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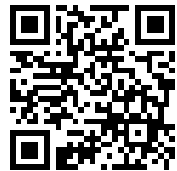
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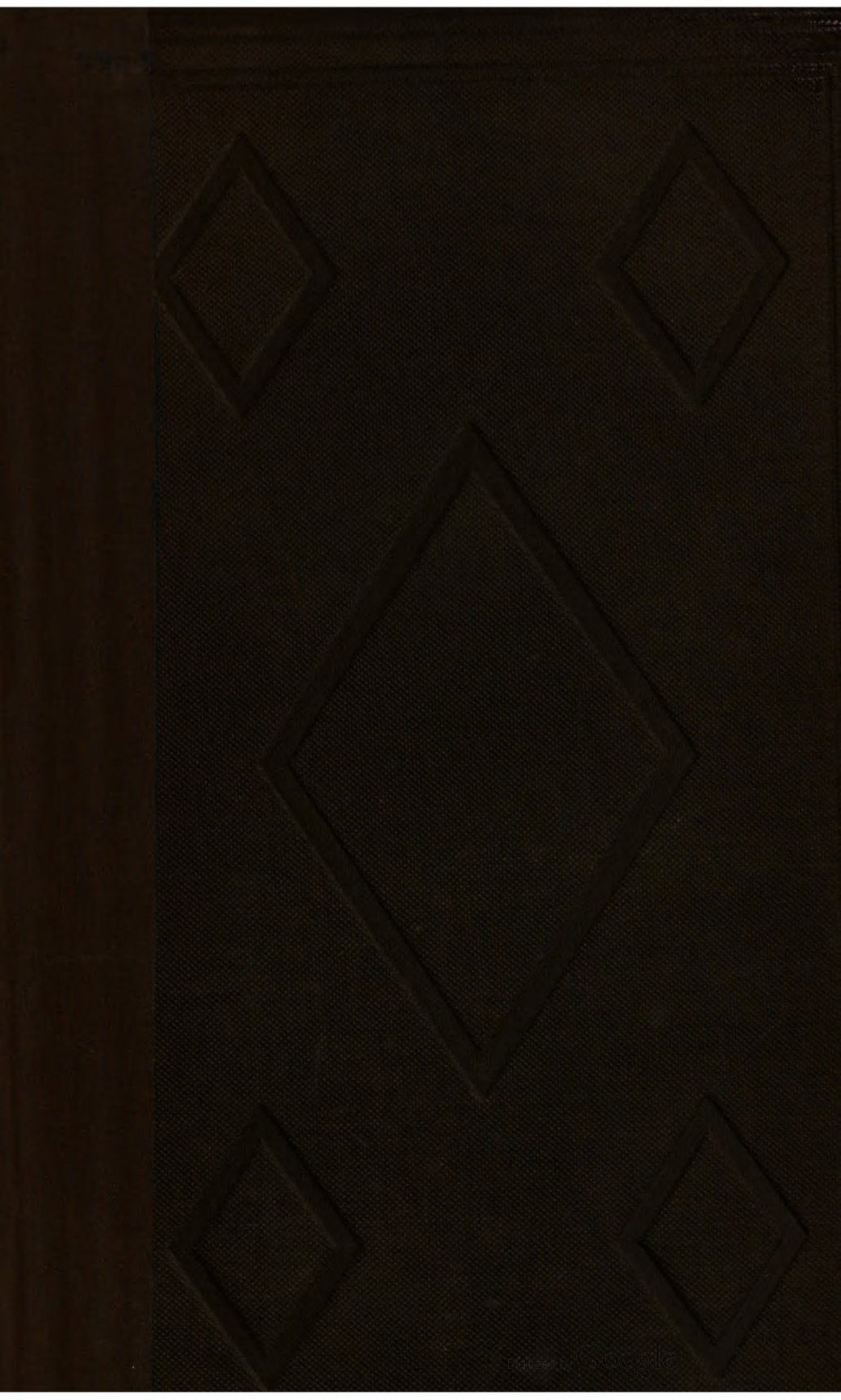
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PUBLIC ECONOMY.

PUBLIC ECONOMY

FOR THE

UNITED STATES.

BY

CALVIN COLTON, LL. D.,

PROFESSOR OF PUBLIC ECONOMY, TRINITY COLLEGE.

THIRD EDITION.

NEW YORK:

PUBLISHED BY A. S. BARNES & CO.

NO. 51 JOHN STREET.

CINCINNATI: H. W. DERBY & CO.

1856.

Entered, according to Act of Congress, in the year 1848,
BY CALVIN COLTON,
in the Clerk's Office of the District Court of the United States, in and for the Southern
District of New York.

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STEREOTYPED BY REDFIELD & SAVAGE,  
13 Chambers Street, N. Y.  
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NOTE.

All the reasonings of this work on European society, are based on the *status quo* of its condition before the convulsions of 1848. It must be seen that these recent and current events are not sufficiently ripe to be used as materials in a work of this kind.

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PUBLIC ECONOMY,

FOR

THE UNITED STATES.

CHAPTER I.

PRELIMINARY REMARKS.

The Task attempted in this Work.—The Doctrine of Free-Trade Economists not a Science.—This false Pretension a Stolen Shield.—On common Ground, Free-Trade Economists have done some Good.—This Work a System for the United States.—The New Features of this Work not Novelties.—The proper Functions of Hypothesis.—Free-Trade Economists have made an unjustifiable Use of Hypothesis.—It leads to no Result.—Mill's, Comte's, Newton's, and Reid's Views of Hypothesis.—Reasons for the limited Scope of this Work.—Reasons for changing the name of the General Subject.—Politics and Political Economy.—The Comprehensiveness of this Work, and the Unity of its Plan.

It will be seen that the author of this work has had to confront authorities of no mean consideration — authorities which, strange as it may seem, have occupied the theatre of debate on the leading topic of these pages, for nearly a century, without ever having been encountered, face to face, in their main positions. It has been claimed for them, that they could not be answered; that they had settled the question; and that, henceforth, time only was required to establish the universal triumph of Free Trade.

Though facts, in abundance, had been arrayed against these pretensions, nevertheless they seemed still to command attention and respect. The doctrine of Free Trade had taken up the position, and asserted the prerogatives, of a SCIENCE, composed, in all that belonged to it properly, of uniform propositions in all places, and in all time; from the deductions of which, conceding the claim, there was no appeal. But its claim to be ranked among the sciences, was a stolen shield. So long as such a weapon of defence was

awarded to it by consent, it was impossible to reason with or against it, inasmuch as a deduction of science is justly regarded as too formidable for oppugnation. No other answer was required from them, except this: *It is contrary to the theory.* The theory, averred to be a science, was the charm that dissolved all arguments—the stronghold within which a retreat could always be covered. But this claim will be found to be untenable; and divested of this, there is nothing left to it but certain loose reasonings, in the shape of empirical laws—nothing but the ingenious fabrications of great abilities, based on hypotheses, and forced into currency by the authority of great names.

The author of this work has no objection to the use of the term science in this application; nor does he deny, but on the contrary maintains, that the elements of public economy embody the materials of a science of a very high order and of great importance. But it is one thing to have the elements of a science in hand, and another to have constructed the science. Nor do we mean by this to admit, that the Free-Trade economists have the elements; it will appear in the next chapter that they have not. We have there marked the distinction between empirical laws and those of a science, and shown that the doctrines of Free Trade are composed entirely of the former. By arrogating the name and authority of a science for their dogmas, the Free-Trade economists had interposed an effectual bar to investigation by scientific rules, and covered themselves with an impenetrable shield, in the presence of all who conceded the claim. It will be found, that the ejection of these pretenders from this stronghold, opens the whole field anew to fresh explorations, and that the old charts, proved to be erroneous in very important particulars, must be used with extreme circumspection. It is not denied, that the European economists of the Free-Trade school have done some service, where they were at home, in a field directly under their eye; or that they have recognised and settled principles which are common to all parts of the world, and to every state of society. But it is not allowed, that they were competent to lay down rules for countries and states of society with which they had no acquaintance, and of the peculiarities of which they had not the faintest conception.

With these views of the standard lights of a science, “falsely so called,” the author has endeavored to construct a system of economy *for the United States*, and to show wherein the principles of European economists are entirely inapplicable here. He has not

taken up new positions, or started from new points, or said new things, merely for the sake of novelty. He has availed himself of helps, where he could find them; but he has been forced to execute his own conceptions, and to carry out his plan, independent of all authority. Yet scarcely a thought will be found within these pages which has not been common property with many minds, and which the intelligent reader will not probably recognise, though it should be the first time he ever saw it reduced to form, and adjusted in a satisfactory place. So far is the author from being ambitious to produce surprise, that he would think his labor lost, if he had done so. He that advances things entirely new, and before unthought of, on a great theme, though they be true, is probably doomed to pass from the stage before they will be appreciated. Feeling the present importance of his subject, the author has desired to be understood and appreciated now—at first sight; and he has, therefore, studied not to make statements which would require study in others. He does not believe in the usefulness of anything on this subject, which is not, to a very great extent, common property, as the result of unavoidable experience and observation. He does not consider, that what he has done that may appear to be new, is really new in most men's minds; but only in works of this kind. The very ground of his rejection of all models and authorities coming in the way of his convictions, is that of his confidence in the common sense of mankind, above which he would not willingly soar, and beyond the range of which he would not venture, so long as he desires to be useful.

The author has been forced to observe, that *hypothesis* is the beginning, the middle, and the end of the reasoning of Free-Trade economists; that is to say, they have no other proof of the truth of their doctrine, than its assumption. This being a very important point, it is proper here to say a few words on the nature and functions of hypothesis, in scientific investigations. "An hypothesis," says John Stuart Mill, in his system of logic, "is any supposition which we make, in order to deduce from it conclusions in accordance with facts which are known to be real. . . There are no other limits to hypothesis, than those of the human imagination. . . Hypotheses are invented to enable the deductive method [of reasoning] to be earlier applied to phenomena. In order to discover the cause of any phenomena, by the deductive method, the process must consist of three parts: induction, ratiocination, and verification. . . Now, the hypothetical method

suppresses the first of these three steps, to wit, induction, and contents itself with the other two operations, ratiocination and verification; the law which is reasoned from being *assumed*, instead of *proved*."

Doubtless, the hypothesis of Free Trade would be entitled to the position of a theory or science, if, by the force of its ratiocination, it had ever arrived at the end in view, or at the third step above stated by Mr. Mill, to wit, verification. But here is the point where it always fails, and, therefore, remains in *statu quo*, an hypothesis still; or, rather, is actually disproved by a counter verification, in the same manner as the earlier hypotheses of the laws of the solar system, and of the material universe, have been disproved, by the verification of other and more correct hypotheses. Hypothesis is worthy of no respect, except as it is verified by facts. It may be admitted, transiently, for a purpose; but when the purpose fails of verification, it falls to the ground; and when a counter verification is made out, it is disproved. Such has been the result in the trial of the hypothesis of Free Trade.

"It appears," says Mr. Mill, above cited as the latest and best logical authority, "to be a condition of a genuinely scientific hypothesis, that it be not destined always to remain an hypothesis; but be certain to be either proved or disproved by that comparison with observed facts, which is termed verification. . . . If the supposition accords with the phenomena, there needs no other evidence."

The substance of M. Comte's reasoning on this point—and he is allowed to be one of the greatest philosophers of the age—is, that "we arrive, by means of hypothesis, to conclusions not hypothetical." This is the true and only legitimate function of hypothesis in scientific investigations, and when the third step of the deductive method fails, to wit, verification, which is the only object, and the only justification of assuming the first, in the shape of hypothesis, then the hypothesis falls to the ground. "It is not destined," as Mr. Mill says above, "always to remain an hypothesis;" but must either be verified, which transforms it into a science, or part of a science; or be rejected, for want of verification, as worthy of no respect.

This is precisely the fate of the Free-Trade hypothesis, which, though it has never yet got any farther than the original assumption, to *prove itself by itself*, has been dignified with the name of a science. It dispenses with the syllogism altogether, without which

no result can ever be arrived at by deduction. It halts for want of a second term in the train of its reasoning, and leaps the chasm to a forced conclusion.

It is admitted, that hypothesis is a legitimate resort, as a mode of reasoning backward from effect to cause, for the purpose of ascertaining a cause; or rather, perhaps, we should say, in assuming a more or less remote antecedent as a law, in order to ascertain, by scrutiny, whether it be, in fact, a law of causation in relation to a given effect; and that, in this way, some of the most important truths in science, as in astronomy for example, have been established. One of the earliest hypotheses of the universe, was, that the earth rested on the back of a huge elephant, and that the elephant stood on the back of a great tortoise. This is an hypothesis; and if the facts observed had been found, on scrutiny, to agree with it, it would have stood. Another later hypothesis was, that the sun and heavenly bodies move around the earth every twenty-four hours. Next to that was discovered the true hypothesis, viz., that the earth turns daily on its own axis. This agrees with observation of facts; in other words, is verified, and has, therefore, been sustained. Sir Isaac Newton invented a series of hypotheses by which the laws of gravitation, and other phenomena of the universe, were verified, as now received in science. Hence a perfect and scientific theory of the material universe. Such is the use and intent of hypothesis, viz., to arrive at the cause of an effect, and at the laws by which effects are controlled. In this way hypothesis ministers to the ends of science. But to stop at hypothesis, and call it science, as the Free-Trade economists do, is precisely the same as to claim our belief, that the earth rests on the back of an elephant. To erect an hypothesis, and then to force conclusions from it, is utterly inadmissible. Above all, when the conclusions are at variance with facts, the hypothesis is falsified. This is precisely the position and fate of the Free-Trade hypothesis. It stands alone, unsupported. This is all the authority which the doctrine has, and is the very reason why it should be abandoned. It disappoints the aim of hypothesis, which is to find a position to account for facts. When that fails, the hypothesis, however ingenious and beautiful to look at, is a bubble, and is worth no more. It will be seen, in the progress of this work, that the Free-Trade doctrine is precisely of this character, not in harmony, but in conflict, with facts; and, therefore, that it is not simply good for nothing, but must prove fatal in practice.

Sir Isaac Newton says: "No more causes, nor any other causes, of natural effects, ought to be admitted, but such as are both true and sufficient for explaining phenomena." "This," says Dr. Reid, in his *Essays*, "is the golden rule. It is the true and proper test by which what is sound and solid in philosophy, may be distinguished from what is hollow and vain." Another form of this rule of Sir Isaac Newton is, that phenomena or facts are the test of an hypothesis; and this form more particularly applies to the argument of this work, though it can not fail to be appreciated, by intelligent minds, in any form.

On this Newtonian rule, Dr. Reid remarks: "If a philosopher, therefore, pretend to show us the cause of any natural effect, whether relating to matter or to mind, let us first consider, whether there be sufficient evidence that the cause he assigns does really exist. If there be not, reject it with disdain, as a fiction which ought to have no place in genuine philosophy. If the cause assigned really exist, consider, in the next place, whether the effect it is brought to explain, necessarily follows from it. Unless it have these two conditions, it is good for nothing."

Sir Isaac Newton would not venture on hypothesis beyond what could be proved by facts, or presume to assert on mere hypothesis, the cause of gravitation, or the cause of a cause he had discovered. He says: "The reason of these properties of gravitation, I have not been able to deduce from phenomena; and I am not a fabricator of hypotheses. Hypotheses, whether in metaphysics, or physics, or mechanics, or occult qualities, have no place in experimental philosophy;" that is, as unverified rules. Much less should mere hypothesis be permitted to decide questions in public economy.

Some persons may, perhaps, at first sight, think it was unnecessary to carry this debate through an entire work on public economy. But it will be found, that there is no interest of the country, or of any section of it, or of any party or person in it—the merchant engaged in foreign trade, perhaps, excepted—to which an American protective system, is not vital; and even the merchant, adapting his business to such a system, when once established, would find it to be more for his advantage in the end, as shown in this work. Anything that does not come within the range of this debate, is believed by the author to be of no material consequence in a system of public economy for the United States, and although there are many details of the system, not specifically brought under consideration in this work, all of any importance are comprehended

in the questions discussed. It would require volumes to make a perfect work on this subject. In the author's view, there was an exigency of the time—an exigency produced by nearly a century's growth of systematic error, which will, perhaps, require an equal period to dissolve and dissipate it—an exigency which might well absorb a far more extended effort than the one now submitted, and talents of an order and power to which the author can make no pretensions. To meet this exigency is the main design of this work.

We have not rejected the usual title of "*political economy*" in application to this work, and to the general subject, because we proposed to enter a different field; nor because the topic and argument have no relation to political society; but, chiefly, because the term, "political," has been so much lowered, in this country, by the rude agitations of what are commonly called "politics," that we do not think the term now so well comports, among us, with the dignity of our theme, as it did generally throughout the world, when first employed in this application. It is, therefore, in part, a matter of taste, that has led us to this partial change of name for such a work and subject; though, we think, it will be found to be a felicitous change in other respects than that of being a rescue from associations not always pleasant. The word, "public," is the exact counterpart of the word, "private;" and, it is believed, that one can not have proceeded far in this work, without feeling, that there is a much greater fitness in the use of the former term, than "*political*," in such an application, because, in no case, will there be a sense of incongruity, when the former is thus employed; whereas, this feeling will frequently arise in such an application of the latter. It is chiefly "*public*" economy with which we have to do, in a work of this kind; and if it is also "political," in some respects, it is not, perhaps, unqualifiedly so; or allowing even that it is, still objections lie against the latter, on account of its frequent prostitution to violent debates and low controversies, which can never lie against the former. M. Say protests seriously and earnestly against a necessary connexion of "politics" with "political economy;" and gives for reason, that "wealth is independent of political organization." We think, however, his protest is without foundation, and his objection without force. The economist is the school-master, and the statesman is the practical operator. These terms are correlatives,—and the latter, properly qualified, as much supposes a pupilage under the former, as engineering supposes an acquaintance with the science.

But the term "public," all things considered, is exactly the word for this place, always expressing and comprehending all that is wanted, and never suggesting an irrelevant idea. It has, moreover, the advantage of always expressing a relation to "private" economy, which, as will be found, the case requires, and which the term "political," does not necessarily denote, nor very naturally suggest. It is agreed by all economists, that the wealth of a nation is chiefly composed of the aggregate wealth of all its individuals; and by some, this is affirmed, though we think incorrectly, without qualification. For example, all public property is an exception; so also the means of wealth, which a nation possesses, as a political corporation, which, in some cases, are great and comprehensive, and may be justly styled the capital of its position. It is true, that all these ought to minister to private wealth, and if properly husbanded, will do so. Nevertheless, they do not fall within the aggregate of private inventories. There is, however, always, an appropriate relation expressed in the apposite terms of "public" and "private" economy, which would not be so uniformly conveyed by the substitution of the word "political," for that of "public;" and the best of it is, that the term "public," in such a use, always conveys the idea required, as it is invariably, in every practical view, the counterpart of "private."

But there is yet a much more important and vital reason for using the term "public," instead of "political," in this application—a reason which involves a fundamental principle in the general argument, viz., that there can not be two kinds of economy, and that the principle is the same in public as in private economy, the former differing from the latter only in the comprehensiveness of its interests. The absurdity of applying one set of rules of economy to a given number and amount of given interests, having the same relations, while they are called private, because they belong to one person, and of applying a different set of rules, because the same interests belong to many persons, and are therefore called public, must be apparent to all. The man who, under a good system of economy, and beginning with one interest, has grown rich, and brought under his charge many interests, managing them all with skill, and by rules which he has found profitable by experience, would be very unwise, probably would be ruined, by changing his system. That which he has found to be economy, is economy, and nothing else. He can no more alter the principle, than he can make right wrong, and wrong right. He is as much compelled, in

his commercial relations, to one uniform course, under the same circumstances, in order to prosper, as in his social relations in order to be happy. The multiplication and diversity of his interests do not, in the least degree, affect his principles of economy. Besides, it may easily be conceived, that a single person may have even a greater diversity and a greater amount of interests than a state. Whatever is economy to him is economy to the state, and whatever is economy to the state is economy to him, for given interests in given circumstances. And yet it will be found, that Free Trade prescribes a very different species of economy for the state, from that which all experience has prescribed to private persons.

Some persons, probably, will think this work a very incomplete system, as no notice is taken of numerous topics, naturally falling within the range of public economy, and which are usually considered in such works. In answer to this, the author, after pleading guilty to this sin of omission, would say, that he had a single aim in the conception and execution of his task, the accomplishment of which, he found, would swell it to as large a volume as might be expedient for such a publication, and that another of equal extent would be required to do justice to all the topics which might be considered as belonging to the general subject. That aim was to show, as well as he could, the merits of the Protective and Free-Trade systems, respectively, as they apply to the United States. It will be found, that the author has never deviated from this line of argument. Adhering to this purpose, it will also be seen, that the work has a unity of plan, which is usually regarded as one of the most important attributes of design in all productions of art, of which literary composition must be allowed to be one, and not the least in general consideration. The author is of opinion, that the settlement, for the United States, of the question debated in these pages, is one of the most desirable, and will be one of the most important events, which remain to be achieved in the progress of the country; and that all minor questions of public economy, arising out of our domestic condition and interests, can hardly fail to go right, if this goes right. He has, therefore, devoted himself to the prosecution of this great argument, and kept within its limits. As the title of his work proclaims, it is FOR THE UNITED STATES, considered chiefly in their foreign commercial relations and interests, as they are connected with and bear upon domestic interests.

CHAPTER II.

THE NEW POINTS OF THIS WORK.

What is meant by these New Points.—The First: Definition of the General Subject.—Importance and Influence of Definitions.—Public Economy not heretofore reduced to a Science.—The Definition here given of the Subject is consistent with a Science.—It rescues the Subject from an embarrassed Condition.—The Free-Trade Theory composed of uniform Propositions.—The Exact Sciences.—All Sciences, when fully constructed, are necessarily exact.—Science appertains to all Subjects.—The Science of Sociology, as announced by M. Comte's in an imperfect State.—John Stuart Mill's Definition of Science.—Why the Science of Sociology is Imperfect.—Mr. Mill, a Free-Trader by Sympathy, has demolished the Theory by Logic.—Citations of a remarkable Character from Mr. Mill.—What they prove.—Private and Public Economy compared.—Napoleon on this Subject.—Common Principles in Systems fundamentally different.—How our Definition affects the General Argument.—Empirical Laws defined.—Public Economy, down to this Time, lies scattered over the Field of Empirical Laws, and has not been reduced to a Science.—The Free Trade Hypothesis belongs to a Category of Empirical Laws incapable of being reduced to a Science.—The recognised Canons of Experimental Induction, as laid down by Logicians, fully sustain the Claims of Protection against those of Free-Trade, and install the Former in the Position of a Science.—How to apply these Canons to this Subject.—A Science can not be made out of the Laws of Public Economy, except for one Nation, each by Itself.—The True Position of Labor.—Labor robbed of its Rights by a False Position in Public Economy.—Protective Duties not Taxes in the United States, and a Rescue from Foreign Taxation.—How Public Economy is affected by different States of Society.—New Points in regard to Money and a Monetary System.—The Reasons for Free Trade, with the People, are Reasons for Protection.—The Institution of Property.—The Destiny of Freedom not yet achieved.—The Protective Principle identical with that of the American Revolution.—Free Trade in Great Britain not based on Science, but on Public Policy.—Rise and Progress of the Free-Trade Theory.—Definition of Freedom.—An American System of a Peculiar Character.—Free Trade identical with Anarchy.—Protection can never be dispensed with, in any supposable Perfection of American Arts.—Agricultural Labor and Products in the Guise of Manufactures.—Not two Kinds of Economy.

By the new points of this work, it is not meant, that all specified as such are entirely so, though many of them are ; but, on account of the importance given to their position, as compared with the slight notice taken of them in other works of this kind, it is thought proper to present them as new. Many of them, as will be seen, involve fundamental and all-pervading principles, such as have not, heretofore, been incorporated in works on public economy. The announcement of a few of the most prominent of these points, in this place, may, perhaps, serve the purpose of suggesting what influence and effect they are entitled to have on the general argument.

1. The first we would notice is our definition of the subject : *Public economy is the application of knowledge derived from experi*

ence to a given position, to given interests, and to given institutions of an independent state or nation, for the increase of public and private wealth.

In all scientific investigations, definitions discharge the functions of a finger-post, of a door of access to the field, of marking the boundaries of that field, and of a glance view of the whole ground. The definition is the controlling law of the debate or of the scrutiny. There are no essential attributes of the argument, which are not comprehended in it, or suggested by it. With the definition as a guide, if it be a correct one, it is impossible to get out of the field. On the contrary, if it be incorrect, it is impossible certainly to know when one is in the field. It is the text of the subject and the rule of the argument. To err in a definition is a necessary doom to perpetual and endless error in all that grows out of it; to be right in this, start, is the only sure guide to a right end.

The above definition is the fruit of the study of years; and for the present we do not know how to improve it. We have tried our best to tolerate the introduction of the term, science, into this definition, as the substantive part of it, in accordance with general usage, such as *the science of national wealth*, &c.; and we do not repudiate the idea that science is implied in it, or that it is a proper subject of science. But we are forced to deny, that, as yet, the subject has ever been reduced to a science, and that, down to this time, it has any other form of a system than a collection of what the logicians call *empirical laws*, the character of which will be noticed by-and-by. If it shall be admitted, that we have contributed, in any degree, so to sift these empirical laws, and so to adjust them in a scientific form, as to subject them to recognised canons of experimental induction, as we propose to attempt to do, still our definition stands in a form not inconsistent with the definition of a science; and though we fail in our proposed task, the purpose of our definition is not impaired. Its terms indicate sufficiently the class of sciences among which it must take rank, if it is deemed worthy to be called a science. It is a science composed of *contingent* propositions—contingent on the peculiar position, the peculiar interests, and the peculiar institutions of the country to which its rules are applied at any given time, and contingent on the changes, in these particulars, to which that country may be subject in the succession of events.

It will be seen, therefore, that our definition is a new point, and that it rescues the whole subject, entirely, from the position which

has been claimed for it by the Free-Trade economists, as a science of uniform propositions—uniform for all countries and for all time. Every person must see, that one of the essential attributes of Free Trade is the uniformity of its propositions for all nations, and that any departure in a system of public economy from such uniformity, is not Free Trade, but a violation of its principles. The poles of a planet, therefore, can not be wider apart, nor the heavens farther from the earth, than the main positions of these two antagonistical systems. The propositions of the one are the same for all nations, in all time, while those of the other are contingent on the position, interests, and institutions of the country to which they are applied, for the time being.

We assume that we do no injustice in ascribing this position to the Free-Trade economists, though they have not expressed themselves precisely in these terms. If they give up this, they give up all. Their argument avails nothing except upon this ground. If their science is not one of uniform propositions, in application to all countries, in all times, they have not only abused the public, but made dolts of themselves. For so the public have thought, and their argument is at an end if they deny it. Possibly they have not considered how many categories of science there are, or how different some of them are from some others, and that none of them are exactly alike. There is a class of sciences called *exact*, of which, doubtless, the Free-Trade economists suppose theirs is one, or one equally reliable in its results. And if it be a science, they are right; for, strictly speaking, no science can be more exact, or more certain in its final conclusions, than another, when all its elements are brought together, understood, and properly adjusted. But the perfection of every science is a work marked by stages, by degrees. That of astronomy was once very imperfect, very inexact; but it has now attained to a high degree of perfection, as demonstrated in the precision of its predictions. "Geometry," Mr. Mill says, "is a science of coexistent facts, altogether independent of the laws of the succession of phenomena;" but it is a very exact science. The science of mechanics is exact; for though the relations of forces, in all experiments, are constantly shifting, their results are equally measurable, the forces and relations being given. The mathematics are reckoned among the exact sciences, so far as they have advanced, and from the nature of the subject could not be otherwise. A vast many branches of knowledge, capable of being reduced to the strictest laws of science, are yet in

the chaotic field of empirical laws. Science, no doubt, appertains to everything in nature, in man, in society, in morals, to everything in which man has or takes an interest; but how much of it is yet in the dark? It is probably nothing but our ignorance that makes the laws of one branch of knowledge less exact, and less reliable to us than those of another. Science appertains to tendencies, to analogies, to chances, to the very contingencies by which man retains his hold on life. Life insurance, lotteries, games of chance, and many other classes of facts, and combinations of facts, the issues of which are commonly regarded as most uncertain and fortuitous, are, nevertheless, based upon elements not less susceptible of scientific adjustment, for the attainment of the most infallible results, than those of any science that now boasts of the greatest conceivable exactitude in its predictions.

There is the science of the social state, or of sociology, as M. Comte calls it, which approximates to, more properly, perhaps, lies behind, the science of public economy; for it is presumed they will not be pronounced identical, though there is an affinity and a sympathy. But this science of sociology is very difficult to master, in order to predict results with any tolerable success, notwithstanding that all its elements are vested in the individual man. It is because the combinations and relations of these elements, wherever found, are so infinitely diversified, and for ever shifting. Make a case—which, however, is impossible—suppose a case, then, where their position, combinations, and relations, are precisely the same as in another given case, and the results will be uniform; which, if true, demonstrates that society, in its organization, movements, changes, and destiny, is governed by scientific laws, of which, indeed, there can be no doubt.

“Any facts,” says Mr. Mill, “are fitted in themselves to be a *subject* of science, which follow one another according to constant laws, although those laws may not have been discovered, nor even be discoverable by our existing resources.” Meteorology and tidology are among these imperfect sciences. The science of human nature is of this description, as also, of man in society, or sociology. “If our science of human nature,” says Mr. Mill, “were theoretically perfect, that is, if we could calculate any character, as we can calculate the orbit of any planet, *from given data*, still as the data are never all given [in the case of man], nor ever precisely alike in different cases, we could neither make infallible predictions, nor lay down universal propositions.” Nor can we

make artificial experiments, in the case of man and society, as in the mathematical, mechanical, and physical sciences; but we are always compelled to take man and society, just as we find them.

As we are now approaching the main point on which our definition of public economy is based, in confirmation of the correctness of our position, we would here cite a little from Mr. Mill, who, sympathizing with the state of society in Great Britain, is himself a Free-Trader. We wish to show from Mr. Mill's own words, that, as in sociology, so also in public economy, and precisely for the same reasons, no science has ever yet been constructed. Mr. Mill says: "There is, indeed, no hope that these laws [laws of sociology], though our knowledge of them were as certain and as complete as it is of astronomy, would enable us to produce the history of society, like that of the celestial appearances for thousands of years to come. But the difference of certainty is not in the laws themselves; it is in the data to which those laws are to be applied. In astronomy the causes influencing the result, are few, and change little, and that little according to known laws; we can ascertain what they are now, and thence determine what they will be at any epoch of a distant future. The data, therefore, in astronomy, are as certain as the laws themselves. The circumstances, on the contrary, which influence the condition and progress of society, are innumerable, and perpetually changing; and though they all change in obedience to causes, and therefore to laws, the multitude of the causes is so great as to defy our limited powers of calculation." So far on sociology. Next Mr. Mill adduces the very case of the general inquiry of this work, to wit, "The great topic of debate in the present day, the operation of restrictive and prohibitory commercial legislation on national wealth. Let this, then," he says, "be the scientific question to be investigated by specific experience. If two nations can be found which are alike in all natural advantages and disadvantages; whose people resemble each other in every quality, physical and moral, innate and acquired; whose habits, usages, opinions, laws, and institutions are the same in all respects, except that one of them has a more protective tariff; and if one of these nations is found to be rich and the other poor, or one richer than the other, this will be an *experimentum crucis*; a real proof by experience, which of the two systems is most favorable to national riches. *But the supposition, that two such instances can be met with, is absurd on the face of it.* Nor

is such an occurrence ever abstractedly possible. Two nations which agreed in everything except their commercial policy, would agree also in that. Differences of legislation are not inherent and ultimate diversities; are not properties of kinds. They are effects of preëxisting causes. If the two nations differ in this portion of their institutions, *it is from some difference in their position, and thence in their apparent interests*, or in some portion or other of their opinions, habits, and tendencies; which opens a view of further differences, without any assignable limit, capable of operating on their industrial prosperity, as well as on every other feature of their condition, in more ways than can be enumerated or imagined. There is thus a demonstrated impossibility of obtaining, in the investigations of the social science, the conditions required for the most conclusive form of inquiry by specific experience."

This is enough. We have here a full confession, from a believer in Free Trade, a severe and logical argument, itself composing a part of a system of logic, that even two nations can not be found enough alike to justify general deductions equally applicable to both in public economy; *a fortiori*, that no such rules can safely be applied to all nations, as is claimed by Free Trade. Science, here, is proved to be utterly at fault for general rules. The only defect of this argument is the last sentence of the above citation, where Mr. Mill would seem to make his "demonstrated impossibility" apply also to the experience of one nation. It clearly applies to two, and much more to an increased number; but there is nothing in this reasoning to show, that a nation may not find rules in its own experience for itself, and rules based on scientific and experimental induction. Mr. Mill has not only demolished the so-called science of Free Trade, which assumes to give rules for all nations, but he has fully vindicated our definition, and shown that it was impossible, with propriety, to give any other. It is even possible that our definition should fall within the scope of a well-built science; and we intend yet to show that it has some strong claims to that position; while it is clearly impossible that the general propositions of Free Trade should have that advantage.

A few more brief remarks of Mr. Mill will be pertinent here: "The aim of practical politics is to surround the society which is under our superintendence with the greatest possible number of circumstances *of which the tendencies are beneficial*, and to remove or counteract, as far as practicable, *those of which the tendencies are injurious*." Any one can see how directly this looks to the ex-

perience of one society only for rules of its policy, and how directly opposed it is to general rules having no respect to such experience. In other words, it falls directly within the line of our definition. Again: "It would be an error to suppose we could arrive at any great number of propositions, which will be true in all societies without exception. Such a supposition would be inconsistent with the eminently modifiable nature of the social phenomena, and the multitude and variety of the circumstances by which they are modified—*circumstances never the same, or even nearly the same, in two different societies, or in two different periods of the same society.* . . . We can never either understand in theory, or command in practice, the condition of a society in any one respect, without taking into consideration its condition in all other respects. . . . Unless two societies could be alike in all the circumstances which surround and influence them (which would imply their being alike in their previous history), no portion whatever of their phenomena will, unless by accident, precisely correspond; *no one cause will produce exactly the same effect in both.* . . . We can never affirm with certainty that a cause which has a particular tendency in one people or in one age, will have exactly the same tendency in another, without referring back to our premises, and performing over again for the second age or nation, that analysis of the whole of its influencing circumstances, which we had already performed for the first. The deductive science of society [here, observe, is the very hypothesis of Free Trade repudiated] *does not lay down a theorem, asserting in a universal manner the effect of any cause; but rather teaches us how to frame the proper theorem for any given case* [which is the principle of our definition]. *It does not give us the laws of society in general,* but the means of determining the phenomena of any given society, *from the particular elements or data of that society.* All the *general* propositions of the deductive science [such as those of Free Trade] are, therefore, in the strictest sense of the word, *hypothetical.* The hypothetical combination of circumstances upon which we construct the general theorems of the science, can not be made very complex, without so rapidly accumulating a liability to error as must soon deprive our conclusions [which happen to be those of Free Trade] of all value. This mode of inquiry [to wit, Free Trade], considered as a means of obtaining general propositions, must therefore, on pain of entire frivolity, be limited to those classes of social facts which, though influenced like the rest of all sociological agents, are unde-

the *immediate* influence, principally at least, of a few only. . . In order to verify a theory by an experiment, the circumstances of the experiment must be exactly the same as those contemplated in the theory. But in social phenomena the circumstances of no two experiments are exactly alike."

This, we confess, is one of the most remarkable confutations of the theory of Free Trade we have ever seen ; and the more remarkable as coming from one who believes in the doctrine. Thanks to his fidelity as a logician, he would not, and could not, sacrifice logic to a fancy of this kind. Without dreaming of this incidental result of such a discharge of his professional functions, he has swept Free Trade clean into an irrecoverable abyss.

This point is so important in the general argument, that we are tempted, notwithstanding the fulness and sufficiency of Mr. Mill's reasonings, to add a little of our own.

There is usually no more similarity or equality in the condition and interests of nations, than in those of private persons ; and the very necessity of a system of public economy, for any one nation, in its relations to others, is based upon the fact of such dissimilarity and inequality. If there were no diversity of interests in different nations, and no dissimilarity in their condition, physical or social, a common system of public economy might, perhaps, be equally adapted to all. It is the exigency, or permanent fact, of these differences, numerous, essential, and important, which renders systems of public economy—diversified as the circumstances to which they are applied—indispensable to all nations ; and if they are not, in each case, adapted to these differences, and made expressly for them, they will not only fail of their end, but will probably be injurious. A system made for one nation, and adapted to its condition and interests, may be ruinous to another—will certainly be more or less hurtful.

Ricardo has very well said : " That which is wise in an individual, is wise also in a nation." We know that no two persons can be found, whose condition and interests are precisely similar, and that each must have his own rules for the management of his own affairs. It would be mischievous, possibly ruinous, for any two persons to interchange rules of private life and economy, and for each to work by those of the other. Nor could both work by the same rules. Just in proportion as the difference in the condition, pursuits, and interests of any such two persons, is increased, in the same proportion must there be a difference in their respective sys-

tems of private economy, or rules of business. The farmer can not work by the rules of a mechanic; or of a merchant; or of an artist; or of a lawyer; or of a doctor; or of a soldier; nor can either of these work by the rules of either of the others; and so on, through all the diversified pursuits of life, each one's system of economy, or rules of business, must be adapted to his pursuit and peculiar position and interests. Even those in the same calling require rules, or a system, adapted to the peculiarities of their respective positions and circumstances. The same system can not be equally beneficial to any two parties, whose position and interests are in any respect diverse. It must be seen, therefore, that, although there may be principles of conduct common to all persons, there can not be a common economical system for any two.

In the same manner, it is impossible that a given system of public economy should be equally well adapted even to two nations; and much more impossible, that it should be adapted to all nations. Adam Smith's pretension, therefore, in giving to the world his "Inquiry," &c., is a manifest absurdity, if the title of "the Wealth of Nations" be regarded as involving a proposition descriptive of the work, which may, no doubt, with fairness, be accepted as the intention. It is believed, that he wrote for all nations, Great Britain, perhaps, excepted. It is certain that his system has been received by the world, as carrying with it this pretension. Adam Smith doubtless supposed, that he was laying the foundations of a science; and those of his school, such as Say, Ricardo, and M'Culloch, have been more open and more emphatic in their claims, and have not hesitated, as before observed, to rank the Free-Trade hypothesis among the sciences. M'Culloch says: "Political economy may be defined to be the SCIENCE of the laws which regulate," &c. He also says: "Political economy is of very recent origin," that is, as a SCIENCE; and that "it was not treated in a scientific manner, till about the middle of the last century." Of M. Quesney, a physician, attached to the court of Louis XV., he says, that "he gave to political economy a systematic form, and reduced it to the rank of a science." Also: "We are justified in considering Dr. [Adam] Smith the real founder of the modern system [science] of political economy."

In the same manner, all the economists of the Free-Trade school have imbibed the notion, and started on the principle, maintaining that position throughout, that their theory is a science, composed of uniform propositions, all the world over, and in all time. M.

Say declares, in the most unqualified and emphatic terms : " The maxims of political economy are immutable."

As there can be no doubt of the character of this claim, it is unnecessary to go into minute proof of the fact ; or, if it is allowed to be too absurd to be credited, the pretension itself is disposed of. All must see, that it has not a shadow of just pretence to occupy this position. And yet it will be found, that it was solely by its assumption, without warrant, and without reason, that the most stupendous errors have been palmed upon the world, under the stolen shield of SCIENCE, simply because the claim being conceded, or not challenged, it was vain to oppose deductions put forward under such authority. They claimed that the theory was *scientific*; nobody challenged the claim; and who would dare to oppose *science*? Thus, for the greater part of a century, the Free-Trade economists have had no inconsiderable sway, it might, perhaps, be said, a full sweep of influence, by the authority of a false pretension.

Observe the following remarks on this point by Napoleon, in his exile, as reported by Las Cases : " He opposed the principles of the economists, which he said were correct in theory, though erroneous in their application. The political constitution of different states," continued he, " must render these principles defective; local circumstances continually call for deviation from their uniformity. Duties," he said, " which were so severely condemned by political economists, should not, it is true, be an object to the treasury; they should be the guaranty and protection of a nation, and should correspond with the nature and the objects of its trade. Holland, which is destitute of productions and manufactures, and which has a trade only of transit and commission, should be free of all fetters and barriers. France, on the contrary, which is rich in every sort of production and manufactures, should incessantly guard against the importations of a rival, who might still continue superior to her, and also against the cupidity, egotism, and indifference of mere brokers. I have not fallen into the error of modern systematizers," said the emperor, " who imagine that all the wisdom of nations is centred in themselves. Experience is the true wisdom of nations. And what does all the reasoning of the economists amount to?"

No one, probably, has lived, since public economy became a subject of debate, who understood it better, for practical purposes, than this extraordinary man.

It will be seen, that our definition, including a given position, given interests, and given institutions of a state, as elements of public economy, is fully justified by what Napoleon calls "the political constitutions of different states," and "local circumstances."

In denying the claim of Free Trade to a science, we do not mean, that there can not be common principles, which, in abstract forms and isolated positions, are equally true all the world over, any more than that we mean to arraign the religious and moral principles of the decalogue, which, by all Christians and Jews, are allowed to be eternal and immutable; or any more than we would question the verities of figures and mathematical demonstrations. But the question is, as to the application of the same principles, in combination or in separate form, to things, or to states of things, which are different from each other. There is not a principle in the decalogue which may not be perverted, and which, if perverted, will not lead to an unfortunate or criminal result. Figures themselves, which are commonly said not to lie, may be employed to verify the most absurd and stupendous errors, by mistakes in the premises, or by perversity of application.

It will be observed, that we have not only departed from usage, in our definition of public economy, by denominating it the application of knowledge derived from experience, instead of calling it a science; but that we require a *given* position, *given* interests, and *given* institutions of a state or nation, in order to know how to make the application. The very terms of our definition, therefore, take the whole subject from the determinate and immutable laws of Free Trade, and place it on what may be called a contingent basis, itself subject to a variety of contingences. In Free Trade, we have only to understand its propositions, and then we know what they prove, or pretend to prove. But in our theory of public economy, we consult facts, experience, under a given state of things, in order to form the right propositions. In Free Trade, the propositions lead; in our system, they follow. In the former, the propositions determine results, or affect to do so; in the latter, facts, by their practical operation, determine the propositions, because they determine results. In the former case, the theory, or, rather, the hypothesis, is first, and the results are hypothetical; in the latter, the theory is last, and is made to depend on the facts. Our theory, therefore, is not one of propositions, formed irrespective of facts; but a theory growing out of facts.

Our theory, instead of being a preconceived hypothesis, like that

of Free Trade, is in fact a theory, and involves an established connexion between facts that have been and facts which, in like circumstances, must necessarily follow, but which are not always found to be the same, in all circumstances, but often greatly diverse. The doctrines resulting from our theory, are subject to such modification as facts and circumstances require, in the place where they are applied, being sometimes, in some particulars, in direct opposition in one place to those of another. It is not setting up an hypothesis to beget an entity; but it assigns an adequate cause for the entity itself. The propositions of a sound system of public economy, therefore, are entirely contingent on the experience of the past and a given state of things, and not determinate, absolute, and immutable, like those of Free Trade.

We have included in our definition given institutions, as well as a given position and given interests of a state or nation, notwithstanding that M. Say has said, that "wealth is essentially independent of political organization," or of the structure of society. We shall have abundant occasion to show that "political organization," or the structure of society, is an "essential" element of public economy. This untenable position of M. Say, originated in a forced effort to divorce what he called "political economy," from "politics," and to maintain it in the rank of the sciences, as if a statesman had nothing to do with the elements of legislation. The very purpose of public economy is for the guidance of legislators. It was quite unnecessary to take up this false position, to keep the teachings of public economy apart from the agitations of "politics." There is no necessary connexion between these two spheres of action or of duty; though it is impossible to destroy the connexion between the things taught and their practical use. The doctrines are promulgated from the closet; they are reduced to practice in the high places of the nation. The teachers are necessarily recluses, buried in the profound retreats of philosophy, as an indispensable incident of their vocation. Although they may desire that what they regard as truth may prevail, it is not their business to give it currency. But the main object of M. Say in asserting that "wealth is essentially independent of political organization," or of the structure of society, was to guard his system as a science, and to put forward its prerogatives.

We trust, therefore, it will be seen, that the new point we have made, in our definition of the general subject, is one of fundamental, pervading, supreme importance. Its very terms, once made out as

correct, are a complete refutation of the pretensions of Free Trade. If the public economy of a country is to be based upon its own experience, and if all the propositions constituting the system, are to arise out of the peculiar position, interests, and institutions of that country, it is not possible that Free Trade should have anything to do with it.

It will also be seen, that, from our definition, as a starting point, the field of public economy opened by it, is entirely new. It is not the world, it is not all nations, it is not any two nations ; but it is one nation in particular. The law of the definition necessarily brings the subject within these limits. This imparts an entirely new character to the argument. With general propositions we have nothing to do ; it is a particular case. It is a system of public economy for the United States alone, which we are required to frame. It has been shown above, that it is not possible to construct one for all nations, nor even for two. All pretensions of this kind are utterly baseless, and can do nothing but evil, so far as they are influential.

2. The next new point of this work we propose to consider, is, that public economy has never yet been reduced to a science, and that all the propositions of which it is composed, down to this time, are *empirical laws*. That it has not been reduced to a science, has already been shown. That all its propositions are properly subjects of science, we do not deny ; on the contrary, we maintain it ; but what we aver is, they have never yet been adjusted in a scientific and reliable form. Many of them are true and many are false ; but it is impossible to know which are true and which false, until they are brought under the severe test of scientific induction. We have done enough already to bring under suspicion, and in some cases, to falsify, all general propositions on this subject, such as those of Free Trade. The invincible rules of logic, such as we have cited above from Mr. Mill, put this question out of debate. We have yet to show that it is possible to reduce public economy to a science, by confining its propositions to a single case, or a single nation, and only in that way ; and also, that this work, by adhering to that rule, is constructed on the most rigid principles of scientific induction.

But what is meant by *empirical laws*? We do not mean by this imputation what is commonly understood by empiricism or quackery ; but we refer to a class of propositions, so denominated by logicians, to distinguish them from those which have not found their

place in science. "Experimental philosophers," says Mr. Mill, "usually give the name of empirical laws to those uniformities which observation or experiment has shown to exist, but upon which they hesitate to rely in cases varying much from those which have been actually observed, for want of seeing any reason *why* such a law should exist. It is implied, therefore, in the notion of an empirical law, that it is not an ultimate law; that if true at all, its truth is capable of being, or requires to be accounted for. It is a derivative law, the derivation of which is not yet known. To state the explanation, the *why* of the empirical law, would be to state the laws from which it is derived, the ultimate causes upon which it is contingent. And if we knew these, we should also know what are its limits, under what conditions it would cease to be fulfilled. . . Now it is the very nature of a derivative law, which has not yet been resolved into its elements, in other words, an empirical law, that we do not know whether it results from the different effects of one cause, or from effects of different causes. We can not tell whether it depends wholly upon laws, or partly upon laws and partly upon collocation. . . Empirical laws, until explained, and connected with the ultimate laws from which they result, have not attained the highest degree of certainty of which laws are susceptible." But the following is, as we think, what more particularly applies to the present subject: "The property which philosophers usually consider as characteristic of empirical laws, is that of being unfit to be relied on *beyond the limits of time, place, and circumstances, in which the observations have been made.* These are empirical laws in a more emphatic sense. . . Until a uniformity can be taken out of the class of empirical laws, and brought either into that of causation, or of the demonstrated [scientific] results of the laws of causation, it can not with any assurance be pronounced true *beyond the local and other limits within which it has been found so by actual observation.*"

Both the novelty and importance of the position here taken, demand some exposition. If it be well authorized, true in fact, for the purpose we have in view, it can not be too well understood. When Free-Trade economists have arrogated the high and dignified title of a science for their theme, one naturally asks, what sort of a science is it? In what is its artificial structure apparent? Where are the principles and rules by which we arrive at infallible conclusions? A science, well and truly formed, can predict results with certainty; it is the very nature of science to do this, and any

pretension of this kind that fails in its predictions, is thereby proved false. Have the laws of public economy ever yet been so adjusted as to produce this result?—Manifestly not. If they had, all the world would have known it, and there would be no controversy. The truth is, the whole subject still remains a wide field of empirical laws, not entirely useless, but yet unadjusted as to scientific order and relations, having not the slightest claim to the dignity of a science. If any should think we have failed in our classification of the laws of public economy, in their historical condition down to this time, as being *empirical*, let them tell us under what category of dogmas they should be ranked; or let them say, if they choose, that they do not all belong to this class. We are not tenacious on that point. We only say, they have never yet been reduced to a science. That is evident, because there is no certainty of science in them. There is no uncertainty in figures, in mathematics, in geometry, in astronomy, or in the physical sciences generally, so far as their respective domains have been explored; nor is there uncertainty in any science, the elements of which have been ascertained and adjusted in scientific order and relations. There can be none. It is the very nature of science to realize its predictions. We do not affirm confidently, that all the dogmas which ever have been uttered on public economy, will fall within the logician's definition of empirical laws; but we think they will generally be found there; nor can we conceive how a more respectable rank could fairly be assigned to them. It is not simply for the convenience of classification, that we have put them there; but because we could not find a more legitimate place.

Now, let us consider what the characteristic of an empirical law is, as presented in the above citation: "The property of being unfit to be relied on *beyond* the limits of time, place, and circumstance, in which the observations have been made." It may not always be so good as this; but it can not be better. It must be seen, therefore, that it entirely cuts off the generalizations of Free Trade, and falls directly in the line of our definition. No law of public economy can be safely trusted except for "the time, place, and circumstance, in which the observations have been made;" that is, the observations which have established the law. The principle necessarily restricts every system of public economy to one nation—to that nation where the observations that have dictated its laws, have been made. Within these limits empirical laws may be serviceable, and by proper attention may be reduced to

a science. For a wider range, it is not possible that a science should be made of them on this subject. In the language of Mr. Mill, in a citation under the former head, it is not simply "absurd, but abstractedly impossible."

The effect of this new position, if it shall be allowed to be well sustained, is obvious. Dislodged from the platform of the sciences, on which they have always claimed to stand, and which was their sole authority, the Free-Trade economists are utterly discomfited. None, we think, can fail to see, after what has been proved above, that the pretensions of Free Trade to the rights and authority of a science, are perfectly absurd.

