewhere shown themselves possessed of manufacturing aptitudes. Though the capacity of natural production may not be transferable, yet the capacity of manufacturing is, (see page 26:) and the failure to recognize this truth is the great "Free Trade fallacy."

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