3. We now propose to notice, as another new feature of this work, that we have endeavored to subject its propositions, so far as they relate to the main question in debate, to the most rigid test of the recognised canons of experimental induction, as laid down by logicians; and consequently, that, in this particular, and so far as we may be allowed to have succeeded, the subject will, perhaps, have some claim to be regarded as rescued from the field of empirical laws, and installed in the position of a science.

We cite the canons, thus employed, from Mr. Mill, as follow:—

1. "If two or more instances of the phenomenon under investigation have only one circumstance in common, the circumstance in which alone all the instances agree is the cause or effect of the given phenomenon.

2. "If an instance in which the phenomenon under investigation occurs, and an instance in which it does not occur, have every circumstance save one in common, that one occurring only in the former; the circumstance in which alone the two instances differ, is the effect or cause, or a necessary part of the cause, of the phenomenon.

3. "If two or more instances in which the phenomenon occurs have only one circumstance in common, while two or more instances in which it does not occur have nothing in common save the absence of that circumstance; the circumstance in which alone the two sets of instances differ, is the effect or cause, or a necessary part of the cause, of the phenomenon.

4. "Subduct from any phenomenon such part as is known, by previous inductions, to be the effect of certain antecedents, and the residue of the phenomenon is the effect of the remaining antecedents.

5. "Whatever phenomenon varies in any manner whenever an-

other phenomenon varies in some particular manner, is either a cause or an effect of that phenomenon, or is connected with it through some fact of causation."

"These methods," says Mr. Mill, "are the only possible modes of experimental inquiry, of direct induction *a posteriori*, as distinguished from deduction. At least, I know not, nor am I able to conceive, any others. These, then, with such assistance as can be obtained from deduction, compose the available resources of the human mind for ascertaining the laws of the succession of phenomena."

Mr. Mill has demonstrated at large the truth of these canons. Any one who chooses to refer to the demonstration, will find it complete and satisfactory, beyond the possibility of error.

We have not introduced these canons here because we expect to find room to make and explain their application along with the current of the argument where they apply; but merely to suggest a recognised test, the authority of which will not be questioned, and which can be employed as such by those who are already versed in these rules, or who will take the trouble to make themselves acquainted with their application. Having already shown that public economy has never yet been reduced to a science, and as that object would turn us entirely aside from the specific design of this work, except as an incidental effect which may possibly in some degree be achieved, we are forced to decline a task which would of itself occupy the sole attention of a properly-endowed and properly-qualified mind, in a work not less extensive, perhaps, than that to which we are limited in an endeavor to develop the practical parts of this science. We conceive that the construction of this science is unoccupied ground, a field yet to be entered by some one, whose talents may qualify, and whose ambition may prompt, him to so laudable an undertaking. All that we profess is, that we have taken these canons as our rule in the construction of the main argument of this work, and that we have been essentially aided by their light shining on our path.

We for a long time thought that public economy never could be made a science in the strict sense of the term. But that position can hardly be maintained, if it be allowed that everything is a subject of science, and capable of being brought into its place as such; and if, moreover, it be considered, that it is a part of science to adapt itself to the nature of the subject. A science of contingent propositions, for aught that can be seen, is as supposable as one of

uniform and immutable propositions. The propositions of public economy, as we hold, must necessarily change with a change of data; and it can not be denied, that such changes are constantly transpiring in every commonwealth. It will be found that this principle of a liability to a change of data, presents itself on the threshold, and that it lies at the foundation of the science of public economy. It is impossible to cast it aside, or turn the back upon it, with any hope of a successful investigation, or useful result. A public measure required at one time, may, by events, or even by its own operation in the complete fulfilment of its purpose, require to be modified, or suspended, or superseded, at a subsequent period; and the same measure may be of the greatest importance to one nation, which would be injurious to another, possibly to all others. Nothing can be more contingent than the propositions of public economy.

If it should be said that a science must be of universal use, to establish its claim as such, it will be observed that we do not insist on the admission of this branch of knowledge to that rank, if it can not fairly be established in that place. We do, however, maintain, that it has never yet arrived at that position. We also think that it may be brought there; and we beg leave to suggest, in answer to the requirement of the attribute of universal application in a science, that it is not yet concluded to be wanting in this case. One of the conditions of this science, as already demonstrated, is, that every nation wishing to avail itself of its benefits, must look for its elements in the facts of its own history, and nowhere else. In that way it becomes of universal use, when every nation, for itself, shall have constructed its own system of public economy on the basis of its own experience. So far, therefore, is the abovenamed objection from proving that public economy can not be a science, as a contingent structure, or as a system composed of contingent propositions, it may be seen, that its very nature is of this precise description; in other words, it is a science adapted to the nature of the subject. It would be absurd to require that one science should prove another. It is sufficient if each one proves itself, and vindicates its own position.

It must be admitted, that nothing is more desirable, in public economy, than that the certainties of science should be brought to bear upon it; and nothing is more evident than that, hitherto, they have never been so directed. The reasons are obvious, as shown in our citations, here and there, from Mr. Mill. It was impossible

that a science on this subject should be constructed out of the common experience of nations for common use, or out of the experience of one nation for the use of another. It is a subject on which generalizations are, as Mr. Mill justly observes, even "abstractedly impossible." It is only in the line of the experience of one nation that the rigid principles of such a science can be applied, and for that nation only. All beyond this field is a region of empirical laws, as before shown; and of that precise category of empirical laws, which are utterly incapable of being reduced to a science.

While, therefore, we do not claim to have formed a science on this subject, having had other work to do, we trust it will be allowed, that we have demonstrated the want of it, in establishing the fact that all pretensions of this kind hitherto put forward, are without foundation. If we have been so fortunate as to indicate the path, and open the door to the field where alone can be found the elements of this science, it will, perhaps, be of some account in the future efforts of those who may find it convenient to undertake the task of reducing it to form.

It can not be denied, that some study and close thinking are required for the use and application of the canons of induction, above cited, to so intricate and complicated a subject as that of public economy. Fortunately, this is not necessary to be able to appreciate the argument that is based upon them. The facts and reasoning may be perfectly apprehended by one who may never have heard of these rules, and who may have but little or no acquaintance with the processes of scientific induction. He who is instructed by experience and observation, is capable of reasoning as correctly as he who is instructed by science, and often does so with more unerring certainty of a true result. Experience never leads to error, and science itself is verified by experience. The canons cited above grow out of experience, and enforce respect and credit only as they are conformed to it. A man may be totally ignorant of the canons, when his experience, or the experience of others verified by facts, leads him to the same result. When science accords with experience, it settles all controversy. Science is for those who occupy the higher, and who are capable of penetrating into the more profound, regions of human scrutiny, while experience is for the common walks of life.

As there is in fact but one great argument in this work, composed of various branches of what is commonly called argumentation, each one of which in itself is an argument on some one point,

or in some one line, to its own restricted purpose, it will be obvious that the canons above cited are intended chiefly to verify the results of the reasoning on the main question between Free Trade and Protection. Though common judgment is for the most part appealed to, and it is hoped may be relied on, to produce conviction, in view of the facts presented, and of the reasoning built upon them, there is always a class of minds whose habits are addicted to scientific investigation, and which may be gratified in finding that an effort of this kind has not been made without regard to what are deemed scientific principles. It is fair to conclude, that they who are capable of appreciating these principles will also be sensible that, as the science applies to a great field and vast amount of facts, and to a protracted period of history, the great question presented is not a simple problem, nor extremely easy of solution. It is in fact a system in the highest and most comprehensive sense of the term. No one ever became master of geometry, chemistry, astronomy, or of any of the established sciences, without some pains, without application, hardly without vigorous and protracted effort. But the absolute sciences, if such a distinction may be made, are incomparably more easy than a contingent one, such as that of public economy. Every stage of reasoning in the former is under the guidance of immutable laws, and it is not easy to get out of the way; whereas, the propositions of public economy which may be most important and vital to any and whatever nation, are undoubtedly contingent on a variety of facts, the bearings and relations of which may require the profoundest attention and the severest scrutiny, to be well understood for practical purposes.

4. Another of the new points made in this work, or of the new positions taken—we are not particular to mention them in the order in which they may be found—is, that labor is capital, and the parent of all other capital. We do not mean that this is a new idea, or that it is a proposition that requires proof. But it has never before been introduced into a system of public economy as an essential element. We put it first of all; we make it fundamental. As such, it pervades the entire system, without which, established in its own proper position, any system of public economy, as will be found, would be radically, fundamentally defective. We profess, that we could not begin to write on this subject, in any hope of doing justice to it, and of coming out right, without first determining the true position of labor in public economy, not only as capital, but as the parent of all other capital. It may, in-

deed, be said that the technicalities of science are in some respects and in some degree arbitrary; but a misnomer in science, which for ever represents one of its chief and fundamental elements, not only in a false position, but in a position which puts every other element out of place, will for ever be fatal to the proper adjustment and right view of its parts. Such, we think, has been the necessary consequence of the exclusion by economists from the list of capitals that which is the parent of all, and which more properly deserves the name alone, than that its mere products should have superseded it in the nomenclature of art. There is a reason to be deplored in this malpractice, a moral cause, we fear, which aimed for ever to exclude labor from its rights. It reversed the order of nature, and transferred the cause to the place of the effect. It is not capital, in the common, or in what the economists have made the technical sense of the term, that was designed to employ labor, and in this condescension to enslave it; but it is labor which in nature occupies the first place, and which was designed to be the employer of its own creations. It is virtually so always. That which is commonly called capital, can do nothing, is worth nothing, without labor. Labor is not only its parent, but its efficient and vivifying power. But, in the nomenclature of the economists, labor has been thrust from its true position, and as a consequence robbed of its rights.

5. That protective duties, in the United States, are not taxes, and that a protective system rescues the country from an enormous system of foreign taxation, are both new points, in a system of public economy, though not new ideas—and points of great, of vital importance, considered at large, in their place. The rule or principle of graduating Protection, also presents a showing that has never before been made, in works of this kind, as arising out of the difference in the joint cost of money and labor in this country and in those with which we trade.

6. A very important point is made in this work, materially affecting the general argument, in a consideration of the different states of society in the United States and in Europe, which, so far as we know, has never been duly weighed as an element of public economy. Conjoined with this, is the subject of education, as a point which, in the peculiar aspects of American society, is deemed of great importance, and an element that has never had its proper position in the consideration of this subject.

7. Another of the new points made in this work, is the founda-

tion of the value of money. Every theory of a monetary system is almost necessarily a castle in the air, independent of this discovery, and of the knowledge that flows from it, as a guide, as a principle. It is true, indeed, that practical men, who take experience and observation as their guide, may be right on this subject, for legislation or for financial and commercial purposes, as is often the case on other subjects, without knowing why they are so. But, in the construction of the theory of a monetary system, and in the elucidation of its parts, it is scarcely possible to avoid errors, which may be very serious in their consequences, so long as the true and only secure foundation of such a system, is not understood, nor even discovered. In all the isolated and empirical propositions, as to which the Free-Trade economists are right on this subject, they are so by the accidental sway of their good sense, in spite of the difficulties in which they are involved for want of a foundation to stand upon, and in spite of the defects and baseless condition of their theory, on which they are perpetually falling back, to float at random in the clouds, a prey to every wind. Practical men are generally right, though they do not know why. When a foundation is laid in nature for man to stand upon, they often go to work there without understanding the reasons of its firmness. That is a good bridge that carries people safely over. Accordingly, it has long been seen, by practical men, that no currency can be secure and permanent, which is not based on the precious metals; but it was not necessary, for practical purposes, since they were right so far, on this stage of causes, really but an effect of antecedent causes, that they should know what those antecedents were; that they should understand the real foundation of the value of gold and silver, in the form of money. To them, practically, it was no matter. But for a theorist, essaying to construct a monetary system, to be incorporated in a system of public economy, as one of its fundamental and most important branches, on which the most momentous results in the legislation of a state, of a nation, depend; for such a pretender to sit down to this task, without knowing anything of the real foundation of the value of money, is not simply presumptuous, audacious; but alas for the nation that is doomed to follow in the path of his precepts! Such, precisely, and no better, on this point, have been the qualifications of the Free-Trade economists. Not one of them has ever understood the foundation of the value of money. If they did, they would certainly have stated it; and if they had seen and stated it, they must have fol-

lowed its leadings, and would have spared the world, not only the errors they have promulgated, but their consequences.

8. Akin to this new point, or new position, as to the foundation of the value of money, is another we have made and urged, in regard to the distinction between money as a subject and as the instrument of trade. This naturally grows out of the foundation of its value, and would scarcely be discerned, except in that connexion; though it is not impossible that it should be. This, too, for all practical purposes of the commercial world, has been acted upon, ever since a common currency was established. Nobody can find a time when it was not acted upon. It is, therefore, remarkable, even marvellous, that a truth so simple, so plain, so practical, and therefore so important, should never have been recognised by the economists, as a distinct and vital element in a monetary system, and consequently in a system of public economy. It was the more important, that it should be recognised, because, for lack of it, a most momentous error has been introduced into all the systems of the Free-Trade economists, beginning with Adam Smith, and running down through the entire school. It is apparently the principal hinge, certainly one of the chief, on which their doctrine of Free Trade is made to turn. Not making this distinction, they assume that money is only a commodity in trade, and that it occupies the same position with all other commodities for which it is exchanged; and consequently, that, for the greatest wealth of parties and nations, engaged in trade; the more they trade the better, whatever commodity they part with, be it money or anything else. This doctrine is even pushed, or naturally runs, to the extreme, that the more a party buys the better, as buying is only one side of trading, and necessarily implies that of selling. They aver, that selling money is precisely the same, in public economy, as selling corn, calico, or any other commodity, that is not money—money, according to them, being only a commodity, ranking in the same class theoretically and commercially, and occupying the same position. According to this doctrine, when a party, being a nation or other, has parted in trade with all its cash, it is so much richer, and all the better for it; as it retains an equivalent. It will be seen, that this distinction is vital to a system of public economy; and that the doctrine above indicated, which fails to recognise it, and which confounds the two things put asunder by it, forcing them, or one of them, into a false position,

must necessarily be fatal to any party, a nation or other, that undertakes to reduce it to practice.

9. Another of the new points of this work, next to the above-noticed distinction between money as a subject and as the instrument of trade, and growing out of it, is the doctrine, that money, as the instrument of trade, occupies, in every commercial community, and with every party engaged in commerce, on a larger or smaller scale, comprehending merchants and every private citizen, precisely the same position as do what are commonly and technically called "tools of trade," in any specific vocation, such as a shoemaker's kit; such as a tailor's, or carpenter's, or mason's instruments; or those of any other of the mechanic arts; such as the implements of agriculture, and of the fisheries; such as all the craft engaged in the various modes of navigation; such as a lawyer's or physician's library, and a surgeon's instruments; or any others that might be named as necessary to any vocation whatever, under the name of "tools of trade." It is never pretended, that any business of life can be carried on, without its appropriate "tools;" or that it can be as well done with an imperfect as with a complete, an ample set. The gold and silver, separated from the great mass of these metals, to be used as money, are placed in this position solely to act as "tools;" this is the beginning and end of their functions as money. When not so employed, they are of no manner of use, and of no value whatever, in the forms of money, except that for their intrinsic qualities, they are convertible to some of the other uses, in which their value chiefly consists. But while occupying the position and discharging the functions of money, they are mere "tools." Tools of what? Of trade, of commerce. And there are no other tools for this purpose, since they have been adopted as the common medium. What, then, can a man or a nation do, in the way of trade, without them, except to fall back on barter? If it be said, that the trade of the world, and between nations, is mere barter after all, still it is no less true, that gold and silver are the "tools" for negotiating these exchanges, and they can not now be accomplished in any other mode. Every merchant's books are kept solely in the denominations of money; and there is not at any time a commercial exchange negotiated, in the civilized world, large or small in amount, in which the values are not expressed, and the balances adjusted, by the established denominations of this common medium. Gold and silver, or their

representatives, are the "tools of trade," all the world over, in commercial transactions.

And yet the Free-Trade economists tell us, that it is no matter if these "tools" be sold; that it is just the same to the party, as if anything else were sold; that they are only commodities, and occupy the same position as all other commodities, in trade; that he who sells his money, gets an equivalent, and therefore can not be injured; and that it is a positive benefit to both parties.

10. The appropriate functions of money, in defining and making them palpable, whereby it may clearly be seen when money is a subject or the instrument of trade, constitute another point of this work, not before made sufficiently clear, if made at all, for the practical purposes required. We have defined them as constituting the faculties of expressing commercial values and of negotiating exchanges, and we have not been able to find any others. When money is bought and sold, as a subject of trade, it occupies a distinct field, and the same position as other commodities in trade. It is this position of money that has led the Free-Trade economists astray; or it is this, in the use of which, by their mode of reasoning, they have led others astray. They have not passed from this field, as they should have done, where money, as a subject, is merely on its march to the field for which it is destined as the instrument of trade, and for which only it has any value at all as money; they have not, we say, passed to consider its position and functions in this latter field, where it acts as money, and constitutes the great moving power of the commercial world; but they have only speculated on money, while in its passive condition, before it has begun to do its work—the very work for which it is invoked from the great mass of the precious metals. They have considered it only while on its way to this destination. In all these stages, it is merely a subject of trade. But, when it comes to discharge the appropriate functions of money, it occupies a very different position, to wit, that of the "tools" of trade.

11. Akin to this, also, is another new point we have been obliged to make, viz., that price is not an attribute of money, does not belong to it, while employed as the instrument of trade; but that its appropriate functions, as money, are to prize everything else that has a commercial value, or to express that value, and to move such values, or the things in which they are inherent, forward, in the field of trade, to their destinations. We have found it absolutely necessary to make this point, in order to rescue that part of

the argument on which it bears, from the profound and interminable confusion, into which it has been thrown by the Free-Trade economists, by ringing the changes for ever on the price of money, as high or low, dear or cheap, when, as the instrument of trade, it has no price, and no measure but that of the scales, or of coins, which is the same thing. The world, by irrevocable law, and for sufficient reasons, has agreed to gold and silver as the common medium of trade, and in all commercial transactions, when it is employed as such, the question is, how much money shall be given for such or such a thing? And when the trade is concluded, that is the price. Of what? Of the thing. Price belongs to the things for which money is given in exchange; and not to money, while in the discharge of this office. The confusion is endless, and without hope of relief, when price is made the attribute of both, as the Free-Trade economists do; and they do it, apparently, evidently, indeed, for not having made the distinction between money as a subject and as the instrument of trade. That this practice is an artifice, to make the mind contented, after having been forced over a sea of doubt and darkness, to land anywhere, we do not pretend to say. But such is the natural effect.

12. We have endeavored to show in this work that an American protective system is identical with Free Trade in its operation and results, as the latter is generally understood by the people who go for it. This is a point of supreme importance. It is impossible that the masses of the people should understand this subject theoretically; they can only understand it as they feel it in experience. They know when they are blessed with prosperity, and when they are oppressed for the want of it, or by positive commercial evils, which cluster around them, and bear heavily upon them. But they can never understand, scientifically, how these different states of things are brought about, and they are governed chiefly in their opinion, as to the causes, by the authority of their party leaders. All they want is, their rights; and under the captivating name of Free Trade, they are often led astray. They think that in this, as the name seems to import, they have a greater amount of freedom; whereas, as shown in this work, the reverse of this is the rule. Protection is the very thing they are after under the name of Free Trade. They want their own rights, and it is impossible they should enjoy them, except as they are protected from the injurious and calamitous effects of foreign cheap labor and foreign cheap capital, which, under a system of Free Trade, are constantly pour

ng in their products, to throw American labor and American capital out of employment. As to the alleged advantage to consumers, we have shown, too, that even they are sufferers. We say, then, that the very objects which most people are in pursuit of by Free Trade, are only attainable by Protection.

13. We have endeavored to show in this work that the destiny of Freedom generally, and particularly of American Freedom, is yet in the earlier stages of its career, and that, for the people of the United States, it turns chiefly, if not entirely, on the Protection of American interests against the effects of Free Trade. This is a position which, with the light that is capable of being thrown upon it, makes a point of great interest, and can hardly fail to arrest the attention of profound thinkers and enlightened statesmen, who love their country, and who appreciate the means by which its Freedom has been acquired, and by which alone it can be retained and perpetuated.

14. We have, also, endeavored to show that the entire struggle of the American revolution was based on the same principles as, and that the controversy between the British crown and the colonies was identical with, that which is now carried on between Free Trade and Protection. This is a point which, we think, can not but be appreciated; and if so, it is of itself a decisive argument. If the objects contended for in the American revolution are indeed the same as those contended for by Protection, and if Free Trade is but another name, under which the claims of the British crown are revived, it ought to be enough.

15. We think we have seen good reasons for the suggestion made in this work of a state policy existing in Great Britain for nearly a century past, the object of which has been to sow the seeds of Free Trade over the world, that Great Britain might reap the harvest. The history on this point is curious, and full of instruction. The case supposes, that British statesmen, having observed the benefits of Protection, after they had adopted that policy, and foreseen the rapid relative advancement of their own manufacturing arts to a position that might bid defiance to the rest of the world under a system of universal Free Trade, did conceive and put in execution the far-reaching purpose of employing the most eminent talents of that empire, beginning with Adam Smith, and continuing it from age to age in the hands of different persons, making the duty imperative on the Universities, and bringing about a general sympathetic action among their own writers of ability, to

propagate this faith, and to impose it upon other nations for the benefit of Great Britain. The point is this: That the British government, through agents presenting themselves to the world, in the garb of scientific men, the better to command respect and attention, has, for nearly a century, preached Free Trade, not from a conviction of its truth, but as a state policy. So far as the evidence of probabilities can go, the sum of which, when they are chiefly moral, is often the strongest and most conclusive possible, amounting to what is called a moral certainty, this case is one which, when the facts are considered, can hardly fail to make an impression, and peradventure command belief; more especially as, on any other supposition, the facts could not be accounted for, and as, with this interpretation, they stand in the clearest light. It has, without doubt, been one of the best cards of statesmanship ever played in the councils of a nation. If the world had not been duped, the conception would have been stultified. That it has commanded so much attention, is credit enough for its authors and agents, however it may not be a very great compliment to those who have surrendered themselves to this influence.

16. Akin to this, and involving this, we have also made a distinct point of the reasons of the rise and progress of the theory of Free Trade, which is the leading topic of the chapter which treats of the abovenamed point. These reasons, as they have presented themselves to us, and as we have endeavored to present them to others, are not more curious than instructive. The transient prevalence of this false theory, is no more wonderful, than that false theories of astronomy should have prevailed for ages, for centuries even. The history of error is often as necessary to truth, as that of truth itself.

17. Another new point in this work is, that freedom consists in the enjoyment of commercial rights, and in the independent control of commercial values fairly acquired. The public mind, for centuries, has been rife with the vaguest notions of freedom, and was, perhaps, never more so, than at this moment. Under its sacred and attractive name, men, to a great extent, have been chasing a phantom—an impalpable abstraction. We do not mean, that none of them have had any just notions of it. In that case, we should despair. We only tell what they themselves do know; we give a copy of their experience; we define the thing, that they may not err in the pursuit. Is it not singular, that freedom has never been defined, so as to be palpable, that one could lay his hand upon it?

Nevertheless, we have shown, that the American fathers had just notions of it, as a practical affair, and that the controversy between them and the British crown, was about commercial rights and commercial values, exclusively; that no people, in modern times, have ever complained of their government, or risen up against it, except on these grounds, as will be found when the reasons are sifted to the bottom; that the object of every species of despotism, even spiritual, in all times, has been to rob the people of their commercial rights and values; and consequently, that freedom must consist in the enjoyment and independent control of them, by those to whom they fairly belong, who, each one for himself, can say to all parties, to all the world, to unjust claimants especially, they are *mine*, and not *yours*. We have endeavored to show, that this is the great question at issue between Free Trade and Protection; that the former is identical with the claims of the British crown against the American colonies, and that the latter occupies the same position with the Declaration of American Independence, as made on the fourth of July, 1776; that Free Trade proposes to revive and continue the same old system, and that Protection asserts and vindicates the rights of the new; that these rights were the objects of pursuit by those who aspired to Freedom, for centuries before they were gained; that the epoch of American independence was the opening of a new and important era as it relates to freedom; that more than seventy years of that era have elapsed, and the question supposed to have been settled at the beginning, is still in debate, and unsettled; that the freedom since enjoyed, is rather one of form, than of reality; that the agitation can only result in its final and complete establishment; that experience alone, long protracted and disastrous, can settle the question; that it is not, properly, and can not be, except unnaturally, a question between domestic parties of this country, but that it is an American question; that it is purely a question of freedom; and that every approximation toward Free Trade, in the United States, is a breach in the ramparts of freedom.

18. Akin to this definition of freedom, is the necessity of an American system to protect it, as another new point in this work. We do not mean an American system, in the common sense, comprehending a policy for domestic purposes; nor do we pretend, that an American commercial system for foreign purposes, is a new idea: for that is the necessary character of any protective system; but we mean a system adapted to the position of those things in

which freedom consists ; an American system, properly and distinctively such, to save and protect what has been acquired of freedom, and to carry out its designs indefinitely, for the future. In all history, freedom has never been established on so broad a platform, and has never before had a chance to take up so favorable a position for the consummation of its destiny, as in the United States. But it would be a great mistake to suppose that that destiny is already accomplished. Freedom here is vulnerable and exposed all round, and requires the shield of a truly American system, which is directly opposed to that of Free Trade. As we have determined that freedom — in these modern times at least, which is enough for our purpose — consists in the enjoyment of commercial rights, and in the independent control of commercial values fairly acquired ; and it being assumed, that freedom has, apparently, for the first time, in the history of the world, gained a position in the United States, where it can assert these rights and shield these values with effect, it follows, that this position alone is but a stage in the progress of freedom, and that the formation, adjustment, and use of the shield, is quite another affair. This shield we hold to be an American commercial system, formed in relation to the foreign world, and adapted to the position of the commercial rights and commercial values of this country, in which freedom consists, so that they shall receive no damage from the action of foreign commercial interests and agencies.

19. Another new point, which has seemed to us of no inconsiderable importance, will be found in the argument we have made, to show, that Free Trade is a license for depredation, because it is based on the principle of anarchy. It inhibits law on a field where more and greater interests are at stake than on any and all others, and puts the weaker party in the power of the stronger all the world over, so far as this domain extends over the rights of parties, which is very comprehensive. By the mere absence of law, it creates a power of wrong, which, for its comprehensiveness, energy, and for the remoteness of its influence, is unrivalled among all the known devices of injustice. On this system, a strong man — strong in his commercial position — living under one national jurisdiction, may crush hundreds and thousands of weak men, living under another jurisdiction ; and the operation of the principle is without limit over the face of the earth, till the rights of individuals, in countless groups, and those of whole nations, are devastated by it.

20. It has been thought and inconsiderately confessed, by some

of the advocates of Protection, that the United States can afford Free Trade, in proportion as their manufacturing arts and other improvements shall approach that degree of perfection attained by rival nations, and that we can ultimately afford entire Free Trade. This confession overlooks the difference in the cost of money and labor between us and rival parties. No matter, though we come fully up to our rivals, in the perfection of our arts and other improvements, yet, so long as the cost of money and labor here is one hundred per cent. more than in other quarters, so long, indeed, as there is any excess of such cost among us, it must be seen, on a commercial principle which never errs in its results, that Protection may still be required to equalize this difference. It is this difference chiefly, much more, certainly, than any imperfection of skill, that makes Protection necessary in the United States. Some allowances ought doubtless to be made here for the superior advantage of our position and state of society; but these are our own property, and we are under no obligation to give them to others.

21. We do not claim, that the prominence we have given, and the importance we have attached, to the importation of agricultural products and labor, in the form and under the disguise of manufactures, is a new idea, as we have acknowledged our obligations to others for its elucidation, and cited their reasonings. Nevertheless, it has never, so far as we have observed, been incorporated with any system of public economy, as a distinct element. It is yet to be seen and felt, in this country, that it is one of the most comprehensive and most important facts to be considered, in the debate between Free Trade and Protection. They who advocate Free Trade among us, dwell with much emphasis on the pretension, that this is an agricultural country, though it might be difficult to see how it is more so than most other parts of the world, Europe especially. They say, agriculture is our interest and our destiny; and yet they advocate the importation of some fifty millions of dollars a-year of agricultural products and labor, more or less, in the forms of manufactures, not thinking, that the agricultural interests of the United States are thereby robbed, we do not say to the full amount of this, but certainly to a very large part of it.

Nature, it is said, has indicated the natural occupation of man in North America, to be the culture of the soil. As if nature had not given the same hints in other quarters of the world; as if the countless rivers, streams, and waterfalls, in the United States, had given no advice on this point; as if the lakes, bays, and other inland

water channels, did not invite trade, which would have but a slender occupation without the arts ; as if this great continent, abounding in all the resources of nature, were to afford no other sustenance to the human family but the milk of her own breasts ; as if all its tenants, like the aborigines, served by women in a state of bondage, were destined to vegetate on corn and decay for want of employment ; as if the Anglo-Saxon race, transplanted to another and a better country, would consent to fall behind the rest of the world, or allow their brethren of the original stock to outstrip them in art or enterprise ; as if that people, known to all the world as Americans, and who alone are thought of in Europe under this name, would willingly be dependent ; as if they would for ever sweat and toil in the field to supply the raw material for a more delicate and refined race, that would condescend to return them the wrought product wrung in agony from their own slaves, at a cost five or ten, sometimes many hundred, and even many thousand times enhanced, and draw away all the earnings of the American laborer to pay for it ; as if America were not a world in itself, and able by its ingenuity and skill to supply every luxury as well as every necessity ; as if the lovers of freedom had turned their backs on the old world, to become more abject slaves than they were before ; as if the powers of invention were native only to the European continent, or to the Eastern world ; as if the moment a man crosses the sea from east to west, he is doomed to suppress all the nobler faculties of his soul ; as if genius and art could not flourish in the western hemisphere ; as if, in short, America were fit only to be a dependent colony of Europe. A people without art, are fit only to be slaves, and are easily made such. A nation that is only the producer of raw materials, can never claim equality with nations which, by science and art, add many values to those materials, and send them back as a tax on those who consent to do such service.

It was due, therefore, in our esteem, that a system of public economy for the United States—we do not profess to write for any other country—should fully set forth the greatness, extent, and importance of this element, which consists in such a large incorporation of agricultural labor and products in those of manufacture. There is none greater, none, perhaps, of equal comprehensiveness. It is only wonderful, that it should have been so long overlooked, and that we search in vain for it in the standard systems of economy, though it claims the consideration of every nation.

22. Another very important point of this work, briefly consid-

ered in the first chapter, and which we have never seen stated except by M. Say incidentally, apparently without a thought of its bearing on his argument for Free Trade, is, that there can not be two kinds of economy, one for private, and one for public purposes, any more than two kinds of morality. We maintain, that public economy differs from private, not in principle, but only in comprehensiveness; and that the difference consists in the fact, that in the former, more things are to be considered, and more relations to be ascertained, than in the latter. Let one man's business be extended, and variegated by a great number of interests, as is often the case, and his system of economy becomes more complicated. In this way, it approximates, in the variety of its interests, to a system of public economy. This extension may be supposed to go on, and the interests to multiply, till the system is as broad and comprehensive as that of a state. States differ from each other, in the magnitude, extent, and variety of their interests, as much as some of the smaller states differ, in these respects, from the largest private estates. But a private individual, in the extension of his interests, and in the increase of their variety, is never so unwise as to introduce a new kind of economy, on that account; but he scrupulously adheres to those principles in the application of which he has prospered. It would not only be hazardous, but ruinous, to violate them. It is equally hazardous, and equally ruinous, for states to violate the principles of private economy—in other words, to violate the principles of economy, for there can be but one kind. And we have not only M. Say with us here, but Ricardo, who says: "That which is wise in an individual, is wise also in a nation." We have never found a point of difference, of any importance, between us and the Free Trade economists, on which we could not cite them in support of our side of the question. It is because they could not say so much, without sometimes saying the truth. Some economists have been so bold, so extravagant, as to maintain, that public expenditures are good, because they employ labor, and disburse money among the people, even though the work, when done, is good for nothing; even though it be destroyed, as soon as it is accomplished. For like reasons, some have held that war is good. The economists of Louis XIV., and the king himself, defended his extravagances on this ground; and they ruined France, economically and politically—the last as the consequence of the first. If public expenditures do not bring or leave a *quid pro quo*, they are equally injurious to the common-

wealth, as are the expenditures of private individuals to them, when they realize no consideration.

If a private individual habitually buys more than he sells, and keeps running in debt, every one can see what will be the result; though the Free-Trade economists say he can not buy more than he sells, because, if he does not sell anything else, he sells money, and that money is nothing but a commodity in trade. But money being "the tools" of trade, as elsewhere shown, he who sells his "tools," can trade no more, except by barter. All know the convenience and necessity of money, as "tools," to carry on trade actively and most profitably; and this necessity is limited, or graduated, only by the extent and kind of one's business. It is equally bad for a nation to sell the money, or any part of the money, which the nature and extent of its trade require, to keep it going, and to make it prosperous, as for a private individual to do the same. The principle is the same in both cases. In the same manner, if a farmer can not sell produce enough to buy all he wants, he must either deny himself the gratification of some of his desires, or supply them by his own labor, even though it cost more than he could buy these things for, if he could sell his labor. This is private economy, and public also. But we have shown elsewhere, that, in public economy for the United States, it will not cost more; though it would be true economy, even if it should, as it is with private individuals. It need not be said, that that which is nominally the cheapest, is sometimes the dearest.

We have thus noticed, in this chapter, a few of the new points made in this work, comprehending those we deem most important, for the purpose of showing, in advance, what influence they are entitled to have on the general argument; and we submit, even with the imperfect light of this summary statement, whether several of these points, each by itself, are not sufficient to decide the question between Free Trade and Protection. On some of these points, particularly the first three stated in numerical order, which are not argued *in extenso* elsewhere, we have thought proper to bestow more attention here, as being of special importance, though not to disparage others by such a comparison, quite the majority of which are, in our esteem, vital and fundamental, running through the whole line of argument, and pervading the work as principles.

CHAPTER III.

MEANING OF FREE TRADE.

The domestic Origin of the popular Application of the Terms, Free Trade.—Their Ad-Captandum Features.—The Unfairness of taking Advantage of these Features.—The true Meaning of Free Trade, directly the Opposite of what is commonly supposed.—Justice on the Side of Protection.—Free Trade, to be Just, requires that all Nations should be one Family.—Universal Free Trade would create one great Central Power, at the Expense of all the Rest.—Weak Powers can only be defended against the Strong by a Protective System.—The Free-Trade Millennium an Absurdity.—Expensive and Cheap Organizations of Society, as they affect this Question.—American Instincts on the Rights of Labor.—The Objections to Protection are the Reasons for It.—The Free Trade of Adam Smith not the Free Trade of the Present Time.

MUCH is saved in debate on any question, and the necessity of debate may often be avoided, by a right understanding of terms. "Free Trade" is ostensibly, and in itself naturally, an *ad-captandum* phrase, especially with the uninformed. "Free Trade and sailors' rights," was on the public banners of the war of 1812, and it became incorporated with the heart of the people. Some think that "Free Trade," as now used, in opposition to the protective policy, means the same thing as it did in the war of 1812; whereas it then had reference to the claim of the British government to visit our merchant vessels on the high seas, search for British subjects, and impress them into her public service, by which means American citizens were often impressed. It was this violation of the rights of American seamen chiefly that occasioned the war, as this "right of search" could not be allowed by the government of the United States. One of the great principles involved in this controversy was *freedom of trade* over the public highway of the seas, under a national flag, without being stopped, visited, searched, or questioned, by the public vessels of other nations; and the other great principle was, the sacredness of the rights of American seamen against such violation. Hence the expressive phrase which came into vogue at that time, and which was used with so much power and effect, "Free Trade and sailors' rights," as being what the nation went into war for, and for which they were stimulated to maintain the contest. It is very unfair, therefore, to take advantage of the attachment of the nation to such a principle, by using the same expression, "Free Trade," as if it meant the same thing now,

or some equivalent, when it means a very different thing, which, when it comes to be understood, will rather be hated than loved; which the people would rather fight against, than for.

There is another reason, consisting in the captivating influence of the phrase itself, and of its different forms, which leads many minds astray. "Free Trade;" "freedom of commerce;" "free ports;" "trade where and with whom you please;" "buy as cheap as you can and sell as dear as you can, without let or hindrance;" these and other like forms of phraseology, constituting a mere cant, when employed in this service, seem very reasonable at first sight, and are captivating because they are fallacious. The idea conveyed by these phrases, is not the true notion of Free Trade, as opposed to the protective principle maintained in the United States. It is, on the contrary, entirely a false coloring of the subject. Free Trade, as now used, involves a question of right and wrong, of justice and injustice, not between parties, both of which are American, but between all Americans, as one party, and the rest of the world, as the other party. It being assumed, that all Americans are interested in American labor, the question is, whether American labor, which, at great cost of blood and treasure, has gained an independent position and a fair reward, shall be again reduced to a condition of dependence and lose its reward, by being forced into a competition with the enslaved labor of foreign nations, especially with that of Europe, the comparative condition of which is set forth in other parts of this work. Or, to put it in another form, the question is, whether a party, once wronged, and having by its own virtue and energy rescued itself, shall be exposed unnecessarily to the same wrong again; whether it shall throw open its own doors, and give free entrance to robbers, because they choose to call their depredations "Free Trade." It is indeed "Free Trade" to them, by such consent, with profit; though it can not be profitable to the party that is robbed.

"Free Trade," then, in its signification as now used, and in its practical operation on the people of the United States is, to allow foreign nations to bring their labor for sale—or the products of their labor, which is the same thing—into this country without tax, against American labor, when the cost of the latter is three times as much as that of the former, and when, besides, it is taxed, in the maintenance of its own government, to purchase for foreigners this privilege; in other words, to allow foreigners to undersell American labor, in the American market, and thus to reduce its

price and reward to the same level with that which is brought into competition with it, after which, as will be shown hereafter, the American consumer gets none of the benefit of foreign cheap labor, while American labor is broken down. This is a true and fair definition of "Free Trade." It is virtually a toleration of injustice, and that of the worst kind, because it is all done under the mock pretence of justice and fraternal intercourse; and the strangest part of it is, that this toleration should be consented to by the injured party.

This question of justice may be further illustrated by a consideration of the great and comprehensive fact involved in the obvious inequalities, physical and other, which are found in the condition and position of different nations; of their diverse interests; of the dissimilarities in their social organization; of their different degrees of improvement in productive labor and in the productive arts; and of the necessity of taking care of their own interests, arising out of these facts. No two nations are equal or alike; but in a thousand particulars are unequal and unlike. All these inequalities constitute weak and vulnerable points on one side or the other; and all these dissimilarities are so many necessities of a public policy adapted to them. Justice demands such discrimination, and it would be very great injustice not to employ and apply it in legislation and government.

If any choose to set up the impracticable theory, based on the assumption that all nations are one family, and that therefore a system of perfect Free Trade would be best for their aggregate interests—which is the romance of the Free-Trade doctrine—it labors under the disadvantage of encountering two insuperable difficulties, first, that all nations are not one family. No one but a visionary could reason on such an assumption. Next, the practical operation of such a theory would concentrate the wealth of the world at once on the strongest points, and withdraw it from the weakest. It would make the young and weak nations slaves to the old and strong, and the tendency would be to give one nation, probably Great Britain, an ascendancy over all the rest, to be constantly, positively, and relatively strengthened in that position; in other words, to make all nations tributary to one. For in whatever point or points any one nation might be the strongest, at the commencement of such a system, she would not only be able to maintain that superiority, but constantly to augment her relative power and influence in these, and by the help of these, in other particulars.

It is possible, indeed, that the great family of man, as one family, might accumulate more wealth in a given time, under such a system. We will not pretend to decide, as it is quite unnecessary. The great and insuperable objection to it, is that the wealth and magnificence of the world would be concentrated, at the expense and by the impoverishment of nearly all its parts.

Such, really and truly, in its operation, is the Free-Trade theory ; and such would be its natural and unavoidable results. It would be a total prostration of all the barriers which guard and defend the interests and rights of particular communities, called states and nations, always putting the weaker in the power of the stronger, up to the strongest of all, the last of which would absorb the control over all the rest. It would create a universal dominion for one stupendous power—which could easily, and would naturally, be converted into a world-wide despotism, without one loose fragment to be disengaged from the sway of its sceptre.

But it is thought, by reasonable persons, that the interests of humanity and the rights of man are best protected by fortifying the weak against the encroachments of the strong, and by setting up all possible barriers against that "Free Trade" which consists in spoliation, and which arms only the mighty against the defenceless. It is generally thought best rather to multiply independent sovereignties, than to diminish the number, by allowing the greater to swallow up the less ; rather to surround the less with muniments of defence, than to rase to the ground those already standing. It is shown, in a subsequent chapter, that the occasion of the American revolution was a wrongful absorption of the commercial values of the colonists by the British crown, and that the benefits of the acquisition of national independence, consisted in the establishment of a power competent to retain and defend those commercial values. But "Free Trade" would expose these values to be drawn away again, and again to be absorbed by foreign exchequers. It is simply a question of justice, as the American revolution was a war of justice—of justice to the nation and to the people—and precisely, identically the same interests are at stake now as then. "Free Trade" would give up all which American independence acquired—all that is worth having.

The only hypothesis of society that is consistent with Free Trade, is, that all nations should be equal and alike in all respects. Can anything be more absurd, than a theory which demands this ? It requires that as a basis which is not, never was, and never can

be. Even if a universal millenium of republican institutions, or of any other form of government that might be thought best, after all experiments, could be brought about, so that all nations should be exactly alike in their social organization, without the slightest dissimilarity, and admitting that every nation should have made precisely equal advances and improvements in the various applications of labor and art; still the physical diversities of climate, geography, geology, mineralogy, and a thousand other particulars, entirely independent of social organization, which would necessarily appertain to each nation or state, creating many great and peculiar interests, would be an insuperable bar to the introduction and practice of Free Trade, and would occasion very great injustice to some of the parties, if the system should be established.

But the actual social dissimilarities among nations, as elsewhere shown in these pages, interpose a far more formidable obstacle to Free Trade, than all physical differences. This constitutes a greater objection in the United States, than in any other nation that can be named. The high prices of labor and capital in this country, are the results of a cheap social organization, or cheap government; and the effect is now as necessary to sustain the cause, as the cause was originally necessary to produce the effect. They are now reciprocally cause and effect of each other. The difference between this state of things and that of Europe, is, that what is saved by cheap government in the United States, goes to the people, and what of commercial values is extorted from labor in Europe, is absorbed by the governments and by the high and independent classes of society. In Europe the wealth of the wealthy and the power of the great, are sustained by this usurpation of the rights of labor. In the United States the rights of labor were intended to be protected by a bar to such usurpation, which consists in social organization—these rights being always understood to be commercial first, and political as a consequence, or because they are commercial. The moment the bar adapted to this position of things, and to these interests, is removed by letting in Free Trade, all these commercial interests of the people of the United States, which consist in the high prices of labor and capital, are exposed to be reduced to the level on which the same things stand in foreign parts, in the same manner as water of different heights in two adjunct basins comes to a level, by the removal of the partition which divides them. By this means all the advantages of the social organization of this country would be sacrificed, lost, swal-

lowed up; and the great misfortune would be, that, as the water was highest in our basin, it would flow away from us, and none would come back. When foreign labor which costs ONE—or its products which are the same thing—comes into the same market, on a Free-Trade platform, with American labor which costs THREE—or with its products which are the same thing—it is absurd to suppose, that American labor will still maintain the relative value of *three to one*. They must both come to the same level. The social organization of the United States, as being of little cost, would then be of no value to the American people, but all the profit would redound to the interests of foreigners and of foreign potentates. Or, with this change in the condition of the people, before independent, now abject, would come a corresponding change in their character; and with these changes would naturally follow a change in the government, from cheap to costly, and from a government that serves the people and obeys their will, to one that would serve itself and follow its own will. In other words, as Free Trade must necessarily reduce the American people, in their condition and character, to the level of foreign abject nations, so would it elevate the American government to the same height of power and grandeur with foreign governments, to be independent of the people, under which the labor of the people, as in Europe, would become the agent of power, as described in a subsequent chapter. For, when the people shall have surrendered or lost their rights, it would be strange and unnatural if the government should not usurp the high and independent prerogatives laid at their feet, instead of yielding them to foreign powers. The social organization of all nations accommodates itself to the condition and character of the people, and will correspond with it whether as cause or effect. At present that of the United States is a bar to Free Trade, because the condition and character of the people is inconsistent with it. Their instincts make them aware, that they can not work on the same terms with the poorly-fed, ill-clad, worse-housed, and uncultivated, abject laborers of foreign parts. It is true, indeed, that some experiments of Free Trade have been attempted in this country, by approximation; but, as will be shown hereafter, every such experiment has brought widespread calamity in its train, and shaken the republic to its centre and to its foundations. The reason of these disasters and convulsions, so widely and so profoundly felt, will be found in the social organization of the country, and in the condition and character of the people,

they being incompatible with such experiments, and incapable of enduring them without instinctive alarm and sensible effect, as if tending to dissolution.

The objections to the protective principle are the reasons for it, in the United States. One objection is, that it is unjust. One of its best reasons is, that it is the only way to secure the ends of justice in the case. What could be more unjust, than to reduce American labor, in its reward and condition, to that of Europe? It has been averred, indeed, but without evidence, and with the sanction of a mere hypothesis, that it operates unjustly on the consumers of protected articles. It will be shown, in a future chapter, that Protection, in the United States, is no tax; so that the only objection that can be raised, on the score of justice, falls to the ground.

It is also alleged, that a protective system—M. Say stigmatizes it as “the exclusive system”—is unfraternal in one nation toward another. How can justice be unfraternal? It is inequality and dissimilarity of condition and circumstance, which render such measures necessary to prevent injustice. Can fraternity either demand or impose anything but what is right? Suppose it has been found necessary to protect American labor. The foreign millionaire, who has robbed the labor of his own country of two thirds of its fair compensation, and who by that means can afford to undersell American labor in its own market, complains of a want of fraternity, because the American government will not let him do it! Fraternity, in such a case, demands too much.

It is moreover alleged, that so long as nations continue their tariffs of Protection, they put off the grand commercial millennium of the world, universal freedom of commerce. This, manifestly, is in some sort begging the question, as if such a millennium were of course really desirable. So long as universal freedom of commerce would operate unjustly, on account of the relative inequality of like commercial interests in different nations, or on account of dissimilarity in their respective social organizations, there does not appear to be any sound argument in favor of it. A millennium of this kind may be a very fine theme for declamation, when it would be very bad in practice. We could but smile, when, in our hearing, one of these declaimers concluded every part of his debate with an opponent, with the assumed triumphant refutation: “But, sir, what you say is contrary to the THEORY;” that is, contrary to the Free-Trade hypothesis! His respect for this assumed dogma.

was greater than his respect for fact ; nor could he give weight to a fact that was contrary to his dogma.

Although Adam Smith is called the father of Free Trade, it will be found, that he did not advocate the doctrine in the sense in which it is now used. Indeed, it was not till after the battle of Waterloo and the general pacification of Europe, that this Utopian theory was attempted to be put in practice, under the influence of Great Britain, whose counsels were at that moment predominant. Europe was intoxicated with her triumph over Napoleon, by whose sway all her commerce had been deranged, and she run wild in the hopes of a new era. It was a fine chance for British policy to operate, and open the world to her manufactures. The states of the continent, emerging from the chaos and disorder into which trade had so long been plunged, or from the unnatural condition into which it had been forced by the will of one man, run wild with a feeling of emancipation, and were just in the mood to be caught by the fancies of the Free-Trade theory. They appeared to consent to it *en masse*. But it was not long before sad experience brought them to their senses. Russia came back to the protective system first, under a most able report from the hand of Count Nesselrode ; the same disappointment and reaction brought into existence the German Zoll-Verein ; until, finally, every state in Europe practically rebelled and broke loose from the fatal charm by which they had been caught.

In proof that Adam Smith never thought of Free Trade as now taught, observe the following facts : The first thing which he assails, in his work, as opposed to the notions of Free Trade which then had existence in his mind, is the incorporation of trades or crafts in England, as practised at that time, and as has been continued, to some extent, down to the present period. Most, if not all trades or crafts, of any considerable importance, were incorporated, such as goldsmiths, saddlers, tailors, cabinet-makers, fishmongers, &c., &c., with certain privileges, such as the right of making their own by-laws, and governing the body in their own way, so that they could limit their numbers, and control the prices of their products and wares. Under this system, great abuses of privilege were imposed upon the public. This, as every one will see, is what we know nothing about in this country, no such thing having ever existed here. It must also be seen, that it involves a principle entirely different from that of duties laid on imports, for the protection of domestic against foreign trades. We have shown,

in a subsequent chapter, that such duties in the United States cheapen the prices of articles protected, instead of raising them, and in a thousand ways benefit all classes of the community, not excepting the consumers of the protected articles. And yet it was against this incorporation of trades, a thing so entirely different, a mere municipal regulation, bad enough certainly, that Adam Smith broke his first lance, in the cause of Free Trade. That this was always in his mind, as a starting point, and as a general basis, appears from the facts, that he began with it in Book I. Chapter X. Part 2, and is still using it, in Book IV. Chapter III. Part 2, to enforce his Free Trade doctrine, in such terms as the following: "As it is the interest of the freemen of a corporation," such as the goldsmiths of London, "to hinder the rest of the inhabitants from employing any workmen but themselves, so is it the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market," &c. Having started with this original idea, it ever after seemed impossible for him to distinguish between the principle of these municipal corporations, and that of a corporation embracing a whole nation, where the latter chooses to take care of itself in regulating its foreign commerce. The cases are totally different, and yet Adam Smith always reasons as if there were no difference.

Next we find him very justly declaiming against companies incorporated for foreign commerce, with exclusive privileges, such as the Hudson Bay company, the South Sea company, the Royal African company, the East India company, &c., &c. All these, clearly, were monopolies, and well worthy of being denounced; and it must also be seen, that there is no likeness, in fact or principle, between such examples of restriction and the protective policy of a nation. At another time, we find him railing against laws prohibiting the export of domestic coin, though the export of foreign coin and bullion was allowed. Here he lighted on something which was not so easy to manage; and like an excited person, finding it in his path, he resolves to put it out of his way. It is true, the law was a foolish one, and so far as it was intended to prevent the payment of balances against the country, it was unjust. No nation should allow itself to be caught under the necessity of such a law, or of bank suspension. It was because there had been too much Free Trade, that Adam Smith took occasion to make an argument in favor of it.

CHAPTER IV.

FREE TRADE A LICENSE FOR DEPREDAATION ON THE RIGHTS
OF OTHERS.

This a New Position.—It is based on the Principle of Anarchy.—The Essence of Free Trade is a Plea for no Law over an important and wide Domain of Interests.—Definition of this Domain.—Nations are Commonwealths, and may be vulnerable or injurious, in their Relations to each other, the same as Private Individuals in each.—The Defensive of Man's Position, in all Circumstances, requires most Care, and costs Most.—Time only, and protracted Experiment, will determine the relative Merits of Free Trade and a Protective System.—The Point of Vulnerability in the United States, opened by Free Trade.—The great Problem one of Figures and Quantities, that can be worked out.—The Negative Losses occasioned to Individuals and to the Country, by Free Trade, though Real and Serious, not easily ascertained.—More and greater Interests at Stake, on the Ground proposed to be given up to Anarchy by Free Trade, than anywhere else.—The Hen and Chickens and Hawk are like Nations and Free Trade.—How this Anarchy of Free Trade operates.—It is real Anarchy *quo ad hoc*, opening a vast Field for Depredation.—Free Trade is the Sway of the Will of the Individual, as opposed to that of Society.—The Principle of Free Trade everywhere at Work for Depredation.—Free Trade not equally Fair for both Sides.—Great Britain not for Free Trade.—An important Confession of a Member of Sir Robert Peel's Government.—The Absurdity of making Laws for the less important Sphere, and doing without Law in the most important.—The Charge of Free Trade against Protection, falls back on Itself, in precisely the same Form.—Under Free Trade we are forced to buy, in the Form of Manufactures, the same Things which we produce, while our Products perish on Hand.—Answer to Objections to the Theory of this Chapter.—Free Trade operates, through a second Party, to injure a third Party, and the Scope of this Influence takes in whole Nations, as Subjects of its Depredations.

It is proposed, in this chapter, to pursue a line of argument, which is not attempted in any other, based upon a principle, which, so far as we know, has never before been applied to this subject. An argument is always more satisfactory, when the principle on which it is based can be distinctly apprehended. That which we have in view to invoke, in this place, is as well known and understood as any other in the social state, to wit, the principle of *anarchy*. It will be found, upon examination, that Free Trade is based upon this principle, so far as it is proposed to extend its domain, simply because it pleads for *no law*. If the ground on which it is designed to apply this system were unimportant, and no interests were at stake, the case would be different. But it is evident enough, from the interest which the world has taken in this question, for ages past, and from the increasing interest which it acquires, in the progress of events, that it is not deemed unimportant, and that

great interests are supposed to be involved. If this be so, it would obviously seem strange, that anybody should propose to subject this important matter, and these great interests, to the domain of anarchy, where might is the sole principle of right. One is startled at the idea, and could hardly believe, if the fact did not present itself, that such a purpose could be seriously entertained. The mind of every person naturally labors under the suggestion, and would, perhaps, fain believe, that there is no foundation for it. Let us see whether it be so.

The essence of Free Trade is an opposition to legislation on foreign commercial intercourse. What is this but a plea for the non-existence of law, as to the subject in question, and as to the interests concerned, if there be any? And what is the non-existence of law, but a state of anarchy, so far as this negation of jurisprudence extends? It is not pretended, that Free Trade pleads for universal anarchy; for it does not assume to dictate to the commercial transactions of the domestic sphere of a nation, however it may influence them. The question is not so broad; more properly, perhaps, it is not so narrow. Though *intra-mural* in its influence, its appropriate domain may, perhaps with propriety, be called *extra-mural*, or without the bounds of national jurisdiction. It will be seen, however, that it always stands with its foot on the line of that jurisdiction, asserting rights within, as well as wielding powers without. It claims to pass this line without law, bringing in and carrying out what it pleases, without question or condition; buying and selling in both these quarters, with the same extent of privilege. So far, therefore, as its appropriate transactions are concerned, it would seem to assert the claim of being without law anywhere and everywhere, within as well as without every national jurisdiction. But it is enough for our purpose, if we allow, that this claim is confined to the passing of this line, to and fro, in its pursuits. We grant, that it does not ask to be exempted from the jurisdiction of a state, while it is within it; nor from that of the law of nations, while it is on the highway of nations; but it only claims exemption from law, as to the subject in debate, while it is passing and repassing the border lines of every national domain. It can not but be seen, therefore, that the claim is one of anarchy, so far as the question extends, which merely relates to the conditions of passing and repassing a line, with such things in hand as may suit the person or party. The conditions which he makes are, to go and return, without paying for the privilege; in other words,

free of toll. It is not law, but its non-existence. The turnpike is thrown open, and the statute is laid upon the shelf.

We are aware it may be said, it is pretty nice work to find anarchy on a line. What more can be asked, it may be demanded, than to obey the laws within a given jurisdiction, and not to violate the established code of the civilized world, when passing from one national jurisdiction to another? But reflection will show, that the argument can not be fairly concluded in this way. It will be found, that this claim to pass and repass the lines of national jurisdiction, without toll, carrying whatever may please one to trade with, on either side of those lines, affects very materially the interests, and consequently the rights, of the great and minor parties within these respective jurisdictions. Nations, as one grand community of the human family, occupy similar relations to each other, as do the individual members of a particular society, and can be injured, in the same manner as the members of a separate commonwealth in their relations and intercourse—injured in their separate wholes, and in the parts of those wholes—for want of protection in their peculiar position and interests. Each one of these nations has interests to defend against the encroachments of the other, in the same manner as private persons have in the common relations of life; and the experience of the world is, that the defensive of man's position and rights, whether in private or in public relations, is more important to him, and requires more care, generally costs more, than all his other interests. One of the chief designs of society, in all its forms, is for protection in these particulars. A man does not want society so much to prompt his actions, as to guard his acquisitions, and make his future exertions profitable. The domestic sanctuary, and the home estate of every individual, owe their security to the shield of law. It was his own agency, or that of his ancestors, which created these benefits; it is the law that makes them valuable as a future reliance. But for the law, these rights would be exposed every moment; but for this, they could not be relied upon for a single day. One rarely sees, or duly appreciates, the benefits of society, while he enjoys them. Take away the shield of law, and where and what would a man be?

The operations of a Protective system over the foreign commerce of a nation, to guard and defend the domestic rights of its citizens, are of the same invisible and inappreciable character, as those of common law, in the common relations of life. They can

not be felt, with a lively sensibility, till they who enjoy them, are deprived of them. So also, the first effects of a Free-Trade system, are so indirect and complicated, that it requires some close attention, distinctly and fully to apprehend them. They are necessarily immeasurable, because there are no palpable rules by which they can be ascertained with exactness ; though the ultimate effects are not only evident enough, but overwhelmingly so. For example: It is impossible to estimate exactly how much American capital is thrown out of employment, or turned into channels less beneficial, perhaps injurious to the public, by the avalanche of products of European capital, thrown upon the country by Free Trade ; or exactly how much American labor has been superseded, or how much its prices have been impaired, by this excessive importation of foreign labor ; or exactly how much American arts have been put back, by this system of dependence on foreign arts ; or exactly how many forms, or what extent, of profitable enterprises, employing capital and labor, have been suppressed by it ; or exactly how much the country has been impoverished and weakened, in a given time, by the same cause ; or exactly how much, in the same time, under a Protective system, it would have been advanced in wealth and strength ; or exactly how much individuals may have suffered under one system, or how much they would have profited under the other. All these influences are, in a manner, impalpable, and their first effects are chiefly negative. Who can exactly measure their extent and magnitude ? But the ultimate effects of Free Trade are evident enough, as being very great. Our history demonstrates it, as set forth in subsequent parts of this work, in the general prostration of the business of the country ; in a wide extent of commercial embarrassment and bankruptcy ; in a slack demand for labor, and in its low prices ; and in the general distress of all classes of the people. A half-dozen years of Free Trade, or of a defective system of Protection, have never followed each other, in this country, as our commercial history will show, without bringing with them these painful and calamitous results ; and ordinarily, two or three years of Free Trade are quite sufficient to produce them all. Short crops in Europe, as in 1846 and 1847, making an extraordinary demand on America for breadstuffs, may stay this result for a season ; but nothing can avert it, in an ordinary state of the world.

It is because the United States are vulnerable to all the foreign world, under a system of Free Trade, and because the foreign

world is aware of it. That vulnerability consists in the high price of our labor, and in the imperfection of our arts. Open these two points to the world, by Free Trade, and there is no escape from the consequences. Europe pounces upon us, like the bird or beast of prey upon its victim. With her cheap labor, she can break down the high value of ours; for both, on the basis of Free Trade, are in the same market; and therefore make this result a necessary consequence. It is a simple question of arithmetic, or of mathematical quantities; and there is no more certainty in figures, or in mathematical results, than in this economical problem; for both depend on figures and quantities, and are decided by the same principles. Europe, with her arts, on the basis of Free Trade, will overwhelm our arts; that is, will arrest our progress, and in some things put us back. To arrest the progress of a nation in arts, in wealth and strength, is a negative result, and therefore the measure thereof can not be easily ascertained. But is it for this reason a small thing? Where a nation is actually put back, it is more obvious. We have several times been put back, in this very way, as shown elsewhere; and it has always been the result of Free Trade.

We are aware that Free Trade still avers, that American consumers of these products of foreign cheap labor and of foreign arts, have the benefit of the cheapness of the one, and of the superiority of the other; but facts, adduced elsewhere in these pages, show that this averment is false in both particulars. As to the first, foreign producers do not descend upon us, except at points where they are sure to beat us, not only retaining to themselves, after the struggle is over, all their usurpations of the rights of labor in their own quarter, but in the end, maintaining their prices, because, we being beaten can not help it; and those prices are always higher than for the same products, furnished under an American system of protection, as we have elsewhere demonstrated by comparative statistics and tables. And as to the second, viz., the benefit of superior arts, we have also proved, that American arts, encouraged and sustained by Protection, afford us not only cheaper, but better articles, than foreign arts. On both these points, therefore, which are the chief ones—indeed, all the points of any importance—the argument for Free Trade utterly fails, and that for Protection is established.

It is not so much to drive us from the ground we have already acquired, under a Protective system, and where we may be too

strong, in some particulars, to be ejected, that foreign producers enter the lists with us, when that system is prostrated; but it is to arrest the growth and extension of our arts, to discourage new enterprises among us, and to supply a vast field of our new and increasing wants, which we ourselves could and should supply, both cheaper and better, under a system of Protection. It is in this latter field, where we suffer most by Free Trade, which being, for the most part, a negative loss, is not so quickly or so easily perceived. Nevertheless, it is a real, a great, an immense loss—a vast and comprehensive depredation on the rights of the community. The principle elsewhere presented in these pages, that social rights extend to all the chances of the future, under an equitable system, as much as to the enjoyment and control of the acquisitions of the past, applies here. Free Trade destroys these chances, and conveys them over to foreign powers and foreign factors. It arrests American progress, cripples American enterprise, embarrasses American capital, discourages American arts, and impairs the rights of American labor. Its march is stealthy; but its aim is sure. Its work of devastation is slow; but in the end it is overwhelming. It is not till years have rolled away, that a nation, guilty of this folly, reaps its harvest of public and private misfortunes.

It requires no little knowledge and much reflection, to appreciate these negative effects of Free Trade. For example, because enterprises, well established, are not broken down by the subversion of a Protective system, it is triumphantly proclaimed, that the change does no harm; whereas, a just view of its effects can not be had, without considering how many other important enterprises, which would have employed much labor, and brought great wealth to the country, have been strangled in the birth, the contingent benefits of which are not seen, because, not being realized, in consequence of this change of system, the negative loss can never be known, and will not be so sensibly felt as positive losses are.

Free Trade, it will be observed, demands a state of anarchy, of non-legislation, on ground where more and greater interests are at stake, than on any other in the wide domain of civilization, and where the difficulties of securing and protecting the rights involved in them, are more formidable than anywhere else, on account of the imperfection of the law of nations, and on account of the power which, in such a state of things, the commercial agencies of one nation, may have over the commercial rights of another. The

code of international law, important as it is, so far as it goes, does not approach the subject now under consideration, nor does it, in any particular, provide for it. This is a ground, over which Free Trade demands, that there shall be no law whatever, and claims for it the arbitrary sway of unbridled license, where the most selfish passions of the human race are constantly in action, and excited to the highest pitch by the lust of wealth and power. The temptations for depredation in this field are as much greater, as the magnitude of the objects and the chances of success are more considerable than in other quarters. Under the ordinary jurisdiction of an independent state, the relations of society are defined, and the rights of its members, in relation to each other, are protected against offenders. But Free Trade proposes that there shall be no code over these relations between nations, so far as commerce is concerned; though it can not but be seen, that the commercial relations of these great parties, are all that are of any material importance as subjects of legislation. International commerce, be it more or less, is composed of parts, and every separate transaction is independent of every other — is private, and as such, is a transaction of the social state. It can not be said, that it does not belong to the domain of law, of equity, and that it does not require the supervision of authority, and the protection of its arm. But according to the dogmas of Free Trade, one has only to take up the position of "an outside barbarian," and he may with impunity lay his hands upon the commercial rights of the people of any nation whatever, if by any means he can bring a foreign commercial agency to bear upon them to his own profit and their injury. His license is vested in his position as a foreigner. He acquires power, in every country, in an inverse proportion to his rights there; and having no rights at all, his liberty is uncontrolled. The chances are a thousand, a million to one, that he will find plenty of commercial agencies in any part of the world, any one of which, according to this system, will be adequate to absorb and swallow up a countless number of commercial rights in any other part of the world. The innocent hen that is industriously scratching the earth to feed her interesting family, is not more exposed to the bird of prey, that is now circling through the air above her head, and which will the next moment bear aloft in his talons one or more of her charge, than is every man within the bounds of civilization, to the Free-Trade rovers, who darken the heavens with their baleful wings, to live on plunder wherever a nation is unwise

enough to expose itself to their rapacity ; and there is just about as much law in the one case as in the other. It is for want of law, in this particular, and only for that, that any nation, thus exposed, is perpetually robbed. Why should it not be ? And who can prevent it, so long as she herself does not ? By the case supposed, she has thrown away her shield ; or has not taken the trouble to keep it in hand. She has taken the word of the roving bandits, on the highway of nations, that they are all honest men ; that they will do no harm ; that their law, which is anarchy, is the best law ; that the hen and chickens are perfectly safe ; that no bird of prey will ever descend upon them ; and that, though they propose to come among them, it is only for fair exchange, and to leave a *quid pro quo* !

Our design, in this chapter, as avowed, is to illustrate a well-known principle, viz., that of anarchy, in this particular application, and not to enter largely into the details of the general argument, which have their place in subsequent parts of this work. Our wish here is to show the absurdity of making laws for the citizens of a commonwealth, in their relations to each other, and of attempting to do without law, in the relations between citizens of different and independent commonwealths. To maintain that laws are necessary for domestic intercourse and not for foreign ; that home trade should be regulated, and foreign not ; that a rogue who cheats his fellow-citizen should be punished, and that a foreigner shall be free to come in, and do that indirectly with impunity, which a citizen may not do in any form ; that domestic trade shall be taxed for the entire support of society, and foreign trade not taxed at all, even though it has every advantage of the commercial facilities of the country, and deprives home trade of all which itself carries on, and home labor of all which it brings in ;—this, certainly, is a very extraordinary system of hospitality ! Is it not one of the most glaring absurdities that ever entered the mind of a man, who did not also, for the sake of consistency, advocate the abolition of all law, that all parties might be on an equal footing ?

It will, perhaps, be said we are dealing with a shadow, with a nondescript and imaginary department of the social state. But that can hardly be called imaginery, which impoverishes or enriches a nation, an effect conceded on all sides, inasmuch as the argument between the parties in this debate, is, as to which of two systems will do the one or the other. Nor can it be said, that the ground we speak of is already covered by law, on either system

That it is covered by law for other purposes, we do not deny, but, *quo ad hoc*, as to this purpose, the very question is, whether it shall or shall not be covered by such authority. Free Trade forbids, and Protection demands it.

If it be still asked, where is the ground, what is the field, in question? We answer: It is that comprehensive and immense domain of commercial rights, which appertains to every independent state, in its peculiar position, interests, and institutions, so far as they are peculiar, and consequently its own property. But the peculiar rights of this wide and vast field, can not be fully appreciated, for the purpose now in view, till they are regarded as belonging to the individual members of the state, the sum of whose rights of this description constitutes the whole. They are, in the first place, the property of the nation; next, they are the property of the individuals of which the nation is composed. They have cost the nation much, and have cost every individual in it or his ancestors much, or somebody with whom he is connected, in proportion to his stake in the community, and he is perpetually burdened with a system of taxation on their account. The question between Free-Traders and Protectionists, is, whether these peculiar rights shall be maintained, in behalf of those to whom they belong; or whether they shall be thrown open to foreigners, to whom they do not belong; whether, being thrown open, foreigners shall be permitted to enjoy the greatest benefit; whether, indeed, foreigners, from their own peculiar and advantageous position, shall be permitted to make these rights nearly or quite valueless to citizens; whether they shall be permitted even to oppress and enslave, after having robbed, the inheritors and proprietors of these rights. That all this is possible, and that it has all been experienced, none will deny, who have made themselves acquainted with the recorded wrongs of the North American colonists, under the British crown — wrongs which, to be redressed, cost rivers of blood and mountains of wealth. That much of this has been experienced by the people of the United States, even since the achievement of their independence, is made evident enough by the pages of our commercial history, citations from which, for this purpose, are displayed in subsequent parts of this work. It is this vast field of rights, which Free Trade proposes to give back to Great Britain, back to Europe, back to the entire foreign world, by striking from our statute-book the only shield of protection which they have, or can have. It is in this manner, and so far — too far, indeed — that the

principle of anarchy applies to this great and momentous subject, and threatens unbridled license to all the world, for depredation on the rights of a great, laborious, long-suffering people.

That the principle of Free Trade is one akin to that of anarchy, it is only necessary to observe, that one of its technical definitions of itself, is, that it is based on the *laissez-faire* precept: that is, let things alone; let them take their own course; let men, *quo ad hoc*, do as they please; don't embarrass them with rules. In view of the fact already established, that there is no department of the commercial world, which has so much influence on every other, for good or for evil, as this very ground which is in contest between Free Trade and Protection, of the truth of which this strife itself is a sufficient evidence — since men do not usually contend so long and so earnestly for that which is of no consequence — in view of this, we say, one would think it could hardly be pretended, that it is a matter of indifference, whether this ground be, or be not, covered by law; much less, that it ought to have no law at all, which is the claim of Free Trade.

We shall be instructed, not a little, on this point, by a consideration of the objects of all law, and of any laws whatever, of civilization itself, in all its parts and degrees, and of the improvements which are constantly being attempted by legislation. These objects, let it be observed, are always to get away from anarchy — to be further removed from those evils, which, at any given time, are experienced, from defects of law, or the want of it. Even a bad law was never repealed, and society was never dissolved, for the sake of going back to anarchy. Anarchy is that state of things, which all lovers of order, and of the rights of the social state, dread, and fly from, on the principle of self-love and self-preservation; and every improvement of society, by legislation, is attempted, with a view to diminish and remove any remaining evils of this original state of things, of which there are always some, under the present imperfections of the social state. It can hardly be conceived, that society, in its legislation for laudable purposes, could ever have any other object, than to limit the sway of the will of individuals, and to establish the will of the great mass, so far as the former may be opposed to the latter. The first is, perhaps, as good a definition of anarchy as one could give. Nor is it a bad definition of the principle of Free Trade; for, let it be observed, that this principle is not confined, in its applications, to foreign commerce; but it is found everywhere, invading rights of the social state, which are

imperfectly defined by law, and if possible violating, by evasion or open breach of law, even those which are not only distinctly defined, but universally recognised. It is the reign of the will of the individual, as opposed to that of society ; and as good members of society are not in the habit of asserting this claim, it is uniformly found, when found at all, in the mouths and acts of bad members. It is the *non-restrictive* system, whether found in the ordinary forms of the social state, or in that great and wide field covered by foreign commerce, in both of which the fundamental principle is the same.

And this principle applies not only to the present, as it may have arisen out of the past, but to the future, as it may arise out of the present ; not only to rights acquired, but to the chances of acquiring more. Freedom holds more precious its future chances, than its present possessions. It is an ambitious, aspiring spirit, which can not brook the darkening of its prospects. What did the American fathers contend for, against the British crown ? A principle, and that on account of its prospective influence. It was not the past or present, so much as the future, which originated and sustained that contest. Every citizen of a free country, and of laudable enterprise, being secure of the present, is laying his plan and striving for something yet unacquired, regarding his future position and interests, in the prosecution of which he has a claim for protection from society ; and there is not a single private interest in the land, which is not reached and affected, disastrously or otherwise, by foreign commerce ; not one — that of the importing merchant excepted — in the case of citizens of the United States, as shown elsewhere, that would not be invaded, impaired, wronged by it, without a national system to protect it, as certainly as that a universal depredation on the rights of society, without resistance, would be followed by its dissolution. It is even more certain ; for, in the latter case, there would be the conventionalities of a state of barbarism, to afford some protection ; whereas, in the former, the parties acting on each other, would be too remote in their relative position for the benefit, even of such conventionalities. Just in proportion to that remoteness of position, and much more in consideration of the fact that each party is under an independent jurisdiction, should the laws of foreign commercial intercourse be more carefully devised, and more rigidly maintained on the line where the two jurisdictions come in contact. At best, there is a chasm, a great and impassable gulf, between them, so that an injured party in one can not go for redress to the courts of the other.

Even under the same jurisdiction, with a system of domestic regulations intended to guard the rights of citizens in their relations to each other, every person, as above shown, is exposed to the invasions and depredations of the principle of Free Trade ; and notwithstanding all the privileges and guaranties of law, and all the vigilance of public justice, and all the power of the arm of public authority, he is a fortunate man, who gets through life, without experiencing the ills of Free Trade. For, be it understood, Free Trade, in its practical operations, does not consist, as is commonly supposed, in buying where one can the cheapest, and selling where one can the dearest ; but in taking advantage of the non-existence of law, to encroach upon the rights of others, and rob them. It is, at bottom, a system of roguery, of depredation, either in a field where there is no law, or by the evasion of law where it exists. In this, we mean only to characterize the principle, and not to represent the character of all commercial transactions founded upon it.

And will it be said, that Free Trade is equally fair for both sides ? And can not those who say this, see that the principle leads directly to the dissolution of all society, and gives the field to him who has the most advantageous position, the most wit, the strongest arm ? Such, undoubtedly, are the results of Free Trade. There is no principle of the social state, on which it can be founded. It is virtually an unrestrained license for depredation.

But, let us see, if Free Trade is equally fair for both sides. There can not be found two nations equally advanced in the arts and in the facilities of producing those things which men want or desire, and consequently must have ; nor any two in which the cost of production is the same. The difference, in these particulars, between some nations, is very great.

The question involved is simply, whether the comparatively unskilful and weak can cope with parties more skilful and stronger, without some adventitious aid—a question, the very statement of which, one would think, ought to settle itself. Can any argument prove, that two things given as unequal, are equal ? How is the unpractised and comparatively weak pugilist or wrestler to encounter, with hope of victory, his skilled and athletic opponent ? How can a Mexican army beat an American army of equal numbers ? This is the question. Great Britain by a protective system, commenced about two centuries ago, and continued down to this time—a system not yet abandoned, notwithstanding all her pretensions to the contrary, and never designed to be abandoned,

except as she succeeds in drawing the rest of the world into the trap, where, though caught with the rest, it is an instrument of her own contrivance, in which she, the cat, will be able to swallow all the birds at a mouthful. Great Britain, we say, has, by her protective system, risen to be the richest and most powerful nation on the globe. The abolition of the corn laws excepted, the only points on which she has granted Free Trade, are those in which she is skilled and strong, and can bid defiance to all the world; and this she has never done without the formal consent of the parties concerned, made to the board of trade, which presides over all such questions, the government giving to those parties, at the same time, a boon, in the abolition of duties on their raw materials imported for manufacture; so that, these very acts were in fact measures of protection, and operated as such, while they were vaunted forth to the world, under the name of Free Trade. Even the abolition of the corn laws was a grand measure of protection to the empire, that the only remaining obstacle, to wit, dearness of food, to the triumph of her manufacturing system over all the world, might be removed. Thus, every step of advance, on the part of Great Britain, in the march of Free Trade, so called, has been to her, and to the parties concerned, a measure of protection. It was to strengthen yet more, and fortify her own position as the great workshop of the world. She has never abandoned, and never will abandon, her system of protection, though she is the only nation that can afford it. It is absurd to call that Free Trade, every stage of which, in the effect of the abatement of British duties, operates on the parties concerned, as a measure of protection. The Hon. G. Smythe, associated with Sir Robert Peel in the government of Great Britain, and who went with Sir Robert in all his measures, called Free Trade, candidly said, in a speech at Canterbury, on the state of the nation, in the summer of 1847: "I can not quit this subject of Free Trade, without expressing my opinion on its abstract principle. I by no means hold that the principle of Free Trade is absolutely true, or that it is of universal application. If I were an American, the citizen of a young country, I should be a protectionist. If I were a Frenchman, the citizen of an old country, with its industry undeveloped, I should equally be a protectionist." So here we have the truth from one who knows, and who could say, of all the self-styled Free-Trade movements of Great Britain, *magna pars fui*. Yet he confesses, that there is nothing in the principle of Free Trade of general applica-

tion, and that the doctrine is a false one. He would be a protectionist in America, in France, and doubtless in any other country, not excepting even that of Great Britain, where he advocated the abolition of protection only over certain parties who were prepared for it in the strength of their position. This represents the true state of the question, as being entirely one of expediency, contingent on circumstances, and not one of fixed and determinate principles, for general application. It is solely a question of comparative strength of position, all things considered, and not a doctrine that can be relied upon in all or in any cases. If beneficial to one party, it might for that very reason be injurious to all others, and to some very disastrous.

The leaving of this important field, unprotected by legislation, is the same as surrendering it to lawless rovers and commercial bandits. It invites them in, and creates their characters as depredators on the rights of American citizens. They are received and hospitably entertained, while they prey on the vitals of the community whose guests they are. There is no law prescribing terms of their entrance; for it is the condition of Free Trade, that there shall be none; and being here, with all the advantages of the places whence they come, they cripple the citizen and tie up his hands; take from him his living and his bread, while the citizen pays all the taxes of that state of society which secures to the foreigner these advantages over himself.

But how do foreigners commit these depredations on the rights of the people, under a system of Free Trade? In what manner does it operate? In the first place, it forces the people to pay more for what they buy of foreigners, when it supersedes a domestic product, notwithstanding that Free Trade alleges that they pay less. Facts prove, that Protection wields a comprehensive and sweeping influence of this kind, which, in a course of years, after domestic competition has had time to operate, produces a very sensible and a very material change; and it is rarely true, that the prices of such articles are raised, even at the beginning of a system of protection. For it is found, by experience, that although the prices of some of the articles in question, are sometimes transiently cheapened by the removal of Protection, they are scarcely ever, if in any case, enhanced by the establishment of a protective system. The cheapening, in the first place, is the result of a competition, in an unsettled state of things, which can ordinarily be but of short duration; and the continuance of prices on the same level, and some-

times the reduction of them, in the latter case, results, first, from the competition between the domestic and the foreign producer, the latter of whom will still try to hold on to the market; and next, by a domestic competition, when the home production is well established. This is acknowledged by both Say and Ricard.

The doctrine of Free Trade, on this point, is thoroughly falsified by facts, and the war is turned back on Africa. It is a just and grievous complaint, that Free Trade costs more than Protection, in the very articles which it claims to cheapen, and the alleged cheapening of which constitutes its only plea. Free Trade not only imposes an additional burden, where it promises to remove one; but it prevents the establishment of a system which would make that burden less than it was before, being thus aggravated by Free Trade. Instead of rescuing us from foreigners, it puts us back into their power; instead of giving us a chance of getting things which we want at a fair price, it forces us to pay the expenses of European thrones and institutions, usurped from the rights of labor; and thus a positive tax is imposed upon the country, by Free Trade, instead of relieving it from one. It may easily be seen, that an American system of adequate protection, ought to give us articles of manufacture cheaper than Europe would do, with her onerous institutions, so long as she might have control of our market. In that case, she is sure to make us pay her taxes, as we always do, under a system of Free Trade. Here is the cause which accounts for the fact, that whenever the protective policy has prevailed in the United States, our manufactures, before obtained from abroad, have been cheapened, and continued to cheapen, as long as that system was sustained. The prices current of the same articles, at any given time, in Europe and America, under an American protective system, can not fairly be brought to bear upon this question. The differences prove nothing, except the natural effects of a limited market for European products, and that, if we would give them our market, they would immediately raise their prices; nor, as before remarked, do the transient effects of disturbing our system, by abolishing Protection, prove anything reliable on this point. It is only the high, comprehensive, permanent, and controlling influences of a system, which are to be regarded in such a case, and which claim the attention of a statesman, to guide him in a safe path for the service of his country. By this rule, the facts arrayed in other parts of this work, prove conclusively, that an American Protective system rescues the country

from the immense and onerous system of European taxation, in the prices of the very articles which Free Trade falsely claims to cheapen. Nor is there any exception to this rule, injurious to any parties in the country whatever, rich or poor, individual or associate, or sectional; because, as elsewhere shown, the general and comprehensive benefit of a Protective system, operating upon all, more than indemnifies for any transient and inconsiderable burden, which such a system may here and there impose, not permanently, but as the mere accident of fugitive events.

Here, then, under a system of Free Trade, is opened a field on which whole nations, all Europe, the entire foreign world, with their systems of commercial policy, and all the parts of those systems, in which individual and associated enterprise operates, with all the power of their cheap labor and more perfect arts, descend upon us, without let or hinderance; enter our jurisdiction without tax and without condition, freighted with their wares and merchandise; avail themselves of all our public works and facilities of transportation, created by our labor and at our cost, to penetrate every corner of the land, entering every cabin in the remotest parts of the western wilderness; for what? and to what end? To sell to our farmers, throughout the length and breadth of the land, corn, wheat, rye, barley, beans, and every species of breadstuffs that can be named as the product of our soil; to sell us beef, pork, mutton, butter, cheese, lard, chickens, and every species of meat that we produce; to sell us cattle, horses, mules, and every beast of draught and burden; hay, oats, provender, and everything that constitutes the sustenance of these animals; to sell our planters rice and cotton; in a word, to sell us, Americans, the products of forests, the fowls of heaven, and the fish of the sea; to sell us everything that land and water produce by the sweat of those who toil on them; for, we have proved elsewhere, that all these things enter in disguise into the products of manufacture, and that the former compose the greatest portion of the latter; of the truth of which, no man that reflects, can for a moment doubt. It is a great and comprehensive fact. And they not only sell, but they force us to buy. We can not help it, under a system of Free Trade. They are here, in our market, with their wares, composed in the manner above described, of the very things which we produce, in abundance, and with surplus; but for want of the encouragement of Protection, we can not put them in these necessary and convenient forms. We must have them, though the very materials of which they are made, perish on

our hands for want of a market; though our labor stands still; though our skill be fully adequate to produce the same things; and though we could make them cheaper and better, under a system of Protection.

Nor is this all. Under a Free-Trade system, foreigners come here, without tax or condition, to sell labor itself, and art of every kind: agricultural labor, on an immense scale, as seen above; manufacturing and mechanical labor of every description, and all the arts, useful and ornamental.

And what is the effect of all this on the labor and arts of this country? Clearly our wants, and our ability to consume, are limited. All that we buy, in this way, of foreigners, which could and would be produced by ourselves, under a system of Protection, is so much abatement of the demand for home labor. This is determined with all the accuracy of figures and mathematical quantities. To the same extent, it checks our advancement in the arts. And not the least of the misfortunes is, that, to the same extent also, it subtracts from our ability to buy. We are not only so much poorer, as we should have been richer by this saving; but also so much poorer as the amount of this unnecessary expenditure. Here is the secret of the foreign balances against us, which Free Trade invariably brings upon our heads, as shown in another part of this work. Nor is it an answer to say, that we must buy, in order to sell; for we have also proved, in another place, that the country always trades more with foreign parts under a Protective, than under a Free-Trade system.

We are aware it is said, that Free Trade occupies the same position, in the great society of nations, which is occupied by any two parties, in their commercial transactions with each other, as members of the same society or commonwealth; and that freedom in the former case, is the same as freedom in the latter. This reply is defective and fallacious on both points. First, it assumes, that the trade in both cases is under a social system, without a break of jurisdiction; and next, that a national protective system does not leave the parties, in their commercial transactions, equally free as parties trading under one compact society. We will first speak to this last point. It is averred, that any two parties disposed to make commercial exchanges, should be free to make their own terms, under common regulations of society, and that this freedom is essential to the rights of the parties engaged in commercial exchanges. Granted. And who can show, that this is not the case under a n^a

tional protective system, regulating foreign exchanges? On this point, the cases are exactly parallel. There is no more freedom in one than in the other, when the parties meet. Under known regulations, in both cases, they make their terms, with no interference whatever.

As to the other assumption, the cases are by no means parallel, as the assumption implies. The question is not whether any two parties, each living under a national jurisdiction, different from that of the other, shall, when they come together for commercial exchanges, freely make their own terms—for this they do equally under a Protective or Free-Trade system—but whether one of them, occupying a more advantageous position, as to the cost of the article in which he trades, shall be permitted, without tax, to enter the jurisdiction of the other party, and trade with him, to the disadvantage, perhaps the ruin, of a *third* party in the latter jurisdiction, who is engaged in producing, or trying to produce, the article thus imported, under less advantageous circumstances than the foreign producer, and who, for that reason, must fall before the foreigner. THIS is the question. There can be no want of freedom, in any case, in the commercial transactions of the parties so engaged, either under a Free-Trade or Protective system. But the question is, whether a party, under one national jurisdiction, shall be permitted in this way, through a second party under another jurisdiction, to invade and impair, to ruin it may be, the interest of a *third* party under the latter jurisdiction, and thus to injure the neighbors of this third party, and thus to injure the community of which he is a member. “If one member suffers, all the members suffer with it.” And when all the members suffer, not simply from their connexion with the others, but in their own proper position, under a common misfortune, the state of the body is bad indeed. It is the effect of these Free-Trade transactions on *third* parties, and that alone, which constitutes the evil, the injustice. These third parties, which sometimes embody a whole people, are thus deprived of their rights, and their subsistence is impaired by foreign depredators.

Thus, the claims of Free Trade are nothing other, nor less, than for an open field of depredation, without restriction, on the rights of others. Both the principle on which it is founded, and the spirit which actuates it, are identical with the principle of anarchy, and with that spirit which, in the absence of law, and from the imperfections of the social state, is for ever seeking to take advantage of the defenceless, and to injure them.

CHAPTER V.

REASONS OF THE RISE AND PROGRESS OF THE THEORY OF
FREE TRADE.

The Prevalence of Free Trade makes a Problem.—The Rules by which it is to be solved.—British Writers and Literature on this Subject.—The Free-Trade Epoch.—British Legislation for Protection, and the Effect of this Policy for a Century previous to Adam Smith.—Treatment of the American Colonies under the Crown.—Its Inconsistency with Free Trade.—Free Trade in Great Britain a State Policy, not a General Principle.—Adam Smith employed by the British Government to write his Book.—His Inconsistency and Self-Contradiction.—Examples.—The chief Aim of Adam Smith, was to reconcile the American Colonies to Injustice.—Free Trade a British Instinct and Selfish.—M'Culloch's Betrayal of British Policy.—The Authority of British Writers on Free Trade.—Their Authority in our Schools, and in forming the Minds of our Statesmen.—Obsequiousness and Servility of American Free-Trade Economists.—Free Trade a one-legged Science.—Born in the Closet.—British Free-Trade Writers Employes of the British Government.—History of Free Trade as a Party Question in the United States.—Its Prevalence here owing to Social Position and Obsequiousness.—Instincts of the American People in Favor of Protection.—Free Trade can not be the permanent Policy of the United States.

THE theory of Free Trade, though it has ramifications, is composed of a single dogma, and that a mere hypothesis, which, as we have shown, has never yet advanced a single inch in its own verification, but which has actually been driven from the field, times without number, by counter verifications. By a rule of logic and of scientific investigation, that an hypothesis is not always to remain an hypothesis, it has not now the slightest claim to be entertained by a single human being; for it was originally nothing but an hypothesis, and is still nothing more. Nevertheless, it has been entertained for ages, by many men of many nations, and advocated by men of distinguished consideration. Unless reasons can be given why they should have entertained an error, and so gross an error as this appears to be, the fact of their having entertained it, might seem to be a formidable recommendation, so far as mere authority governs mankind. It is the main object of this chapter to show, in the rise and progress of Free Trade, why this false pretension has been so long and so extensively received. We propose to make it appear, that in all the cases and in all the extent in which the Free-Trade hypothesis has been adopted or advocated, the secret of the influences which have led to that result, will be found, either in the social position or interest of the parties; or in the pride of science

or in a subservience to authority ; or in a propensity to extravagant opinions ; or in ignorance and disqualification to appreciate the subject. In many cases, perhaps in the majority, two or more of these reasons have combined their influence.

We will begin with the history of this subject in Great Britain. In the first place, we would call attention to British literature, and to British legislation, on the subject of the protective policy, during the first century or so of the existence of her protective system. Sir James Stewart's work, published in 1769, was the first, in what may be called the epoch of Free Trade, which advocated that doctrine. Previous to that time, for a hundred years or more, nearly all British writers on public economy, such as Child who wrote in 1670, Gee who wrote in 1730, Cantillon who wrote in 1750, Mildmay who wrote in 1760, and others scattered along this period, all advocated Protection in the strongest terms, and some with great ability. We have elsewhere made extracts from Gee, and referred to his confession, that he wrote "by order of the lords of trade." His connexion with the government, is, in various forms, recognised in his work. A century of such teaching, and a practice in legislation corresponding with this doctrine, had taught Great Britain the value of a protective system. During this time, from six to seven hundred penal laws were enacted, to secure the objects of this policy, some of them of great severity. One, for example, against exporting a sheep, or a fleece of wool, imposing a forfeiture of goods for the first offence, cutting off the hand and nailing it up in the town market for the second, and death for the third. Enticing away artisans and manufacturers, was severely punished. The export of machinery was prohibited by forfeiture and other penalties.

By a rigid adherence to this system, from the time it was first adopted, down to the middle of the eighteenth century, Great Britain was growing rich, and acquiring power, beyond all example, either in her own history, or in that of other nations. Holland for commerce, and Flanders for manufactures, were already supplanted by her, she having borrowed her arts from the latter country, and outstripped the former in vending her wares over the world. She could not have failed to see her own position already gained, and the rapidity of her march in a career of increasing wealth and power, nor could she have been ignorant of the cause.

But she occupied a most important, yet critical position, in relation to her North American colonies, which were clamoring for

protection in their rights, had already set up manufactures in defiance and evasion of prohibitory laws, and threatened independence, at least in the supply of their own wants, as far as they could do it. Whatever might be the future political condition and relations of those colonies, the far-seeing eye of a British statesman could not fail to discern, that the character of British literature on the subject of public economy, which had come to have and was likely to maintain a leading influence in the world, could not be changed too soon; and the position of Great Britain at the moment, in relation to other nations, being, and still shooting, ahead of them all, in her manufactures and commerce, was enough to give her statesmen the hint: "Now is the time to withdraw our own lights, the lights by which we have so prospered, from the gaze of the world, and hold out new ones for other nations to walk by; and it is especially important to convince our North American colonies, that it is their interest to depend on us for manufactures." The same argument was equally adapted to accomplish their purpose with foreign nations, as with the colonies.

It is admitted, that this is an hypothetical argument, nor would we claim respect for it, any farther than it is associated with probabilities based upon fact, the character of which as evidence can not easily be resisted or denied. Can it be supposed, that British statesmen did not see this state of things; and if they saw it, that they would hesitate what to do? We arrive, then, at a moral certainty, that they did see it, and that they did adopt a policy corresponding thereunto, viz., to withdraw their lights, to be used behind a screen for their own purposes, and to hold out others to the world, after having put them in blaze. And what are the facts? Sir James Stewart appeared, in 1760, as a Free-Trade writer, and Adam Smith, in 1775. The former attracted much attention, more, perhaps, for the surprise and novelty of the spectacle, than for ability of execution; but it was soon eclipsed by Adam Smith's "Inquiry into the Nature and Causes of the Wealth of Nations."

In the first place, this work of Adam Smith itself bears internal marks of a special design corresponding with the hypothesis now under consideration. The first edition must, as we suppose, have gone to press, before the war of the American revolution commenced. Even the revised editions show, in many important parts of the work, and in all of them having a bearing on Free Trade; that the writer had his eye on the colonies, which it was then ex-

pected would be reduced to obedience, with a view to reconcile them to the position of being producers of raw produce for the mother-country, and to a state of dependence for articles of manufacture. He panders, like a demagogue, to the assumed taste of the colonies; preaches against monopolies and corporations, of which they had so loudly complained; and in an edition published after the war broke out, is to be found, in the form of inuendo, the following shameful proposition: "That, if to each colony, which should detach itself from the general confederacy, Great Britain should allow a representation, a new method of acquiring importance, a new and more dazzling object of ambition would be presented to the leading men of each colony, to draw some of the great prizes which sometimes come from the wheel of the great state lottery of British politics!"

In another place he says: "To attempt prematurely, and with an insufficient capital, to do all the three," agriculture, manufactures, and commerce, "is certainly not the shortest way for a society, no more than it would be for an individual, to acquire a sufficient one. . . . The revenue of all the inhabitants of the country, is necessarily in proportion to the annual produce of their land and labor. It has been a principal cause of the rapid progress of our American colonies toward wealth and greatness, that almost their whole capitals have hitherto been employed in agriculture. They have no manufactures, those household and coarse manufactures excepted which necessarily accompany the progress of agriculture, and which are the work of the women and children in every private family. The greater part, both of the exportation and coasting trade of America, is carried on by the capitals of merchants who reside in Great Britain. Even the stores and warehouses, from which goods are retailed, in some provinces, particularly in Virginia and Maryland, belong, many of them, to merchants who reside in the mother-country, and afford one of the few instances of the retail trade of a society being carried on by the capitals of those who are not resident members of it. Were the Americans, either by combination, or by any other sort of violence, to stop the importation of European manufactures, and by thus giving a monopoly to such of their own countrymen as could manufacture the like goods, divert any considerable part of their capital into this employment, they would retard instead of accelerating the farther increase in the value of their annual produce, and would obstruct instead of promoting the progress of their country toward real

wealth and greatness. This would be still more the case, were they to attempt, in the same manner, to monopolize to themselves, their whole exportation. . . It is thus that the same capital will, in any country, put into motion a greater or smaller quantity of productive labor, and add a greater or smaller value to the annual produce of its land and labor, according to the different proportions in which it is employed, in agriculture, manufactures, and wholesale trade."

Not to speak of the defects and inclusiveness of this reasoning on certain points, it would be quite unnecessary to declare its aim, considering by whom, and in what circumstances, the advice was given, on the eve of the outbreak of the American revolution, and when the colonies were demanding the right to set up manufactures, and to engage in commerce, and were forbidden both. Nor does this reasoning appear to be very consistent with the principle of Free Trade. The facts recognised are very impressive, in view of our colonial history. One is amazed, that such prohibitions and restrictions could have been endured so long; and not less amazed, that they should have been advocated by Adam Smith, the father of the Free-Trade philosophy.

Notwithstanding the laudation of agriculture, above cited, for the sake of contenting the American colonists in their condition of "hewers of wood and drawers of water" to the parent-country, this same author, before he had finished the chapter, could record, without compunction, the following sentences: "The profits of agriculture seem to have no superiority over those of other employments. . . We see every day the most splendid fortunes that have been acquired in the course of a single life, by trade and manufactures, frequently from a very small capital, sometimes from no capital. A single instance of such a fortune acquired by agriculture, in the same time, and from such a capital, has not perhaps occurred in Europe during the course of the present century."

It mattered not whether the colonies should be reduced to obedience, or prove triumphant; the same theory of public economy, and the same argument, would be applicable, for the objects of British policy; and who will not believe, under all the circumstances, that the theory of Free Trade, which is allowed to have derived its grand impulse from the hand of Adam Smith, was framed, and the argument made, expressly for the case, under the advice of far-seeing British statesmanship? How, it may be asked, on any other hypothesis, could it have happened, that this

theory should have been so adroitly put forward in Great Britain three quarters of a century ago; how, otherwise, could it have happened that the argument should have been repeated and improved upon by her greatest writers, from that day to the present, calling upon all the world to adopt it, and yet that Great Britain herself should have gone steadily on in her old career, without relaxing her system of Protection a single whit? For, we have elsewhere shown, that such is the fact, not excepting even the pretended approximation to Free Trade, under the administration of Sir Robert Peel. Did the world ever witness such a spectacle of inconsistency, if it be supposed that this was not a profoundly devised state policy, putting in requisition, and keeping in employment, from age to age, the greatest literary talent of the empire?

From the time of Joshua Gee we hear no more from the mouths of British writers on public economy, of their going to their tasks "by order of the lords of trade." This would not do, after the policy of our hypothesis was adopted. When it was resolved to recommend Free Trade to the world, these connexions between the government and Free-Trade writers, were kept out of sight, as much as possible. Nevertheless, there are some facts, in the case of Adam Smith, bearing on this point, worthy of note. The motive proffered, to induce him to vacate his professor's chair, in the university of Glasgow, and travel with the young duke of Buccleugh on the continent, was, as stated in a note of Herron's Junius, "upon conditions which assured the philosopher an ample independence for his future life;" and the man who made this offer, was Charles Townsend, of whom the same authority says, "he was a man of splendid talents, of lax principles, and of boundless vanity and presumption. He had belonged to every party, and cared for none." He had been secretary at war under the Bute administration, and left the post with discredit. Under Lord Chatham he was chancellor of the exchequer; and under the duke of Grafton, he was one of the boldest advocates for the taxation of America. While he was a member of the administration, it is remarkable, that the sinecure place of "one of the commissioners of his majesty's customs in Scotland," was conferred upon Adam Smith, doubtless in part redemption of the pledge of "an ample independence for future life;" and this title of "commissioner, etc.," will be seen staring out on the titlepage of the early editions of the "Wealth of Nations," for gratitude, or ostentation, or both. That Adam Smith was a *beneficiary* of the British government, is evident enough; and

whether he was pensioned to indite matter at the bidding of masters, considering all the circumstances of the case, may safely be left to the judgment of those who look at these facts. He did not begin his work till after he was seduced from his high dignity at Glasgow, and stepped into the sunshine of the British crown—first indirectly, afterward directly.

Here, then, in the case of Adam Smith, who occupies the post of the great apostle of Free Trade, may be seen enough of his social position and in the interest secured to him, to account for all his zeal in this cause, and for all his inconsistencies in making an argument on both sides of the question. Was he not paid for it?

And how should it happen that nearly all British writers on this subject, from Adam Smith down to this time, and nearly or quite all the lecturers of the universities, and almost the entire periodical press, quarterlies, monthlies, weeklies, and dailies of Great Britain, should have become one solid phalanx of Free-Trade advocates, while the British government has practised nothing but Protection? This, certainly, is a very extraordinary spectacle. It is the instinct of the British nation, and nothing else—the instinct of self-preservation and self-interest. It is their commercial and social position in relation to the rest of the world. They know that Free Trade practised everywhere else, and Protection practised only by themselves, are not only essential to their interests, but that it will bring the whole world, all nations, at their feet.

If it were possible to doubt this great conspiracy against mankind, from Adam Smith down to M'Culloch, the following extract from M'Culloch's own pen, in his Dictionary, proving at the same time his fidelity to his patrons, the British government, and his treason to all other nations, will be sufficient to settle the question:—

“Our establishments for spinning, weaving, printing, bleaching, &c., are infinitely more complete and perfect than any that exist elsewhere; the division of labor in them is carried to an incomparably greater extent; the workmen are trained from infancy to industrious habits, and have attained that peculiar dexterity and sleight of hand in the performance of their several tasks, that can only be attained by long and unremitting application to the same employment. Why, then, having all these advantages on our side, should we not keep the start we have gained? Every other people that attempt to set up manufactures must obviously labor under the greatest difficulties, as compared with us. Their establish-

ments can not, at first, be sufficiently large to enable the division of employments to be carried to any considerable extent; at the same time that expertness in manipulation, and in the details of the various processes, can only be attained by slow degrees. It appears, therefore, reasonable to conclude, that such new beginners, having to withstand the competition of those who have already arrived at a very high degree of perfection in the art, must be immediately driven out of every market equally accessible to both parties; *and that nothing but the aid derived from restrictive regulations and prohibitions, will be effectual to prevent the total destruction of their establishments,"* &c.

The passage in italics tells the story, and discloses the doom assigned to us, and to all nations, which adopt the Free Trade commended to them by the *pensioned* economists of Great Britain. And this the man, now extant, and rightful successor of the same class, in the line from Adam Smith, who, from his pulpit in London, preaches Free Trade to all the world, as the gospel of the Gentiles, but designed only to save the Jews. He testifies to his brethren, *sub rosa*, as above, that it will save no others, and that all nations, except the British empire, will be lost by it.

The motive of the British government, for such a systematic and stupendous fraud, as is here supposed, was a potent one: It was to become the richest nation in the world—in that way, the most powerful—and to maintain that ascendancy.

It may be true, that the argument of this chapter impeaches the discernment of some portion of the American mind, of which one could wish to think better. That so many learned doctors and statesmen could have fallen so easily into this snare, may, at first sight, seem strange. But a moment's reflection will show, that it is not at all strange. The stratagem would never have succeeded, if it had not been planned to catch them. Public economy, as all must feel, who shall have attentively followed us through this volume, is one of the profoundest subjects, of an earthly origin, that ever engaged the human mind. It is but recently, compared with the history of most of the sciences, that it has set up a claim to be one of them. It can scarcely be said, indeed, that this claim was urgently insisted upon, till the hatching of the British state policy which is alleged above. It was meet, for the purpose in view, that it should assume this elevated and commanding position, to excite deference and respect, as a mere pretension. Such claims as these are not usually scrutinized at once, when they make a descent upon

the human mind in such an imposing shape—especially if they come from respectable authority. It is natural to receive them in faith for a season, when they are accompanied with the sanction of great names. It is the habit of the American mind—too much so, perhaps—to defer to European, especially to British, authority, in matters of science. Is it strange, then, that this pretension, so cunningly devised, and backed with names of such repute, should have been transiently entertained among us, by the mere force of authority? Certainly it is much more reasonable to suppose this, than now, in all the light on this subject, to retain this species of faith.

A word is due to the influence of the pride of science on this subject. We have already given reasons to show why public economy, hitherto, has had no claim to be dignified with the name of a science, and particularly that the Free-Trade hypothesis can not possibly be a science, first, because it is a mere hypothesis still; next, because all its propositions are empirical laws; and thirdly, because they fall under that category of empirical laws which for ever precludes them from being reduced to a science. But, in every department of inventive research, will be found men of intellectual obliquity, and of loud pretensions, who sometimes get a theory in their heads, which they baptize with the name of a science, as in the case of Free Trade, then mount the hobby, and drive it with furious intent. True science, though always modest, is undoubtedly a thing of very just pride. As public economy has been installed among the sciences by British economists, the more extravagant the pretension, as to form and substance, so much the more captivating is its influence over that class of persons to which we have alluded above. Sobriety would as little suit their taste, as the labors of a genuine science would suit their habits. They want something that will strike the fancy, something that will prove itself; they want the philosopher's stone that will turn everything into gold; and this they find in Free Trade. It is a beautiful theory to such minds; what could be more charming? Besides, it costs nothing in the way of verification; for it has but one proposition. It is a science that stands on one leg. It never budged an inch, and never can, as such. Nevertheless, it is very captivating to those who think it is a science, and they dance around it, chanting their hymns of satisfaction, and doing homage as to a symbol of mystic import. Did ye never witness the exceeding delight, the ecstasy of these savans, and with what

airs of triumph they put to you their one-legged concern? They evidently think it a perfect beauty; it is a *science*, they say. Born in the closet, these notions have been transferred from one closet to another, and re-elaborated there, by the brains of every succeeding theorist, with all the fervor and satisfaction of scholastic pride, without the slightest knowledge of the practical operation of these principles in the common affairs of life. Like greenhouse plants, which perish before the rude action of the changing seasons, when exposed, so these Free-Trade principles, applied to the practical concerns of the commercial world, bring forth nothing but unripe or blasted fruit.

Men are sometimes found in eminent positions, even in connexion with our colleges and universities, who are compelled to borrow the capital of ideas in which they trade, in the way of teaching and writing. This capital, so far as this subject is concerned, as before shown, is furnished to their hands, in the greatest abundance, by British authorities. We have seen how it began to be formed, nearly a century ago, under the auspices of Adam Smith; what state reasons existed for laying this foundation; how it has been carefully husbanded, from that time to this, as a British state policy; how the greatest talent of the British empire has been seduced into this service, and kept industriously employed; and how this feeling—a mere feeling—has become an instinct of the British nation, that Free Trade in all the world is necessary to their pre-eminence. Nor do they preach this doctrine insincerely, though as yet they have never practised it; but they are prepared for it, as shown in the extract from Mr. M'Culloch above, and as we have shown in a subsequent chapter, as soon as a general consent can be obtained. They have gained a position which enables them to afford it, and which will insure their advantage, their ascendancy, over all other nations, on a Free Trade platform. This vantage-ground has been the constant aim of British statesmen for seventy-five years. Their writers, and their press in all its forms, during this period, have made the best argument that could be made; and their example has seduced many continental writers, and some portions of the continental periodical press, into their footsteps. There is no nation, whose authority in learning and science, is more commanding than that of Great Britain—none, certainly, more imposing in relation to us, who are of the same family, and who speak the same language. When we borrow ideas from any quarter, we more naturally borrow from that. All the most eminent British

authorities on public economy, are no sooner out of the press in London, than they appear here. Thence our economists, for the most part, borrow their capital on this subject; and our schools and colleges are greatly influenced and swayed by these two combined agencies, foreign and domestic. Here is to be observed the action of the simple, but potent principle of subservience to authority, laid down as one of the rules at the beginning of this chapter, to determine the reasons of the rise and progress of Free Trade. Ignorant of that great state policy which brought these works into existence in Great Britain, Americans become its victims, where they think they are getting a science all made at their hands. We will not say the subserviency, but the servility with which these notions of Free Trade have been copied in this country from British authorities, by Americans occupying eminent places in our seminaries of learning, and who have propagated them to the extent of their abilities and influence, is not simply a subject of regret for the evil which it does to the country, but of humiliation at the sight of such obsequiousness.

From this higher department of the American mind, as it has been brought into action on this subject, we are forced to descend for a moment, though with regret, into the arena of party politics, to see, if the prevalence of Free-Trade principles in that quarter, can be accounted for by one or more of the rules laid down at the beginning of this chapter. We believe, that the instincts of the American people, left to themselves, are necessarily on the side of Protection, and that nothing but some special and unnatural cause, some violent shock, could have carried them over, even for a transient period, to the other side. The entire mass of the free labor of this country feels, and has ever felt, that it can not and will not be placed side by side with the pauper labor of Europe, to be fed and clothed as that is fed and clothed, to be housed as that is housed, and starved as that is often starved. Yet Free Trade proposes this—we say, proposes it—because, if figures do not lie, it must necessarily lead to that result. How, then, has it happened, that a great and for a long time dominant party of this country should have adopted, and put into operation, by their chiefs and leaders, the doctrines of Free Trade as a public policy? We propose to answer this question, under the guidance of the rules we have laid down.

A mere accident in our political history, but a very comprehensive and momentous one, has contributed more, perhaps, than any

or all things else, to propagate among the people of this country, for a season, the influences of the Free-Trade theory. We mean the accidental position of the chief magistrate of the United States, arising, in 1831, out of a personal feud between him and the vice-president. The president, in vindicating the executive authority, in the critical emergency of the country that followed, went so far as to render it convenient to himself, as a candidate for re-election, to appear afterward to recede somewhat, till he was supposed, apparently with justice, to have taken ground for Free Trade; and his unbounded popularity carried his party with him in that direction. For the first time, in the history of the country—it may be hoped for the last—this great American question, which ought for ever to unite all Americans, became, most unnaturally, a party question, and has been maintained as such, from that time to this, though with a manifest decreasing zeal for the Free-Trade cause among the people. To prove that this revolution in popular opinion was caused, first, by the social position of the president, and next by his authority over the party, it is only necessary to observe, that, down to that time, both he and they were among the soundest and strongest protectionists which the country has ever had in its bosom. The causes of the change, therefore, were undoubtedly purely moral, being a change of social position with the president, and subservience to his authority in his party. It is altogether unnatural, that any portion of the people of the United States should be the advocates of Free Trade, as all their instincts must necessarily be against it, when the subject is understood by them. It is not only the great question of the age, but it is emphatically an American question. It is the position and interests of the United States which have made it the question of the age, more than all other causes. European, especially British statesmen, know well, and have long foreseen, that, if freedom is not suppressed here, it will grow up there, and that freedom consists, as we have maintained in a subsequent chapter, in the great strife of the world for the rights of labor, for commercial rights, for the enjoyment and independent control of commercial values by those who create them. The great aim of British statesmen is to bring American labor down to the same level with European, which can only be accomplished by a system of Free Trade.

But this accidental and relative position of the two great political parties in the United States, on this question, induced as above stated, and which can hardly, in the nature of things, endure long,

has forced the people to act upon it, in the great political contests of the country, before they understood it. It is a question, in the consideration of which, if the people generally are forced to go farther than its simplest forms, where their instincts will decide for them, and decide most safely, infallibly, their minds will be embarrassed, and they will be compelled to rely on one of two modes of decision:—either to trust to their party leaders, or to wait till experiment shall prove in which of the two courses of public policy their true interests lie. This is precisely the position, unfortunately, in which the people of the United States have been placed, by making this question a party one. Neither the people, nor their party leaders, as a body, have understood the subject. That was impossible. And nothing of the merits of the question was ever decided, in the result of popular elections, so far as it was influenced by it, except as the people were instructed by experience, as for example in 1840. All other influences have been those of authority only.

Without having the remotest idea of the real character of Free Trade, in its practical operations, the people, very extensively, have been made to believe, that it means to buy where you can the cheapest, and sell where you can the dearest, which is very naturally thought to be right; and that protection is a tax, which every one naturally objects to. In this view of the subject, which we have elsewhere proved to be incorrect, it is not strange that demagogues, and a party press devoted to Free Trade, under the auspices of one of the most popular chieftains that ever swayed the sceptre of chief magistracy in the United States, should have led off a majority of the people, for a season, to believe in this doctrine, till convinced of their error by sad experience; nor is it strange, that the same mode of reasoning should still continue to have its influence, so long, unfortunately, as this is made a party question. But, as it is, in fact and properly, an American question, in relation to the foreign world, and has unnaturally been forced into the position of a domestic controversy, it can not always be held there. Sooner or later, the people are doomed to learn by experience, that the protection of American labor and arts, against foreign labor and arts, is indispensably necessary to their true interests.

CHAPTER VI.

GREAT BRITAIN THE ONLY NATION THAT IS PREPARED FOR FREE TRADE, AND THE UNITED STATES THE LAST THAT CAN AFFORD IT.

The Importance of Position, in all Competition, illustrated by familiar Examples.—Adam Smith's Illustration.—The Tribe or Nation that is ahead in Manufactures, can keep ahead, by Free Trade.—The first Lessons on Protection to Great Britain.—The Way of her Beginning, and its Results.—It was by this System that she was able to triumph over Napoleon.—Great Britain was Poor when she began her Protective System.—Behold the Consequences.—Great Britain always consults the Parties interested in Protection, and complies with their Wishes.—Not so the United States.—A remarkable Example of turning Witnesses out of Court.—British Manufacturers, from the Strength of their Position, have consented to dispense with Protection.—M'Gregor's Evidence and Advice to the British Government.—M'Culloch's Confession.—Action of the States of Europe, after the Overthrow of Napoleon, in Favor of Free Trade.—Their Repentance.—Repentance of Russia.—Manifesto of Count Nesselrode.—The Zoll-Verein Treaty.—Napoleon's Policy.—The Policy of the European Continental Nations against Great Britain, defensive.—The greater Cost of Money and Labor in the United States an insuperable Bar to Free Trade.—The Weak, not the Strong, require Protection.—British Free Trade, not Free Trade.—British Differential Duties retained.—Effect of Commercial Treaties.—The Whole Truth in few Words.

As great things are illustrated by small, and things remote by those which are near and more familiar, we shall probably approach the main points of the subject of this chapter, with more advantage, and in clearer light, through examples with which most persons are familiar, and which all will be able to appreciate.

A man who has acquired a standing in any trade or commercial business, has an advantage over one who is just setting up. Who does not see that? An apprentice, who has worked but a little while at his craft, can not do so well as an accomplished journeyman. One mechanic is often preferred to another, because he is more skilful, and turns off better work; and one of two, equally skilful, will outdo the other, and get more custom, because he has more capital, and can make more display, and more noise, to attract attention. *Position*, in every trade and business, relative to others in the same pursuit, is much—is often everything for relative advantage, in the way of competition; and skill and capital are always of great account. By time, application, skill, capital, and *position*, one is constantly taking lead of another, in a kindred, or in the same pursuit. Who does not know the position of Stew-

art, in New York, as an importer, jobber, and retailer of fancy and other dry goods? It has taken him a long time to acquire that position. He has worked for it, taken great pains, acquired great skill and taste, and from a small beginning, has grown rich; has erected a magnificent marble edifice, with sumptuous fittings; employs a hundred clerks; has reduced everything to system, to go like a clock; and he is able, by all his experience, with his capital, and by blending importing with jobbing and retailing, to sell a little cheaper, and a little better. So, at least, it is believed; and that is enough. His *position* is without a rival. Nobody can compete with him.

Stewart, among the New York merchants of the same class, is like Great Britain among nations. He necessarily keeps in check others, who, but for him, would rise. It is admitted that it is hard for others, in the same line of business, to stand up against him, and that they suffer great disadvantage from the superiority of his *position*.

It is singular, though characteristic, that Adam Smith, in arguing against a protective system—he is at one time on one side, and at another on the other side—should have advanced the very principle we are now endeavoring to elucidate as constituting the necessity of such a system. He says: “A rich man, who is himself a manufacturer, is a very dangerous neighbor to all those who deal in the same way.” We not only grant Adam Smith his principle, here laid down, but we claim and appropriate it. Great Britain occupies, in relation to her neighbors, to all other nations, precisely the position of Adam Smith’s “rich manufacturer.” She “is a very dangerous neighbor to all those who deal in the same way.”

It is never true, that the strong want protection against the weak; but it is always true, that the weak want protection against the strong, whoever may be the parties, or whatever the particulars in which one is strong and the other weak. In the present case, the parties are nations, and the subject of comparison is the state of their manufactures. That nation which is most advanced, and occupies the strongest position, in this respect, has the advantage over all others, and will certainly beat them, unless they protect themselves, in proportion as they are behind and weaker. This is the case from the first remove from a state of barbarism, to the highest attainments of civilization. The tribe that starts first in any manufacturing art, will have the advantage over the neighboring tribes which have done nothing in this way, and will desire that the latter

should remain where they are as producers of the raw materials. The manufacturing tribe will be in favor of Free Trade, because, in that way, it can make the other tribes dependent for those fine things, which will be wanted as soon as they are seen, but which can not be produced at home, because they do not know how to do it. They must, therefore, work, and pay with much labor for that which costs the manufacturing tribe but little; nor can the other tribes ever come into competition, under a system of Free Trade. They will require a protective system, not only to start, but as long as they are behind their more skilful neighbor. Superior skill, in this particular, is superior strength, which nothing can balance but the protection of the weaker party.

Great Britain began a new career, some two hundred years ago, or more, then a poor nation—at least not rich—with her protective system, under the teachings of Sir Josiah Child, Joshua Gee, and others of their school. She found, as these men taught her, that for want of a protective system, other nations were drawing away her cash. The doctrine on which she then began to act, will be understood by the two propositions, on which Joshua Gee, who wrote, as he said, “by order of the lords of trade,” founded his work. They are as follows: “1. That the surest way for a nation to increase in riches, is to prevent the importation of such foreign commodities as may be raised at home. 2. That this kingdom is capable of raising within itself, and its colonies, materials for employing all our poor in those manufactories, which we now import from such of our neighbors as refuse the admission of ours.” This author gave an account of the trade of Great Britain with all parts of the world, and showed where protection was demanded, and should be applied, to check unfavorable, and bring favorable balances. The protective system of Great Britain, appears to have been begun in earnest about this time, not far from the middle of the first half of the seventeenth century. Previous to that time, some of the continental nations were much ahead of her in manufactures; such as France, some parts of Italy, and particularly Flanders, directly opposite, on the other side of the channel—all which drained her of cash, to a most inconvenient extent. One of the first steps of reform was to import sheep from Flanders, and to persuade Flemish manufacturers to come along with them; after which, when wool was grown at home, and manufactures of woollen were set up, under protective laws, severe penalties were enacted against the export of sheep or wool, for the second offence cutting

off the hand, and for the third death, which are still on the statute-book, though not in force. Joshua Gee's doctrine was no sooner reduced to practice, than its charm and power were profoundly and comprehensively felt, in the increase of private and public wealth. The protective policy then began to be applied in all directions, and soon grew up into a system, till Great Britain finally became, in the eighteenth century, a great manufacturing nation. She had emerged, by the influence of this system, from a state of dependence on other nations, to independence, and in turn, began to make other nations tributary to her, as she had been to them. It was the vitality and power of this system, which sustained her under all the burdens of her expensive wars, in the eighteenth century, still rising, and still expanding her strength and power by the same cause. Her power was in her arts, and by her machinery one man did the work of two hundred, so that a nation of twenty-five millions of people, was equal to one of hundreds of millions. It was by her protective system, that she was enabled to sustain herself and her continental allies, for so many years, and with such unshaken firmness, against the gigantic power of Napoleon ; and it was by this that she finally triumphed.

It need not be said, that Great Britain is now the richest and most powerful nation in the world, and she probably commands more active capital than all the rest of Europe. No matter for her national debt, as it is all owned by her own subjects. She is none the poorer for that ; but the fact, that her credit has never failed, and still continues firm, under the burden, makes of it an additional evidence of her immense and untold wealth. She commenced her protective system, in the seventeenth century, if not a second rate nation, as to wealth and commercial greatness, at most on a par with many other nations. In less than a century, she began to display her superior strength ; and in one hundred and fifty years, her commercial credit was a match for the whole world. During all this time, her protective policy was never relaxed, but was steadily improved and extended, till it embraced every commercial interest of her subjects, in relation to foreign parts. Her board of trade has always been the medium of communication between the interests of her people and public legislation regarding those interests ; and no manufacturing art or enterprise ever asked protection at her hands, without receiving it ; nor was protection ever taken away from any, without the consent of those engaged in it, the case of the corn laws excepted. She has ever been wise

enough to consult, through her board of trade, the wishes of the parties concerned, as being the best and most competent judges of the amount of protection wanted, or whether any was wanted—a remarkable contrast to a fact that occurred in the history of the twenty-seventh congress of the United States, when, on motion of the Hon. J. P. Kennedy, that a committee be appointed to take evidence for the adjustment of the subjects and rates of duty in the tariff of 1842, a member from Tennessee moved an amendment, that no evidence should be received from manufacturers! That is, that the only witnesses acquainted with the facts, should be excluded from court!

By means of this system of protection in Great Britain, operating for two centuries, with constant improvements and additions, as occasions required, the British manufacturing arts have acquired a perfection of skill, and a strength of position, which those of no other nation can rival, and before which the latter must fall, on a basis of Free Trade. The British government have long been aware of this; and as shown in the preceding chapter, have been aiming at this, for more than half a century, by the employment of a pensioned corps of Free-Trade writers of consummate abilities, whose doctrines, like British manufactures, are fabricated, not for home consumption, but for foreign use, and for foreign markets.

As above remarked, the British government has always imposed duties on manufactured goods competing with their own, at the request of the manufacturers, and has never reduced or removed them, without consent of the interested parties. It was not till within a few years that the British manufacturers have felt their position to be strong enough to do without protection. In 1839 and 1840, the deputations of the manufacturers who annually appear before the board of trade, to represent their respective interests, and as witnesses of fact on this great question, expressed to the board their willingness to give up the protection that had been afforded them, the manufacturers of glass and silk only declining to concur. Precisely in accordance with this representation, the protective duties have since been abolished, except in the cases of glass and silk, which are retained.

It is easy to see—it is, indeed, a simple matter of recorded fact—that there has been an understanding between the British manufacturers and their government, on the subject of the abolition of protective duties, as much as before, in their enactment, measure,

and continuance. Both parties had come to the knowledge, that, on account of the perfection of the British manufacturing arts, of their superiority in skill over those of other nations, and on account of the position which they occupied in the hands of great capitalists, there was no risk in this abolition of protective duties. They had, indeed, an exact measure of the risk in the gauge of duties realized from this source, which had come to be trifling, and were the result of accident, or of any other cause than that of competition in trade. It was also well understood, what would be the moral effect on the world, by this course of procedure; that, on this basis, they could set up a challenge for Free Trade to all nations, with the show of an example; that they could say, we have become converts to our own writers (pensioned for that very purpose) on public economy; and above all, it was well understood, that the acceptance of this challenge by other nations, would result in the sole advantage of the party which threw down the glove, and the overthrow and ruin of those who should take it up. The position of the challenging party, was one of conscious strength and superiority. Both the government and the manufacturers knew, that no nation could compete with them, on a platform of Free Trade, because all other nations were, some an age, and some a century, behind them, in skill, and in strength of position; and they knew, that such opponents would require, at least equal time and equal chances as had been enjoyed in Great Britain, under a system of protection, to be prepared for such a strife.

There was another great and important understanding between British manufacturers and the British government, in the adoption of this measure, viz., the abolition of the corn laws. These laws were the only obstacle in the way of the complete triumph of British manufactures over all the world, on the basis of Free Trade. It had been seen, that British arts and British capital were going abroad, to set up where food was cheaper, and vie with the home arts and home capital. M'Gregor, one of their highest authorities, and who had been made a principal witness before the committees of parliament on this subject, had told them, that, "from \$20,000,000 to \$25,000,000 were annually drawn from the kingdom, by persons of fortune, who go to France, Italy, Switzerland, and other parts of the continent, where they can live better, at less expense than at home. Now," said M'Gregor, "provided our commercial system were of a more enlightened character, [free trade in corn], measures would speedily be adopted, which

would have the effect of assimilating the prices of necessaries in England and on the continent. There is at present nothing to stop the progress of manufacturing industry on the continent of Europe; and time only is required to enable foreign manufacturers to produce a sufficient supply of goods to supplant us. We might, in every manufacture we now possess, meet foreign countries in every market of the world, and in most instances, undersell them." Another writer adds: "We allow the resources which would enable us to accomplish this, to be counterbalanced by protecting duties on the importation of food." And their present great pensioner, M'Culloch, who preaches one doctrine for home, and another for foreign parts, says in his commercial Dictionary: "Our establishments for spinning, weaving, printing, bleaching, etc., are infinitely more complete and perfect than any that exist elsewhere, etc." See pp. 93 and 94 for this important extract.

Here, as need not be said, the plan is fully disclosed, confessed, promulgated—not, indeed, for the advice of foreign nations, though it transpires incidentally—but as an incitement to domestic legislation. M'Culloch, who knew, has told the exact truth, which brings us to one of the main points of this chapter, viz., that Great Britain is the only nation prepared for Free Trade. To install her manufacturing arts in this impregnable position, she has made one great sacrifice, that of her corn laws.

It will be seen, therefore, that this abolition of duties on manufactures, and on bread-stuffs, vaunted forth as Free Trade to all the world, is in the direct line of her policy of protection, sustained for two hundred years, by which she has become the richest and most powerful nation in the world, and that it is all done on the principle of protection; that is, to protect and further her own interests, and the interests of her manufacturers and artisans, against all the world. Great Britain had arrived at the point, in her commercial history, when Free Trade, in these particulars, was her true policy, as much so as protective duties had formerly been. Protective duties once, and the abolition of them now, so far as carried out, are both based on the same principle, viz., interest, policy, demonstrated by taking up a position adapted to a change of circumstances, in relation to the rest of the world. Great Britain was not only prepared for this modification of her policy, by having shot far ahead of all other nations in her manufacturing arts; but with this advantage, on the basis of Free Trade as a general rule among all commercial states, she could distance them

yet farther and more rapidly than before, as they would have no Protection against her, when she no longer needed it for herself against them. It would be the skilful contending against those who are less skilful; the strong against the weak; the well-fortified in their position, against those who have yet to gain a position; the issue of which could not be doubtful.

It remains to show, that Great Britain is the *only* nation prepared for Free Trade—or rather to show it more clearly, as it can not but be in part manifest already. It is remarkable, though not generally known, that, although Great Britain had been preparing the way for more than half a century, by her pensioned writers on public economy, for the proposal of Free Trade to the world, it was never whispered from her public functionaries and statesmen, till within a few years. The thorough doctrine of Free Trade, indeed, was never promulgated to the world, till after the battle of Waterloo; which event is not mentioned as having any connexion with this full disclosure, but as an epoch of European history, subsequent to which, some efforts were made, by the states of Europe, for a more liberal commercial intercourse with each other, secretly instigated by the British cabinet. Russia plunged into it headlong, in 1818, and was obliged to tread back, in a great effort for her own rescue, in less than four years. In a public document, of 1822, from Count Nesselrode, Russian prime minister, we find the following graphic description of the state of things in that empire, produced by the relaxation of their protective policy: “Agriculture without a market, industry without protection, languish and decline. Specie is exported, and the most solid commercial houses are shaken. The public prosperity would soon feel the wound inflicted on private fortunes, if *new* regulations did not promptly change the actual state of affairs. Events have proved, that our agriculture and our commerce, as well as our manufacturing industry, are not only paralyzed, but brought to the brink of ruin.” The remedy was promptly applied, the protective policy was re-established, and now reigns, in that empire, more firmly than ever. The Zoll-Verein treaty of the German states, formed for mutual protection against Great Britain in particular, and against the world generally, is the result of the same necessity. They have found it necessary to have systematic, as well as permanent protection. The following citation from a speech in the British parliament, delivered some ten years after the peace of Europe, is instructive here; and certainly it is frank: “It was idle for us to

endeavor to persuade other nations to join with us in adopting the principles of what was called 'Free Trade.' Other nations knew, as well as the noble lord opposite, and those who acted with him, that what we meant by 'Free Trade,' was nothing more nor less than, by means of the great advantages we enjoyed, to get a monopoly of all their markets for our manufactures, and to prevent them, one and all, from ever becoming manufacturing nations. When the system of reciprocity and Free Trade had been proposed to a French ambassador, his remark was, that the plan was excellent in theory, but, to make it fair in practice, it would be necessary to defer the attempt to put it in execution for half a century, until France should be on the same footing with Great Britain, in marine, in manufactures, in capital, and the many other peculiar advantages which she now enjoyed. The policy that France acted on, was that of encouraging her native manufactures; and it was a wise policy; because, if it were freely to admit our manufactures, it would speedily be reduced to the rank of an agricultural nation; and therefore a poor nation, as all must be that depend exclusively upon agriculture. America acted, too, upon the same principle with France. America legislated for futurity, and was prospering under this system. In twenty years America would be independent of England for manufactures altogether. . . Since the peace, France, Germany, America, and all other countries, had proceeded upon the principle of encouraging and protecting native manufactures."

Napoleon established manufactures in France as they had never before existed there, and it is still found necessary to protect them. The more that Great Britain makes her demonstrations of Free Trade, so much the more does every nation in Europe find it necessary to protect itself—to stand on the defensive—as she occupies a position from which she can beat them all. Nevertheless, there is a substantial equality among all European nations, as to the joint cost of money and labor, which are the two comprehensive elements of every commercial system, and the two powers employed in the commercial strifes of nations. On this account, if Free Trade would do anywhere, it would do among and between European nations. But it will not do even there. Much less will it do between Europe and the United States, when the joint cost of money and labor in this country, is more than a hundred per cent. greater than their cost in Europe, being so much against us; and for which there could be no possible compensation, under a system of Free Trade, not to speak of the imperfect state of our

manufacturing arts, as compared with those of Europe, and more especially of Great Britain.

It is this difference of cost of money and labor in the United States, as compared with their cost in Europe—the necessary consequences of which are abundantly considered in subsequent chapters of this work—it is this, we say, which establishes the second proposition at the head of this chapter, to wit, that the United States are the last nation that can afford Free Trade. As long as this difference exists, that is, as long as the states of society in these two quarters are so different—which is the same thing, or rather the cause of the difference in the cost of money and labor—the United States can never afford Free Trade. Free Trade must necessarily annihilate this difference in the states of society, not by bringing up European society to the American standard, but by reducing the latter to the level of the former, by the annihilation of the difference in the cost of money and labor. It is elsewhere shown, that the great thing to be maintained by a protective system in the United States, is American freedom, which consists in maintaining the rights of labor; that this was the great and sole object of the American revolution, and all that was acquired in the establishment of American independence. Grant that the United States can afford to lose all this, then it is conceded, that we can afford Free Trade.

Some further light may be thrown on this subject, by considering the position into which American manufactures, as a whole, would be thrust, on a basis of Free Trade, and the position into which the separate establishments would be thrust, under the influence of the same cause. As a whole, they would be positively injured, crippled, by the superior, more advantageous, and more commanding position of British and other foreign manufacturing arts, not to speak of the difference in the cost of money and labor, which is the most potent cause of all. They would be curtailed, restricted, and impaired. The home demand for the agricultural products of the country—which, as shown in another chapter, is by far the best market in every respect, but more especially in the amount of consumption—would be instantly and greatly curtailed, continually diminishing; the great cause of private and public wealth, arising from multiplying arts and kinds of labor, would cease to operate; and investments of capital in home manufactures, would be checked, abridged, and greatly diminished, by the necessity of diverting it to other channels. But the most calamitous

effect would fall on the weaker manufacturing establishments. Lowell, and some other manufacturing towns, equally strong in their position, might, and probably would stand, and be able to breast the storm, positively weaker, but relatively stronger, in consequence of the overthrow of innumerable infant establishments, which a protective system had started, and which nothing but a protective system can sustain. The general prosperity and wealth of the country depend more on these small and weak establishments, than on the great and strong ones, because as a whole, they have more capital in them, employ more labor, and give a greater amount of activity to the industry of the whole people. The weak are naturally allied to the weak, and they stand or fall together; while the strong are comparatively independent, and can stand of themselves. That public policy which protects the weak, protects all, and is the best possible policy. Is it to be supposed, that the almost innumerable small and weak manufacturing crafts of this country, in the infancy of their existence, and with all the imperfections of their arts, can maintain their position, against the superior and more perfect arts of Great Britain, on a basis of Free Trade, when, besides this disadvantage, itself enough to crush them, American manufacturers have to pay twice as much for money and labor? It is preposterous to suppose it can be done.

While, therefore, the strong manufactures of the United States might possibly be able to stand, even on a basis of Free Trade, it could not fail to happen that the weaker would fall before the crushing influence of foreign skill and power of capital, the general effect on all the great and minor interests of the country, would be most disastrous, as is abundantly shown in other chapters. The strong would become relatively stronger, and the weak weaker; the rich richer, and the poor poorer; while the nation, as a whole, would be impoverished. Every separate manufacturing enterprise occupies, commercially, an isolated position, and can lean only on itself, when the policy of protection is withdrawn. It, therefore, becomes the victim of the whole power of this foreign influence, as much as if there were no other manufacturing establishment in the country. If, therefore, it is weak, can it stand? Its fall is inevitable.

But, in order to have a just view of the Free Trade alleged to have been granted by Great Britain, under the administration of Sir Robert Peel, it is equally important as pertinent here, to observe, first, that the Free Trade granted, is no sacrifice to the party granting it; next, that the grant is limited and small; thirdly, that it is

a discriminating Free Trade, granted only where it would operate as protection; and therefore, fourthly, that it is no Free Trade at all, but a mere matter of public policy, to operate in favor of the interests of Great Britain, and against the interests of other nations.

The condensed view of facts, in the note below, collated by the careful hand of Mr. Edwin Williams, in Fisher's National Magazine, September, 1846, fully sustains and verifies the four propositions above asserted.*

* The appointment of a select committee of the house of commons in 1840, on import duties, was the commencement of a new era in commercial legislation. The severe scrutiny to which the principles of the tariff were exposed by this committee was followed in two or three successive years, including 1845, by some very useful amendments, to which may be added the additional amendments adopted by the bill introduced the present year by Sir Robert Peel, and now passed into a law. An abstract of the report of the Import Duties committee, in 1840, showed that while 94½ per cent. (or £21,700,630) of the total revenue from customs (£22,962,610) was obtained from seventeen articles, there were above eleven hundred articles subject to different rates of duty, which, in the language of Mr. M'Gregor, of the board of trade, were "burdens, restrictions, and delays, upon the industry and prosperity of the country."

"The following is a list of the seventeen articles referred to, each producing more than £100,000 to the revenue:—

	Am't Duties.		Am't Duties.
1. Sugar and molasses.....	£4,827,018	10. Silk manufactures.....	£247,362
2. Tea.....	3,658,800	11. Butter.....	213,077
3. Tobacco.....	3,495,686	12. Currants.....	189,291
4. Rum, brandy, &c.....	2,615,443	13. Tallow.....	182,000
5. Wine.....	1,849,700	14. Seeds.....	145,323
6. Timber.....	1,603,194	15. Sheep's wool.....	139,770
7. Corn (grain, flour, &c.).....	1,098,779	16. Raisins.....	134,589
8. Coffee.....	779,114	17. Cheese.....	100,521
9. Cotton wool.....	416,257		
Seventeen articles producing duties.....			21,700,630

"In 1842, Sir Robert Peel reduced the duty on about seven hundred and fifty different articles, which had yielded only £270,000 to the revenue. At the same time he totally abolished the duty on other articles, and he removed the prohibition on the importation of foreign horned cattle, sheep, goats, swine, salmon, soles, and some other fish, and beef and pork. The general principle of the tariff of 1842 was to reduce the duty on raw materials to about 5 per cent., to limit the highest duty on partially manufactured materials to 12 per cent., and on complete manufactures to about 20 per cent. In 1842, also, the sliding-scale of duty on the importation of foreign corn or grain was altered. In 1844, the duty on foreign wool was repealed. In 1845, further alterations were made in the tariff: the duty on cotton wool, which produced a revenue of about £680,000, was repealed (for the benefit of the cotton manufacture), and the duties on four hundred and thirty other articles, which yielded about £320,000 to the revenue, were totally abolished. By this important improvement, the expenses of warehousing are saved, and a great number of troublesome accounts and vexatious impediments to business are done away with; but for statistical purposes, the customs department retains the power of examining articles which do not pay duties.

"The following statements show the net annual produce of the duties of customs on all articles imported into the United Kingdom in the two years which

Thus it is seen, that, although here is a showing of a large number of articles on which protective duties are abolished, both parties were ready for it, the manufacturers, because it did them no harm, but was rather beneficial; and the government, because they lost nothing, but gained in revenue. It was simply a question of pub-

preceded the alterations in the tariff made in 1842, and in the two years after these changes were effected:—

	Articles on which the duties were reduced in 1842-'4.		Articles on which no alteration was made in 1842-'4.	
	Two years before.	Two years after.	Two years before.	Two years after.
Raw materials for manufacture.....	£1,347,599	£517,243	£247,481	£297,598
Articles partially manufactured.....	1,048,343	648,105	2,286	3,883
Articles wholly manufactured.....	159,298	141,184	320,273	334,341
Articles of food (exclusive of corn or grain)..	1,082,442	1,060,992	16,933,465	17,848,169
Articles not belonging to the preceding heads.	213,577	90,872	10,421	11,408
Totals.....	3,851,259	2,478,396	18,114,525	19,994,800

“It will be observed that the annual reduction of duties on raw materials for manufacture amounted to £830,356, and on articles partially manufactured to £400,238; making the annual boon to the manufacturers £1,230,594—equal to \$5,906,851; while the reduction of duties on manufactured articles imported was only £18,114, and on all other articles the reduction was only £124,155. At the same time the amount of revenue on articles in which no alteration was made in the tariff in 1842-'3-'4, was actually increased £1,880,365, while the total amount of reductions on articles on which the tariff was altered, was £1,372,863. This shows that the increase of the revenue on the unchanged articles exceeds the reductions on other articles by the sum of £507,502, or a *backward advance* from ‘Free Trade’ of \$2,436,000.

“By the new British tariff adopted at the present sessions of parliament (1846), further reductions and repeal of duties on articles imported have been made; the government still pursuing the policy which has guided them in all the changes in the tariff referred to, namely, promoting the interests of the manufacturing classes. Thus, raw hides, mahogany, and other woods for manufacture, vegetables, and a few other articles, are now added to the free list, while animals, beef, pork, and some other articles of food, being also admitted free of duty, the expenses of living are of course reduced to the manufacturer; add to this the reduction of duties on bread-stuffs, by the change in the corn-laws, and we can estimate in some degree the amount of benefits which are expected to be derived by the British manufacturer by the recent legislation of parliament, and the increased advantages those manufacturers will have in contending with foreign rivals for the markets of the world.

“It is true that the new British tariff has reduced the rates of duties levied on the manufactures of other nations when imported into the United Kingdom. British statesmen know that they may safely rely on the capital and skill acquired during long periods of protection, against any attempts that may be made by their manufacturing rivals of other countries, to introduce the products of their industry into Great Britain. In 1839, the duties received on manufactured articles imported into the United Kingdom amounted to only £443,355, of which silk goods imported contributed more than one half. Two years after the alteration of the tariff in 1842-'3-'4, the annual amount of duties on manufactures imported was £475,525; which shows but a small increase of imports in consequence of the reduction of duties. The duties on silk manufactures, in 1839, amounted to £247,361, and, in 1844, to £286,535,” being about two thirds of all the duties collected from manufactured articles from foreign parts.”

lic policy. That Free Trade had nothing to do with it, although vaunted as such, is evident from the facts, that this abolition of duties was discriminating, being confined to a limit which would operate for the benefit of all parties concerned, in Great Britain, public and private. The differential duties for the colonies and remote dependencies of the empire, giving a monopoly of the trade of those parts to British manufacturers, were still retained. Not a word is said about them. What was granted to other nations, by this measure, was worth nothing to them, and operated for the benefit of the grantors; while a Free Trade with the colonies and dependencies of Great Britain, would have been a substantial boon, especially to the United States. These differential duties, indeed, were, as we believe, enacted expressly to shut out the trade of the United States, and to monopolize it for British commerce.

The privileges secured to British bottoms, by commercial treaties and domestic legislation; on condition of touching at a colonial port, in returning with cargoes from foreign ports, are another species of differential law, of immense consequence to the parties concerned, all in favor of British and against foreign bottoms. We began, in 1817, to try, by countervailing legislation, to recover a commerce then worth six millions annually, lost by this species of legerdemain, and which has been growing more valuable ever since, and we have gained nothing of our rights, but rather lost, by the commercial treaty of 1830. The effect of this treaty has been, that, in fifteen years, from 1830 to 1844, the British commerce with the United States gained 300 per cent., while our commerce with Great Britain, for the same time, gained only 50 per cent. Great Britain raises a revenue, by duties on American tobacco, of some eighteen to twenty millions of dollars a year. Look at her exactions for revenue in other items, given in the note on pages 111 and 112, in which we and other nations are profoundly interested, and see what a mockery is that which she has given up, calling it Free Trade—all for her benefit—as compared with that which she retains, also for her benefit alone. Why talk of Free Trade, with such facts, and such unsettled accounts as these, staring the world in the face? It is a perversion of language, and a shame to decency.

Two remarks will comprehend and show all the Free Trade which Great Britain has conceded: First, she has never granted Free Trade on any article of her own production, which was a sacrifice to herself; secondly, nor on any article, in the production of which she was not prepared to beat all the world.

CHAPTER VII.

FREEDOM CONSISTS IN THE ENJOYMENT OF COMMERCIAL RIGHTS, AND IN THE INDEPENDENT CONTROL OF COMMERCIAL VALUES FAIRLY ACQUIRED.

The Novelty and Importance of this Proposition, a Reason for giving it an early Place in this Work.—What is Meant by it.—Definition of Commercial Rights and Values.—Liberty not synonymous with Freedom.—Rights as distinguished from Liberty.—Freedom, not an Abstraction, but a Reality.—Is a definable Substance.—The Objects of Despotism of every kind, even Spiritual, are Commercial Values.—All Religious Privileges are Secured and Fortified by Commercial Values.—Freedom requires, that all Taxes should be Voluntary, by a Representative Voice.—Otherwise they are an Extortion, and not Freedom.—“Voting Supplies.”—The British Government more immediately under the Control of Popular Freedom than that of the United States.—The Mexican War an Example.—Many things are called Freedom which are only its Accidents and Results.—A reasonable Man will be contented with Freedom as here defined.—A Man’s Commercial Rights includes his Chances in the Future.—The Blood of Martyrs shed on Account of Commercial Values.—The Test of the Principle contended for.

As the proposition at the head of this chapter is a new one, and as it defines a fundamental, most important, and most vital element of a system of public economy adapted to the United States, pervading the whole, we have thought proper to give it an early place in this work, in connexion with the subjects of several chapters immediately succeeding this, which naturally grow out of it. The novelty of this position may, perhaps, be an apology for a somewhat elaborate argument on the point. Having been persuaded, that what men call freedom, and profess to value so highly, must be a reality of a tangible shape and substance, definable as any other reality is, we have studied to find it out, and to give it a definite form, and the result is the definition above offered.

By commercial rights, we mean those claims to property which men, by general consent, are allowed to assert—of property, which, by the same consent, they may rightfully call their own, having in it what the economists usually call exchangeable value; but which we prefer to call commercial value, as we think the substitute being less technical, is quicker and better apprehended. By commercial values, we mean the things themselves, to which these rights appertain.

Air and water are neither bought nor sold, and are, therefore, not ranked among commercial values. They are not produced by

human labor ; and therefore, in a commercial view, cost nothing. Instruments which supply us with water, such as wells and aqueducts, or any other facility in bringing this element to our use, and adapting it to our purposes by heating it, or by converting it into steam, are works of art, and products of labor ; and, therefore, are properly ranked among commercial values. But the element itself is a product of nature—a bounty of Providence. No man sells water, though he may sell the labor which brings it to our use. In the same manner air is free to all, though the means of enjoying it to our highest satisfaction and greatest benefit, such as windows, fans, public squares, and favorable grounds, may cost something ; and are, therefore, commercial values. In the same manner also, all the provisions, offices, and agencies of nature, such as the sun, and rain, to produce and fructify ; winds, rivers, and oceans, to facilitate navigation and transport ; the earth and all its wealth, superficial, subterranean, and submarine ; every product and arrangement of the Creator, properly called Providence ; all these supplies and agencies, ministering to the wants, and gratifying the desires of man, cost him nothing before they have been appropriated by regulations of the social compact. They are not, therefore, reckoned among commercial values ; but are rather a basis on which, and instruments by which, the labor of man produces such values. When any portions of them are appropriated, such as land, water power, mineral regions, etc., it is done under the social compact, and the principle of a *quid pro quo* is recognised, by right either of discovery, or of possession, or of purchase. The law supposes, that all such rights have cost something, that the cares, labor, and industry of man have created these values, over and above the provisions of nature.

We prefer the term freedom to that of liberty, not only as being the substantive of free, and therefore most proper ; but because there is in fact an important difference in the scope and spirit of the words. Liberty is often used in the sense of licentiousness ; freedom never. The former is not unfrequently employed to denote a state of things, under which a man may do as he pleases, without regard to social rights ; whereas, freedom is rarely, if ever, used in a sense inconsistent with social rights. Rights are the things which we want, and not liberty in the latitudinarian sense of the term. It will be found that, as rights are multiplied, liberty is abridged. For example, the law directs to take the right on a bridge. Therefore a man is not at liberty to take the left, Public

convenience requires the establishment of this right, and the abridgment of this liberty. So of all rights established by common and statute law. Not one of them is created without the abridgment of liberty. It is to be feared, that the lack of making this distinction between liberty and rights, has produced, and is perpetually producing, a great deal of mischief in society, and that many of the cries for liberty are no other than claims to do as one pleases, in violation of rights; whereas, the only freedom that is desirable and worth contending for, is that state of things which secures rights, and suppresses that liberty, or which is the same thing, that licentiousness, which would violate them.

Freedom, with most people, is an abstract and vague notion, supposed to be valuable, and even worth fighting and dying for. But ask people what freedom is, and there is, perhaps, not one in a thousand that can tell. It is not an abstraction, but a practical good. It is a palpable thing, a tangible blessing. But what is it? In what does it consist? Our definition answers, that it consists in the enjoyment of commercial rights, and in the independent control of commercial values, fairly acquired.

Oppressors do not rob men of water, or of air, except in extraordinary cases of a cruel despotism, for punishment or vengeance. Such deprivations are wanton acts of inhumanity, of barbarity. Such are not the things which oppressors usually want; but they want that which costs labor; they want commercial values. On this single and simple principle, as upon a pivot, turns the entire system of social wrongs and social rights, comprehending all that ever were, or ever can be. It is the principle of *meum et tuum, mine and thine*—a principle recognised from the origin of the social state, and which is not peculiar to man, but is constantly seen developed among all the animal tribes. Disturb the den of a wild beast, or the nest of a bird, and you will see it quickly manifested.

It will, perhaps, be thought by some, that our definition of freedom is not sufficiently comprehensive; especially, that it does not reach the case of exemption from spiritual despotism. We submit, however, that the object of every system of spiritual despotism, as a system, is to get possession and control of commercial values, which constitute the arm of physical power. Without these, this species of sway would be of no avail, and there would be no motive for the attempt to gain and hold it. While the subjects of this influence remain in the unimpaired possession of their commercial

rights, they are not and can not be subdued ; for they have the power in their own hands. All history pertaining to this point—and history must decide the question—evinces, that spiritual despotisms are always erected for temporal sway as an end.*

It is sufficiently obvious that temporal power, for the oppression of the human race, can only be established and maintained, by physical means—means derived from the commercial values of society. Despotism can not exist permanently, except at the expense of its victims, in a commercial point of view. To make the arm of despotism strong, its victims must be made commercially weak, by depriving them of such a portion of their commercial values, as to create a formidable and irresistible physical power over them, and by keeping them in a position of relative impotence as to the means of asserting and vindicating their rights. They must first be robbed, before they can be oppressed. Let, therefore, the commercial rights of the people be secured and maintained, and there is no danger of spiritual or any other despotism, first, because there is no adequate motive ; next, because it has nothing to feed upon ; and thirdly, because it has nothing wherewithal to maintain its power. The strength, the might of the nation, in such a case, is with the people. All the ability of a despotism to hold and defend its position, is composed of commercial values wrongfully acquired. Give back the rights, and the power is restored with them ; or if the people have not parted with their rights, the power could not be easily usurped. It is true, indeed, that the government of a country always has the advantage of the people, in proportion to the commercial values, or means of power, in the hands of each party, because it is one of the duties of a govern-

* Directly in point, as to the aims of spiritual despotism, above asserted, is the following extract from an able article in the *Courier Des Etats Unis*, New York, September 9, 1847, on the spiritual and temporal power of the bishop of Rome :—

“ Du jour où le pape s'est trouvé revêtu de ces deux caractères, il a dû considérer l'un comme un but, l'autre comme un moyen. Or, de la souveraineté spirituelle ou de la souveraineté temporelle, laquelle est le but, laquelle est le moyen ? Lorsque nous jetons les yeux sur l'histoire et que nous voyons les papes devenir les arbitres de l'Europe, les médiateurs des querelles de prince à prince et de prince à peuple, les dispensateurs des trônes ; quand nous sondons les célèbres questions des investitures, des Guelfes et des Gibelins ; quand nous examinons l'échec préparé à Wiclef, à Jean Huss, à Jérôme de Prague, les luttes engagées contre les conquêtes de Luther, de Zuingle et de Calvin ; quand nous suivons Borgia et Paul Farnèse guerroyant pour la destinée princière des produits mâles de leur célibat fécond, nous sommes forcément conduits à dire que le but papal a été la souveraineté temporelle et non point la souveraineté spirituelle ; cette dernière reste donc à l'état de moyen.”

ment to be always prepared for the exigencies of war; in other words, to be armed, and ready for arming more effectually, on short notice. It must be obvious, therefore, that, in case of a controversy between the government and people, it is as easy for the former to turn its arms against the latter, as against a foreign foe, while the people are unprepared for the contest. Hence the security of freedom requires, first, that no more of the commercial values of a people should be absorbed by the government, than is necessary for the safety of the commonwealth against foreign machinations; and next, that popular influence should be sufficiently elevated and strong, to control executive power.

But some, perhaps, will say, there is a subtlety in spiritual despotism, that is independent of physical power. A systematized spiritual despotism is undoubtedly dangerous to freedom; and all such systems have the end of physical power in view. So long as spiritual influence, in its isolated positions, has no such aims, and stops short of such an end, it can hardly be seen why it should be a subject of any great concern. But when it emanates from an established polity, existing for ages, ever asserting imperious pretensions, and never failing to avail itself of physical power, when it can, it is safer to be vigilant of its operations, than indifferent to them. And it will be found, that the principle of the doctrine asserted at the head of this chapter, applies to such a case. Every religious privilege, in its social character, comprehends a commercial right. A man's domicil, and everything pertaining thereunto, is a commercial right. No spiritual power can lawfully invade that sanctuary. It is sacred to man and to God. In that retreat is or should be the tenant's domestic altar; and, in relation to society, it is a commercial right. There he may worship his God, without question from any other authority than that of the object of his devotions. It is a high and sacred privilege; but, in relation to man, it is no less a commercial right. His closet, his bible, if he is a Christian, and his aids to devotion, are there. Between him and his God, they are sacred privileges; between him and society, they are commercial rights. They have cost him care and labor, and they are his. He has the same commercial rights in the place of public worship, if, in one way or another, he contributes of his earthly substance to its support.

It must, we think, be seen, that the range of these rights, as connected with religion, is sufficiently comprehensive, when vindicated, to bar the encroachments of spiritual despotism. Let these rights

remain unimpaired, and be fully enjoyed, and it is all the religious freedom that any man could desire. And it will be observed, that they are commercial rights. Our object is to show, that the bulwarks of freedom are composed of rights of this kind, and of this kind only. And if this be true of religious freedom, it is much more so of civil. Religious and civil freedom are indeed identical, in their relations to the state.

But there is a quantum of every man's commercial values due to the state, as a consideration for his benefit in the commonwealth. How much? By what rule of measurement shall it be graduated? It will be observed, that we are speaking of freedom. It would be a solecism to suppose, that any man's commercial values can be taken without his consent, and he be free. Force of this kind is the essence of despotism. Possibly it may not be felt as such, when exerted only to a small extent; but this does not alter the principle. An improper act is not characterized by degrees; but by the principle on which it is based. Extortion in a trifle may not be grievous; but multiply and extend it, and it becomes an aggravated evil. Even the brute creation know what is their own—are conscious of their rights in relation to each other. Much less does man need to be told what is his property, or that it can not lawfully be taken from him without his consent, without a *quid pro quo*. On this principle is based his right of voice in his contributions to the state—a right which, of course, can be exercised only mediately, or in a representative capacity. It is essential to freedom, that government should be the creation, and under the control, of those who contribute of their commercial values to sustain it. In this way, their taxes to the public are graduated by their own sovereign will. They pay them as they pay any other demand, for which, as parties to an agreement, they receive a valuable consideration. There is no more force in their taxes, than in what they pay for the necessaries and comforts of life. This is freedom, and no other state of things can be freedom.

It should be observed, that this principle is not only comprehensive, but fundamental and vital to the subject. There is nothing that men have ever been dissatisfied with, as the opposite of freedom, in the various forms of slavery or despotism, which is not reached by this as a radical cure. We have already seen, that it is a remedy for, or a preventive of, spiritual despotism. In the same manner, it is so in application to every other species of oppression. It occupies precisely the position of what is commonly

called "voting supplies" in the popular branch of a legislative body, only that it goes farther back, is fundamental, and begins at the beginning. It is well known, that, under a constitutional government, as in the United States and Great Britain, the executive arm can be crippled at any moment, and in that way controlled, by the refusal of supplies on the part of an independent legislative body, and that this power is commonly and justly regarded as one of the most efficient bulwarks of freedom. The powerful government of Great Britain is brought instantly to a stand, when the house of commons, the popular branch of the legislature, votes against it, and it can not go forward without a change of ministry, alias of the government, in conformity to the intimations of that vote. This power is based on the principle now under consideration, that is, the power of withholding those commercial values, commonly called supplies, which are necessary to the executive, and without which it can do nothing constitutionally. In this particular, the British government is more subject to the popular will, so far as the franchise extends, than that of the United States, and may be forced to reconstitute the administration, and change the public policy, at any time, in a single day; whereas, the government of the United States, or its administration, can not be changed but once in four years, however the people may be dissatisfied with the policy and measures adopted. In this particular, therefore, popular freedom has gained more, for its prompt and instantaneous influence, under the government of Great Britain, than under that of the United States; but this advantage suffers a large abatement in the comparative extent of the franchise in these two quarters, it being very limited in the former, and nearly or quite universal in the latter. Although freedom can not act in the United States, on the most comprehensive scale, but once in four years, for any change in public policy that may be desired; yet, on account of the extent of the franchise here, when it does act, it is capable of exerting a sweeping and powerful influence. Nevertheless, it would apparently have been better—certainly more favorable to freedom—if, in addition to the extended right of suffrage, the government of the United States had been so constituted, as not to allow an administration, once installed in the place of power, to govern the nation badly, if so disposed, for the full term of four years, in spite of the will of the people. Four years of power, in such a country, badly used, is enough to inflict upon it calamities which would require many years to remedy—possibly such as could never be repaired. Take, for example, the

Mexican war. Would it not have been well, if there had been a power in the people to arrest, or to have prevented it? Consider the amount of commercial values, the costs, that have been and must be wrested from them, before it will be paid for! As a free people, would they ever, with their eyes open, have voted such costs, and such public disasters? Kings make war, and the people pay the cost with their blood and treasure. If the people were consulted, there would be few, if any wars, except for defence of popular prerogatives. The war of the American revolution, as will be found upon examination, was waged solely for the vindication of commercial rights—the rights of every man in his own position, and in that way the rights of the community. In this great fact we have a most impressive verification of the doctrine maintained in this chapter.

The revolutionary struggle of our forefathers, was not for an impalpable phantom called liberty, which millions have chased, and few ever caught to hold except to their own disappointment. The wrongs which they complained of, under a tyrannical British sway, were a deprivation of commercial rights; what they contended for and ultimately gained, was the restoration and re-establishment of those rights. It was a palpable benefit—an instrument wherewithal to purchase and secure other benefits. It was that without which man can not have the desirable things of life. It was substantial wealth, of which they had been deprived by unjust legislation, and a despotic government. It was the sweat of the people's brow that was drawn away by taxes without representation, by expensive civil and military establishments maintained at the expense of the people to keep them in subjection. In this way they were deprived of their commercial rights, and kept poor, without a voice. It was to have, to hold, to control, and to enjoy *their own*, that our forefathers went through the revolutionary contest. This is **FREEDOM**; and nothing else is freedom. Life, liberty of opinion, of speech, and of the press, are the accidents of freedom—the results, though often, but erroneously, taken for freedom itself. It is only by the usurpation of the commercial values of a people, whereby a physical power over them, to hold them in bondage, is maintained, that life and its blessings can be put in jeopardy.

Besides these cursory views which go to the establishment of the proposition at the head of this chapter, a close scrutiny of every one's own experience will lead to the same result. Give a man the use, enjoyment, and control of that which he calls his own—all

of which consists in commercial values, or that which such values only can secure to him—and he will ask for nothing more. He does not want any other freedom on earth, as a reasonable man. No man ever complained of oppression or of wrong from government, who had all this; certainly no insurrection was ever known in such a state of things. It would be morally impossible to disturb such a state of society, with a view to revolutionize it. This consideration alone might satisfy every reflecting mind, that this is freedom, when it is seen, that man can reasonably desire nothing more in the social state.

And it must be considered, that a man's commercial rights comprehend, not only what he may already have fairly acquired of this kind, but all his fair chances of future like acquisitions, by his own capital, labor, skill, or talents. Capital, labor, skill, and talent, not yet exerted or put to use, are as much commercial values as their products already in possession, and are equally in the market for sale or employment. It would be but a small part of freedom, for a government to allow a man the possession, use, and control of that which he has acquired, if it deprives him of that which he is capable of acquiring, or of his chances. It is, perhaps, the chances of the future which men prize most. Cut these off, bar them, and the most tender point of human expectations, of men's claimed rights, is assailed. Men, in the vigor of life, who are objects of fear to tyrants, and who alone can revolutionize a state, do not lean so much on the past, as they press forward to the future. Deprive such men of their chances, destroy their hopes, and they will feel it more than any other deprivation of which they could be made the subjects. Men will even forgive past injuries inflicted by a government, will at least forget them, if they can have security for their rights in the future. It is for the future chiefly that men love freedom, and will contend for it; and what they love and contend for, is commercial values, because, it is by these only that they can supply their wants, and gratify their desires. There is no earthly good, be it substance or privilege, which is not purchasable by these; and no privilege that is not surrounded and fortified by these. It is true, indeed, that religion and the grace of God are independent of such aids, and come down a munificence from on high, to console the poor and the afflicted—to indemnify even the persecuted and the oppressed. But no thanks to man for this. This bounty of Heaven does not at all affect the claims of every man for his commercial values, as between him and his fellows

and which, though also bounties of Heaven, constitute a basis of social rights between man and man, as spiritual benefits descending directly from Heaven can not, on account of their impalpable nature as subjects of human regulation and control. These latter benefits are above the jurisdiction of society, and independent of it, except so far as the means of obtaining and enjoying them are concerned, which, as before shown, are also properly ranked among commercial rights.

It is for this reason that men will fight and die for their religion, that is, for the means of religion, which are necessarily of a commercial character. They do not fight and die for the grace of God, in the highest sense of the term; for man can not deprive them of that, and none have ever enjoyed it, in so large and rich a measure, as Christian martyrs. It was for social rights, alias for freedom, which always involves commercial rights, that the blood of martyrs has flowed so profusely. Persecuting and murderous tyrants have never been able to take anything from their victims, who have suffered for the faith of Christ, but their commercial values, of which life itself was one. At the same time that the martyrs were stripped of every earthly good, and were sacrificed at the stake, or on the rack, or in the flames, or by the ferocity of wild beasts, or by any other instruments of cruelty, not less various than the prolific ingenuity of fiendly malice could supply, they were infinitely more than indemnified by the presence and the grace of God, and the crown that awaited their emancipation. They suffered for what? For the cause, for social rights, for freedom, for commercial values, not only on their own account, but on that of their brethren, of the church, of society. As the patriot dies for his country, so the Christian martyr gives himself up for the Christian commonwealth, both of which sacrifices are made for the future good of the societies for which they shed their blood. If it be said, that the Christian martyr dies for his faith, because he will not renounce his Lord and Master, it is true. But this condition is imposed merely as a pretext for a deprivation of commercial rights. It was not for the mere love of cruelty and death, that Christian martyrs have been sacrificed; but it was for commercial benefits which their executioners hoped to obtain, directly or indirectly. Commercial values have always been at the foundation, and constituted the cause, of such murderous despotism. What immense confiscations of property, and how many other commercial advantages, have been gained by tyrants, in the persecution of Christians! It may be that this

end has not always been obtained ; but that such were the aims, there can be no more doubt, than of the fact. Other motives may have been, were of course, assigned. There is nothing more hypocritical and false than injustice. The strength of despotism always lies in commercial values ; and the object of tyrants is to fortify their power by an accumulation of such means. They do not practise injustice and oppression wantonly, though they may show malice, and display the most diabolical passions, in the execution of vengeance on those who stand in their path, or who refuse to yield to their claims. All the vices inherent in the nature of man, or of which he is susceptible by temptation, and all the worst passions that ever urged him on to crime, have not unlikely, have doubtless, mixed themselves up with these atrocities. There is a natural affinity between vice, and crime, and murder, in all the forms or each. They are all parts of the same character, constituting only different stages of progress in one career. But it is only by the acquisition and perverted use of commercial values, that depraved passions are gratified. These are the means of their sustenance, the elements on which they feed. The atrocities and inhumanities that were practised on Christians, in the early ages, under the pretext of purging society of bad members, would never have stained the pages of history, but for the commercial advantages that were expected from them, and too often realized. Even under the mistakes that were made, in this particular, as proved by the apologists of Christians to the Roman emperors, the very argument shows that the object of those persecutions was commercial benefit.

In the same manner, when the church herself became corrupt, and turned persecutor, her inquisition, her dungeons, her racks, her *auto-de-fés*—all her instruments for the punishment of heresy, involving the use of physical power—were for the defence and for the acquisition of commercial values, and by means of them. This was the power employed, and it was employed to strengthen and fortify itself, by depriving its victims of the possession and enjoyment of these rights. Like all false pretexts, the defence and propagation of the true faith was the alleged motive ; the real aim was that power which is founded on commercial values. “Life, liberty, and the pursuit of happiness,” in one’s own chosen way, are themselves commercial values and commercial rights. The church, as a persecutor, was not content with taking these, but the goods of heretics, before acquired, were first forfeited.

Despotism, in whatever form, when analyzed, will be found to

aim^a at these objects, and only at these, as a power to maintain its authority and sway, inasmuch as nothing else will answer its purposes. As a consequence, it will follow, that freedom consists in keeping all commercial values in the hands and under the control of those to whom they rightfully belong.

The truth of a principle, and the perfection of a definition, are alike demonstrated by their application to all conditions and phases of the subject. Herein is proved the truth of the principle which lies at the foundation of the argument of this chapter. It is not denied, that there are various attributes of freedom, passing under denominations, which do not directly suggest this principle, and which may even apparently lead to the conclusion, that freedom consists in something else; but it will be found that this something else, in all its parts and ramifications, is reducible to this basis, and rests upon it. A people never did, and never would complain of despotism, and a political revolution can not be found in all history, except for an unjust deprivation of commercial rights. There are, indeed, numerous other forms, in which, as results, despotism is made manifest; and these are not unnaturally taken as the fundamental evils, whereas they are only consequences. The first abatements of an absolute despotism, such as may be found in history, and which has extended to power over life, without responsibility, have been the lopping off of its branches; and the reformation has gradually continued, till, in modern times, both in Europe and America—especially, as we think, in the latter—an approximation has been made to the root of the difficulty, to the very foundation. Scarcely in any part of the civilized world, are men now familiar with the cutting off of heads, at the arbitrary nod of a despot. Constitutional governments, and laws enacted by them, prevail extensively, and are constantly gaining ground. In the United States, in Great Britain, in France, and in other parts of Europe, the cause of freedom has made such progress, that the care of men is not for their heads, but for their purses, for their commercial values; and what now remains, in some of these countries, is a proper adjustment of a system of taxation, and a security of the chances of commercial acquisitions. This is the great question of the age, and demonstrates, that it is the last, as well as the fundamental question, in the progress of freedom. The inequalities in the burdens of society, as they bear on commercial rights, are yet vast, and vastly complicated; and they are too often vastly greater than they ought to be—than is consistent with freedom.

CHAPTER VIII.

WHAT CAUSED THE AMERICAN REVOLUTION.—HISTORY OF THE PROTECTIVE POLICY IN THE UNITED STATES.

A Restatement of the Object of this Work, and of the great Error of the Economists.—The Theme of this Chapter important as a Starting Point in the General Argument.—The Instinctive Policy of a Parent State toward Remote Dependencies, fatal to the End in View.—Such was the Policy of Great Britain toward her North American Colonies.—A Review of that Policy.—The Doctrines of Joshua Gee.—Their Influence on Parliament and the Board of Trade.—Acts of Oppression and Wrong Provoked the Revolution.—Declaration of Independence.—Commercial Values, as the Fruits of Labor, the Occasion of the Contest.—The Position of the Free-Trade Economists as to the Elements of this Controversy.—They were forced to justify Wrong.—The Wrong a Commercial one.—The Aim of the Revolution was to break down the Old, and to establish a New System of Public Economy, that is, a Protective System.—The Struggle was based on the Principle of Mine and Thine, as it determines Commercial Rights.—A Protective System of Society the great Object in this Country from the First.—The great Movement from Europe to America was and is for this.—The Confederation a Rope of Sand.—A Protective System the great Object of the Federal Constitution.—One of the first Acts of the new Congress was to establish a Protective System.—Documentary Evidence for Fifty Years, that Protection was the Uniform Policy of the Country.—The Cause of Apostacy from this Ancient Faith.

WE wish it to be observed, throughout this work, that we are writing on public economy for the United States, and not for the family of nations, nor for any other nation. We have, in the foregoing pages, particularly in the second chapter, distinctly and emphatically repudiated the idea, that it is possible to adapt a system of public economy to all nations, or even to any two, and we have endeavored to show, that the errors of Free-Trade economists have necessarily been fatal, by attempting to form a general system. By over-grasping ambition, or some other kindred propensity, in putting their screws on all the world, they have broken their machinery, and done injury to the subject; in essaying to do too much, they have spoiled the whole. Had they been content to study and lay down rules for their respective commonwealths, they would have found enough to do, and might have done it well; but, in reaching out their arms, to take in all the world, they seem to us to have fallen into the sea, for lack of ability for so great an enterprise; or rather, to have failed, because it was impossible in the nature of the subject, and in the nature of things, to execute such a plan. Though there are common principles, there can not be a common system, in its great, essential, and most important

parts; and the parts which can not be made common, are those which are most vital to each of the great parties concerned.

A more minute review of the occasion of the American revolution, and of the aims of American independence, which are necessarily and frequently alluded to, in the progress of this work, and which have been somewhat dwelt upon already, is fundamental to the great inquiry in which we are engaged, and will cast more light on the general subject, than any other things in history, to which we could direct our attention, as starting points.

It is hardly necessary to say, that the occasion of the American revolution, was a denial and deprivation of rights, and the imposition and infliction of wrongs. It seems to be a natural, if not a necessary policy of a home government, to increase the dependence of remote and colonial branches of itself, in proportion to the increase of their importance, and of their ability to gain independence, and in that way ultimately to precipitate the event apprehended. It was soon discovered by British statesmen, that their American colonies had all the elements of gigantic power, and that to be retained, they must be ruled with a discipline corresponding with the danger of losing them. Accordingly, this policy is found to date back to the earliest history of the colonies, and consisted chiefly in the plan to confine the colonists to agriculture—to the production of raw materials—to prohibit them from engaging in commerce, and to force them to purchase of the mother-country such articles of manufacture and of the mechanic arts as they might want. Joshua Gee seems to have been one of the oracles most relied upon for political doctrines, in the treatment of the American colonies, of which the following extracts from him are specimens: “That manufactures in American colonies should be discouraged or prohibited.”—“We ought always to keep a watchful eye over our colonies, to restrain them from setting up any of the manufactures that are carried on in Great Britain; and any such attempts should be crushed in the beginning. For if they are suffered to grow up to maturity, it will be difficult to suppress them. Our colonies are much in the same state Ireland was in, when they began the woollen manufactory; and as their numbers increase, will fall upon manufactures for clothing themselves, if due care be not taken.”—“If we examine into the circumstances of the inhabitants of our plantations, and our own, it will appear, that not one fourth part of their own products redounds to their own profit; for out of all that comes here, they only carry back clothing, and other accommoda-

tions for their families, all of which is of the merchandise and manufacture of this kingdom."—"New England, and the northern colonies have not commodities and products enough to send us in return for purchasing their necessary clothing, but are under very great difficulties; and therefore any ordinary sort sells with them. And when they have grown out of fashion with us, they are new-fashioned enough there."

This corresponds with the following facts collected from Pitkin's Statistical View: In 1699, the British parliament prohibited the colonies from exporting wool, yarn, or woollen fabrics, and from carrying them coastwise from one colony or place to another. In 1719, parliament declared, that the erection of manufactories in the colonies, tended to lessen their dependence on the mother-country. This declaration, and subsequent legislation on the subject, were in consequence of memorials from British merchants and manufacturers, who complained that the colonies were carrying on trade, and erecting manufactories. The subject continued to be agitated, and, in 1731, the board of trade were instructed to inquire as to the colonial laws made to encourage manufactures; as to manufactures set up; and as to the trade carried on in the colonies; and to report thereon. Accordingly, in 1732, the board reported, that Massachusetts had passed a law to encourage manufactures; that the people of New York, Connecticut, Rhode Island, and Maryland, had fallen into the manufacture of woollen and linen for the use of their own families; and of flax and hemp in coarse bags and halters—all which, they said, interfered with the rights and profits of British manufacturers and merchants. The board of trade, therefore, recommended, that the minds of the people of those colonies should be immediately diverted, and a stop be put to these practices, or they would be extended. The same year parliament prohibited the exportation of hats from the colonies, and trading in them from one colony to another, by ships, carts, or horses. No hatter was allowed to set up business, who had not served seven years; nor to have more than two apprentices; and no black person was allowed to work at the trade. Iron mills for slitting and rolling, and plating-forges, were prohibited, under a penalty of five hundred pounds. This system of prohibition and restriction continued to increase, against both manufactures and commerce, and in proportion as the people manifested a disposition to supply their own wants, new and more vexatious modes were invented, and applied with increased rigor, and under heavier penalties, to prevent

them. till finally, as the colonies waxed great and strong, and serious apprehensions began to be felt that they would outgrow the ability of the mother-country to keep them in subjection, the right of taxation to furnish the means of maintaining this power over them, was asserted, without allowing the correlative right of representation. Hence the rising of the people, and the declaration of independence which was followed, after a seven years' war, with its acknowledgment. During the debates in parliament, on the rights of the colonies, Lord Chatham said, "he would not have the Americans make a hob-nail." Another noble lord added, "nor a razor to shave their beards."

By these and similar facts, with which the history of that period abounds, it is easy to see what was the occasion of the American revolution. It will, perhaps, be more fully illustrated by the following extracts from the Declaration of Independence:—

"He [the king] has refused his assent to laws the most wholesome and necessary for the public good" [particularly laws for the encouragement of home manufactures, etc.]; . . . "he has refused to pass other laws, unless the people would relinquish the right of representation; he has dissolved representative houses, repeatedly, for opposing, with manly firmness, his invasions on the rights of the people;" . . . "he has endeavored to prevent the population of these states;" . . . "he has made judges dependent on his will;" . . . "he has erected a multitude of new offices, and sent hither swarms of officers, to harass our people, and eat out their substance; he has kept among us, in times of peace, standing armies, without the consent of our legislatures; he has affected to render the military independent of, and superior to, the civil power;" . . . "he has cut off our trade with all parts of the world; he has imposed taxes on us, without our consent;" etc. . . . "In every stage of these oppressions, we have petitioned for redress, in the most humble terms. Our repeated petitions have been answered only by repeated injury;" etc.

As all rights, in a system of civil polity, established on a political platform, which are of importance to claim, are of a commercial nature, positively or constructively, directly or indirectly, as shown in the preceding chapter; that is, the right *to be* our own, *to have* our own, and *to use* our own, without abatement, restraint, or control, except by laws equally important to all the members of the commonwealth, in which all have a voice; it will follow, from a consideration of the subjects of grievance, as above briefly and com-

prehensively represented, which led to the independence of these United States, that they were all of a commercial character, and had respect to the rights of property which every man has in himself, and to the avails of his own exertions in a state of freedom, bating only his fair tax to the public, in which, also, he is entitled to a voice. It is not pretended that there are no other rights; but that all others follow. The security of all commercial rights, is a security of all others, which men, in their relations to each other, on the platform of a free commonwealth, are likely to claim.

It should not be forgotten, then, as it is an important point, that the rights which the American fathers asserted in opposition to tyranny, and which they vindicated with their fortunes and their blood, were of a commercial nature. As elements of a civil polity, they are also political rights. And this, too, is an important consideration. Labor was the vital ingredient; and the shield thrown over it by the success of the revolution, rescued it from its former exposed condition. It was a political instrument, a structure, an edifice, that rose out of that struggle, to secure, what strife and blood had vindicated, viz., the rights of labor, which thus became—or rather were thus demonstrated to be—political rights; and which were thus reinstated in their true position. The aim of the British crown was to draw to itself the fruits of American labor; it wanted nothing else. The aim of the American fathers was to retain those fruits in their own possession, as their own right; and this was the occasion of the struggle.

It is manifest enough, now that these rights are seen to be of a commercial nature, that they fall within the range of public economy. And they are not only of a commercial nature, as well as social and political, but it will be seen, that they are radical sources and fundamental causes of commercial prosperity. These rights have been entirely overlooked by European economists, and others on this side of the Atlantic, who have been servile and weak enough to borrow their opinions, and to adopt systems made to their hands. In overlooking this element, it was impossible to build up a system of public economy, that would not be erroneous. This element, in such a system, would necessarily be wanting as an anchor to the ship, while at rest; and it would be wanting also, when most needed, as a compass, and as a fixed celestial sign, while on a voyage over the trackless deep of inquiry on the subject. All human society, as shown in another chapter, is built up by labor, and moored to its hand. The better, therefore, the condition, and

the more healthful the cause, so much better and more vigorous the product.

But, from a sickly parent, a promising offspring has been pledged; from a degraded and servile operator, the finest specimens of human ingenuity and art, are alleged to come; and from an oppressed and manacled agent, it is proposed to erect the most worthy monuments of human greatness! Such as these are the fundamental elements of the systems of the leading Free-Trade economists. They have rejected the sound, and adopted and cherished the rotten.

As the rights of labor ever have been, so will they ever remain, in accordance with the beneficent orders of the Creator, the truest sources, and the most exact exponents of public and private wealth. There may doubtless be unnatural accumulations of wealth, by the suppression of these rights; but it can not be so great in the aggregate; and the misfortune of beginning wrong, is always to end wrong, as well as to be in peril on the way. Everything built on the sacrifice of these rights, topples on its foundation, and will fall at last. There is no true economy in such a policy, either at the beginning, or at any stage thereof, or at the end; nor can any human ingenuity make an argument on that side, that will bear scrutiny. It is, perhaps, because of this radical, fundamental defect, that we find so many contradictions and absurdities in the European economists—we mean those of the Free-Trade school. Each of them, especially Adam Smith, has abstract propositions enough to build up any system; plenty for an American system, and all right; but when he comes to put the parts of his system together, the faults of the whole are apparent. It was necessary in their case, having a vicious state of society for a foundation, to justify the greatest wrongs done to man, and to show how profit to the race, to nations, could come out of such treatment.

American independence established an American system of public economy. If it did not, independence must necessarily have been a total failure. The declaration was based on the principle, "TO THE RESCUE." Rescue from what? From injustice, oppression, tyranny. And in what did the injustice, the oppression, the tyranny, complained of, consist? The British crown, as shown above, undertook to draw all the fruits or profit of American labor to itself, in the same manner as European governments, for the most part, still absorb the profits of European labor. The wrong was not only political, social, and moral, but commercial;

and it was all three of the former only as and because it was especially the latter. All the substance of the wrong was of a commercial nature. It receives these other denominations or epithets, merely to describe its character in a social point of view. They are no description of the substance. The point and essence of the wrong consisted in the fact, that one party took away the property of other parties, which was the right of the latter, because they had created it by their own exertions, and because it was necessary to their comfort and happiness. And it was a wrong, which not only made the suffering parties poor, but which took away their chances of growing rich—even of bettering their condition. It was a system of economy well enough calculated to promote the wealth and augment the power of Great Britain at home; but it was the ruin of the American colonies. At best, it was a vast injury to them, and an insuperable obstacle to their greatest possible prosperity. The object of the revolution was to change the system—to change it entirely, fundamentally—to secure to the people the benefits of the right of property in themselves. When a man is forced to work for the benefit of others, it is a mockery to say he is his own man. Such was the condition of the colonists before the revolution. They were forced to work for the benefit of foreigners. As Joshua Gee says, in the extract above made, “if we examine into the circumstances of the inhabitants of our plantations, and our own, it will appear, that not *one fourth part* of their own products redounds to their own profit;” and the professed object of his plan, which was adopted and acted upon, by the British government, was to perpetuate this system. The American fathers went into the struggle against the British crown, to break it up. They went for a rescue, and to establish an order of things that should secure to them their own commercial rights, and retain among themselves the fruits of their own industry and enterprise. They went for a system to encourage home manufactures, which had been forbidden; to leave every man free to follow his own chosen pursuit, make hats or anything else, and to secure to him the enjoyment of his own earnings—of that cumulative wealth which always results from systematic industry, when not absorbed by oppressors. The change which they sought for and effected, was a revolution in public economy, and these two words comprehend the whole. The nominal change from the relations of a colony, to the position of an independent state, was of no consequence without this; and if the British crown had granted this, or never taken it away, the

American fathers would never have desired a separation. There would have been no motive—no object. It was purely and exclusively to establish a new and American system of public economy.

Most people are accustomed to think, that all rights passing under the denomination of political, are certain abstractions supposed to be of importance, though perhaps undefinable. They may be tried by following out the inquiry carefully—in what does their importance consist? Take for example, the rights claimed of the British crown by the American fathers, and the correlative wrongs. It will be found that every one of them was of a commercial character, and exclusively so. When scrutinized, they resolve themselves into *meum-et-tuum*, *mine-and-thine* questions, involving valuable commercial considerations. Nor can it be alleged, that they are, on that account, more sordid, or less worthy of respect, than has commonly been supposed. For after all, the principle of *mine and thine* is the nicest and the most important rule of society; it is the ground of all controversy; the end of all debate; the cause of all wars; and the authority that establishes peace and quietness. It may excite to action the purest and most ennobling virtues; or it may rouse the fiercest and most destructive passions. Armies and navies may rush to combat by its instigations; thrones may be shaken and nations revolutionized by its power. It is not, therefore, of course and in itself, a mean consideration, though in the controversy between the American fathers and the British crown, it was purely a commercial one. It was important to have this point distinctly settled and properly elucidated, that every one may see clearly, and feel forcibly, that an American system of public economy must necessarily grow out of it.

The history of the protective policy in the United States, will be found, as we think, to comprise the essence of all that is peculiar and distinctive in the political history of this country, from its foundation to the present time, running back through our colonial history—not, indeed, as a thing that *was* through all this period, but as an object for ever aimed at and contended for, as vital to all the great and minor interests of the country and of the people. It may be said to have been the grand object of the pouring forth of European emigrants on these western shores, since Columbus announced their existence to the world. It was a sense of oppression, of grievances, of a deprivation of rights, which produced that inqui-

etude in Europe, creating a wide-spread willingness and desire to sacrifice native-born comforts and innumerable precious ties, for "a lodge in some vast wilderness," remote though it were, but beaming with the charms of distance as the abode of freedom. Though political designs, commercial enterprise, and speculation, had their share of influence in the settlement of this continent, it is unnecessary to say, that the ruling passion of European emigration this way, for ages, was an indomitable aspiration after freedom—a freedom which could not be enjoyed in the old world; and it is equally true, as all know, that the same feelings still continue to prompt this great movement from East to West. Westward the star of empire moves; but it is all for freedom. It is to purchase, to secure, and to protect the rights of man—the very rights which have been under consideration in the preceding chapter. It is to be relieved from that incubus of European despotism, which robs man of the reward of his exertions, and to enjoy that reward.

But unfortunately for freedom, that same watchful power, the cruelties of which had forced this great movement, guided and prompted by the instincts of its own voracious and insatiable appetite for oppression and wrong, followed its victims in the pathway of their escape, and spread, and continued to hold, over them, the claims of its unjust pretensions. It is enough for our purpose here, to abridge this great chapter of American history, and point only to that of the North American colonies, till it ended in the establishment of American independence. The whole of that history was a struggle for freedom, without gaining it; for it will be found, that the commercial troubles of the confederated states, till the adoption of the constitution in 1789, were greater than they had ever been, and that the independence acquired was merely nominal—all and solely for want of a protective system, which, under such a rope of sand as the articles of confederation, could not be put in force. The evils of this specific character—there were no other—were seen, felt, and deplored; the states, in their isolated positions, tried to protect themselves, and only made the matter worse, aggravated the difficulties, by interferences; till at last, the states being on the verge of dissolution, as an independent nation, on account of this great defect, the federal constitution was adopted as a remedy. The history of those times shows, that the grand object, the impelling necessity, of the formation of the federal government, in 1789, was to obtain a power for the protection of the commercial rights of the nation and of the people; and in accordance with this de-

sign, the earliest action of the new government, was on the question of forming and establishing a protective system. The bill, or act, which was the great object of the federal constitution, on motion of Mr. Madison, the father of that instrument, was brought forward, with the least possible delay, under the following preamble: "Whereas, it is necessary for the support of government, for the discharge of the debts of the United States, and *for the encouragement and PROTECTION of manufactures*, that duties be laid on goods, wares, and merchandise, *imported*—Be it enacted," &c.; and after having been passed, was signed by President Washington, the Fourth of July, 1789—a signal coincidence, as being the birthday of American freedom, not an accident, manifestly, but expressly designed, no doubt, as a profound and emphatic historical expression of the president's and of the public sense of the affinity and identical purpose of these two great events, and that the first could not be complete, nor consummated, without the second. The same necessity which begat the revolution, was the parent of the federal constitution, and of this law—this law, or its policy, established and secured, being the end of all.

A few extracts from presidential messages and other documents, from Washington's administration down to the time when this policy was doomed to encounter an unnatural and suicidal opposition, will exhibit the prominency which this great principle has held in the counsels and legislation of the government, during the progress of our history.*

* *From Washington's Messages to Congress.*

"The advancement of agriculture, commerce, and *manufactures*, by all proper means, will not, I trust, need recommendation; but I can not forbear intimating to you the expediency of giving effectual encouragement, as well to the introduction of new and useful inventions from abroad, as to the exertions of skill and genius in producing them at home."

"Congress has repeatedly, and not without success, directed their attention to the *encouragement of manufactures*. The object is of too much consequence not to insure a continuance of their efforts in every way which shall appear eligible."

From Jefferson's Messages.

"To cultivate peace, and maintain commerce and navigation, in all their lawful enterprises; to foster our fisheries, as nurseries of navigation and for the nurture of man, and to *protect the manufactures adapted to our circumstances*—these, fellow-citizens, are the landmarks by which we are to guide ourselves in all our proceedings."—*Second Annual Message.*

"The situation into which we have been forced, has impelled us to apply a portion of our industry and capital to national manufactures and improvements. The extent of conversion is daily increasing, and little doubt remains, that the establishments formed and forming will, under the auspices of cheaper materials and

These extracts, in the note below, from state-papers and other documents, might be greatly extended, if it were necessary, to show,

subsistence, the freedom of labor from taxation with us, and of *protecting duties and prohibitions*, become permanent."—*Eighth Annual Message*.

From Jefferson's Letter to Benjamin Austin, 1816.

"We have experienced what we did not then believe, that there exist both roligacy and power enough to exclude us from the field of interchanges with other nations; that to be independent for the comforts of life, we must fabricate them ourselves. We must now place our manufacturers by the side of the agriculturist. The former question is now suppressed, or rather assumes a new form. The grand inquiry now is, shall we make our own comforts, or go without them at the will of a foreign nation. He, therefore, who is now against domestic manufactures, must be for reducing us either to a dependence upon that nation, or be clothed in skins, and live like beasts in dens and caverns. I am proud to say, that I am not one of these. Experience has taught me, that manufactures are now as necessary to our independence as to our comfort."

From Madison's Messages.

"The revision of our commercial laws, proper to adapt them to the arrangement which has taken place with Great Britain, will doubtless engage the early attention of Congress. It will be worthy at the same time of their just and provident care, to make such further alterations in the laws as will *more especially protect and foster the several branches of manufacture* which have been recently instituted or extended by the laudable exertion of our citizens."—1809.

"I recommend also, as a more effectual safeguard, and as an encouragement to our growing manufactures, that the additional duties on imports which are to expire at the end of one year after a peace with Great Britain, be prolonged to the end of two years after that event."—1814.

"But there is no subject which can enter with greater force and merit into the deliberations of Congress, than a consideration of the means to preserve and promote the manufactures which have sprung into existence, and attained unparalleled maturity throughout the United States during the period of the European wars. This source of national independence and wealth I anxiously recommend to the prompt and constant guardianship of Congress."—1815.

"In adjusting the duties on imports to the object of revenue, the influence of the tariff on manufactures will necessarily present itself for consideration. However wise the theory may be, which leaves to the sagacity and interest of individuals the application of their industry and resources, there are in this, as in other cases, exceptions to the general rule. Besides the consideration which the theory itself implies of a reciprocal adoption by other nations, experience teaches that so many circumstances must occur in introducing and maturing manufacturing establishments, especially of a more complicated kind, that a country may remain long without them, although sufficiently advanced, and in some respects peculiarly fitted for carrying them on with success. Under circumstances giving a powerful impulse to manufacturing industry, it has made among us a progress, and exhibited an efficiency, which justify the belief that, with a protection not more than is due to the enterprising citizens whose interests are now at stake, it will become, at an early day, not only safe against occasional competition from abroad, but a source of domestic wealth and external commerce. In selecting the branches more especially entitled to public patronage, a preference is obviously claimed by such as will release the United States from a dependence on foreign supplies, ever subject to casual failures, for articles necessary for the public defence, or connected with the

that the protective policy had always been a special and prominent object of the government, from the adoption of the constitution down

primary wants of individuals. It will be an additional recommendation of particular manufactures, where the materials for them are extensively drawn from our agriculture, and consequently impart and insure to that great fund of national prosperity and independence, an encouragement which can not fail to be rewarded."—*Seventh Annual Message.*

From Monroe's Messages.

"Our manufactures will likewise require the systematic and fostering care of the government. Possessing, as we do, all the raw materials, the fruit of our own soil, and industry, we ought not to depend, in the degree we have done, on supplies from other countries. While we are thus dependent, the sudden event of war, unsought and unexpected, can not fail to plunge us into the most serious difficulties. It is important, too, that the capital which nourishes our manufactures should be domestic, as its influence in that case, instead of exhausting, as it must do in foreign hands, would be felt advantageously on agriculture, and every other branch of industry. Equally important is it to provide at home a market for our raw materials; as, by extending the competition, it will enhance the price, and protect the cultivator against the casualties incident to foreign markets."—*Inaugural Address.*

"Uniformity in the demand and price of an article, is highly desirable to the domestic manufacturer. It is deemed of great importance to give encouragement to our domestic manufactures."—*Third Annual Message.*

"It can not be doubted, that the more complete our internal resources, and the less dependent we are on foreign powers for every national as well as domestic purpose, the greater and more stable will be the public felicity. By the increase of domestic manufactures, will the demand for the rude materials at home be increased; and thus will the dependence of the several parts of the Union on each other, and the strength of the Union itself, be proportionably augmented."—*Fifth Annual Message.*

"Satisfied am I, whatever may be the abstract doctrine in favor of unrestricted commerce, provided all nations would concur in it, and it was not liable to be interrupted by war, which has never occurred, and can not be expected, that there are other strong reasons applicable to our situation and relations with other countries, which impose on us the obligation to cherish and sustain our manufactures. Satisfied I am, however, likewise, that the interest of every part of our Union, even those benefited by manufactures, require that this subject should be touched with the greatest caution, and a critical knowledge of the effects to be produced by the slightest changes."—*Sixth Annual Message.*

From J. Q. Adams's Messages.

"The great interests of an agricultural, commercial, and manufacturing nation, are so linked in union together, that no permanent cause of prosperity to one of them can operate without extending its influence to the other. All these are alike under the protecting power of legislative authority, and the duties of the representative bodies are to conciliate them in harmony together.

"Is the self-protecting energy of this nation so helpless, that there exists in the political institutions of our country no power to counteract the bias of foreign legislation; that the growers of grain must submit to the exclusion from the foreign markets of their produce; that the shippers must dismantle their ships, the trade of the north stagnate at the wharves, and the manufacturers starve at their looms, while the whole people shall pay tribute to foreign industry to be clad in foreign

to 1830, being a period of fifty years. That it was also sustained by popular opinion, in a quarter where it has since been repudi-

garbs; that the Congress of the Union are impotent to restore the balance in favor of native industry destroyed by the statutes of any realm?"—*Fourth Annual Message.*

Extract of a Letter from Andrew Jackson, 1824, to Dr. L. H. Coleman, N. C.

"Heaven smiled upon and gave us liberty and independence. That same Providence has blessed us with the MEANS of national independence. . . He has filled our mountains and plains with minerals — with lead, iron, and copper — and given us a climate and soil for the growing of hemp and wool. These being the great materials of our national defence, they ought to have extended to them adequate and fair protection, that our manufacturers and laborers may be placed in a fair competition with those of Europe. . . I will ask, what is the real situation of the agriculturist? Where has the American farmer a market for his surplus produce? Except for cotton, he has neither a foreign, nor a home market. Does not this clearly prove, when there is no market at home or abroad, that there is too much labor employed in agriculture, and that the channels for labor should be multiplied? Common sense at once points out the remedy: Draw from agriculture this superabundant labor; employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs — distributing labor to the most profitable account; and benefits to the country will result. Take from agriculture, in the United States, 600,000 men, women, and children, and you will at once give a market for more breadstuffs than all Europe now furnishes us with. In short, sir, we have been too long subject to the policy of British merchants. It is time we should become a little more *Americanized*, and instead of feeding paupers and laborers of England, feed our own; or else, in a short time, by continuing our present policy, we shall be paupers ourselves. . . The experience of the late war ought to teach us a lesson, and one never to be forgotten. If our liberty, and republican form of government, procured for us by our Revolutionary fathers, are worth the blood and treasure by which they were obtained, it is surely our duty to protect and defend them. . . It is, therefore, my opinion, that a careful and judicious tariff is much wanted, *to pay our national debt*, and afford us the means of that defence within ourselves on which the safety of our country and liberty depends; and last, though not least, *give a proper distribution to our labor*, which must prove beneficial to the happiness, independence, and wealth of the community."

From Jackson's Second Annual Message.

"The power to impose duties upon imports originally belonged to the several states. The right to adjust these duties, with a view to the encouragement of domestic branches of industry, is so completely identical with that power, that it is difficult to suppose the existence of the one without the other. The states have delegated their whole authority over imports to the general government, without limitation or restriction, saving the very inconsiderable reservation relating to the inspection laws. This authority having thus entirely passed from the states, the right to exercise it for the purpose of protection does not exist in them; and, consequently, if it be not possessed by the general government, it must be extinct. Our political system would thus present the anomaly of a people stripped of the right to foster their own industry, and to counteract the most selfish and destructive policy which might be adopted by foreign nations. This surely can not be the case: this indispensable power, thus surrendered by the states, must be within the scope of authority on the subject expressly delegated to Congress. In this

ated, the remarkable conclusion of the "*Address of the Society of Tammany, or Columbian Order, to its absent Members, and the Members of its several Branches throughout the United States, New York, 1819,*" found in the note below,* will sufficiently evince.

The address itself is one of great interest, force, and eloquence. The cause of Protection was never advocated more earnestly, or with more lucid and effective arguments. It is also to be observed, that the letter to Dr. Coleman, cited in the other note, written by the great chief of the "Tammany Society" party, and dated five years after this address, is sufficiently clear and decided in its advocacy of a protective system, as also the extract from his message to congress, in 1830.

There are no facts of history better certified, than, that the necessity of a protective system for the states, was the main subject of deliberation at the first convention of delegates at Annapolis, in 1786, assembled to consider the question of a constitution; and at the second, in 1787, when the constitution was framed; and that, to obtain the power to establish such a system, was a leading purpose of that instrument. General Washington, the president,

conclusion I am confirmed, as well by the opinions of Presidents Washington, Jefferson, Madison, and Monroe, who have each repeatedly recommended this right under the constitution, as by the uniform practice of Congress, the continued acquiescence of the states, and the general understanding of the people."—1830.

* "We recommend to you, brethren, to be examples of moderation and firmness to your fellow-citizens, and to hold fast of those stern Revolutionary principles which gave, and which alone can preserve your independence.

"CLARKSON CROLIUS, *Grand Sachem.*

"JAMES S. MARTIN, *Secretary.*

"Countersigned by John Woodward, Clarkson Crolius, Joseph P. Simpson, James S. Martin, Benjamin Romaine, Matthew L. Davis, William Mooney, *Committee of Correspondence.* New York, October 4, 1819.

"*Resolutions of the Society of Tammany, or Columbian Order, passed October 11, 1819.*

"*Resolved,* That as friends to our country, we recommend to our brethren of the different societies of Tammany, or Columbian Order, the necessity as well as moral duty, to our country, ourselves, and posterity, of refraining from every species of useless extravagance in our mode of living; especially in furniture, dress, the table, ostentatious equipage, and expensive amusements.

"*Resolved,* That we will discountenance the importation and use in our families of every species of foreign manufacture or production, which can or may be reasonably substituted by the fabrics or productions of the United States.

"*Resolved,* That as 'economy is wealth,' we seriously recommend to our brethren throughout the United States a strict and rigid observance of this great moral duty in their families and social intercourse."

appeared in a domestic suit before the first congress, under the new constitution; their second act, as stated above, was a law "for the encouragement and protection of domestic manufactures;" and fifteen members of that body, with James Madison at their head, were also members of the convention that framed the constitution, who could not be ignorant of its great purpose, when they assisted in passing this law. The continued action of the government, therefore, upon this subject, for fifty years, as shown without any apparent diversity of opinion—certainly with great unanimity—was a natural consequence of such a beginning, stimulated by such powerful causes, derived from the experience of the people.

But the personal strifes of aspirants for the presidency, who have been more concerned for their own success than for the public weal, have, within twenty years, introduced a new era in the political character and tendencies of the country, and put in peril the grand purpose of the American revolution and of American independence. We have witnessed the strange spectacle of public men, occupying the position of leaders, wheeling to the right and to the left, and right about face, and turning somersets, on the most grave and momentous questions of public policy, drawing their devoted followers in their train, without any reason to be accounted for, except that of personal ambition; because such a total change of opinion, so suddenly transpiring, on questions the aspects of which have not changed, may be set down as a moral impossibility with sagacious and far-seeing minds, except in cases where "the wish is father to the thought." Public and ambitious men, seeing that they could not accomplish their ends in one way and by one set of means, would seem to have come to the conclusion to try another way and another set of means, without regard to the good of the country.

The government and institutions of the United States, as we have seen, started into being on the basis of the protective policy—were begotten by it. This policy was the native genius of the people; it was the natural growth of their position, of their struggles, and of their original and subsequent relations. It was a necessity imposed upon them by Providence, from which they could not escape with impunity. It was the natural suggestion of their instincts, as impressed upon them by their history and experience. They were forced into it, and they never could get out of it, except by violence and sacrifice. Everything in nature, everything

in morals, and everything in human prudence and foresight, pointed that way. For this, they were forced into the revolution; for this, they were forced out of the confederation; to secure this, they adopted the federal constitution; for this, they continued to legislate on that platform for fifty years; and behold, in ten years, from 1830 to 1840, this mighty fabric, which had cost rivers of blood, and mountains of wealth, after having occupied more than two centuries in building—for it dates back to the first settlements of the country—was all leveled with the ground! It was rebuilt in 1842, and in 1846 is again overthrown! Such is the history of the protective policy in the United States.

CHAPTER IX.

THE DESTINY OF AMERICAN FREEDOM NOT YET ACHIEVED.

The general Desire for Freedom, before and after the Discovery and Settlement of America.—American Independence an Epoch of Freedom.—“An American System” means much.—It is a “Commercial System.”—“Political” the Shadow, “Commercial” the Substance.—The Responsibility of a Nation that has Freedom in Trust for Posterity and for Mankind.—Faith as a Power in Man for the Attainment of Freedom.—The Advocates of Freedom are in general practically Right, though often theoretically Wrong.—Freedom yet in its Cradle.—The vacillating Policy of the Country in regard to the Means of Freedom.—Seventy Years of the Era of American Freedom gone, and yet Freedom was to be Defined.—The People have much to Learn on this Subject.—What Great Britain and Europe Desire.—The Jeopardy of American Freedom.—Free Trade would throw it away—would Sell It.

HAVING shown, in Chapter VII., that freedom consists in the enjoyment of commercial rights, and in the independent control of commercial values fairly acquired, we propose, in this chapter, to call to mind the historical facts, that society in Europe, had been tending for centuries toward freedom, before an outlet of its unsatisfied population was opened in the discovery of the New World; that hopes and designs of political emancipation, for the most part, lay at the foundation of the movements of immigrants to this quarter; and that the American colonies, especially in the north, were founded in this spirit. And we refer to these facts for the purpose of showing, that freedom is progressive, and is never gained fully at a single leap.

The royal charters, so far as the influence of those who obtained them could effect it, were studiously framed for the security of rights held dear by the colonists; and the political history of the early settlements is one of perpetual struggle between royal prerogatives and popular claims. The cause of freedom continued to advance, in the minds and hearts of the people of this new world. Events were constantly ripening in North America for an epoch, which ultimately found its date in the establishment of American independence. It was literally, and in the most emphatic sense of the term, an EPOCH OF FREEDOM. It was not an accident of the day; but it was the event of centuries of preparation. All its seeds were transplanted from Europe. Society there had long been laboring for this birth. There was no safety, in that quarter, for the cradle of freedom, in such an enlarged sense; nor could its

swaddling clothes be prepared here, till ages had rolled away. Nevertheless, they were being made all the while by careful hands, from the time when Jamestown, Plymouth, and New Amsterdam, obtained a place in history, till the first blood of the American revolution stained this virgin field. From that hour is dated a new epoch in the history of freedom. From that hour commenced a new modification of society, under a NEW SYSTEM. SYSTEM is the word which denotes this new state of things—THE AMERICAN SYSTEM. Will any American deny, that there is, and that there ought to be an AMERICAN SYSTEM? System of WHAT? Of what principles? What is its foundation, its parts, its structure? Wherein is it peculiar? Does it differ from European systems? And if so, in what? It is called FREEDOM—was, in fact, a great advance in freedom. In what, then, does this freedom, this system, consist? The answer to this question is found in the argument of Chapter VII.—IN COMMERCIAL RIGHTS. It comes, then, to this, that the whole of the American system, so far as it is a peculiar one, is a COMMERCIAL SYSTEM, for the establishment and defence of commercial rights. It is commonly called *political*. But *political* is the shadow; *commercial*, the substance. The former characterizes the thing socially; the latter denotes the thing itself. Hence the name most commonly employed to denote the subject in its social aspects—“*political* economy;” but we have preferred that of *public* economy, for reasons specified in the first chapter. The system is *political*, as being expedient, best, in its relations, or designed to be so; but its positive character is entirely a commercial one.

An American system supposes relations to something foreign; and it hardly need be said, that these relations, for the most part, have respect to a state or to states of things, in those quarters whence these new and independent legislators came; that is, from the European world. And as a new and peculiar system, it also supposes a new and peculiar state of society—commercial society, be it observed, not meaning, however, anything other thereby than *political*; for it is both, and in both identical. But having explained the sense in which we use the term, *commercial*, in this connexion, it is expedient to adhere to it, in the present train of reasoning, that we lose not sight of the fundamental doctrine established in Chapter VII., to wit, that freedom consists in the enjoyment of commercial rights. It is the substance, and not the shadow, which we wish to follow up.

It is the interest of labor alone that claims to be considered in the formation of an American commercial system. Labor, in every part of the world, is the primary and fundamental power of states; and the question, in public economy, is, whether its benefits shall accrue to the laborer himself, in the shape of compensation, or to other parties that absorb it to themselves by oppression and wrong, in allowing labor only a bare subsistence. The latter alternative is the European system; the former is intended to be the American; and whether it shall be maintained, depends entirely on the maintenance of the difference in the price of labor, by an American commercial system, in relation to foreign parts. It is exclusively a commercial question, determined by a commercial principle, which governs the whole commercial world, and is defined with all the accuracy of figures. It is simply, whether the power of one, in trade, is equal to the power of three; in other words, whether American labor, which costs three, can stand, in the same market, against European labor, which costs one; for that is about the average difference.

It is not pretended, as stated elsewhere, that it is necessary for an American system to afford an average protection to American labor, equal to this difference, because it is understood and known, that the very design of the European system, in depriving labor of its fair reward, is to appropriate the wages kept back to aggrandize the usurpers, and that the aims of such usurpation would be disappointed, if the wide margin of this difference were all absorbed in a commercial competition. A very small fraction of it will ordinarily answer the purpose of such a strife; and the smallest possible fraction by which one producer can undersell another, will always secure the market. It is the fact of this difference, and the immense power which it gives to European labor over American, which claims the consideration of American statesmen, that their eyes should ever be open to the points on which this power may be brought to bear, and to the amount of it that may be employed in any given direction. For American statesmen to forget, to deny, or not to see, that this adverse power exists, and that, in the hands of those who wield it, it is ever on the alert to embrace its opportunities to assail the vulnerable points of the American system, is one and the same thing as to withdraw the shield of American freedom, and leave it entirely at the mercy of those from whom it was purchased with so much blood and treasure, and by ages of strife and agony. The vulnerability will be found at every

point where foreign cheap labor comes into competition, in our own market, with American labor, whether it be labor already in action, or labor ready to go into action, under adequate encouragement. The right of chances, as remarked in another place, is as sacred as the right of possession.

It is entirely false to say, as Free Trade avers, that an American system *controls* labor, and forces it into unnatural channels, operating unequally and unjustly on different departments, encouraging one kind, and discouraging another. Such is neither the design, nor practical operation of the system. It is based on the principle of encouragement, not of control; of protection, not of injustice; of invitation to, not of prohibition of, home labor. It is to call out the dormant energies of the people, by opening the door to new enterprises, which can not, by any possibility, operate to the disadvantage of any other; but, on the contrary, must necessarily benefit all others, by diminishing the number engaged in each, and affording them a better chance, at the same time that it increases the demand for their products, by raising up new customers. We do not mean, that the multiplication of pursuits, under such a system, as a matter of course, diminishes the number engaged in each, positively, but relatively. It prevents them from being overcrowded, to make them unprofitable, and makes each more profitable, as elsewhere shown.

The great error, therefore, in this branch of the general argument, as committed by the Free-Trade economists, is one of principle. They assume, that a commercial system, enacted for the protection of home industry, *controls* labor, and thereby operates to the disadvantage of other branches not comprehended in any specific acts of protection; whereas, the practical operation of such a system, in the United States, is a mere invitation to labor and capital, that lie dormant, or which are not so profitably employed as they might be under these new encouragements. It neither controls the labor or capital so invited into a new field, nor any other branches of them. It injures no other, but benefits all. There may, indeed, be a negative injustice done to some branches of industry, by a partial distribution of protection, which ought to be avoided; but it is impossible there should be any positive injustice in any quarter; it is impossible, indeed, that there should not be a universal benefit, by every new pursuit that is called into being, under such a system, unless it can be shown, that some parties are positively taxed by protection extended to others. But it is abundantly proved,

elsewhere in this work, that such is not the fact in the operation of an American system of Protection; but, on the contrary, with no exception that is permanently injurious to any party whatever, that the protected articles which we wish to be cheapened, such as those of manufacture, are cheapened by protection; and that those, the prices of which we wish to sustain, and if possible, to raise, such as those of agriculture, and such as labor itself, are sustained and raised by the same means.

Freedom, in the social state, is a thing of great price, because it is of great cost. Centuries rolled away, in that great strife, which terminated in the birth of American freedom. Empires were shaken and revolutionized, and thrones tottered and fell, in the long agony. And what was this for? That the rightful owners of all commercial values might hold their own, and control it. Analyze the things which men hold dear on earth, sift them to their foundation, enter the magazines of all terrestrial good, and the wheat will be found to consist in commercial values.

There is a great responsibility resting on the nation that has attained to the greatest degree of freedom, and secured to every citizen the undisturbed possession and independent control of his own—a responsibility, not only as a spectacle, an example for mankind, but as involving a trust for posterity. To throw it away, is not simply a folly, but it is a crime against the human race. The people of the United States occupy precisely this position. Their forefathers gained for them a priceless boon, in one great struggle, and by hazards and costs not to be estimated, handed it down as a charge to keep and bequeath to endless generations, or till human society should be dissolved by the fiat of Heaven, and till all its members shall come to judgment. And what is that boon? Simply, as before shown, that every man may enjoy his own commercial rights, without disturbance, and without liability to depredation; and these rights are not less, but more, in the chances of the future, than in the present.

Faith, as an attribute of man, for a better state on earth and hereafter, considered as a general sentiment, is providential. Men can not always tell why or how it comes; but they have it; and this faith is itself the parent of the thing which they desire. It is evident enough, that there was a strong faith in general society, that the discovery of America would open a new era in the history of the world. What specific forms these expected events would assume, was of course a secret to those who confided in their

future development. Nevertheless, such a faith existed, and had a potent influence on the minds of men—especially of those who embarked in the various enterprises of settling the new continent. This undefined expectation at last took shape and a palpable form in the achievement of American independence, which we have marked as an EPOCH, in the highest and most enlarged sense of the term—a point in the progress of society, to be followed by new scenes, in a new drama, of an indefinite and inconceivable extent, as to the future, but all deriving a character from this grand event. We call it an EPOCH in the progress of freedom.

It will be observed, that we have devoted a chapter expressly to illustrate and establish the proposition, that freedom consists in the enjoyment and independent control of commercial values by and among those who create them, or who, by the usages of society, rightfully come into their possession as heirs. We mean chiefly those who *create* them; but the rights of heritage can not be denied, and in all ages, and in all states of society, have been held sacred. We are not aware, that there can be any objection to such a state of society, where all rights of primogeniture and of entail are nullified by fundamental law. By the creators of commercial values, it will of course be understood, that we mean all those, who fairly acquire property, or a valuable position, in any way, directly or indirectly, by their labor, industry, or skill, in any pursuit of life. Our object in this definition of freedom, has been to erect a wall between the rightful owners of commercial values, and the usurpers of them; and the design of our argument on this point has been to show, that freedom is not an abstraction, but the enjoyment of a valid commercial consideration. As much as freedom is supposed to be worth, there is scarcely any subject on which its advocates have more indistinct, vague, and indefinite notions, as one of speculation. Practically they are pretty sure to be right; theoretically not so much so.

What we have proposed to show in this chapter, in connexion with the numerous propositions allied to this, which we have endeavored to establish in other parts of this work—and which, therefore, we here assume as established—is, *that the destiny of American freedom is not yet achieved*. We might, indeed, say, with much appearance of reason, that it is scarcely begun to be achieved. As before remarked, it took centuries to establish the EPOCH. The ERA commencing with that date will extend, as we trust, into a long and indefinite future. It may, perhaps, be as-

sumed, that it has scarcely begun to develop itself. That three score and ten years of this era should have passed away, the people in the meantime boasting of freedom, and yet, that we should have occasion to attempt to define what freedom consists in, at this day, is a curious fact; and that that definition should be entirely new, is a very instructive fact, if it be also true. That the people of this country, under their new organization of society, with every possible chance to establish freedom on a permanent and immovable basis, should have made such mistakes as are proved in other parts of this work, in regard to the protection of their own commercial rights, which, in the present day, comprehend all rights of any consequence; that they should have gone on for seventy years, blundering, so to speak, in blind and dark ways, often overwhelmed with public and private misfortune, without having been able to determine on any system of public economy, as a permanent one, but for ever vacillating from one extreme to another; that Free Trade should be the dominant principle of one time, and that of Protection soon after, alternating as regularly as the pendulum of a clock; that opinion on this great question, on which so much depends, should still be divided, and doubtful with many what will be the end of it all; if, indeed, freedom be involved in this question, as we sincerely and profoundly believe it is, such a history goes far to prove, that the foundation on which it rests, and the pivot on which it turns, are yet but poorly apprehended.

Nevertheless, this slow progress of freedom—we assume to call it so, from what we have proved—is not so discouraging as might at first sight be supposed. It does not show, that the people of this country do not understand what freedom is practically; but only, that they have yet much to learn as to the theory of best securing its ends. It proves, too, that freedom, like all good things, on earth and in heaven, is a costly blessing, hard of attainment. The American fathers, who wasted their treasures and shed their blood for it, were, without doubt, in the right path. So were the founders and framers of our government and its institutions. So, generally, has been the march of our history; and so, above all things, are the instincts of the people. Let the people once understand, that freedom is not a vague abstraction, floating high above their heads, but a palpable thing, like cash in hand; that it consists in the enjoyment of their own commercial rights, and in the independent control of their own commercial values, such as they have fairly earned by their own hard toil, or by their skill and enterprise, or such as

they have received from their fathers, or their fathers' fathers, who obtained them in the same honest way ; let them understand, that the original controversy with the British crown, on this very soil, was about these very things, and nothing else ; that the occasion of that controversy was the degradation of labor in Europe, and the attempt to keep it down here ; that it was the robbery of labor of its fair reward, of its rights ; and that the Free-Trade system operates precisely in the same manner, and to the same effect, on the commercial rights of the American people, to rob them of their commercial values, as did that system of oppression and wrong against which the American fathers rebelled ; and it will not take long, after that, for the American people to understand what freedom is.

We have shown, elsewhere, that the claim of Free Trade, among us, to buy cheaper of foreigners than we can buy at home, and to sell to them on better terms, amounts to nothing ; that, indeed, the argument on this point is reversed ; that a protective system is more economical, to all parties, in all these respects ; and that, under it, we can go forth into the market of the world, and rival those very foreigners, who, it is averred, would sell to us cheaper. How could they sell to us cheaper, if we could rival them in the foreign market ? The absurdity is manifest, and the argument conclusive.

Turn which way we will, in the consideration of this subject, its aspects strike us everywhere the same. The establishment of American independence was, beyond all question, an epoch of freedom ; that freedom consisted in the enjoyment of commercial rights, and in the independent control of commercial values by and among those to whom they belonged ; the very fact that these rights were redeemed, proves, that, having been once usurped by wrong, and subsequently rescued, they may be again usurped, and that they require protection ; and yet Free Trade has the audacity to propose, that this protection should be withdrawn. The question, therefore, between Protection and Free Trade, in the United States, is for ever and necessarily a question of freedom—a freedom acquired by force of arms, at great expense of blood and treasure, requiring to be defended by a public policy ; a freedom which Free Trade offers for sale ! Or, if it can not sell it, to throw it to the winds of heaven, as if it cost nothing, and were worth nothing !

If American freedom does not consist in these things, then it is nothing ; then the strifes of the American revolution, and the cost of American independence, were without excuse, and a waste ; then there was no good reason for that contest, and the result is a

failure. Who will say this? Doubtless something was acquired; and doubtless there remains something to defend, besides an empty name. What is it? Where is it? In what does it consist? Whose property is it? If we have not already answered these questions, we know not how it is to be done. If it is not in every man's own position, as it is precious to himself; as it enables him to live more to his satisfaction, than he could otherwise do; as it gives him a house and home, food and raiment, education for himself and children, comfort, happiness—all without fear of deprivation; in a word, if it does not consist in the use, enjoyment, and independent control of those commercial values, which he can call his own, and which he knows are his own, because he created them, or received them from his father, then, we confess, we do not know where to find the thing called freedom.

It can not be denied, that this controversy has opened up to us at last some very grave features. On the one hand, we behold the suffering and the virtuous of mankind, for centuries, carefully watching the ripening of the fruit of the tree of liberty, gathering it as it falls into their lap, and garnering it up for use, till a concentrated family of its devotees have proclaimed their rights, and sworn to defend them. They have sown their seed, and awaited their time in patience. But, on the other hand, while these newly-planted fields were ripening to the harvest, the sickle in the hands of the reapers, and every prospect full of hope, a cry is raised, that this harvest is common property, and the whole world rush in, each one to snatch what he can in the *mélée*. This is **FREE TRADE**.

CHAPTER X.

THE DIFFERENT STATES OF SOCIETY IN EUROPE AND AMERICA
REQUIRE DIFFERENT SYSTEMS OF PUBLIC ECONOMY.

The three fundamental Elements of European Economists.—Adam Smith's and Ricardo's Statement of them.—These Elements do not exist in the United States as a Rule, but only as Exceptions.—The Ancient System of European Society gives Character to the Modern.—The economical Position of the Laborer there, the same as that of the Ox or the Slave.—This Position assigned to Labor by European Economists, as proved by their own Statements.—The Theory of Malthus justifies this Position.—This Doctrine pervades the European, and has been transferred into American Systems of Economy.—The prevalent Principle of Land Tenures in Europe fundamentally different from that which prevails in the United States.—“Rent” the lord of all in Europe.—The Principle of Serfdom and Villanage, under other names, still prevails in that quarter of the World.—Labor doomed there.—American Society fundamentally different.—The same System of Public Economy can not apply to each.—Reform in America, slow, but sure.—Can only be effected by Public Economy.—Free-Trade Economy hostile to Popular Rights.

HAVING disclosed, in Chapter II., the contingent basis on which a system of public economy must rest, and the contingent ground on which alone its propositions can be established, to wit, the application of experience to a given state of things, it may be useful, in this stage of the inquiry, to exhibit some of the points of difference in the states of European and American society, to both of which, it is preposterously claimed by the advocates of Free Trade, that a common system of economy is equally applicable.

The British economists of the Free-Trade school, have agreed on the fundamental elements of public economy, which, they aver, comprehend the entire basis of the superstructure, on which, and on the ramifications growing out of them, are based all the propositions of their system. The importance of the position of these fundamental elements in their system, arises from the fact that all their reasonings are, directly or indirectly, founded upon them. We propose to show that two of these three distinct supports of their system, are wanting in American society, and consequently, that any superstructure built upon them, for application in the United States, must fall to the ground. Set up a house on three abutments, and take away two, what will be the result? It is down, a heap of ruins. It will be sufficient to cite Adam Smith's and Ricardo's description and adjustment of these three fundamental

elements, to indicate what they are. Smith says: "The whole annual produce of the land and labor of every country naturally divides itself into three parts—the rent of land, the wages of labor, and the profits of stock; and constitutes a revenue to three different sorts of people—to those who live by rent, to those who live by wages, and to those who live by profit. These are the three great, original, and constituent orders of every civilized society, from whose revenue that of every other order is ultimately derived."

Ricardo represents them thus: "The produce of the earth, all that is derived from its surface by the united application of labor, machinery, and capital, is divided among three classes of the community, viz., the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the laborers by whose industry it is cultivated. . . The proportions of the whole produce of the earth which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different. . . To determine the laws which regulate this distribution, is the principal problem in political economy."

It will be observed, first, that these views are limited—not profound—taking their own programme as a rule. "The principal problem in public economy," is here announced, as growing out of agriculture, as if the arts in all their branches, as if commerce and trade, as if the fisheries, &c., had nothing to do with it; or as if the subject had nothing to do with them. The leading topics of Ricardo's work, as enumerated in his table of contents, will show that he surveyed but a limited field; and it will also be seen that most of these topics grew out of a state of society which, if not entirely unknown in the United States, exists only in small fragments, coming down from what is here regarded as a vicious state of society, and which is alike repugnant to the genius of the American people and of American institutions. Take for example the topics of "Rent;" "Taxes on Rent;" "Tithes;" "Land Tax;" "Taxes on Gold;" "Taxes on Houses;" "Taxes on Wages and Profits;" "Poor Rates;" "Taxes on Producers;" &c. These, making more than a third of the chapters of this work, are great practical subjects in Europe. They enter into all the forms of society there, and pervade its entire structure. But not so in the United States. They are, for the most part, contrary to the genius of the American people, and too obnoxious to be introduced among them to any considerable extent. The ambition of every American citizen is to be an independent proprietor of a free-

hold estate, or to acquire an independence of some kind that is tantamount; and the American people have the greatest repugnance to direct taxation. Perhaps not more than a moiety of the subjects of legislation in Europe, are subjects of legislation in the United States, and the other moiety present themselves in forms so diverse in each quarter, that it is not possible to treat them in the same way for both hemispheres. How, then, is it possible that a system of public economy which is adapted to the former sphere, and which grows out of it, should be adapted to the latter, when the very design of such a system is to give advice on the subjects of legislation, and to suggest forms?

But it will be found, on an examination of these three capital elements, "rent, profit, and wages," as presented in the above extracts, when their meaning is considered, that the British Free-Trade economists occupy a field entirely different from that of the United States, and that not one of these three comprehensive elements can be found among us, to any considerable extent, in the forms in which they stood up before them, as an actual state of society for them to treat of, and write for. They divide society into "three classes, the proprietor of the land, the owner of the stock or capital necessary to its cultivation, and the laborers by whose industry it is cultivated;" and in correspondence with this classification, they appropriate to the first class "rent," to the second "profit," and to the third "wages." Ricardo's programme concludes by saying: "To determine the laws which regulate this distribution, is the principal problem in political economy."

This, no doubt, is a fair description of the fundamental elements of their theory, as regards both the premises and the conclusion. Such was and is still the state of society there. The exceptions they did not deem worthy of consideration, and must take care of themselves, or be left to the discretion of legislators. Now, it happens, that the things which constitute the rule in that state of society, are the exception in the United States; and, *vice versa*, the things which constitute the rule in the United States, or which ought to do so, are the exception in Great Britain and in Europe. For the most part, American citizens are independent proprietors of the soil, or of some equivalent; they all aim at this; and there is not a man among them who will submit to the abject and dependent condition of the third class of European economists. American society does not exist in such forms.

Mr. Mill, the logician, before cited, remarks very pertinently on

this point: "It has been greatly the custom of English political economists to discuss the natural laws of the distribution of the produce of industry, on a supposition which is scarcely realized anywhere out of England and Scotland, viz., that the produce is shared among three classes, altogether distinct from one another, laborers, capitalists, and landlords; and that all these are free agents, permitted in law and in fact to set upon their labor, their capital, and their land, whatever price they are able to get for it. The conclusions of the science, being all adapted to a state of society thus constituted, *require to be revised when they are applied to any other.* They are inapplicable where the only capitalists are the landlords, and the laborers are their property, as in slave countries. They are inapplicable where the universal landlord is the state, as in India. They are inapplicable where the agricultural laborer is generally the owner both of the land itself and of the capital, as in France [also in the United States], or of the capital only, as in Ireland. It may be objected to the existing race of economists, that they attempt to construct a permanent fabric out of transitory materials; that they take for granted the immutability of arrangements of society, many of which are in their nature fluctuating and progressive, and enunciate with as little qualification as if they were universal and absolute truths, propositions which are perhaps applicable to no state of society except the particular one in which the writer happened to live."

Adam Smith saw and recognised the difference of land tenures in Europe and America; but still attempted to force his principles on these different states of things. He says: "A gentleman who farms his own estate, after paying the expense of cultivation, should gain both the rent of the landlord and the profit of the farmer. He is apt, however, to denominate his whole gain profit, and thus confounds rent with profit. The greater part of our North American and West India planters are in this situation. They farm their own estates, and accordingly we seldom hear of the rent of a plantation, but frequently of its profit." Adam Smith, like all of his school, insists that everything in civilization originates in and is based upon "rent, profit, and wages;" and where he can not find rent, he says it must be there notwithstanding. The rent of a farmer, who owns the land he cultivates, he says, is that part of his profit which would answer to the interest of the cost or present value of his plantation. But why insist on calling this rent? In the United States, where people, for the most part, work their own plantations and farms, it

is only an imaginary distinction. In our state of society, two of the three great and fundamental elements of public economy in Great Britain and Europe, or which Adam Smith and his school have installed in this position, to wit, rent and profit, disappear, can not be found, as a general rule, clothed with the attributes with which they have invested them; and even the third, wages, is a very different thing here. The whole three, indeed, are here confounded, and merged in one; and where any things are found to answer to the theory of those economists, they are the exceptions, not the rule. Why, then, render confusion worse confounded, by attempting to force on us a nomenclature of public economy, when we can find nothing to answer to these names, bating only exceptions to general rules? For the most part, ours is a different world from theirs. Things here started different, have grown up different, and are different. Even the things among us, which they tried to make like unto theirs, while they governed us, we have greatly modified since we became independent. It is impossible for an American even to understand European economists, while writing and expounding their theory of "rent, profit, and wages," unless he puts himself to the trouble of becoming familiar with their social and political history, running back for centuries. Their nomenclature is unintelligible here, simply because it does not apply to things with which Americans are acquainted. How absurd, then, to force it on things which do not exist in any forms to be recognised under such names? We have, indeed, things called rent, profit, and wages; but we have no such system, as European economists apply these terms to; and it is impossible they should be applied here, in the same sense in which they apply there, without leading to error.

M. Say has, also, very naturally recognised the absence, in America, of one of the three great elements of public economy in Europe, in the following passage: "Families, transplanted from a civilized, to an entirely new country, carry with them theoretical and practical knowledge, which is one of the chief elements of productive industry. They carry, likewise, habits of industry, calculated to set these elements in activity, as well as the habit of subordination, so essential to the preservation of social order. They commonly take with them some little capital, also, not in money, but in tools and stock of different kinds. Moreover," he says, "they have no landlord to share the produce of a virgin soil, far exceeding in extent what they are able to bring into cultivation

for years to come." Along with this absence of land-lordism, or rent, comes also, and necessarily, the absence of another of the three great elements of the European system, which they call profit, and which refers exclusively to the position and interest of the capitalist, or farmer, who stands between the landlord and the laborers. It must be seen, therefore, that the second of these elements supposes the first, and that, without the first, the second can not exist. Consequently, two of the three great elements of public economy in Europe, particularly as laid down by British Free-Trade writers, are wanting here. It would, therefore, be absurd to suppose, that a system founded upon and growing out of these three elements, could be adapted to a state of society, where two of the three are wanting, and where the three are merged in one. The result is simply this: That a superstructure built on three supports, can not stand, if two be taken away. In the United States, these three, as a general rule, are merged in one, and the plan of the architect must be formed anew, and adapted to his foundation.

Though the ancient system of European society is commonly supposed to have been broken up, it is only a change of form. It may, indeed, have been alleviated. But the image of it remains distinctly traced in the theory of society presented by British and other European economists, as composed, fundamentally, of landlords, farmers, and laborers, or "rent, profit, and wages." They suppose that the land is owned by one class, who receive "rent" for it; that it is cultivated by another class, called farmers under their system, who have capital enough to stock it, provide implements, and hire laborers, and whose business is that of superintendence; and that it is worked by a third class, formerly called "villains," now designated by the name of laborers, but whose wages are only enough for bare subsistence, such as is provided for the ox or the horse. Such are their fundamental elements for a system of public economy. They provide nothing for labor but subsistence, and the least possible that will answer that end. They do not consider that labor is entitled to anything more. It never entered their heads, that labor might aspire to independence, to proprietorship, even to affluence. They consider that God, or society, has given the land to one class; that an intermediate class are to take care of it, and support the first class; and that a third and abject class, born to toil, and nothing else, are to do all the work, and support the other two classes, receiving just enough to

give them strength to do the greatest service, in the same manner as a man feeds his ox or his horse, and for the same object. Such was the old system of Europe ; such, virtually, is its system at this day, particularly in Great Britain. Such is the system of Adam Smith, Ricardo, Say, M'Culloch, and others.

Hear Adam Smith on this point : " A man must always live by his work, and his wages must, at least, be sufficient to maintain him. They must even, upon some occasions, be somewhat more ; otherwise, it would be impossible for him to bring up a family, and the race of such workmen would not last beyond the first generation. Mr. Cantillon [one of the British economists] seems, upon this account, to suppose that the lowest species of common laborers must everywhere earn at least double their own maintenance, in order that, one with another, they may be enabled to bring up two children ; the labor of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself. But one half the children born, it is computed, die before the age of manhood. The poorest laborers, therefore, according to this account, must, one with another, attempt to raise at least four children, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man. The labor of an able-bodied slave, the same author [Cantillon] adds, is computed to be worth double his maintenance ; and that of the meanest laborer, he thinks, can not be worth less than that of an able-bodied slave. Thus far, at least, seems certain, that, in order to bring up a family, the labor of the husband and wife together must, even in the lowest species of common labor, be able to earn something more than what is precisely necessary for their own maintenance ; but in what proportion, whether in that above mentioned, or in any other, I shall not take upon me to determine." Thus Adam Smith.

It can not be denied, that this is a very nice, close calculation ; and it will be observed, that the case of the slave is brought in as the measure of economy in the case ! All that is proposed, thought of, is, that the race of laborers shall have enough to perpetuate themselves, " lest they should not last beyond the first generation." Is it possible, that these givers-out of law for the social state could enter into such a conspiracy against the rights of mankind ? Such, undoubtedly, is the fact.

Hear, also, M. Say on this point : " Simple or rough labor may

be executed by any man possessed of life and health. Wherefore, bare existence is all that is requisite to insure a supply of that class of industry. Consequently, its wages seldom rise, in any country much above what is absolutely necessary to subsistence; and the quantum of supply always remains on a level with the demand; nay, often goes beyond it. Wherever the mere circumstance of existence is sufficient for the execution of any kind of work, and that work affords the means of supporting existence, the vacuum is speedily filled up. . . In this class of life, the wages are somewhat more than is necessary for bare personal existence; they must be sufficient to maintain the children of the laborer also. If the wages of the lowest class of labor were insufficient to maintain a family, and bring up children, its supply would never be kept up to the complement. . . A full-grown man [a rough laborer] is an accumulated capital; the sum spent in rearing him, is indeed consumed; but consumed in a reproductive way, calculated to yield the product man. . . To those whose whole income is a bare subsistence, a fall of wages is an absolute death-warrant, if not to the laborer himself, to a part of his family at least."

It is, then, confessedly, an element of their system, that "a fall of wages is an absolute death-warrant, either to the laborer, or a part of his family!"

Hear, also, M'Culloch: "There does not seem to be any good reason why man himself should not, and very many why he should, be considered as forming a part of the national capital." That is, the bones and sinews of the laboring classes, in the same manner as slaves, are always classed with chattel property. It is obvious, that M'Culloch could not mean anything else. For they who do not work, who are not producers, are consumers, and could not be viewed in the light of capital, in the eyes of an economist.

We have, then, in the above-cited passages from Smith, Say, and M'Culloch, an explanation of what Ricardo means by the following part of the citation already made from him: "The proportions of the whole produce of the earth, which will be allotted to each of these classes, under the names of rent, profit, and wages, will be essentially different." How and for what reason different? Which of these classes is to be the favored one? Or which two of them? Which is to be the most, and which the least, favored? An "essential difference" is announced. This is a strong, an emphatic expression, composing a part, an element, of a plan of society, of a system of public economy, unblushingly proposed to

the world, not only as a real state of things, existing from time immemorial, and then existing, but to exist for ever, without remedy, or the hope of it! The landlord is to get the principal part; his farmer, or the capitalist who hires the farm, and pays the rent, is to come next for his share, in the shape of profit; and what is the portion of the laborer, under this system? The same as that of the ox or horse that drags the plough or the harrow—just enough to keep him in the most fit state to work. That is all this system has ever yet done; it is all it ever intended to do; it is all it ever will do, till Europe is revolutionized; it is all that these economists have ever thought of—all they have provided for in their systems.

Mr. Malthus's theory of population, which is generally respected in Europe, particularly in Great Britain, explains all this. He thinks men multiply faster than there is room, work, and food, for them; that the masses will fight against each other for employment to support life; that landlords, and all capitalists, may rely on this natural strife, among laborers, in bidding for the lowest wages that will support existence; and as a consequence, resulting from this theory, it may be assumed, that the natural increase of the human family is not a blessing, but a curse, to the majority of the race; and that the masses are doomed by Providence, to degradation, to a state of serfdom or slavery, to want and wretchedness, without hope or possibility of relief.

Rather than be guilty of this libel on Providence—it is indeed a very grave and impious one—it would have been much more consistent with Christian piety, and with the Christian doctrine of morals, it may be said more philosophical, to assume a defect in society. It is shocking to ascribe such a want of wisdom and goodness to the Creator! Mr. Malthus supplies in theory what was wanted to sustain the practice of the European world, to wit, the hopeless degradation and misery of the masses; and the European economists of the Free-Trade school assume the fact as a postulate, putting it in the place of one of the foundation-stones of their edifice! They are not ashamed to do this openly—to make it visible, prominent, staring out in the face of man and of heaven. This theory, recognised and reduced to practice in society, is an insuperable bar, a yoke that can not be broken, an iron despotism over the masses of mankind.

This extreme necessity of man, resulting from Malthus's theory, which dooms the masses to work for bare subsistence, the Hon. Mr. Appleton (Nathan) says, is taken by the modern school of

economists, "such as M'Culloch, Ricardo, and others, as the natural rate of wages. This low and abject state of labor," he says, "is the original principle from which they have drawn most important conclusions as to the foundation of their system, it being admitted [by them] that profits go wholly to the owners of capital employing labor, and no part of the accumulation to the laborers themselves."

It may, therefore, be assumed as a fact, involving a fundamental element in the system of the Free-Trade economists, and pervading every part of it, that the masses of mankind are to be regarded as mere working machines for the benefit of the few, with no other cost than to be kept in the best working order. Such an element of public economy, lying at the foundation of a system, being as one to three of the capital parts, stops nowhere in its influence and control over the various subdivisions and ramifications of that system. The only thing that remains the same, is, the position, the necessity, the hopeless doom of this working machine.

If it should be said that some measure of political freedom has been granted to the working classes in Great Britain, and in some other states of Europe, it amounts to very little upon examination, and is rather a mockery of their condition, than a ground of hope for future emancipation, under such a recognised system of public economy, as above described, in perpetual and full operation. The number of freemen entitled to the elective franchise among the laborers of Great Britain, is very small, even under their boasted reform bill; and their position, as electors, is not, to any considerable extent, independent. They are for the most part under the influence of their employers, in the use of this privilege which renders it of little avail to them as a political right. But the entire disqualification of the great masses of the toiling millions of Great Britain, which is generally allowed to have more freedom than any other country in Europe, is an insuperable obstacle to their emancipation. Some of the smaller European states have, indeed, a semblance of freedom; but even that amounts to but little in the general reckoning, and the cases are so isolated and walled in by opposing barriers, as to amount to much less in their influence. No promise has ever yet dawned on that vast domain of the civilized world, that is likely to disturb the doctrine of the economists in that quarter, or to require a new classification of the human race in their system. The landlord and his rent, the capitalist and his profit, the laborer and his food, seem likely to continue for ages in

the same relations to each other, with the same apportionment of the goods of this life, "essentially different," the third having no political influence, and few of them any political rights whatever.

The prevalent principle of land tenures in Europe, together with the principle on which land was originally distributed, in constituting the foundation of the present state of society there, seems to lie at the foundation of the Free-Trade system of public economy. Look at the three great parts of that system, "rent, profit, and wages."

The original and fundamental principle of land tenures in Great Britain, seems to be that they are held of the crown; that in looking backward, the crown is a *ne plus ultra* seignory, as a sovereign corporation of and by itself; that, except crown-lands reserved, the territory was distributed among and bestowed upon the nobles by the sovereign, under royal patents, or some appropriate instruments of conveyance; that most of the lands have so descended; and that the changes of modern times have not essentially disturbed this state of things. The principal land-owners of Great Britain, even now, do not exceed some thirty odd thousand, in a population of twenty-eight millions. In the monarchical countries of Europe, which comprehend most of its territories, the principle of land tenures is substantially the same as in Great Britain, however it may run into different forms of application. Hence a system of public economy growing out of such a state of things, and adapted to it, begins with this first principle, and is controlled by its influence throughout.

The following definition of "rent," by Adam Smith, is a very instructive comment on the bearings of British and other European land tenures:—

"Rent, considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay, in the actual circumstances of the land. In adjusting the terms of the lease, the landlord endeavors to leave him no greater share of the produce than what is sufficient to keep up the stock [capital] from which he furnishes the seed, pays the labor, and purchases and maintains the cattle and other instruments of husbandry, together with the ordinary profits of farming stock [capital] in the neighborhood. This is evidently the smallest share with which the tenant can possibly content himself, without being a loser; and the landlord seldom means to leave him any more."

It will be seen, again, that this is a pretty close calculation, as it bears on the tenant, or the farmer as he is called in England, which does not mean exactly the same as in the United States. In every new lease, the English landlord is as much in the market with his land, to get the most he can for it, according to the principles laid down in the above definition of Adam Smith, as his tenant is with his produce; and he will take advantage of every new adventitious value. He may sometimes lose by this principle; but in a thriving country, he generally gains. When a landlord finds seaweed thrown up by the tides on the shore that borders his land, though furnished by Providence, and falling not within his patent, he nevertheless taxes his tenant for its value as a raw material for purposes of manure. The barren rocks of the Shetland Islands are taxed with rent for every fisherman's hut— not for the value of that which is above the tide, but according to the value of that which the hardy fishermen, in their perilous expeditions, draw up from the deep blue sea. They must live, and bring their produce on shore. But they must pay the landlord's rent, which is graduated by the excess of the productive wealth of the sea, above the fisherman's necessities! Large parts of the British metropolis are now standing on the estates of British noblemen, and yield a rent corresponding with their value at the time of the latest lease.

The annual income of the duke of Sutherland is £360,000, or \$1,742,240; that of the duke of Northumberland, £300,000, or \$1,452,000; that of the marquis of Westminster, £280,000, or \$1,355,200; that of the duke of Buccleugh, £250,000, or \$1,210,000. The English nobility alone, numbering about 400 peers, not including Irish and Scotch, receive an annual income of £5,400,000, or \$26,026,000. The annual income of the English gentry, not reckoning Irish and Scotch, including baronets, knights, country and other gentlemen, is £53,000,000, or \$256,250,000, or more than one sixth of the aggregate income of all classes of the British empire, England, Ireland, and Scotland, which is about £300,000,000, or \$14,520,000,000. The civil list or annual appropriations for the royal household, fixed on William IV., was £510,000, or \$2,468,400. This grant to William IV., was a reform; as it appears that the annual average of the civil list, from 1760, the accession of George III., to the demise of George IV., was £1,315,000, or \$6,364,600. The annual income of persons employed under the British government is £6,830,000, or \$34,673,200.

The above examples of income are sufficient to show how the wealth of Great Britain is chiefly absorbed by royalty, government, the nobility, and the higher classes. The fact that the common measure of private wealth in England, is a reference to the "rent roll," is sufficient evidence of the relative and comparative importance that has ever been attached to it, in that state of society.

When it is considered that this principle of rent pervades the entire system of British civil polity, under which the superior classes live on their incomes from land and other properties, while a second and intermediate class, with a capital of their own, superintend and husband these properties of whatever description, land or other, to make all they can out of them, after paying their rent, or its equivalent under some other name, it may easily be conceived how this superincumbent weight of society, with all the power in its hands, bears down on the substratum of the laboring classes. The first two classes leave nothing for the third, as has been seen, but that which is necessary to support existence, and continue the race of laborers. It is not considered that anything more is suitable—certainly not required. The laboring classes are not only considered as born to that portion, but they consider themselves as born to it. They do not aspire, they have not the moral courage to attempt to burst the chains that bind them. From generation to generation, for centuries, it has been so, and it is—no doubt with a moral certainty—regarded as a reliable element of public economy. Every British Free-Trade economist speaks of it as such, assumes the fact, incorporates it in his system in one uniform shape, and it does not seem to be regarded as susceptible of any essential modification. Not even a contingency is attached to it; but it is put down as a fixed and permanent fact, that the masses are born to serve the few, and to serve them as masters, in whose power they are, and from which they can never escape.

It has already been suggested, that this state of things is the result of an original, primary principle—"rent." Modern changes in society have indeed imparted to it some new modifications, as to the mode of its operation, and as to the hands in which the power is vested. In Great Britain especially, what are commonly called "the middle classes," have for a long time been creeping upward by the augmentation of wealth among those engaged in commerce, in the trades, and in manufactures. Wealth gives power and consequence; it becomes possessed of lands and fixed estates; it aspires to recognition in the higher circles of society; ultimately it

gains a standing, in the case of men of acknowledged worth and talents ; it steps into the condition of gentlemen, which is a class ; and at last some arrive at the highest honors of the state, and are perhaps installed among the peers of the realm. But as they rise in the world, they imbibe the spirit of every superior station to which they may have attained, and are more jealous of the prerogatives of class than those who are born to them. The substratum from which they have emerged gains nothing by their ascent, but rather loses. They do not lift others up, but seek to keep them down ; and still the old principles of proprietorship, tenancy, and villanage, prevail. The working classes are doomed.

It is quite unnecessary to say, on American soil, and under the shadow of American institutions, that American society is directly opposed to this. With few exceptions, and those very limited in extent, the occupancy and use of the soil of the country are not under the tenure of rent ; and the troubles that have risen in the state of New York, on account of it, are sufficient evidence of the innate opposition that exists to this system in the feelings of the people. And yet, as practised here, in the cases above alluded to, it is a very different thing from the tenure of rent as it is made to operate in Great Britain and in Europe. We are not aware, that the obnoxious principles recognised in Smith's definition of rent, above cited, have been attempted to be put in force, in this country, by landlords. On the contrary, the terms of rent remain the same as originally stipulated ; whereas Adam Smith says, that "the rent of an estate [in Great Britain] commonly amounts to what is supposed to be a third of its gross produce." He, moreover, has occasion to represent very frequently, on this topic, that all the increased values of an estate, by time, culture, and any adventitious cause whatever, go to the landlord—are appropriated by him. Neither the tenant, nor the laborer, gets any benefit.

In the United States, the people hold land and other property, not of the seignory of a crown, but of themselves, as a voluntary corporation existing in the form of a commonwealth, and the individual rights of soil generally vest in the proper persons of individuals, without any superior. The aim, ambition, pride of the American people, tends toward proprietorship, be it of a larger or smaller domain ; be it of a great or little amount of property ; be it of a costly mansion or an humble cabin ; be it a fisherman's boat, or a horse, or a cow, or a dog and rifle. In other words, it is the spirit of independence, which they cherish. This is the genius of the

people, of their institutions, of the government ; and from the foundation to the top stone of the social edifice, it is a perfect contrast to the state of society in Europe. And Americans can afford it ; it is in their power to be independent. Ages, all time may roll away, before it is likely that one American will be able to force an other into his service, from the necessity of the latter, and dictate his wages.

It must be obvious, that such a state of society can not be thrown out of consideration, in the construction of a system of public economy for it, if it is to be adapted to it ; nor can it be said, that these are not elements. They are fundamental elements. All the British and other European economists begin with these very things, in forming the foundations of their respective systems ; or rather with the things which occupy these places — different, indeed, from those found in the United States, as can well be imagined. Here, laboring men work for themselves in all cases, and for wages in which they have an equal voice, and can refuse without starving, or being reduced to want ; for there is always some alternative open before them. They can always retire on the unoccupied lands of the West, and be independent. This chance for ever secures their independence. But, for the most part, in the United States, the working men are found cultivating their own lands ; or working in their own shops ; or husbanding pursuits, in which they are masters and proprietors ; and most of those who work on hire, for wages, do it not only to acquire capital to set up for themselves, but on such terms as will enable them to do it. Whether working on wages, or on their own estates, they are independent. They are lords of their own position and destiny. It is this independent position of the American people which constitutes one of the most important elements of a system of public economy adapted to them, in the same manner as European economists have deemed it pertinent and imperative to go back to the foundation of society, and take things as they find them in their origin and history.

It would appear that Adam Smith himself recognised, at least in principle and in some degree, this fundamental difference of society in Europe and America, when he speaks of “ planters in America as being generally both farmers and landlords, where rent is consequently confounded with profit.”

No such state of society as that for which Adam Smith, Ricardo, and Say wrote, is found in the United States, and it would not be tolerated here for a moment. It is, indeed, that very state of things

that was forsworn in the American revolution, and against which the new government, institutions, and laws, set up at that epoch, and afterward matured and permanently established, were expressly framed to guard, and guard for ever, with jealous care, that they should never obtain footing again on American soil. This new and reformed state of society, commonly and not inaptly called republicanism, rejects with indignation and scorn the idea of those relations which constitute the basis of the system of Smith, Ricardo, Say, M'Culloch, and others of that school. It was natural enough, it may be said it was necessary, at least apparently unavoidable, that they should take such premises as they were furnished with, on which to erect their edifice. It is evident what those premises were, because they are distinctly laid down, as observed in the foregoing citations from them; and it is also evident that a system built upon such premises, must also correspond with them. But the American system is directly the opposite of this. There is no resemblance in the premises, and none in the structure raised upon them, if it be properly built.

Nor does it avail to say, that we make more, in our argument, of the social state, than we are entitled to make, on such a subject as that of public economy, which it will, perhaps, be said, is of a commercial rather than of a social character. For it may be observed in reply, that these Free-Trade economists do themselves start on the social relations as a basis, and very properly so, because out of these relations come these commercial results, the causes, combinations, and course of which, it is the main design of public economy to expound. On this great theme, it is in vain to attempt to separate the moral from the physical, and the social from the commercial. Certainly there is no demand for it, since no party in this debate has ever set the example. It is the original frame, and the subsequent legislation of a commonwealth, that make it prosperous or otherwise; and prosperity, used in such a connexion, it is not denied, is a commercial term.

What we have to say, then, in elucidation of the American system, as it appertains to this point, and in contradistinction from the system of the economists above cited, is, that the former is opposed to the latter: opposed in the original elements of the social state; opposed in the organization of those elements; opposed in the main objects of such organization; and opposed in its grand results, moral, politica, and commercial. As it can not be denied, that the commercial results are the ultimate objects which most concern all par-

ties, as well as that they are the great aims of public economy, so neither can it be denied, that they are influenced and controlled by social organization; and it is this controlling power which renders it necessary to erect an American system of public economy on the American basis.

After the descent of the barbarians of the north, on the west and south of Europe, the old state of society was broken up, and remained in confusion for several centuries; but finally settled down into the feudal system under the usurpation of chiefs or leaders, as lords of the territory, marked out by consent, or determined by strife. Out of this state of things grew up a more audacious usurpation, in the shape of the present comprehensive estates of Europe, called monarchies, kingdoms, and empires—most of which, indeed, existed contemporaneously with feudalism, though not with so absorbing an influence as subsequently.

“This original engrossing of uncultivated lands,” says Adam Smith, “though a great, might have been a transitory, evil. They might soon have been divided again, and broken into small parcels, either by succession, or by alienation. The law of primogeniture hindered them from being divided by succession; and the introduction of entails prevented their being broken into small parcels by alienation. . . In those disorderly times, every great landlord was a sort of petty prince. His tenants were his subjects. He was their legislator and judge in peace, and their leader in war. . . The right of primogeniture still continues to be respected, and as of all other institutions it is the fittest to support the pride of family distinctions, it is still likely to endure for many centuries. In every other respect, nothing can be more contrary to the real interest of a numerous family, than a right which, in order to enrich one, beggars all the rest of the children. Entails are the natural consequence of the law of primogeniture. They were altogether unknown to the Romans. . . In the present state of Europe, when small as well as great estates derive their security from the laws of their country, nothing can be more completely absurd. They are founded upon the most absurd of all suppositions, viz., that every successive generation of men have not an equal right to the earth, and to all that it possesses; but that the property of the present generation should be restrained and regulated according to the fancy of those who died, perhaps, five hundred years ago. * * *

“In the ancient state of Europe, the occupiers of the land were all tenants a will. They were all, or nearly all, slaves. They were

supposed to belong more directly to the land, than to their master. They could, therefore, be sold with it, but not separately. They could marry, provided it was with the consent of their master. If he maimed or murdered any of them, he was liable to some penalty, though generally but to a small one. They were incapable of acquiring property. Whatever they acquired, was acquired to their master, and he could take it from them at pleasure. They could acquire nothing but their daily maintenance. This species of slavery still subsists in Russia, Poland, Hungary, Bohemia, Moravia, and in other parts of Germany."

It is easy enough to see, that this kind of slavery, though changed in form, and in many particulars mitigated, still subsists in western, southwestern, and southern Europe, as well as in the parts above mentioned by Adam Smith. The spirit and practical operation of society do not change with the change of forms, till ages, sometimes centuries, have rolled away. It is from such a state of things that European society, as a whole, has come down, and it still exhibits almost everywhere like elements, often the same in substance.

How happens it that in Europe, they who have done all the work, have little or no property, external to their own persons, not always that; and that they who have done little or no work, have nearly all the property—nearly all the wealth of society? The inference is natural, that there is something wrong in this. Proprietorship seems to have passed from the natural proprietor to the unnatural one, and the order of nature and of Providence—for how can they disagree?—seems to be reversed. This perversion, this violence that has crept into and incorporated itself with the social fabric of the old world—which has been one of the great perversions of the social state from time immemorial—is being rectified in the constitution and career of American society, and they who work can not only call themselves but all their fair earnings, their own. It is well that this reform should be gradual; that this renovation of society should be effected by a new construction on a more just basis; that this violence should be removed without violence. Restore to man his rights, and he will make his own way to the rectification of the errors of the species. But how can he have his rights, except under a just and equitable system of public economy?

CHAPTER XI.

EDUCATION AS AN ELEMENT OF PUBLIC ECONOMY IN THE UNITED STATES.

Education a Thing of Commercial Value.—The American People the Original Statesmen of the Country.—The American Republic an Experiment for the World.—Difference between the European and American Theory of Society.—Knowledge makes the Distinction between Freemen and Slaves.—Character of the First Settlers of this Country.—They were Men of high Culture.—General Education made the Basis of their New State of Society.—Education the Power that achieved American Independence.—It is the most Important of all the Elements of an American System of Public Economy.—A System of Universal Education may not at first Produce Examples of the highest Culture.—The American System gives Equal Chances to All.—System of American Schools and Colleges.—A Protective System of Public Economy indispensable to the American System of Education.—Education and Virtue Concomitants in a Nation.—Comparative Condition of European and American Population, Physical and Moral.—Education makes the Difference.

It has already been shown that the rights of the people fall within the range of public economy, because there is a commercial value in them; that it is on account of this value that they become important and worthy of being asserted and maintained; that it was commercial value alone that constituted the ground of controversy between the American fathers and the British crown; and that, but for this species of value, wrested from the colonists and appropriated by the crown, there would never have been any controversy. It has also been shown, that these rights are not sordid or less worthy of respect on that account; but, on the contrary, that no rights in political society, which are of any consequence, can be shown to have any intrinsic or palpable value which is not of this kind. Even the honorary rights of monarchical and aristocratical forms of society, such as those of Great Britain, lose all their importance, and become contemptible, when stripped of the commercial values which sustain them in their position, such as the estates of the nobility.

It is for the same reason that education becomes one of the most important elements of public economy in the United States—of so great importance as to make it worthy of a separate and special consideration.

It is an old and well-recognised maxim, running back to the earliest date of our history, that a republican or democratic state

of society—we use these terms as synonymous and interchangeable—must rest on the intelligence and virtue of the people. The reasons are obvious. The people being, directly- or indirectly, immediately or mediately, the source of power, the originators of the government, and the electors of rulers, legislators, judges, and magistrates—of all branches of the supervising power—must be qualified by their intelligence to discern the fitness of those in whose hands they commit these important trusts, and have need also of a corresponding amount of virtue to discharge these duties with fidelity to that state of society which is, by such means, entirely in their hands. In a democratic community, the people are the original and fundamental statesmen. It is impossible that the government should be better, or in any essential degree more intelligent than they are. The ancient and inspired maxim, “like people, like priest,” can not be more true in church than in state. In a republic, the character of the government uniformly exhibits a reflex image of the character of its electors, and *vice versa*.

It is admitted on all hands, and all the world over, that the North American republic is a grand experiment to determine whether a people can have intelligence and virtue enough to govern themselves, and that the final solution of this problem will decide the fate of the world, for or against a democratic state of society, for centuries to come, if not for ever.

It need not be said, that the intelligence and virtue of the people depend upon education. It remains to show, in what respects, and how far, education becomes an element of public economy in the United States. We are not prescribing rules for European or other foreign nations. The withholding or lack of popular education among them—for it is the education of the people generally of which we speak—may be as necessary to their theory of society, as the enjoyment of it is to ours. It has already and frequently been stated, and should be constantly borne in mind, that Adam Smith and his school have adapted their system of public economy to the state of society with which they were surrounded, and not to that which exists among us. It is impossible, under their system, that general education should prevail—as much so as that it should prevail among slaves. There is no provision for it. It is the bare subsistence only of those who do the labor of society which they have provided for. In the first place, they have not a democratic state of society; next, they do not propose to have it; thirdly, they make no calculation for it; and lastly, as the working classes, under

their system, have little or nothing to do with government, their education is not deemed important. On the contrary it is systematically suppressed, because it is reckoned dangerous. It must be seen, therefore, that the condition of society in the United States, in these particulars, is diametrically opposite.*

But how is education here an element of public economy? How does it appear, that it has a commercial value in it? First, because it costs something. Next, because it is really worth something. It is capital, and capital of the most productive kind. But thirdly, and above all, because, in the United States, the education of the people is the only secure guardian of all their other rights, which, so far as they are worth maintaining, are so only because they have a commercial value in them, as before shown.

Knowledge is power. There is little difficulty in holding the ignorant and debased slave fast in his chains. He does not know how to gain his rights—how to devise ways and means; and being depressed, dejected, demoralized, he has not the courage to assert them. The fact that one master, as is often the case, knows how and is able to hold ten, or twenty, or fifty, or a hundred slaves in subjection, and to keep them in fear of himself, so that they dare not disobey him, is the simplest and most forcible illustration of the power of knowledge, in the application now under consideration. The difference is chiefly in knowledge; though it is not to be denied that some of it is to be ascribed to the moral force of the machinery of society. If every one of these slaves were equal to his master in knowledge, and in the growth and vigor of the social qualities, it is not to be supposed they could long be held in bondage, without other and foreign forces not required in their present condition.

The original settlers of this country from Europe—especially those from Great Britain—were men of intelligence and strong virtue. Many of them were persons of as high culture, and of as much chivalry of character, as any that were left behind them. It may be said, that they were men of the strongest character of the times that produced them; and those who followed in their train, were men of the same stamp. The motives of emigration then were of a high and social character, and not such as now pour

* Notwithstanding the changes which are taking place in Europe, since the French revolution of 1848, with an apparent approximation toward a democratic state of society, our argument with the European economists generally, of the Free-Trade school, in particular, remains in full force.

upon this continent the floods of European paupers and culprits. It was mind of the highest order, which could not endure the chains of European despotism, and which came here for freedom. The object of their coming, and the qualifications which fitted them for the enterprise, are directly in point of the argument in which we are now engaged. It was their high culture and eminent virtues which enabled them to lay the foundation of that stupendous system of political society and of public economy, which has subsequently and gradually grown up on their endeavors and their plan. Freedom was their end, and the means which they ordained to secure it, were schools and religion, education and the virtues of Christianity. The history of the colonies, from the earliest settlements, down to the revolution and establishment of American independence, is replete with proof of this assertion. There arose, therefore, from the first, a state of society not before known in Europe or elsewhere—a republican or democratic society in which there were no uneducated classes, and no laboring classes which did not comprehend the whole community. All went to school, and all worked when old enough; and on no point were the people more thoroughly educated than on the principles of free government. The oppressions of the old world drove out its own sons from its own bosom, and under its own charters, to set up a school, which must necessarily, in a course of time, subvert its authority, and become independent, because the emigrants brought away all that was good, and left behind all that was bad. The elements of this new state of society were all healthy, and full of infant purity. While the old world, from a vitiated and decrepit constitution, tended to decay, the new, purged of parental diseases, sprang up, with giant strides, to giant vigor. Instead of the old leaven of European economists, that intellectual and moral culture belongs only to the higher classes, and that the working classes require nothing but bare subsistence like cattle, schools were provided for all—all were educated—trained to knowledge and virtue as a preparation for the working time of life. It was a republican or democratic state of society from the first, and continued to be such, till the struggle arose between the colonies and the mother-country, which resulted in American independence.

It is to this point of American history that attention is especially challenged to elucidate our argument. And in answer to the question, what was it that prompted, sustained, and finally achieved American independence?—we say, it was the diffusion of general

education among the people, and nothing else. Suppose the people had been as ignorant and debased as the working classes of Europe, what could they have done? Besides the moral impotency of such a condition of society, poverty is an invariable concomitant. The people generally could not have been as ignorant without being as poor; and along with this poverty of the mass of the people, would have existed rich and dominant masters, allied by interest to the British crown, in the same manner as they are now in Great Britain and other European nations. Nothing could have been hoped for, and nothing achieved, in such a state of things, by declaring independence; but the result would have been an easy and speedy victory on the part of the crown, and a tighter riveting of the chains of slavery. Such invariably, in all history, has been the end of all such struggles between such parties.

But the American people were educated; they were men of full stature, intellectual and moral; they were for the most part men of substantial, though of moderate independence; they had imbibed the principles of freedom, and understood them; and when the British crown asserted its oppressive, tyrannical claims, and began to put them in force, it was soon found that the colonists were not of that mean and debased class who know not how to assert and maintain their rights. It was their intellectual and moral training—a training of more than a century—which qualified them to rise at once from the condition of dependent colonies, to that of an independent nation, and which enabled them to sustain a contest for seven long years against the most powerful nation of the world, to be acknowledged in the end as an equal and a rival.

There is a great principle arising out of this history, which applies to the subject now under consideration. This was not a chance triumph of the American arms—of the weak against the strong; but it was the result of the operation of a potent element inherent in American society, viz., the intellectual and moral culture of the people. The physical odds against them was immense; but having to contend against this moral power, it was shivered and subdued. Nor does it detract at all from the force of this reasoning to say, that the warlike barbarians of the north of Europe once overran and reduced the cultivated and refined nations of the south; for the latter, as admitted by all, were ready to perish through their own debauchery and effeminacy. Besides that general education did not prevail among them, the seeds of decay had been sown for many centuries, and the final dissolution

only awaited an adequate shock. The descent of the northern barbarians was one of those retributions of Providence, which sometimes sweep over the earth like a tornado, when vice and crime have nearly dissolved the long standing fabrics of the social state. But the contest of the American colonies with the British crown, was as the strife of young and vigorous manhood against decrepit age, prompted and sustained rather by the *morale* of youthfulness, than by the skill and preparations of experience; but the efficacy of that *morale* consisted in the great elements of which we are now speaking. Slaves rarely rise against their masters with success; and success may prove their greatest misfortune. The toiling millions of Europe may toil on for ages and for centuries, as they have done, to minister to the power of European governments, to the splendor of its nobility, and to the luxury of its superior classes, without the slightest hope of emancipation from their debased condition, till the blessings of education are diffused among them.* It was intellectual and moral culture alone that reared this republican empire, and gave it a permanent rank among the nations of the earth.

These views naturally lead us to the consideration of that state of public or national economy, in that particular which is necessary to secure and sustain in perpetuity a sufficient amount of intellectual and moral culture among the people, to warrant the continuance of a free government, and of free institutions. However important the numerous ramifications of public economy which are discussed in this work, may seem to be, all of them together are less important, dwindle into insignificance compared with this. This, indeed, lies at the foundation, constitutes the platform of the whole system. Without education, without morals, without religion—and education is the instrument of morals and religion—what is civilization? Or, rather, without these, how can there be civilization? These and their appurtenances constitute civilization, and in proportion as they are advanced, civilization advances.

It is not denied that there may be high and even superlative degrees of intellectual and moral culture, specimens of the purest morals, and examples of religion worthy of imitation and of all

* We should be extremely glad, if the success of the present endeavors, 1848, to establish republican institutions in Europe, should prove that we have made too strong a statement here; but even that would not detract from the principle of our argument.

respect, around the thrones and under the shades of the most absolute despotisms. It may even be true, that these examples of the highest culture, owe their excellence to the patronage of princes, and to the influence of a concentrated power, the means of which were wrung by the few from the hard and servile toil of the millions. It may also be true, that the refinements of civilization, in such circumstances, and under these concentrated influences, shall be in excess of what they would otherwise have been, in a given time, if education had been more general and comprehensive, and if the chances of high culture had been open to all. Great bodies can not move with so much rapidity in a given direction, as small ones, when the same amount of force is applied to each.

But it need not be said that this is not the intended economy, the plan of American society. It was not devised for the few, but for the many; not for a select and privileged corps, but for the millions. General, popular education, is the great scheme laid out for this republican empire. If there be any feature more distinct, more prominent, and more observable, in the social structure of this great commonwealth, than any other, it is that of equal chances in life to all; that a child shall not be born to ignorance, for want of opportunities to acquire knowledge; that he shall not be doomed to a low condition because such was the lot of his parents; and that there shall be no insuperable impediments of a social and moral nature to his advancement in the social state, to any elevation, not excepting the highest within the scope of a just and laudable ambition.

The system of common schools, early set up in this country, coeval indeed with American civilization, handed down from generation to generation, provided for as the first care of the state, watched over with paternal solicitude, nurtured, endowed, edified, and never suffered to decline, but always put forward with vigor and efficiency, is the cradle of those chances of which we speak. On this broad foundation, common to all, has been erected a system of select and higher schools, up to the college and university, which are also within the reach of all, by reason of a system of public economy, which it is our special purpose in this chapter to notice; not, indeed, so much within the reach of all, as the common schools, but yet not excluding any, nor presenting insuperable obstacles to any. The poorest and meanest born of the land, prompted by innate ambition, and developing hopeful talent, can, and do often, pass through all the stages of education, from the

common school till they have graduated with honor at the highest seminaries, and entered upon the graver responsibilities of life, to contend, in open and fair field, with the best born, for the highest prizes of the social state, whether of wealth or of influence. And it is an attribute of American society and institutions, to favor and help forward merit that emerges from obscurity and strives to rise. The common school is the basis of all; the genius of the government is the parent of all; and the joint operation of the two crowns all.

We come, then, to the main point which now claims to be considered, viz., that a protective system, as expounded and illustrated in other parts of this work, in its indissoluble connexion with the ability of the people, imparting and securing that ability, to avail themselves of all these advantages, is the only means by which this great end of American society can be realized.

It has been seen, that, as a general truth, the American people work for their living; that they depend on LABOR, in one form or another; and that their fortune is vested in the rewards of their own personal exertions. The difference between the condition of American and that of European labor, the former as an *independent agent*, and the latter as an *agent of power*, is elsewhere pointed out. It will be seen, that the only provision made for labor by European society, and by the Adam Smith school of economists, is that of a mere physical existence, as in the case of a slave, which dooms the laborers, as a class, to live and die, like slaves, in the condition in which they are born, or in which they begin to work. Without education themselves, they are unable to educate their children, except for their tasks. Whereas the condition of American labor is that of independence. If American free laborers are uneducated, it is not because they have had no opportunity to improve themselves; and if they do not educate their children, it is not because they are unable. Indeed, in the common school, which most of the states provide, especially in New England, it costs them nothing, except their rate of assessment as to property, which throws the burden on the rich, and exempts the poor; or if the schools are endowed, as well as free, as in some places they are, they are a tax to nobody; or partly endowed, as in Connecticut, Massachusetts, New York, and we believe some other states, the tax is so much lighter to those who have to pay. But the system is designed to provide education for all, the poorest as well

as those who are better off in life. It is a part of the economy of American society.

The proposition, therefore, which we here assert and propose to maintain, is, that a protective system is the great power that sustains, and the only cause that can secure, general and popular education in the United States; and consequently, that it is the only power that is capable of preserving the liberties of the country. The second part of this proposition has been before considered, under its commercial aspects. Its moral features also claim attention, although both views of the subject are so intimately blended, that it is not easy to separate them even in discussion; much less in their practical operation.

A cursory glance at the physical, moral, and social condition of the laboring classes of Europe, will cast the light of a strong contrast on the condition of American free laborers, in the same aspects; and it need not be said, that these classes here, include nearly all—are the people. First, the laboring classes of Europe are abject in their social position. Few of them have any political rights, even nominal; none, to speak of, more than this, which is of no account in its beneficial results to themselves. And they feel their abject condition; and along with this feeling, as a fruit, comes an abject, hopeless state of their minds. This oppressive sense of social degradation, is that which unmans man—divests him of pride, of ambition, of aspiring views, of self-respect, of all great and noble purposes, and makes him a slave—a mere tool of those for whom he lives and toils. Along with this social degradation, comes moral debasement—abandonment to vice and crime. Where there is no reward of virtue, man will not be virtuous; and with the blight of his prospects, his passions are corrupted. Hence the low tone of moral feeling, and the increase of crime, among the degraded classes of Europe. Uninstructed, and unambitious of moral and social elevation, man is as much more brutal than the brutes, as his faculties are more inventive; and out of his prolific nature, thus perverted and abused, grow savage propensities, and diabolical deeds. The apology for forcing and keeping him down, springs from the wrong of having deprived him of the means of education, and of incentives to better conduct. How could he do better, in the physical condition of a slave, and forced, for want of time and means of improvement, to grow up and live in ignorance? Two thirds of the fair reward of his labor, being that which was

necessary to make a man of him, to raise and put him forward in moral and social existence, has been, as shown in this work, usurped and absorbed by his oppressors, to create that great chasm, that impassable gulf, that lies between him and them.

Turn now to the condition of the American people, who, as the people, are also the laborers of the country. In the first place, their physical condition is one of comfort, of independence, and of thrift, because they work for themselves, and have the reward of their own labor. In the next place, being in such a condition, they have time to think; and their fathers having been in a like condition, they were sent to school, and qualified to think. Seeing the worth of knowledge, and enjoying its satisfactions, they, in turn, send their children to school, because they love them. All—one generation after another—are educated. They are brought up in comfort, taste and realize the blessings of intellectual and moral culture which they have enjoyed, and are not only constantly improving in knowledge by books, that captivating employment of leisure and independence, and by the periodical emanations of the press, but they are able to educate and prepare their children for any position in life which they choose to assign to them, as none are barred to any class. By industry and economy, they can not only live in this way, and in this way bring up their families, but they can acquire wealth, enlarge their estates, and extend their influence by a career of exemplary morals and conduct. Every stage of life is one of increasing interest to them, presenting more powerful incentives to virtue, to moral and social eminence, and to leave behind them an independence for their children, and a good name for themselves. All along, in the progress of their lives, they find themselves free and independent members of a political commonwealth, in the government of which they share, and which secures to them all these blessings. Withal—not the least, but the greatest—they are not only educated for time, but for eternity.

What is it, that has given to the American people a position, and secured to them a condition and destiny, so widely different from the same things with the toiling millions of the European world? The answer to this great question, is simply this: The former enjoy the reward of their labor, while the latter are robbed of it. The whole truth of this subject is embraced in this single and brief sentence. It is impossible to find anything appertaining to the question, which is not comprehended in this answer.

It is seen, and abundantly proved, in the progress of this work,

that a protective system is the only shield of this position and condition of the American people ; and that the direct and inevitable tendency of Free Trade, is to put American and European labor to work on the same platform, in the same field, for the same market, on the same terms, with a like result in the physical, intellectual, moral, and social condition of both. This result is inevitable, because it comes from the operation of a great commercial principle, which governs the whole commercial world ; and about which there can be no uncertainty, because it is a result told by figures, in connexion with the moral certainty, that buyers will always trade as cheap as they can, and sellers as dear as they can. Universal Free Trade makes one market of the wide world, and no laborers for that market can have better chances than others ; but all will be on the same level.

But it would be impossible, by such a concession, to elevate the condition of the laboring classes of Europe. Their oppressors would still have the same hold upon them ; and with that grasp, on a basis of Free Trade, they would draw into their power, and under their hand, the whole American people, to the loss of all the treasure, agony, and blood, that have been spent for a rescue.

CHAPTER XII.

PROTECTION NOT RESTRICTION, BUT EMANCIPATION.

What is meant by a Restrictive System?—It is a Misnomer as applied to Protection.—Free-Traders and Protectionists in the United States are both after the same thing.—The true Relation between Capital and Labor.—The most perfect State of Society—Capital is Labor in Repose.—Protection of Capital is the Protection of Labor.—An American Protective System a Rescue from a Foreign Restrictive System.—American Labor can not be free, without Protection.—The Protection of one American Interest can never injure another American Interest, but benefits all.—Examples and Proofs.—The Position of American Capital and Labor in Relation to Foreign Capital and Labor. Consideration of the Maxim that a Nation must buy in Order to sell.—The Prosperous and Rich buy and trade most.—Protection makes us rich; the want of it makes us poor.—A Rule for one Nation may be bad for another.—Why does Great Britain preach Free Trade?—Adam Smith began right, and ended wrong.—He leaped to his Conclusion from False Premises.

MUCH of the force of the argument of Free-Trade economists, rests on the assumption of what they call a *restrictive system*, to which they are opposed. Now, if we are able to show that an American protective system, so far from being *restrictive* on American industry, American labor, and American interests, operates, on the contrary, to set them free; to leave them untrammelled; to give them full scope for action and profit; to rescue them from disadvantages and hinderances placed in the way of their objects; to secure their natural, social, and political rights; to *exempt* them from restriction, the very thing complained of as the effect of a protective system—in other words, to accomplish the very end of Free Trade, as averred by its advocates, and as understood by nearly or quite all those Americans who are in favor of it; then, clearly, it will result, that Protectionists and Free-Traders in the United States, are both after the same thing, and differ only in the way of obtaining it. It is the object of this chapter to show that such is really the fact.

We have proved abundantly, in other parts of this work, that the chief disadvantage under which American industrial efforts labor, is the greater cost of money and labor, in other words of labor itself, in this quarter, as compared with its price in foreign parts. It is the difference between the freedom and the bondage price of labor. This difference affects capital as well as labor, in the same manner and degree; for we have elsewhere shown that all capital is the product of labor, the cost of which must necessarily

be graduated by the price of labor. By the rights or institution of property, as secured by every civilized society, capital or property when acquired by industry and prudence, comes to occupy the position of the employer of labor, in order that labor, in its turn, enjoying a freedom price under adequate protection, may rise to the same condition, by the same means. This is the American wheel of fortune, where the rights of primogeniture and of entail have been abolished by fundamental law. Human sagacity, after having removed all exclusive prerogatives of birth, and all right in the owners of property to entail its descent, has not been able to invent a better or more equal state of society than for men on such a basis, to rise in the world by their own industry and economy. In this way, labor capital, which is the parent of all other capital, holds its chances in reversion, to become the possessor and controller of other capital, and itself, in turn, the employer of labor. These are the rights of labor. It would be hard, indeed, that the power to labor, which, when applied, is the producer of all the means of enjoyment in civilized society, should never itself be able to come to such enjoyment. The very design of American society, is to keep open these chances, which European society for ever bars, as a general rule. Exceptions to a rule only demonstrate its existence and sway.

Now it is evident, since capital, the product of labor, when acquired as above described, in any considerable amount, occupies the position of the employer of labor; and since capital, so acquired, is nothing more or less than labor in another form or state, that is, in a condition of productive repose; and since this capital must have cost in proportion to the price of the labor that produced it;— it is evident, we say, first, that this capital can not be employed in the same ways with foreign capital, which has costs only half as much, without protection; and, secondly, it is evident that the protection of this capital is the protection of labor itself, not only because it is labor in another form, as being its product, but because it can not employ labor, in these ways, without protection. Whenever, therefore, American capital asks for protection, in this, that, or the other pursuit, no matter what, it is labor, and nothing else, that asks for it. And what for? To rescue it from the *restriction*, or the *restrictive system*, under which it lies and labors, by the existence and operation of cheap foreign capital and cheap foreign labor; in other words, to give and secure freedom to American labor. It can not be free unless it is protected; but the tendency

and effect of this foreign system, operating on American labor *restrictively*, is to keep it under and keep it down. It can not rise, it can not enjoy its rights, because it is under the operation of a *foreign restrictive system*; that is, restrictive relative to itself. It will be seen, therefore, that the professed objects of the advocates of Free Trade and of Protection, in the United States, are identical. Both aim at a rescue from a restrictive system. It must also be seen that Protection is the only way to gain that end.

But it is said that a protection of one or more interests, is a restriction on, and a disadvantage to, one or more other interests. We have proved, in other chapters, that an American protective system can not injure, but must necessarily benefit, all interests of the country; that protective duties are not taxes (which is the only objection that ever was or can be made against them); and that they are a rescue from an enormous system of foreign taxation. We need not, therefore, undertake to prove here what is proved elsewhere; but we are entitled to assume it, so far as the present argument may require. We grant there may be inequalities in a protective system, so far as that one interest may have a better protection than another. This may be owing, either to the fault of those who suffer this inequality, or to that of the legislators in not properly adjusting the system. But, though this may be a just ground of complaint as a partiality, it is not a positive injustice. The principle on which a protective system is required in the United States is such, that it can not but be beneficial to all, though it be partial in its application. Though it begin with a single interest, and afford protection to no other, all that that interest gains by it, is so much gain to the country, and an injury to no party, even though the protective duties be prohibitory. We have elsewhere cited the highest Free-Trade authorities to establish this point, though it were superfluous. But when Ricardo and Say admit that prohibitory duties can not in the end raise prices, as domestic competition will soon bring them to their natural level, Free Trade answers itself. But we have shown that Protection not only does not raise prices of manufactured articles, but that it actually reduces them, as a general rule, very essentially. It matters not, therefore, so far as the interest of the country, or of any parties in it, is concerned, whether Protection be partial or general. All are benefited, and none are positively injured.

Suppose, then, that some one interest, such as the fabrication of cotton goods, in their various forms, has received such an

amount of protection from the government of the United States, that they could be manufactured in this country, against the superior skill and cheaper labor of Great Britain. Time was, when such protection was absolutely necessary to begin. Behold the result. American capital, itself the product of American labor, has, to a vast amount, been invested in cotton manufactures, under a system of Protection, to employ a vast amount of American labor, and to consume a vast amount of American agricultural and other products. And consider, that this could never have been done, without protection, which is undoubtedly true. But for this protection, all this American capital and labor would have been shut up under a foreign *restrictive* SYSTEM; and it was only by such protection, that they have been emancipated from these restrictions, and been productive of such immense saving, and such immense wealth to the country, and of such great benefit to all the parties concerned. We have shown elsewhere, how greatly cotton goods of every description have been cheapened by this system. Protection, therefore, so far as this great interest is concerned, and so far as all other interests of the country with which it is connected, and to which its success and prosperity have brought like results, are concerned, has been the means of emancipation to both it and them, on an immense scale. Emancipation from what? From a *foreign restrictive system*; from that system of foreign society, and of the bondage of foreign labor, against which it would have been impossible to contend, without Protection. We see, therefore, that such is the position of American capital and American labor, in these particulars, in relation to foreign capital and labor, that they could not be free without Protection. That this protective system has operated as a restriction on foreign injustice, which before held American capital and labor in bondage, is not denied. So far an American protective system is restrictive; and so far as this is what the Free-Trade economists complain of, their complaint is well founded. But to say, that an American protective system is restrictive upon and in relation to American interests, when the very design, and not less, as above seen, the operation, of that system, is to set American interests free, and give them a chance to live and prosper, against the oppressive power of foreign interests, is absurd. Thus an *emancipating*, is, by a misnomer, called a *restrictive* system; and this is one of the great objections alleged against it.

What we have said above of the cotton manufacturing interest,

is equally applicable to every other American interest, no matter what, so far as Protection has been, or may yet be, necessary, to give it a start, and to sustain it, against the rival and oppressing power of foreign capital and labor, engaged in the same pursuits. Protection, in such cases, does not operate as a restriction on home interests, nor as a disadvantage to any; but it is a benefit to all; it encourages all; draws them out, and gives them a wider and more comprehensive scope of operation and of profit. Not a single new American interest can be set up by Protection, that is not beneficial to some, often to many other interests; and not one that is injurious to any other. The amount of emancipation of capital and labor, bears more directly on the interest protected; but it is not confined to that. In helping that, it helps others; and the entire effect, in all its scope, instead of being restrictive, is liberative, in relation to home interests, and especially to the capital and labor which are vested in them.

Such is the position of American capital and labor, in relation to foreign capital and labor, that it is impossible to protect the former, in any particular, or for any object, or in any degree, short of positive bounty, so as to be injurious to any other branches of the same, or so as not to be in some degree beneficial to all, directly or indirectly, by proximate or by remote influences. There is no fear, therefore, of extending Protection to too many objects. As to the amount, in any given case, and in every case, as it may happen to require it, a regard may safely be had to the objects of revenue, as well as to those of Protection, so long as it is thought best to depend on this mode of raising revenue. The rule of graduating Protection is considered in a subsequent chapter. So that it BE Protection, it is enough.

It is said, that a nation must buy, in order to sell, and that this multiplication of home interests by Protection, will restrict and diminish foreign commerce; which seems plausible at first sight, in the same manner as it is commonly or extensively thought, that the protection of one or more of the domestic interests of the country, will operate as a restriction on others. But we have proved, in another chapter, by a statistical array of well authenticated facts and tables, running back through our commercial history, that, whenever and in proportion as our public policy has approximated toward Free Trade, our carrying trade and foreign commerce have declined; and that, whenever and in proportion as we have gone back to a protective system, our carrying trade

and foreign commerce have been augmented. And these different results are clearly proved to have been the legitimate effects of these different measures. The answer, therefore, is complete, not only as regards domestic interests, which seem more especially to occupy a domestic position; but also as regards the interests of foreign commerce. While considering this last point, in its place, we have found, that, as a private individual, who, by his industry and frugality prospers and grows rich, usually trades more, and buys more, so a nation, by like habits, and in a like career, trades more and buys more, because it has the means, and can afford it. Wants always multiply with growing wealth; and those wants must be satisfied. We have elsewhere shown, that the United States uniformly grow rich under a protective system, and poor for the want of it; and this, on the principle above recognised, accounts for our having a greater amount of foreign commerce under the former, than under the latter system of public policy.

In no sense whatever, therefore, and in regard to no interests whatever, does a protective operate as a restrictive system, in the United States; but, on the contrary, it contributes effectively, and on an immense scale, to the emancipation of American capital and labor from a foreign restrictive system, which has so long held, and which will for ever hold, them in bondage, without Protection. It neither binds, nor restricts, nor injures any domestic interests; but is a help to all. It is entirely a misnomer, a perversion of terms, to call it a restrictive system, as applied to the United States. We do not pretend to give law to other nations, nor to say, that it does not operate so in other quarters; nor can we consent that foreign economists, British or others, should give laws to us, in this particular. We have set out, in this work, on the fundamental principle, that a system of public economy can not be found, equally applicable, even to any two nations; much less to all; and that it is not a science, composed of the same propositions, everywhere and in all time, as the Free-Trade economists claim for it. We find American capital and labor occupying a very different position from that of the same things in Europe, and that the same treatment applied to both, would not be beneficial to both. A system which is good for Great Britain, may be ruinous to the United States. We have endeavored to show, in another chapter, that Great Britain is the only nation, that is prepared for Free Trade, and the United States the last that can afford it; and the reason why we can not afford it, is because of the high price of

our labor. On a platform of universal Free Trade, the advanced position of Great Britain—far advanced of all other nations—in her skill, machinery, capital, and means of commerce, would make all the world tributary to her; and on the same platform, this distance between her and other nations, in these particulars, instead of diminishing, would be for ever increasing, till, as she is now the great centre of civilization, she would become the focus of the wealth, grandeur, and power of the world. Such a result would be inevitable, on these conditions, from the comparative strength of her position in these particulars. Nothing but a system of Protection can defend us, or any other nation, from her grasping ambition and power. Well may she plead the cause of Free Trade. Foreseeing this state of things, she has endowed her writers, and instructed the professors of her universities, for a century past, as shown in another chapter, to preach Free Trade to the world, that she might reap the benefit.

It will be found, on an examination of Adam Smith's reasoning on "freedom of commerce," or Free Trade, that the premises on which he started in this argument, and which prompted it, were entirely of a different class from those on which the theory of Free Trade now usually rests, and on which has finally been erected the system which is now adopted by those of his school. Adam Smith was right in the ground he originally took; but, like all bold theorists, he jumped to general conclusions from isolated facts. Having first begun to sail his bark in a mill-pond, England, he leaped the dam, followed the stream to the ocean, and was soon lost in the wide sea. It was against the unjust monopolies of certain municipal corporations, known as "the trades" in English law, but entirely unknown in the United States, that Adam Smith began to plead for Free Trade. These corporations were almost without number in Great Britain, counting at one time more than a hundred in the city of London, such as the company of goldsmiths, saddlers, fishmongers, &c., &c., comprehending all the principal trades, in town and country. None could engage in these pursuits, who were not members of the companies; and each of these corporations took care not to fill the trade, so that the market should be beyond their control. The community were forced to buy of them, at their own price. Hence the grievance of these monopolies, and the crusade of Adam Smith against them. He also extended his argument against the monopolies of foreign commerce, in the hands of companies, such as the East India company, the Hudson Bay

company, the African company, &c. In both these lines of argument, his premises justified his conclusion, and he was right.

But neither he, apparently, nor any of his school, have allowed themselves to see the difference between these cases and those made by a general protective system of one nation against others, in the latter of which there is no monopoly of one citizen or subject against others, but where all are permitted, under a common law made for all, to engage in what trade or business they please, and where competition can enter without limits. To say, that Protection is sometimes prohibitory of foreign products, does not make out the case of a monopoly, except such, the undoubted right of which all nations claim, and are constantly in the habit of exercising; and then the monopoly is national, not private. This was not the ground of objection with Adam Smith. He never once made it, nor will it be made by any advocate of Free Trade, understandingly. But the objection was and is, that protection of domestic industry, arts, and labor, against foreign arts and labor, imposed and imposes restrictions on fellow-subjects and fellow-citizens, when in fact, as every one must see, there was and is no such thing, and can not be, so long as there are no corporate privileges to exclude others from engaging in the same pursuits at pleasure. There can not be a monopoly, where the trade, or pursuit, is equally open to all. If a man is excluded for want of capital or skill, or for want of both, this may occur under any system, and is the very reason why one nation may require protection against another of more abundant capital and of superior skill, and why it can not engage in certain pursuits, essential to its welfare, without protection. But both Ricardo and Say have admitted and maintained, that even prohibitory duties can not raise prices, because, where there is no domestic monopoly, domestic competition will reduce prices to their natural level.

We say, therefore, that Adam Smith, beginning right, ended wrong, by leaping to conclusions, which his premises would not justify; and that all his followers have plunged into the same mistake. They have assumed monopoly, where there is none; and restriction where there is none, except as the undoubted right of one nation against another. But they assert a domestic restriction, which can not be found, and a hardship in the raising of prices to consumers, when, in the case of the United States, as we have proved elsewhere, the prices are reduced. It does not belong to

us to prove, that this is the fact in other quarters ; though we think, as a general rule, it may be.

It must be evident to those who are competent to consider the case, that restrictions in international commerce, do not of course create restrictions in domestic trade. On the contrary, as shown above, in the case of the United States, the former are absolutely necessary to rescue domestic trade, that is, capital and labor, in all their functions, from foreign restrictions of a very grave and serious character.

What, then, do the advocates of Free Trade, in the United States, ask for ? Precisely the same thing which Protectionists demand, to wit, the free and unrestrained use of American capital and labor. The only difference is about the mode of attaining to that end. We have shown here, and in other parts of this work, that the only way is by a protective system. It is a misnomer, therefore, to call it a *restrictive system*, when there is no such thing in it. The design and tendency of an American protective system, is not to embarrass, but to disembarass, American capital and labor ; to rescue and shield them from foreign oppression ; to encourage them ; to bring them out ; to open the way for their most profitable employment ; and to make them **ENTIRELY FREE**.

CHAPTER XIII.

MONEY.

Barter, its Nature.—Origin of the Name, "Precious Metals."—How Gold and Silver came to be used as Money.—Gold not used as Money in all Parts of the World.—Relative Proportions of the Precious Metals employed as Money and for other Purposes.—Foundation of the Value of Gold and Silver, when used as Money.—Turgot, Say, M'Culloch, and others, on this Point.—The Foundation of the Value of Money lies in the Demand of the Precious Metals for other Uses.—It is a Foundation in Nature, not the Result of Convention.—Definition and Functions of Money.

BARTER, or the exchange of one commodity, unrepresented, for another, is the natural, and was the original mode of trade. That is, one man, being in possession of a thing, no matter what, which another wants more than he does; and the other being in possession of a thing, no matter what, which the first wants more than the second does; they agree to exchange, and do exchange, on such terms as may be arranged between them. This is barter. It is true, that this definition includes money, or its material, as a commodity. It is impossible to give a definition of barter, without a comprehension of this, as a possible result. But money, with its present attributes and functions, was not originally in use, and is the result of social improvement, or of the convenience and necessities of society.

In process of time, of which the memory of man and history give no advice, certain metals, commonly called gold and silver, having been discovered, and found to possess excellent and unrivalled qualities for certain uses, and for ornament, became "precious." This may be supposed to be the origin of the name, "*precious metals*." For certain purposes of use and ornament, other things have been held much more valuable even than gold and silver, and for which ten, twenty, a hundred, and even a thousand to one, in weight, of the "precious metals" have been and are given, as an equivalent. Nevertheless, partly on account of their scarcity, and especially on account of their adaptation to so many useful and ornamental purposes, no other substances, original, or however formed, have ever acquired the position of being held so universally "*precious*," as gold and silver.

And it is to be observed, that this view does not bring us to their

position and use as money. Gold and silver are not valuable, simply because they are money. This was not the original ground of their being held in such high esteem; but they have been adopted, and have obtained universal consent, to be used as money, or a common medium of exchange, because of their value for other uses, and because they are always in demand for such a vast variety of appropriations, other than money. Money is but one of their uses, later in the order of things; and it is only a fraction of their value that is created by their use as money, in the same manner as anything else is increased in value, in proportion as its uses are multiplied. The real foundation of the value of gold and silver, may be said to be, was in fact, prior to their having been viewed in the light of money, and appropriated to that use; and the cause of their being thus appropriated, was doubtless the discovery, by experience and observation, of their unrivalled qualities for other uses and in other applications. Time and immemorial usage, therefore, have assigned to them the functions of money, apparently for ever, without the remotest probability of change. Nevertheless, this was not an accident, was not arbitrary; but there were substantial, fundamental reasons, of the nature of value, lying somewhere back, beyond. Gold and silver could not even now retain their value as money, but for the foundation on which they fall back and rest, as being greatly valuable for an almost infinite variety of other purposes, which are always ready to take up and absorb them, whenever they can be spared from trade, and which, as a part of trade, is constantly being done; and as a part of trade also, they are as constantly going back into the forms or into the uses of money, though not in so great amount. The natural current from the bowels of the earth, is to the other uses of gold and silver; and only so much of them is arrested, on the passage, for money, as the necessities of trade require. It is only in distress, that people will surrender their plate, trinkets, or any other "precious" things, composed of gold or silver, for money.

Although the high value of gold and silver appears to have been appreciated, in the earliest stages of society of which we have any account, the world was slow in adopting them to discharge the functions of money, or of a common currency, as they now do, throughout the civilized world; and even down to this day, Jacobs* says: "Gold has been rarely used in Asia, as money, either

* William Jacobs, Esq., F.R.S., "An Inquiry into the Production and Consumption of the Precious Metals," 2 vols., London, 1831.

coined or uncoined." He also says: "Silver is said to have been first coined in Rome, in the year of its building 485, or 266 years before our era [Christian]. The first gold coin of Rome followed that of silver, after an interval of 62 years."

When the Hebrew nation became rich, they displayed, under Solomon, great accumulations of gold and silver. But silver only was used in commercial exchanges; gold for ornamental purposes, as also silver. Solomon used gold profusely in decorating the royal residence, and the temple.

In the empire of Japan, to this day, gold is apparently used as plentifully as in the days of Solomon, according to Jacobs, for the decoration of public and other buildings, and is prodigally laid on their furniture; but it is not used as money, either there, or in China, comprehending, in this particular, other parts of the East.

All parts of the world have produced the precious metals, more or less; and when the richest sources have been discovered, they seem always to have been worked, till so much exhausted as not to pay cost. They once abounded in different parts of the Roman empire. All know somewhat of the mines of Mexico and South America. At the present time, Russia is producing gold in considerable abundance, reported at an average of \$12,000,000 annually for six years previous to 1846, and \$17,000,000 for that year.

It would be impossible even to conjecture, with any tolerable reliance, the number of uses to which gold and silver are applied, other than of money. Jacobs says: "One of the greatest causes of the consumption of gold, is the use of it in smaller personal ornaments, and in the variety of trinkets, whose basis is gold. It is supposed that, in both England and France, the quantity of the precious metals applied to these minor purposes, by far exceed that which is converted into larger objects. Silver teaspoons in England, may be counted by millions, perhaps by hundreds of millions." Jacobs estimates that $\frac{3}{4}$ ths of the silver, brought to Europe from 1700 to 1810, was manufactured in similar articles of household furniture. Who can count the gold in watches, finger-rings, bracelets, and other ornaments of the head, neck, bosom, and person. In the courts of Europe, some men might be said to be encumbered with the mere weight of gold displayed on their persons. The gold and silver absorbed by churches, found upon and around the altars, have not been small in amount, and are always deemed the richest prey of spoilers.

Adam Smith seems to have thought, that the gold and silver, used up by manufacturers, in his time, were equal to the whole annual product. He rates the gold and silver plating and gilding at Birmingham, in that time, at £50,000 a year. Jacobs says: "A degree of destruction of gold and silver, which was scarcely felt in the ancient world, has, in modern times, been steadily and rapidly advancing, and must at length produce a sensible effect on the value of all commodities." He also says, that, when America was discovered, Europe produced the precious metals as fast as it consumed them; that, in 63 years after that event, 50 per cent. was added to the general stock; and 150 per cent. from 1599 to 1699. The amount he allows for Europe, at the discovery of America, is £35,000,000; and in 1599, £155,000,000. One hundred and fifty per cent. on this, for the next hundred years, would raise the stock in Europe, for 1699, to £487,500,000, which has been increasing ever since, though not very sensibly for the last half century, till the gold of Russia seems to have revived the impetus. The highest amount of gold and silver coin which Jacobs allows for Europe and America, is £380,000,000, for 1809, since which it has declined, at the rate of £40,000,000 in twenty years, which is doubtless owing, partly to the decreased product of the mines, partly to the use of paper-money, and partly to the great demand for these metals in other applications, and to the multiplication of those uses. The increasing product of the Russian gold may be regarded as opportune for the commercial world, to sustain the body of the currency in that material, which is most convenient of the two.

Some economists pretend, that the amount of currency is not of material importance, as the prices of commodities are regulated accordingly. It is at least desirable that there should not be sudden and great fluctuations in this amount, as such changes affect the value of the income of different classes of society very unequally. For example, when the great abundance of the precious metals derived from the American mines had raised the general price of the necessaries and comforts of life as 4 to 1 of what they were before, it was a hard case for nonproducers of such commodities, whose position, though occupied in other industrial and useful pursuits, obliged them to live on the same amount of money as before.

The relative proportion of the precious metals converted into money, as compared with that absorbed by all other uses, seems to

have increased, from the early ages, with the growing demands of commerce. Jacobs says: "Taking the amount of coined money at thirty millions [sterling], we should calculate the remainder of the two metals [in England] at sixty millions," or two of the latter to one of the former. He also applies this rule to France. M'Culloch, in an article in Brande's Dictionary, says the coin of Great Britain "is at least sixty millions." But for Europe and America together, Jacobs makes the proportion three for money to four for other uses. In another place, however, he allows that the value of "three or four" is found in England, in other forms, to one of money; and that, from 1810 to 1830, the other uses, throughout the world, absorbed more than what came from the mines. He also says: "Current coin in Europe and America diminished, between 1809 and 1829, from £380,000,000 to £320,000,000." It may, perhaps, be concluded, that the proportion now existing in other forms, in Europe and America, is as three to one of money. But the comparative amount of the precious metals employed in the world as money, is an accident of history, arising from the extent and demands of commerce, since they have been so appropriated; and does not at all affect the question of the foundation of their value in the form of money.

Assuming that nothing is money but gold and silver, or that which will command them at the will of the holder, it may be remarked, that the universal credit of these substances, when used as money, must have a foundation. That foundation is usually called intrinsic value. But a little reflection will show that the value, thus asserted, lies farther back than the use of these metals as money, not denying that this use is a fraction of their value. But how came they to be used as money? Davanzati, an Italian economist of high repute, says: "Gold and silver, being found to be of no use in supporting human life, have been adopted," &c., that is, appropriated to the use of money. This, we should think too puerile to be noticed, except for the gravity with which it has been cited by others. M. Turgot answers this question: "By the nature and force of things." But this answer, as must be seen, has no more point in it than the surface and materials of creation, inasmuch as it has all this range. Others answer: By reason of their qualities. This is not denied, so far as those qualities determine their intrinsic value, which brings us back to where we started from. But it is said, they mean the adaptation of their qualities to this specific use; which has some reason in it, but

more against it. The very authorities who give this reason, because, forsooth, they must give some reason, such as M'Culloch, overturn it by starting objections, and proving the great inconvenience and expense of these qualities, in such an appropriation of these substances.

The truth is, gold and silver were proved to be valuable, highly so, and always in demand, before they were used as money. They were found to be remarkable for their beauty and utility, and to excel all other substances for the number of uses in which they were held in high esteem, no matter whether for utility or fancy, as both these ends impart value or command price; and the longer and better that they have been known, tried, and compared, so much more stern and abiding has been the proof of their excellence, and so much greater the number of uses to which they have been appropriated, and for which they have been in request. These are facts which run back through all history, and are without contradiction; and the growth of history on this point, as to both materials and time, only tends to verify them. Gradually, in the course of time, and by the exigencies of society, they came to be appropriated, by general consent, to the uses of money, till at last that consent became universal in the civilized world. This appropriation, therefore, was ulterior and consequent to the ascertainment of the many useful and admirable qualities of these metals for other purposes; without which, there is no probability that they would have been employed as money.

Turgot says, "The precious metals became universally money, not in consequence of any *arbitrary* agreement among men, or of the intervention of any law, *but by the nature and force of things.*" That it was "not in consequence of any *arbitrary* agreement," is well said, though M. Say seems to think otherwise. It is no less true that law can not make money, or force credit into anything, to make it pass for money. Our continental money, the French assignats, and other attempts of the kind, with which history abounds, are in point. But Turgot, like every thinking man, felt the necessity of finding, at least of asserting, the foundation of the value of money. And what is it? "The nature and force of things!" But "the nature and force of things" is so indefinite, so obscure, and so mystical, that one is so far from being enlightened by such a definition, as to be thrust into greater darkness. Instead of having the foundation pointed out, one is introduced into the

wide creation, to find it as he can. No doubt it is somewhere in this field.

M. Say says: "Money is indebted for its currency, not to the authority of government, but to its being a commodity bearing a peculiar and intrinsic value." The use of the word "peculiar" here, is a sufficient indication that M. Say was not prepared to go any farther; that it was a mere refuge; for, in such a connexion, on such a topic, it is obscure and mysterious, scarcely, if at all, more explicit and definite than Turgot's "nature and force of things." And yet it is a subject, a point, on which we can not afford to be left in the dark. It is the foundation of a monetary system that we are now in search of; which is one of the most important branches of public economy. M. Say also observes: "If they [gold and silver] were never used in plate or jewellery, money would grow cheaper." By "plate and jewellery" here, he evidently intends to comprehend all the uses of these metals, other than that of money; for he adds: "The employment of the precious metals in manufactures, makes them scarcer and dearer as money." M. Say actually stood here, with his foot on the very foundation of the value of money, recognised it in terms, and yet he did not seem to know he was there. For he does not even raise the question whether, but takes for granted that gold and silver would have been used as money, if they had not been appropriated to these other objects. It is marvellous that he should say, "their employment in manufactures makes them scarcer and dearer as money," when in fact these other uses constitute the only foundation of their value and use as money. It is true, indeed, that these other uses make them "scarcer," and "dearer." But M. Say takes for granted they would have been used as money, independent of these other uses.

M'Culloch says: "The union of the different qualities of the comparative steadiness of value, divisibility, durability, facility of transportation, and perfect sameness, in the precious metals, doubtless formed the *irresistible reason* that has induced every civilized community to employ them as money." Here, again, is not the least approximation to the true question, except as it is assumed. What is required is, to have it solved. No doubt "steadiness of value" was a reason, and THE reason. But how came it with that "steadiness of value"? The other four consecutive reasons are comprehended in the first, and compose it, as to the money character of gold and silver. These qualities, however, can be found in

many other things. The qualities of gold and silver, such as they are, are very serious objections to their use as money, so much so that they are kept in deposit, as much as possible, and the great bulk of trade and commerce is carried on by a substitute, to wit, paper. So far from having a "facility of transportation," it is very inconvenient and expensive. M'Culloch himself says, on the third page following the above-cited passage, "it occasions a very heavy expense." Think of the expense of bringing twenty-five millions of dollars of specie from Europe to the United States, in 1846 and 1847; as a balance for breadstuffs required in Europe by famine. The costs of insurance, brokerage, freight, loss of interest in the meantime, &c., could not be covered for less than $3\frac{1}{2}$ per cent., which, as will be seen, amounts to \$875,000. And as this importation of specie into the United States was forced by an extraordinary and providential event, it is, perhaps, safe to consider it as out of place, and it may have to go back again. A boldness of importation, based on this, will naturally force it back, to cost \$875,000 more; or in all, by these two moves, \$1,750,000. Such, also, is the effect of removing specie, in large amounts, from one part of the country to another. Any one can see, that paper is a much more convenient, and much less expensive medium, which is always resorted to, when it has specie as a basis; but for want of it, specie itself must travel. The transactions of six of the New York banks, amounting to \$60,000,000, in ten days, without employing over \$200,000 of specie, noticed in Chapter XVI., show how utterly impossible it would have been to do more than a small fraction of that business, in the same time, with specie. The qualities of gold and silver, therefore, instead of being a reason for their use as money, is one of their greatest objections—certainly a great one, and a very expensive inconvenience. Besides the inconvenience and cost of large transfers of specie, from one nation to another, and from one point of the same country to another, it would be next to impossible to transact the ordinary small trade of a country with specie, between points requiring remittances; and while bank paper is convertible, almost everybody prefers it to specie, and employs it, except for small change. Gold and silver are burdensome in the purse, in the portmanteau, and in the trunk, besides being a subject of anxiety, when one has charge of them, at home, or travelling. It would be absurd to say, that people object to have them, as owners, for they are of recognised value; but most people do not like to have them, as keepers, on account of the inconvenience,

risk, and cost of removal. Their qualities are a serious evil for the purposes of money. How absurd, then, to assume, that they are devoted to this use, on account of their qualities, except so far as they are adapted to other uses, which, as a foundation, constitute their adaptation to this, and thus overcome the objections to their inconvenience. Their adaptation to other uses, and their values in those uses, are undoubtedly the true secret of the foundation of their value as money. They began to be used, and can only continue to be used, as money, on that account. The evils of their qualities as money, could not be tolerated, would cause them to be repudiated, but for this; but on account of this, these evils are submitted to; they are not a recommendation. The recommendation is farther back, lies deeper, and overcomes these objections; and not only overcomes them, but makes them light and preferable. The very name, distinctive, of these metals, "precious," comes not from their use as money; but from their other numerous and important uses, constituting the foundation of their value. This designation of "*precious metals*," is very significant. It did not come by chance; but is founded on a substantial aggregate value, which never has failed, and never can fail, in any probability; because the uses of gold and silver are constantly multiplying. While one is superseded, many are added. Nobody apprehends the failure of their value. The experience of all nations, in all time, has established their character as "precious," and there never has been manifested a symptom of the giving way of this faith. It is only confirmed by time and events. Notwithstanding, therefore, all the inconveniences of these metals, on account of their qualities, when employed as money, they will no doubt continue to fulfil this destiny, on account of the *foundation of their value in other uses*. They who possess them, will ever know, can never doubt, that they hold in their hands the best possible pledge of value.

It is proper, here, to remark, that the inconveniences of gold and silver, as a currency, are increased by time, as civilization advances, as commerce is extended and increased, and as, by this means, the necessity of effecting commercial exchanges with the greatest possible expedition, and in great amounts, is augmented. For this and other reasons, many eminent economists and statesmen have exhausted their wits to find a substitute. Even Ricardo appears seriously to have believed, that the British government might found a currency on its credit. He advocated it, if we are rightly informed, in the very face of the depreciation of the bank of England

paper, during its suspension of cash payments, from 1797 to 1822. He appears to have based his theory on the fact, that the depreciation was no more; whereas, we think, he should have come to the opposite conclusion, from the fact that it depreciated so much. That credit is itself a currency, in one sense, and to a great extent, is undoubtedly true; but it must have a foundation. It is this very foundation which we are now inquiring for, to wit, the foundation of the value or credit of gold and silver, as money, as the medium of trade. All seem to admit, that it is not in its character as money; for who of the economists, it may be asked, has ever yet got farther than Turgot in this investigation, who laid this foundation "in the nature and force of things"? Clearly that can not be satisfactory.

And yet a knowledge of the foundation of the value of money is not less important for an intelligent view of the whole subject, than is a knowledge of the foundation of anything else that can be named, to a right view of it. Branches of truth, in such a practical matter, may, doubtless, be seen, and correctly stated, without this knowledge; but no philosopher should be satisfied, till he has got to the bottom of his subject; and he is liable to error, if he does not find it.

"The *sole* reason," says M. Say, "why a man elects to receive the coin, in preference to every other article, is, because he has learnt from experience, that it is preferred by those, whose products he has occasion to purchase. Crown-pieces derive their circulation as money from no other authority than this spontaneous preference. *Custom*, therefore, [originating in an accident,] designates the specific product that shall pass exclusively as money. The choice of the material is of no great importance, whether it be gold or silver, leather or paper. . . The value of gold and silver is arbitrary, and is established by a kind of mutual accord in every act of trade." Is not this very astonishing? It will be observed, that we do not arraign the alleged force of custom in the case which is always a blind leader; but the question is, what was the original foundation of this custom? Custom, certainly, is a better reason for an ignorant man, than for a philosopher, who professes to give, not only the reason why money has credit, but why it originally obtained credit, as a common medium, and why it has maintained it, from time immemorial, with all the world, without experiencing the least possible diminution or disturbance? There must have been a time when this use of gold and silver, as

money, had not so much the power of custom; and there never was a time, when, as a mere custom, it would not have been disturbed, if it had not a more substantial basis; if, indeed, it had not a foundation in reason, in philosophy, in every consideration, that would stand the scrutiny of all men and all minds addicted to inquiry, so as to baffle every possible effort to impair that credit. Custom is not, can not be, a reason for such a fact. There is not, perhaps, a subject within the scope of human investigation, the true basis of which, for the practical purposes of life, is more important to be understood, than that of money, or the knowledge of which is more essential to a true theory of public economy, so far as it relates to the currency. Most truly did M. Say remark: "The first principles of political economy are as yet but little known. Ingenious systems and reasonings have been built upon hollow foundations." Here is not only a "first," but a fundamental "principle," entirely unknown to himself; and his own "ingenious reasoning," on this vital and fundamental question, is not "built upon a hollow foundation;" but it has no foundation at all.

M. Say observes truly: "To enable it [money] to execute its functions, it must, of necessity, be possessed of inherent and positive value." But, surely, its value must lie somewhere else than in its character as money; or, in other words, something else must have made this gold eagle, and this silver dollar valuable. Time was, when they were not money; now they are; there must have been some other reason for their adoption, than that money was wanted. Say, these metals are scarce; there are many things more so. Say, they are convenient for this use, on account of their qualities; there are other substances not ill and some much better adapted, in these attributes, for such an appropriation; and allowing, that these useful qualities, added to their scarcity, impart a substantial value to gold and silver as money; which is not denied; still the value for which they are credited, relative to that of other commodities most necessary to man, is in great, prodigious disproportion, independent of other considerations. Say, that this disproportion is convenient to all parties, to all the world. That may be, doubtless is, true. It is, then, an arbitrary value—a fraud! The world has cheated itself, and reckons it a good bargain!

It is evident, self-evident, that gold and silver, as money, must have had a value to start with, and as a reason for being able to start. This is the point, and all that is claimed. To suppose that the world has been swindled, or swindled itself, into the belief,

that money has a value, which, after all, is factitious; and that it should be satisfied with this persuasion, on the principle that it is a convenient delusion, is not more absurd than contrary to M. Say's own doctrine, when he says, "a system of swindling can never be long lived, and must infallibly in the end produce much more loss than profit." It is not easy to believe, that the world has been thus cheated, and that the credit of its circulating medium does not rest on a basis entirely independent of itself. It is the very nature of credit to have a basis. To say that intrinsic value is the basis, is precisely what we maintain. Intrinsic value for what? It is not the idea or function of money, that constitutes intrinsic value; but it is that which qualifies for the function; and the qualifying power lies back of money itself, is underneath it, is its foundation. But why adopt an absurdity without cause? Why hold debate here, when the numerous and important values of gold and silver, for other uses, are so palpable, quite enough to recommend them for the offices of money, and quite sufficient to sustain them in the discharge of these functions? In this light, society is safe, and the good sense of mankind is vindicated, in adopting the "precious metals" as a common currency. It would be most unpleasant to be obliged to believe that money is a fraud—or even that the use of it is a self-imposed deception.

But it is not, perhaps, very strange that an economist, who, like M. Say, holds that the value of paper money does not depend upon its being convertible into specie on demand, should also maintain that the esteem in which gold and silver are held, as money, is arbitrary—the effect of custom.

Without doubt, gold and silver employed as money, constitute one of the values of these metals, and that not unimportant; but the foundation on which they started as money, the causes which summoned them to this position, to these important functions of society, and of the commercial world, will be found only in values of an older date; and the causes which still sustain their credit as money, will also be found in the same old values, and in a multitude of others since added, and continually augmenting, as the uses to which these metals are applied, other than that of money, are multiplied in the progress of time, and in the advances of civilization. It was never an accident, nor a sum or concatenation of accidents; it was never an arbitrary fit, nor an arbitrary law of society, that lifted gold and silver into the position, and installed them in the functions of money; it was not custom; it was not

even the necessity of a common medium of trade that selected them for this duty, though that necessity was urgent; but it was a substantial value imparted to them by time and events, destined never to be diminished, but always to increase; it was "the nature and force," not "of things" in general, as Turgot taught, but of these very things in particular; it was their own position, their own force and nature, their own value, independent of and prior to that of money, that made them money. As a law of society, which grew up with society, it could no more be resisted than a law of nature. It was not a choice which men made; but a necessity into which they were forced; and not a necessity to have this or an alternative at their own will; but to have this, and nothing else. There was no more uncertainty hanging over the predestined use of gold and silver as money, than over the course of the heavenly bodies. The law in one case is as forcible as that in the other; and both are ascertainable and definite. One is the attraction of gravitation; the other the intrinsic value of gold and silver for other uses.

If we wish to ascertain the additional value which gold and silver have acquired in their use as money, we know of but one rule, which, though it may not be accurate, is worth something. In China, Japan, and some other portions of the Eastern world, gold is not used as a currency, but silver only. Take, then, the relative value of these metals in Europe and America, where both are used as money, and in those quarters where silver only is thus employed, and the difference may perhaps, be assumed as the proportion of value which they have acquired by their use as money. In Europe and America, the value of gold is to that of silver as 15 to 1, with a small additional fraction in favor of the former. In China, the value of gold is quoted, by some authorities, as 12 to 1 of silver; by others as low as 10 of the former to 1 of the latter. In Japan, the value of gold is cited by some as 9 to 1, by others as 8 to 1 of silver. If the medium difference in these quarters be assumed as 10 to 1, then the value added to these metals by their use as money, is equal to one half of their value for all other uses. It ought to be by much the greatest value, as compared with that imparted to gold and silver by any other single use, because it is by far the most important.

Money may be defined as *the common medium of trade, or of commercial exchanges*. Or it may be called *the standard medium of trade*.

We have purposely and scrupulously excluded from this definition all other ideas, which, by various authorities, have been put into the definition of money, particularly such as its being a measure of value, which, at first sight, would be received by almost all persons as a correct and necessary part of the definition.

A man on 'change buys stock of one person, at 95 per cent., and turning on his heel, sells it to another at 95½. Which is the measure of value, since both can not be? The buyer who buys to sell, for the sake of profit, always buys at one price, and sells at another and higher if he can. In all exchanges, prices are continually fluctuating. Which is the measure of value? These examples are perhaps enough to show, that the definition of money as being the measure of value, or when this is made a part of the definition, leads to an absurdity.

We think M. Say has clearly proved that money is not the measure of value, by the simple suggestion, that measure supposes an invariable rule, as for example, in measures of capacity, of superficies, of length, and of weight. Invariability is so important, that the law makes it a fraud and criminal offence to use false measures in trade. But prices are constantly fluctuating. Money *expresses* prices, and effectuates exchanges; but it does not *measure* prices. Its functions cease, when it has expressed them, and effectuated the trade. It can go no farther. The measure of value is the agreement of parties as to price, in any particular transaction; and for public purposes of the market, the prices current are the nearest measures that can be found. If persons would learn to distinguish between the *expression* and the *measure* of values, they would find themselves at the end of this question. The agreement of parties *determines*, and money *expresses* values. The agreement is the measure of value, as between them, and it is expressed in the established denominations of money. So in all cases of actual exchanges. So in prices current of the market. The sole functions of money, as such, are to *express* values, and to effectuate exchanges as a *quid pro quo*.

We define money, therefore, as *the common medium of trade*, and find in it two simple, but important functions, one to *express* values, and the other to consummate commercial exchanges, by being given on one side, and accepted on the other, as the consideration thus agreed upon. It is a *medium* as the *instrument*; it is *common*, because the world has so ordained.

CHAPTER XIV.

MONEY.

The Distinction between Money as a Subject and as the Instrument of Trade.—Review of the Doctrine of Adam Smith and others on the Relative Position of Money and of the Commodities given for it.—Adam Smith versus Adam Smith.—Price the Attribute of Commodities, not of the Money given for them.—Smith and Others on this Point.—Error and Confusion of their Doctrine.—Weight the Measure of Money.—Effect of the Discovery of America on Prices.—Professor Twiss' "View of the Progress of Political Economy, since the 16th Century."—Mr. Twiss meets the Point, and puts all at Stake.—Examination of his Position.

HAVING defined money, determined what is the foundation of its value, and ascertained its functions, it is now proposed to mark the distinction between money as a *subject* and money as the *instrument* of trade, then to follow out its results. This distinction is one of great importance, not simply because it is a fact, connected with a very important subject, but more especially because the fact itself is entitled to more influence on the question between Free Trade and Protection than any other, perhaps, that could be named. It is, indeed, in our opinion, of itself alone fully adequate to decide that question. Whether this be a reason that has induced the Free-Trade economists to keep this distinction out of view, or whether they have fallen into their great error because they did not discern it, we do not undertake to decide. It is true that it has been recognised, incidentally, by Adam Smith, and by others of his school, as it was impossible, certainly not easy, to avoid it; but, whenever the proper place for its influence turns up, it is carefully kept out of sight, all is silence, except, in one recent and notable instance, Mr. Twiss, who faces the principle, and denies its application, by forcing upon it a misnomer, as we shall presently see.

We proceed to the distinction. The Free-Trade economists, Adam Smith and his school, say, that money is a commodity, and that it occupies the same position in trade as other commodities. We grant, that it is a commodity, and that as a subject of trade, it occupies, as they say, the same position as other commodities. But we deny, that it discharges the functions of money, and hold that it is merely passive, when it is the subject of trade. Gold and silver, in passing from the mines to market, bullion in the

market, and all manufactured articles which are composed in whole or in part of the precious metals, are subjects of trade. The same may be said of coin, bank-notes, and negotiable paper of every kind, when bought and sold. Bankers and money-brokers trade exclusively in money, and money in their hands, and in whatever form, coming or going, is always a subject of trade. The precious metals, in bullion or in coin, passing through the hands of brokers, from one country to another, are subjects of trade, while in the hands of those dealers, though they may be at the same time discharging the functions of money between debtor and creditor, who employ bankers and brokers as agents of remittance. All notes discounted at bank, are subjects of trade, in the transaction, both to the lender and to the borrower. Bills of exchange, bonds and mortgages transferred, and many other descriptions of credit, for which a consideration is paid, are subjects of trade. All who borrow credit for a consideration, buy it. It is a subject of trade in the transaction. Gold and silver, in all other forms than that of money, are subjects of trade. So far as these and many other forms and conditions of money and of credit go, and so far as the precious metals are devoted to other objects than money, as subjects of trade, we agree with the Free-Trade economists, that they occupy the same position as other and all other commodities exchanged in trade.

But, it must be observed, that money, in its own proper functions, as such, has had nothing to do with all this, except so far as the considerations rendered in these transactions are concerned, as for example, the discount and interest of a note. They are merely the preparatory stages, through which money passes, the platform on which it is tossed about, in a merely passive state, as a subject of trade, till it reaches the great field of the commercial world, where it is destined and designed actively to discharge the appropriate functions of money. This is a field, before which the Free-Trade economists have held up a screen. Let us go behind it, and see how money operates there, in distinction from the manner in which it is operated upon as a subject of trade, before it gets there.

A consideration of the difference of destination of money, and of the things for which it is exchanged, as the medium of trade in this field, will cast light on this point. The destination of money here, is for an endless round of duty, in the discharge of the same functions ; whereas the destination of the subjects of its agency in trade.

is either for consumption, or for a fixture in the disposition of permanent capital, so called, but yet often perishable. Money is employed as the instrument to carry them on to their respective destinations, where they must soon arrive, perhaps by the first transaction; but whether by one or more, money is the agent, and they are the passive subjects. But the functions of money in this field, never cease; it will never have done its work; its destination is perpetual employment in the same offices; and while the things on which it operates, are constantly passing away by consumption, or arriving at their final destination as fixtures, by the agency of money, money itself is constantly returning to its duty in moving on other commodities, in endless succession, to their destinations. Money, in this field, is the moving power, without which nothing else would move, so far as trade is concerned, except in the way of barter, which, properly does not belong to civilization. And yet Adam Smith, Say, Ricardo, M'Culloch, and others of that ilk, tell us, that money and a piece of calico are, commercially considered, the same thing, and occupy the same position, in a commercial transaction, when one is exchanged for the other; and they tell us, that it is no matter, whether a nation parts with one or the other, so that trade goes on. Unfortunately for a nation, and fortunately for the truth, the absurdity comes to light, when the money is all gone and trade will no longer go.

We submit, then, whether the distinction between money as a subject and as the instrument of trade, is not clearly made out, as definite, substantial, and necessarily influential as to the matters in question.

When and wherever there is a want of money, trade comes to a halt. The interest of every party, therefore, a man or a nation, concerned in trade, is to take care not to be out of money, for it is his "tools of trade." And how does such a party get out of money, if it had any? It can only be by buying more than is sold of other commodities, which are prized and moved by money, and by being obliged to settle balances with cash. When the trade of a party comes to this, and the store of cash is exhausted, trade must stop, barter only excepted, which is the same as stopping, because it is a mode of trade which can not be revived, and which, if it could, can not now be employed to any profitable extent.

It is by entirely overlooking this distinction, that the advocates of Free Trade commit their fatal error. They hold that money is

a commodity, and that it is exchanged in trade as such ; and that consequently, the more of trade, the better, whether money goes or comes ; or whether all goes, and none comes.

But, as above shown, it is not true, when gold and silver are parted with, in discharge of the functions of money, that they occupy the same position, as the commodities for which they are given ; much less do they discharge the same functions. Strictly speaking, the commodities thus operated upon by money, discharge no functions at all, in the transaction that is going on, but are merely passive. Neither the world, or any part of it, has ever consented to take these other, or any other commodities, as a currency, as money, as a legal tender. The consequence is, that, when a foolish and unwise nation has parted with all its cash, on the theory of Free Trade, though it be ever so rich in other commodities, it can trade no more ; or if it has only parted with enough to cripple its commercial position, it is a bad business. It is, therefore, hazardous for a nation to part with its money, in foreign trade, on the principle, that it can be bought back again with other commodities, as certainly and as easily as money itself can buy that which is in market. In the meantime, when there has been an inconvenient drain of money to foreign parts, how is the nation to carry on its home trade ? Doubtless, by waiting long enough, and with great sacrifices, the money will come back, by reversing the mode of business, in selling more of other commodities than is bought ; which again demonstrates the fallacy of the doctrine, the practical operation of which brought the nation into this trouble.

The following is one form of Adam Smith's argument on this point : " A country that has wherewithal to buy wine, will always get the wine which it has occasion for ; and a country which has wherewithal to buy gold and silver, will never be in want of these metals. They are to be bought for a certain price, like all other commodities ; and as they are the price of all other commodities, so are all other commodities the price of these metals. We trust with perfect security that the freedom of trade, without any attention of government, will always supply us with the wine which we want ; and we may trust with equal security, that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses."

It can not but be seen, that the great error of Adam Smith and his school, on this point, is, that they not only call money a com-

modity in trade, which is true when it is bought and sold, and is not employed as money ; but that they fail to consider its peculiar and appropriate functions in trade, when discharging the offices of money. They do not, so far as this point of their argument is concerned, allow it to have any functions at all ; but represent it as passive, like the commodity for which it is exchanged, in any particular transaction. But gold and silver, when employed as money, are taken out of their position as commodities in trade, and used as an agent or instrument to carry on trade. They are technically, "tools of trade." In this capacity or function, they are the motive power of the commercial world. They do not, as before shown, in the discharge of this office, occupy the same position as the commodities which they move, in the act of being exchanged for them. The commodities are passive, in relation to this act ; and money is the agent. When money has moved one, it moves another, and so on, without any definite limit ; and the same act may be performed an indefinite number of times every day, by precisely the same sum of money, in application to as many different commodities.

Adam Smith himself was aware of all this, as he could not but be, and as the following citations from him will show : "The great wheel of circulation is altogether different from the goods which are circulated by means of it."—"Money, the great wheel of circulation, the *great instrument* of commerce, like all other instruments of trade, though it makes a part, and a very valuable part of the capital, makes no part of the revenue of the society to which it belongs ; and though the metal pieces of which it is composed, in the course of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue ;" that is, no part of the commodities purchased by them, to be consumed or used.—"When we compute the quantity of industry which the circulating capital of any society can employ, we must always have regard to those parts of it only, which consist in materials, provisions, and finished work. The other, which consists in money, and which serves only to circulate these three, must always be deducted. In order to put industry into motion, three things are requisite : materials to work upon, tools to work with, and the wages or recompense for the sake of which the work is done. Money is neither a material to work upon, nor a tool to work with ; and though the wages of the workmen are commonly paid to him in money, his real revenue, like that of all

other men, consists, not in the money, but in the money's worth ; not in the metal pieces, but in what he can get for them," to wit, the commodities wanted.

It will be observed, that Adam Smith, here, not only ascribes a peculiar function to money, but places it in a peculiar position, as is right. He does not rank it among the things, or commodities, exchanged, but endows it with the faculty of making those exchanges, as "the instrument, as the great wheel of circulation;" and although he says truly, that it is a part, and a very important part, of the capital of society ; nevertheless, the function he ascribes to it is so peculiar, that it is not to be computed with, but "to be always *deducted*" from, those parts of "the circulating capital of society," which put and keep industry in motion, because "money serves only to circulate" those other parts. This is its function. Surely, then, Adam Smith himself has put it quite far asunder, in its position and functions, from the things which it "circulates," or acts upon—quite far enough for our present purpose.

Let us, then, return, and try Adam Smith by Adam Smith. He says : "A country which has wherewithal to buy wine, will always get the wine which it has occasion for." Very good. He adds : "And the country which has wherewithal to buy gold and silver, will never be in want of these metals." No one can fail to see, that he has here begged the question, as a step-stone to his conclusion ; in other words, has asserted an identical proposition—a mere truism. The "wherewithal" is the thing required, and having, by *hypothesis*, put the country in possession of that, to start with, of course it ought to do well enough. If the country has money, or anything else which the wine-makers want, or which a third party will take for the wine, it can get it ; but if the wine can only be had with money, then money is the only "wherewithal" to buy it. Parties in trade are not to be forced. Commercial transactions have always to do with two wills and two interests, at least. Money is the only thing that will buy everything else. A man may have plenty of substantial capital, and yet not find it easy to buy money with it, if he has been so unwise as to get out of money. He is in absolute peril of bankruptcy, if his position requires money ; at best, he is embarrassed.

But this is not the end. He says : "They," gold and silver, "are to be bought for a certain price, like all other commodities." This seems very plausible, and in one sense, is true. But it will be observed, that he does not use the term money here, but gold

and silver; and that, instead of investing them with the peculiar attributes he has ascribed to money, in the passages above cited, he puts them in the same class and position with all other commodities, not as agents, but as subjects of trade; not to buy and sell with, but as things to be bought and sold; and it is true, that gold and silver, when not used as money, occupy that position. Rich men and rich nations, in a prudent way of living, can easily buy gold and silver, as subjects of trade, and are accustomed to do it; but those men and those nations, who, by mismanagement, have got embarrassed, though they may have other capital in abundance, can not do it so easily. Here is the distressing point of Adam Smith's hypothesis. If his reasoning avails anything in the case, it is intended to represent, that a man or a nation that has traded so freely as to get out of money, is just as well off as the man or the nation that has taken care to keep enough money in bank to do business with! Is it not so?

But he is involved in a still greater absurdity. He adds: "And as they," gold and silver, "are the price of all other commodities, so all other commodities are the price of these metals." Let us put this proposition in another form, and see how it will look: "And as they," gold and silver, "will purchase all other commodities, so will all other commodities purchase gold and silver." No one will deny, that this is a fair statement of the case; for it is the very case; nor will any deny, that it is untrue; absolutely untrue, as a reliable condition, in the experience of life. It is because money is the only common currency of the world. What, then, is a nation to do, that has traded so freely as to get rid of all its money? Why, simply, take a new start, trade more prudently in future, and under great inconveniences and with immense sacrifices, get up again, as every man is obliged to do, who, by trading in the same loose way, has got into the same trouble.

This is only one of a multitude of instances, in which Adam Smith and his school reason precisely in the same way, whenever they approach the doctrine of Free Trade. Adam Smith could not but be right, as seen above, when he was talking about the position and functions of money, in negotiating exchanges; and he could not but be wrong, when he turned his back on that reasoning, and undertook to show, that it was just as well for a nation, or a man of business, to be without money, as to have it at command.

But let Adam Smith answer Adam Smith yet farther on this point: "The merchant generally finds it more easy to buy goods with

money, than to buy money with goods. . . Money is the known and established instrument of commerce, for which everything is readily given in exchange; but which is not always with equal readiness to be got in exchange for everything. . . When the merchant's goods are upon hand, he is more liable for such demands for money as he may not be able to answer, than when he has got their price in his coffers. He is more anxious to exchange his goods for money, than his money for goods. A merchant, with abundance of goods in his warehouse, may be ruined by not being able to sell them in time." It is true, foreseeing the application of this reasoning, he adds: "A nation or a country is not liable to the same accident." A nation is, nevertheless, liable to precisely the same accident, as our own experience proves, in the examples hereafter cited in this work. But Adam Smith confesses that "the nation in such a case might suffer some loss and inconvenience, and be forced upon some of those expedients which are necessary for supplying the place of money." This, surely, is enough from him, to answer himself. He was right in saying that "the quantity of coin in every country is [should be] regulated by the value of the commodities to be circulated by it;" but he was wrong when he said it was just as well to have less than enough, as enough for this object; and he was right again when he confessed that for want of enough, "a nation might suffer inconvenience and loss, and be forced upon some of those expedients which are necessary for supplying the place of money." So generally, when Adam Smith is wrong in one place, he sets Adam Smith right in another; but the misfortune is, that many take his wrong for right.

M. Say observes: "If the merchant finds the precious metals a more profitable foreign remittance than another commodity, it is likewise the interest of the state to remit in that form; for the state can only gain and lose in the persons of its individual subjects; and in the matter of foreign commerce, whatever is best for the individual is best for the state also."

One is astonished to find him saying in a note to this averment, that "this position applies to foreign commerce only. The monopoly profits of individuals, in the home market, are not entirely national gains." Smith and all the economists—not excepting Say himself, when he is himself—admit, that, in the home trade, the nation retains both the values exchanged, as well as the profits on both sides; whereas, in the foreign trade, it realizes only one side of the double benefit. Observing the word "monopoly"

here lugged in by force, as it evidently is, we have been forcibly struck with the suspicion that M. Say had some special, personal reasons for such a violation of sound reasoning. To maintain that the nation is a gainer, when the merchants are enriched by such excessive importations as to drain the country of its specie, and as a consequence to paralyze all branches of business, and at the same time to say that "the profits of individuals in the home market are not entirely national gains," when both values exchanged are retained, with the profits, "monopoly" or not, is somewhat more than an absurdity. The sly use of the cant word "monopoly" here, was unbecoming the dignity of a philosophical debate. A man in a passion may, perhaps, be excused for not protecting himself in argument, as well as for want of reason in his protestations.

The fallacy of the main proposition above cited, may be thus shown. A man owes a debt, and is obliged to pay it, or be dishonest, or turn bankrupt. In this sense, it is his interest to pay; at the same time, it may be very inconvenient. A nation, by overtrading with foreign parts, in buying more than it sells, through its merchants, owes a debt to foreign parts, at one or more points; and that debt is obliged to be paid. The merchants who created this debt, and who make the remittances, have, we will suppose, made their fortunes. And the doctrine of Say is, that the nation can not be benefited less than the amount of benefit to these merchants. These merchants have got rich by selling their goods to the people; the people, having paid for the goods, and consumed them, are minus both the money and the goods; the merchants have got a part of this money, and are rich; foreign parts have got the other portion, being the major part of it, and the nation is minus that major part, and the goods, too, which are consumed in food, drink, clothing, and in other ways. M. Say holds that the nation is richer; and as much richer as the profits of these merchants. Can anybody see how that is? If the imports had been permanent capital, and gone into the improvements of the country, and if the nation, after paying the balance, had money enough left for its trade, one can see a national benefit. But this is not the case. M. Say, and all of his school, hold, that, in all cases, absolutely and unconditionally, the nation is benefited, enriched, by exchanges abroad, though the buying exceeds the selling, and though the balances are settled by cash; or rather, to present the theory in their own form, they aver that the buying can not exceed the selling; and that it makes no difference whether a nation parts

with cash in trade, or with other commodities ; nor what proportion the cash parted with, may bear to that received. If money is given, they say, it is only a commodity, and that really, there is no balance in the case ; but accounts are even, and all parties are benefited.

Here, as will be seen, is the great error we have been endeavoring, among others, to expose, viz., overlooking the peculiar position and functions of money in trade, and ranking it with all other commodities, in every particular, as a subject of trade. In that view, M. Say's conclusion is correct ; but the doctrine, reduced to practice, can not but be fatally erroneous, with nations as well as with individuals. Unless a nation has mines, like the states of Mexico and South America, and trades in the precious metals as indigenous products, it can not generally afford to buy of other commodities than money, more than it sells, and pay the balance in money. Our own commercial history, as exhibited in subsequent parts of this work, is all the argument that need be offered here, if an appeal to common sense were insufficient.

"*A View of the Progress of Political Economy in Europe, since the 16th Century*," by Travers Twiss, London, 1847, lately published, as a course of lectures at the university of Oxford, is worthy of some notice. Like the British economists generally, Professor Twiss is of the school of Adam Smith. It may, however, be observed, that this "VIEW," &c., taking the confession of the author in his preface—the truth of which is sufficiently demonstrated by the production itself—is entirely a *one-sided* view. He candidly says: "I have attempted to assign to the chief writers their due shares, respectively, in furthering the progress of sound opinions ; but I have purposely omitted the names of many authors of eminence who have struggled to retard that progress," &c. One can not, therefore, after such a confession, expect a very *fair* "view" of this department of history, from such a hand.

Having repeatedly recognised the distinction which we have made in this chapter, between money as a subject and as the instrument of trade—though not in the same terms which we employ to designate it, nor for the same purpose—unlike his brethren of the same school, Mr. Twiss has presumed to face this principle, while on the subject of what is commonly called the balance of trade, and flatly denies that it has any application here. He observes: "If it be said, foreign commodities will be paid for with money [so far as the imports exceed the exports], let it not be over-

looked that the gold or silver which is given in exchange for foreign commodities, is exchanged away as a commodity, and not as money. . . It is in the character of a commodity, that gold or silver becomes an article of foreign commerce." Here, as will be seen, is the same old song.

We are heartily glad, that any member of the Adam Smith school has at last dared to face this point of the main question ; for there are many points, any one of which, properly concluded, is decisive of the whole ; and this is one of them. Professor Twiss has, manifestly, put all at stake here, on the tenableness of his assumption. If money remitted from a nation, to settle balances run up by an excess of imports over exports, taken as a whole, is, in that transaction, discharging the functions of money, and is not a mere subject of trade, as averred by Mr. Twiss, all other arguments for Free Trade are of no avail. It is lost on the cast of this single die. Let us see.

First, as to what we concede. We concede, that money, in passing from one nation to another, is weighed in the scales, as the common currency of the world. But this, in effect, is also true of every coin, in its domestic round, as a legal tender. The mint assays determine its weight and degree of purity, and it is legalized only on that assumption. The law weighs, and the mint declares the weight, to save the public the trouble ; and the currency of any coin whatever, in a given state, is authorized precisely on the same principle, which regulates the currency of gold and silver between nations. Next, we concede, that, generally—we have no objection to admit, that, universally—there is a commercial agency employed in the remittance of money from one nation to another ; that that agency is paid for this service ; and that the money, in the hands of this agency, from the time it is received at home and paid abroad, is, so far as the agency is concerned, a subject of trade.

But, observe, that precisely the same is true of a remittance from New York to New Orleans ; or from the latter to the former city ; or from any one city or place in the Union, to any other place or city, when it is made by a commercial agency, or by a bill of exchange. In the hands of this agency, and so far as it has to do with it, the money is a subject of trade, because the agent is paid for doing the service. We think Professor Twiss must have a very bold front, to say, that the employment of this intermediate agency, in whose hands the money is a subject of trade, as in the case of every broker's or banker's business, at all affects the position of

relations of the debtor and creditor, at the two opposite ends of this transaction, or tends, in any degree, to transform the creditor into a buyer of money, when he receives his pay, or the debtor into a seller of money, when he remits it. And yet, this transformation is necessary, to justify Mr. Twiss's assumption.

But we are willing to rest this question on a rule laid down by Mr. Twiss himself, in the following words: "We must never lose sight of the fact, that gold or silver, strictly speaking, is never productive, when discharging the functions of money, but only when it is exchanged as a commodity." We are satisfied with this rule, and only regret, that the economists of Mr. Twiss's school had not laid it down from the beginning, as it would have saved a world of debate. It marks the distinction precisely between money as a subject and as the instrument of trade. Surely, Mr. Twiss would not pretend, that the profits of brokers and bankers, as agents in settling the accounts between debtors and creditors, force this settlement, as a transaction between the two latter parties, into an act of productiveness. What is the reward of the debtor for paying, or of the creditor for receiving, the amount of the debt? Does the former give less, or the latter receive more, than the debt? If Mr. Twiss should insist, that the profits of brokers, bankers, and other agents, in settling foreign accounts, annihilate the functions of money in the gold and silver, so remitted, then the principle applies to all domestic settlements, under the same national jurisdiction, and neither he, nor anybody else, will ever be able to find what he himself acknowledges to be the proper functions of money; for we will venture to say, that no account was ever settled, and no money ever paid, without expense to at least one party, and consequently not without a corresponding benefit to some other party. Such, as every one will see, is equally the fact in negotiating domestic as foreign bills of exchange. Men, in paying debts, will always take the cheapest way, and will employ secondary or intermediate agencies, as little as possible; but it is not often that they can do altogether without them, and never without some expense of time, or in some other way. They may be obliged to trade off money under par, or they may have money worth a premium. Does the sacrifice in the former case, or the profit in the latter, both of which involve trading in money, annihilate the functions of money, when the consideration is rendered to satisfy the debt?

It may be observed, as a general rule, that money, that is to say, gold and silver, in any considerable quantities, never move from

one remote point to another, as between New York and New Orleans, or between Europe and America, till the rates of exchange are so high at one point as to pay the agencies of remittance, including insurance, to the other. Until the rates of exchange will defray this expense, accounts between debtors and creditors in such remote points, are adjusted by bills of exchange. Whether this adjustment or settlement is effected by bills or by the transfer of bullion or specie, the transaction between the debtor and creditor is precisely of the same nature, as when a citizen of New York, with basket in hand, pays cash for the materials of his dinner which he buys in the market. The cash, in both cases, equally and alike discharges the functions of money. If the keeper of an hotel employs a caterer to go to market, instead of going himself, the wages of this agent occupy precisely the same position as the premiums on exchange, or as the pay for the transfer of specie, between New York and New Orleans, or between New York and London. None will deny, that the cash used in the former case, discharges the functions of money; but it is not without expense, whether the keeper of the hotel goes himself to market, or employs an agent. All these intermediate commercial agents are parts of the economy of the commercial world; and the reason why they are employed, is because it is economy. If the debts from New York to New Orleans are so much greater than those from the latter to the former city, as to pay for the transfer of specie, then specie travels instead of bills of exchange; and in this transfer, it discharges the functions of money, notwithstanding that the transaction is productive to the agents. The same is the case in the transfer of specie from one nation to another. Who can find or fairly make a difference? Will Mr. Twiss say, that the twenty or twenty-five millions of dollars, remitted from Europe to the United States, in 1846 and 1847, for breadstuffs, did not perform the functions of money, because it was productive to the agents of the transfer; or that it was no disadvantage to Great Britain to have parted with so much specie, because she received a *quid pro quo* in return? And will he say this, in the face of one of the most overwhelming instances of the poverty of the precious metals, with which the British empire was ever visited? Yet, according to his doctrine, and that of the Adam Smith school, this twenty-five millions of dollars did not come from Europe to the United States as money; but only as a commodity, in exchange for other commodities. Nay, more: according to this doctrine, both parties were benefited by the

trade. The famine in Ireland, and the general short crops of Europe, were not a calamity to those parts, since they had all the profit of trading away the commodities of gold and silver for the commodities of breadstuffs. Such, legitimately, are the conclusions of the Adam Smith school. But, while we are writing this page, October, 1847, the great commercial houses of Great Britain, one after another, in rapid succession, are tumbling to ruin in heaps, like as a circle of bricks set on end, near enough for contact, when one falls, the whole line goes down in succession; and with this ruin comes universal distress. And yet Mr. Twiss says, Great Britain has parted with no money; she has only parted with a commodity!

We agree with Mr. Twiss, that "it must never be forgotten, that the capital of a country, which is employed as money, is not employed as an instrument of production; but simply as an instrument to facilitate the exchange of other capital." But when he says: "let it not be overlooked, that the gold or silver, which is given in exchange for foreign commodities, is exchanged away as a commodity, and not as money," he is in direct contradiction with the above-cited proposition from his own hand, and evinces, that a professor of Oxford university must not only sympathize with the policy of the British government, but that he is forced to execute its behests, in violation of his reasoning powers, peradventure, of his conscience; unless, forsooth, charity should allow, that a man's social connexions may exercise dominion over his judgment, as is, no doubt, sometimes the case. But Mr. Twiss himself, against himself, as almost every other member of his school has done, in one form or another, has confessed the true doctrine, in the following words: "When gold or silver is employed as an *instrument* of exchange, it is employed in a different way from that in which it is generally employed *as a commodity*." Is not this surprising?

We have endeavored to show, in another chapter, that, from the time of Adam Smith, including him, there has been an understanding between the British government and British writers on public economy, as to the doctrine of freedom of commerce, which is not very consistent with freedom of opinion; and it was not to be expected, that a British university would go against British policy.

Granting, however, for the sake of argument, that gold and silver, remitted to settle commercial balances against a nation, does not go as money, but only as a commodity; still, it can not be denied,

that the money is gone. What, then, would this assumption of Professor Twiss, or our concession of the point, avail him? "A rose, by any other name, would smell as sweet;" and the money of a nation, remitted to foreign parts, to pay debts, would still be a calamity, if enough should not be left for the trade of the country; and we do not understand these gentlemen as making any provision for such a contingency, or for any contingency whatever. Their doctrine is absolute.

There is an habitual mode of reasoning with Adam Smith, Ricardo, and others of their faith, in ascribing to gold and silver, when discharging the appropriate functions of money, the attribute of *price*, which, we conceive, leads to obscurity, even to error.

The world has agreed upon gold and silver, not only as the common medium of trade, but as the common instrument to express the values of all other things that are worth money, and to purchase them; but it has not agreed on anything to express the value of gold and silver, when discharging the functions of money; and there *is* no such thing. How, then, can gold and silver, in this office, be valued? How can they be worth more or less, than themselves, weighed in the scales? We know, indeed, that gold and silver vessels, or any works of art composed of these substances, are prized by gold and silver coin. And why? Because there are two principles in their value: one their weight, and the other their workmanship. Leave out their workmanship, and gold is gold, and silver is silver, of equal value, if equally pure, according to their weight, whether in coin, or bullion, or works of art. It would be absurd to suppose, that gold and silver, the instruments of expressing values, should express their own value, each for each. There they are, no matter how much in the world; no matter how little; the world has agreed that they shall express all other exchangeable values; but never, that anything else shall express their value. How, then, can they be cheap or dear, cheaper or dearer, while acting in the capacity of money?

Mr. Huskisson, one of the greatest of British statesmen, said, in 1816, "Gold, in this country, as silver in Hamburg, is really and exclusively the fixed measure of the rising and falling value of all other things, in reference to each other. The article itself, which forms this standing measure, never can rise and fall in value, with reference to this measure; that is, with reference to itself. A pound weight of gold can never be worth $1\frac{1}{4}$ pounds of gold. The

truth of this, which can not, I conceive, be called in question, would not be affected by any imaginable increase or diminution in the quantity of gold in the country. . . Gold [in England] is the fixed measure of the rising and falling value of all other commodities, in reference to each other." Again he says: "A bank-note is not a *commodity*; it is only an engagement for the payment of a certain specific quantity of *money*." Lord King said: "It may be assumed, on probable grounds, that the bullion has not become dear, but that the paper for which it is exchanged has been rendered cheap, because every commodity is cheap or dear, in proportion to the abundance or scarcity of the supply."—"We are in error," said Sir Robert Peel, 1847, "when we talk about the price of gold. The promissory note is a promise to pay a definite weight of gold, and nothing else." Even M. Say comes to our aid here as follows: "In treating of the elevation and depression of the price of commodities, although value has been expressed in money, no notice has been taken of the value of money itself; which, to say the truth, plays no part in real, or even in relative, variations of the price of other commodities." He also says: "The price of an article is the quantity of money it may be worth; current price, the quantity it may be sure of obtaining at the particular place."

"What is worth in anything,
But so much money as t'will bring?"—HUDIBRAS.

The British mind seems never to have disembarrassed itself from the effects of the controversy on this point, during the legalized suspension of cash payments in the bank of England, from 1797 to 1822, when 'it was so vital to the empire to support the credit of the paper of that bank. Will it be believed, that the British house of commons, in 1812, on motion of Mr. Vansittart, resolved, by a large majority, that "bank-notes were not depreciated, but gold enhanced in value?"—"Mr. Chambers," says Professor Twiss, "one of the witnesses examined before the bullion committee, whose reputation for intelligence and information stood very high in the commercial world, declared, that he did not conceive gold to be a fairer standard for bank of England notes, than indigo or broadcloth." It is true, that the bullion committee, of which Mr. Huskisson, cited above, was one, came to a different and the true conclusion. But the majority of the house, either believed in their doctrine, or thought it an expedient measure

of state policy to keep up this popular delusion, till the contest with Napoleon should be over. The notes of the bank were then at a discount of £13 9s. 6d. per £100, for gold. It was then sixteen years after the bank suspended, and no one could see the end of it. The empire, with this dubious and expensive war upon its hands, was compelled to subsist, so far as its currency was concerned—a vital matter—on the credit of this irredeemable paper. It was, perhaps, a patriotic virtue in the house of commons to decree and announce a stupendous untruth. It was an atrocious fraud in legislation, to make the bank-notes a legal tender; the cheat was immense, and extended to a quarter of a century.

No one, of course, will imagine, that we mean to call in question the propriety of speaking of money as dear or cheap, as of high or low price, as a subject of trade. It is only when employed as the instrument of trade, that we maintain it can have no price in relation to the commodities for which it is exchanged. In this transaction, price can not belong to both the agent and the subject; but only to the latter. It is the very function of the agent to prize the subject.

M. Say is, in our opinion, right in his advice, that money should pass by its weight. But he does not seem to have seen, that, in advocating this principle, he has admitted, that money, as the instrument of trade, occupies a position outside of valuation, or which is inconsistent with it. Neither does he seem to have recognised the fact that his advice has been complied with, in all coins, not as coming from him, but before his time, from necessity. All denominations of coin, are rated at the mint, according to their weight; and it is known, to all those who trade in them, precisely what their legal weight is, and what fractions of them are composed of pure metal and alloy. Every coin, therefore, whatever be its denomination, always passes, in a common currency, for a specific weight of pure metal, though not named to the parties on the face of the coin, which is the principle that M. Say contends for. But he seems to think that it would have been better, if there had never been any other denomination than those of weight, which have gone into disuetude, except when the precious metals are subjects of trade, as in the practice of bankers and brokers, who use the scales for considerable and often for small amounts. M. Say moreover says: "If a house be valued at 20,000 francs, it is reckoned to be equivalent to so many pieces of silver coin, of the weight of 5 *grammes*, with a mixture of $\frac{1}{10}$ th alloy." Again: "The de-

nomination of coin is useful only inasmuch as it designates the quantity of pure metal contained in the sum specified."

M. Say was right, in the principle, that weight is the proper denomination of money; and in advocating it, he surrendered his other principle, that money, as such, can be high or low, dear or cheap. He doubtless asserted this other principle, on the assumption, that there is no difference between gold and silver as subjects and instruments of trade—an attainment which he seems never to have made, and the importance of which has been shown.

Money is virtually—we might, perhaps, say absolutely—an inappreciable thing. It is unnecessary to know the worth of it, since all the world have agreed to use it as the medium of trade. When employed, the only question between the parties is—how much? what quantity? what weight? And when the parties have agreed, that is the price—of what? Of the thing exchanged for it—the agreement of the parties being the measure of value, and the quantity of money the expression of it, as well as the agent to consummate the arrangement, or the instrument of purchase. But the money has no price. There is not a thing on earth that can prize it; much less can it prize itself, except in the exchange of its own varieties; for that would be an absurdity. But the moment gold and silver, or paper representing them, come to be bought and sold, as subjects of trade, they occupy a different position, and are prized, like every other commodity, one kind with another. A note discounted at the bank, is bought as a subject of trade; while the discount is the price, the instrument, discharging the functions of money. The principal sum received by the drawer of the note, is also a subject of trade, in this transaction. But he goes away and buys corn with it, and then it is the instrument—money. He bought it to use as money; but it did not come into his hands as money, but as a commodity in trade. The same is the case with all notes of hand, with use. They are sold, and the interest is the price. Bonds and mortgages, with use, occupy the same position. Bank-notes, above and below par, are bought and sold, and the broker's profit is the price. So the profit on bills of exchange is their price. The principal sums, or rates of valuation, in all these cases, are negotiated as commodities in trade; and the premiums, or discounts, or the interest or profits, are the considerations asked and received, discharging the functions of money. It is the different forms and different values of money, and its value in use, which create a demand for it, and bring it into market as a

subject of trade. If depreciated or above-par money is employed in trade, so as on that account to affect the prices of the commodities for which it is exchanged, it is then itself a commodity in trade.

Money, even as a subject of trade, has no price but that of its use, and that of differences of value, in different forms, or in other accidents of its existence. The first is always reckoned so much per centum, as 2, or 3, or 4, or 6, or 10 per cent. This percentage is the price, reckoned on the standard of weight, and not the sum total, as when it performs the offices of the instrument of trade. Then the whole sum is the price of the thing for which it is given in exchange. It is on this point that Professor Twiss is right in avowing that "money is not productive as an instrument of exchange," or of trade. But when its use is sold, it is productive.

Money, however, in different forms, and the same forms in different places or circumstances, has different prices, on the common standard of weight. Legislation makes one of these differences, as, for example, the English sovereign is declared legal tender in the United States, at \$4.84; but its statute valuation in England is only \$4.44, which makes them subjects of trade in these two quarters, and the prices are based on the standard of weight, being not the principal sums, but arising out of these accidental differences. So of all moneys, metallic or other, being in market as subjects, to be bought and sold for use as instruments of trade, either their use on time, or their variations from a common standard, and not the principal sum, determine their prices. Whereas, when money is employed as the instrument of trade, in exchange for other commodities, the entire sum given is the price, not of itself, but of the commodity. The price of all moneys bought for use, on time, commonly called borrowing, is its percentage. We never find the price of money, as a subject of trade, to be the principal sum, in any case whatever; but it is either a consideration for its use on time, or a consideration growing out of some one or other of the varying accidents of its existence; and all its prices are based on the standard of the scales, directly or indirectly, mediately or immediately. But money, as the instrument of trade, never has a price, its functions being to declare the prices of the things on which it acts, and to move them forward to their destinations—this declaration and this moving power being its proper and only functions. The only fundamental measure of money is the scales; though, in the superstructure of a monetary system, many

other accidental measures are employed, for convenience, all having reference to this, and being based upon it.

To show that money, as a subject of trade, has no price, other than as above defined, observe, that a man, with one bar of gold or silver bullion, does not propose to exchange it for another bar of the same weight and purity. There is no motive. Nor does a person propose to exchange coins for others of the same denomination and weight; nor bank-notes for others of the same denominations and of the same bank; nor any kind of money for another, where there is no foundation or reason for difference in value, and of consequent advantage to one of the parties, which advantage would be a foundation of price, or a motive for exchange. There is no motive to exchange an equal for an equal. It must be a difference of some kind, to constitute the foundation of price in money. In purchasing the use of money on time, the principle of price is doubtless too obvious to require farther illustration; and enough has already been said to show the different position and proper functions of money, as the instrument of trade, and that price, or what Mr. Twiss calls productiveness, does not belong to it in that case.

Convenience requires a uniform rule, either that cheapness or dearness should be applied to money alone, or to the things of which it is the medium of exchange. Custom has applied them to the latter, and ordained money to express all their values. This office of money is a law made and obeyed by all the world, and there is no antagonist law. There is nothing else by consent or practice, that expresses the value of money as such. Ricardo, Smith, and others, by violating custom and the ordinances of universal consent in this matter, have, we think, introduced confusion and darkness where order and light are needed, and plunged into an inextricable labyrinth.

CHAPTER XV.

MONEY AS THE "TOOLS OF TRADE."

An Illustration of this Truth.—The Condition of a Nation, after selling its "Tools of Trade," the Same as that of a Mechanic who does the same Thing.—Montesquieu's Doctrine on this Point.—The Emperor of Russia investing in French Stocks.—Money but an inconsiderable Fraction of a Nation's Wealth.—To answer its Purposes, Money should be to a Nation as a fixed Capital.—It is "Tools."—Half a Set of "Tools" not as good as a perfect Set.—Money the necessary Means of a Nation's Wealth.—The Amount required by a Nation, depends on its Resources and Capabilities.—The Charge of a Miser Spirit on Protectionists considered.—Bad Economy to hoard up Money.—The Commercial Revulsions in the United States always owing to the Want of Money as "Tools of Trade."—A Protective System necessary to keep on hand "Tools" enough.—There has never yet been Money enough in the United States for the Business of the People.—Money makes the Mare go.—To have Money enough, as "Tools of Trade," is Evidence of Private and Public Economy.—Ignorance the Parent of Free Trade in the United States.—The Precious Metals are to Society equivalent to a Law of Nature.—Mr. Jacobs on the Uses of the Precious Metals.—The Quantity of the Precious Metals required for the Trade of the United States.—The Commercial Troubles of this Country owing to unfortunate and fitful Changes in the Policy of the Government.

CAN a farmer till his grounds without a plough? Can a tailor make up his garments, without his shears and needle? Can a waterman put forward his boat, without a paddle; or a ship navigate the seas, without sails or steam? Can any work, of any sort, be done, without the appropriate instruments? Money is as much the instrument of trade, as the plough is of agriculture, the tailor's needle of making garments, the oar of speeding the boat, or the sails or steam of navigation. But Smith, Say, Ricardo, M'Culloch, Twiss, and their coloborers, tell us, in effect, that the plough is only a commodity, and the farmer may as well sell that as his corn; that the needle is only a commodity, and the tailor may give his whole stock of tools for his dinner, without inconvenience; that the waterman may barter his paddle for a fish, or the fisherman give his hook and line for bait, and both do as well without their tools as with; that the weaver will suffer nothing in selling his loom and shuttle; that the woodman may exchange his axe for a shirt, without harm to his occupation; that the smith may part with his hammer for a saw, in an exchange with the carpenter, and both go on with their work; that the shoemaker may exchange his kit of tools for a coat, and still work on with profit; in short, that all these things are mere commodities, and provided the parties have made a good

speculation, as a trade, they have done well ; or if they have merely got an equivalent, in market values, they can not be losers. Such is the doctrine of Free Trade.

But, money is a nation's "*kit of tools*;" nothing more ; nothing less. And yet these gentlemen say, it is no matter ; it is just as well ; the nation will not suffer the least inconvenience, if it parts with its "*kit of tools*," and obtains, by the exchange, equivalent values. They say, in effect, that a shoemaker can still go on making shoes, and do as well as ever, if, by exchanging his kit, he gets other commodities of equivalent value. It is impossible to escape from this issue, on the premises of these gentlemen. No one can deny that this is precisely the case which they have made.

If it be said that a man ought to part with his "tools of trade," rather than not pay his debts, it is raising a new question, which is one of morality. We go farther back, and anticipate this question, in the position, that a man should be more prudent than to allow his "tools of trade" to become liable for his debts. This is precisely the position we occupy on public economy. We hold, that money, enough for the demands of trade, is the "*tools of trade*" to a nation, and that its system of economy should be so adjusted and managed, as not to put its "tools" in the condition of liability for its debts. A nation can not hold on to its "tools," after they have become thus liable ; but they must go, till there is no more to go ; and then the efflux is barred by exhaustion. The doctrine of our opponents is, that a nation is none the worse off, is put to no inconvenience, by the loss of its "tools of trade." Is not this the CASE which they have made? If it be not, we know not what is.

Montesquieu says : "A country which always exports less than it receives, maintains an equilibrium by impoverishing itself. It will continue to receive less, until it will have reached a state of extreme poverty, when it will cease to receive anything."

Exactly in point comes the news, while we are writing this page, of the transaction of the emperor of Russia with the bank of France, in the purchase of 50,000,000 francs of its stocks, or nearly \$10,000,000. It is understood—we believe it was openly avowed on the bourse at Paris—that the object of the French government, in lending its intermediate offices, to obtain these stocks for the emperor, at the middle price, was to bring fifty millions of specie into France, which was pressingly required—France having parted with too much of her "tools of trade," and being threatened with commercial bankruptcy and financial ruin. It was to

bring back these "tools;" and the necessity of France, in this case, subjected her to some peril, as it will at any time be in the power of the emperor of Russia, by a *coup-de-main* operation, suddenly to throw these stocks into market, and create a panic, to the great injury of France. But "necessity knows no law." France wanted more "tools of trade," and must have them. If these stocks had been sold in Paris, to Frenchmen, the price would not have come from abroad, to meet the exigency; but, in selling them to the emperor of Russia, it brought 50,000,000 of francs directly into France, as so much addition to its "numeraire," or cash. But, according to Adam Smith and company, it was no misfortune to France to have wanted this amount of specie, nor any benefit to get it.*

Because money will supply wants and gratify desires, by procuring the means, it is thence too naturally concluded, that wealth consists in money; it is true, that a given amount of money, in any one's possession, makes him a rich or wealthy man, according to the standard of wealth assumed. Nevertheless, money, though it may be the fortune of an individual, because it will supply his wants and gratify his desires, is not, in itself, any considerable part of the wealth of a community or of a state. If the annual product of the industry and labor of the people of the United States, be \$2,000,000,000, as is supposed, that product is an exponent of their wealth; and it is supposed, that not a penny of it consists in money. We do not produce money, to any extent worth naming. If it requires fifty millions of money to move such portions of this product to their various destinations, as are not consumed on the premises where they are created, say a moiety of them, then the amount of money employed in moving these products to their destination, is as one fortieth of their amount. And if this product be to its sources and means, or to the capital of the country, as 6 to 100, the rate of interest, then the money of the country is only as $\frac{1}{40}$ th of $\frac{6}{100}$ ths of the national capital—a fraction of the general wealth hardly worth naming.

The position and functions of money, in this movement, are to the people, as the "tools of trade" to a man in any pursuit. As a man can not do his business without his tools, so neither can a people trade without money. Money, with a nation, is permanent, and

* Since writing the above, the French revolution of February, 1848, has occurred; but that makes no difference with the argument. France was in want of specie at that time, under Louis Philippe, and this transaction was negotiated to obtain it.

ought to be fixed capital, as the tools of a mechanic are. It occupies the same position in trade. If a mechanic has but half a set of tools, he can not work, except under great disadvantage. It is the same with a people, in regard to money : they want a complete set of tools, and will work very badly with half a set. And yet Free Trade says, it is no matter, whether you sell your tools, or your other commodities.

That money is a fraction of the public wealth, as permanent capital, occupying the position, and discharging the functions of tools, in creating and promoting general wealth, can not be denied ; but it is a small fraction ; in the strict sense, it can hardly be called wealth ; but is more properly the means of it. But, as it is the most essential element of wealth, in public economy, as a means, there is no harm in calling it by that name, so far as it goes, if its proper position and functions are understood. It is certain, there can be no wealth, in the sense of prosperity, without it. If fifty millions of active money capital are necessary to move all the surplus products of every point of the United States, to their destination, anything less than that would be a check to the movement ; half of it would be a very serious calamity, and occasion universal distress. And yet Free Trade says, it is no matter : half is as good as the whole. Adam Smith, as shown in another place, undertook to prove, that the American colonies were very well off, when they had no money at all.

Money itself is no farther wealth than as the means of producing it, and for the amount of the precious metals which it comprehends, they being in demand for other uses ; and the money of a country, and of the world, as shown above, is but a small fraction of its wealth. It may happen that all of an individual's wealth is vested in money ; but that of a nation can never be ; nor more than a small fraction.

The amount of money which a nation requires, to effectuate the greatest amount of production in exchangeable values, and to circulate them so as to produce the greatest income, in other words, to move all surpluses to the best market, is a question of considerable importance. The European economists seem to agree, so far as we have observed, that a nation requires only money enough to circulate its exchangeable values which require movement in trade, to and fro, outward and inward. This doctrine is doubtless correct ; but their idea of the application of it, would not exactly suit us. They appear to assume a *ne plus ultra* of demand, an ascer-

tainable limit, from an existing state of things ; that is, that this state of things has nearly or quite exhausted its requirements or uses of money. This does not apply to the United States. We have never yet come in sight of the end to which an increase of money might not be profitably applied for the production of wealth, so inexhaustible are our resources ; nor has there ever been a time when it could be said there was too much money, or even enough, in the country, so as to want use. The extravagant speculations of 1836-'7, are not in point ; because they were not based on money ; but were mere bubbles, doomed to burst, for want of money as a foundation.

A system of public economy, therefore, adapted to the state of things found in Europe, limiting the uses of money, and thus limiting the amount required, may be very ill adapted to the United States, where the uses for money are comparatively without limit. The "kit of tools" for the trade and commerce of Europe, might be very complete, under a system, which would leave ours very incomplete. It is for us to judge what we want; and for them to judge what they want. It is evident that European economists had no idea of the state of things here, in this particular. When was there a time, that this nation, or any part of it, or any party or person in it, could not have done more in the production of wealth, if they had had more money to do it with ? We want, then, a system of public economy, which shall not only tend to keep in the country what is commonly reckoned enough of money, to carry on its trade and commerce ; but we want a system that shall tend to increase that amount, as far as may be, in a degree, commensurate with the development of the means for its profitable use. As yet, it has never been so.

It is unfair, and shows a want of candor, when Smith, Say, Ricardo, M'Culloch, and others of that school, while engaged in their argument on the balance of trade, treat their opponents as misers, wishing to hoard up money ; or to represent them as insisting on taking nothing but specie for what they sell. It is easy to set up a man of straw in this way, and knock him to the winds, appearing to come off victorious. But this is not our position. We only insist, that a nation must so regulate its trade with foreign parts, that, taking it all together, more money should not habitually go from the country, than comes back ; that, if more specie is annually exported than is imported, the nation will soon be in commercial troubles, for want of money to trade with ; that, in the

United States—we do not speak for other nations—a protective system is indispensable to prevent such a public disaster; that, under such a system, we do not trade less abroad, as our opponents aver, but more; that, in the long run, both our exports and imports of other commodities than money, will be greater; and that the only way for us to secure this growth and prosperity of commerce, is by a protective system. Such being the operation of this system, when properly adjusted, as proved in other parts of this work—it being supposed that we draw in as much money as we send out, and rather more than less—money, as the instrument of trade, is never wanting, can not be wanting. Not that we propose to have any lie idle. That would be waste. There would be little danger of that, so long as the untouched resources of wealth in this country, are so many and so great; and so long as a moiety of its capabilities, more or less, are forced to lie in repose for want of means.

It is decidedly bad economy, in a man or a nation to hoard up money. If a thriving man gets more money than he wants to use in his business or trade, he will invest it somewhere, that it may do business and trade without his agency or care, and afford him an income. But as a prudent man, he will take care not to have less money at his command, than his business or trade requires. In case he should have less, his affairs will suffer, and his estate will be injured. He may even be so embarrassed as to be forced into bankruptcy, broken up, and perhaps ruined—all for want of a sound system of economy, for buying too much, and running in debt without means to pay. So a nation, for precisely the same reasons, may fall into the same situation, in its foreign commercial relations, as has several times happened to the United States—all for want of a sound system of public economy. And such a system, it will be observed, as its name imports, is directly opposed to a system of Free Trade. It will also be observed, that, whenever commercial revulsions have come over this country, it was in consequence of the prevalence of Free-Trade principles and practice. There is no difference between the loose and profligate habits of private individuals, which involve them in pecuniary troubles, and Free-Trade, which always brings like consequences to this country.

Although it is not as bad for a man or a nation, to have money hoarded up and lying idle, as to have too little, and though it can not be said to be positively calamitous, nevertheless, it is bad econ-

omy—it is waste. And as it is important for a man to have money enough for his own business, so it is equally important for a nation; and the same means, in both cases, that is, private economy in one, and public economy in the other, must be employed for the attainment of this end. In the one case, the rules are private; in the other, public; but in both, they are equally opposed to Free Trade. The system of economy in each case consists in a tariff of duties, the great aim of which is, not to buy too much, to live within means, and to have plenty of means; that is, plenty of "tools of trade."

Nor is there any danger that money being plenty, will lie idle, except in a miser's chest, or a monarch's vault. And misers certainly are diminishing in numbers as commerce enlarges its sphere, and becomes more active and more productive. Men usually, especially the Anglo-Saxon race, and more especially the American branch of that race, are too sensible of the value of money, as a productive power, not to put it to use as it accumulates. There never yet has been a time, in the history of this country, when there was an excess of money in it, above the demands for its use, or beyond the scope of the subjects of a profitable investment; especially, and more than all, profitable to labor; and the greatest commercial evil the country has ever suffered, has been the want of money. One single fact, viz., the more than double value of money in the United States, as compared with its average value in Europe and other foreign parts, is conclusive evidence on this point. The incalculably diversified and yet undeveloped resources of this country, and its unassayed improvements of which it is so immensely susceptible, present a field for the employment of money, that is vast and boundless—a field which has long invoked, and still invokes, without response, an application of capital, in an amount which ages of the greatest prosperity will not furnish. As a question of public economy, therefore, and one of the greatest moment, it seems to be imperatively demanded, that our system of foreign commercial policy should be so arranged and adjusted, as to draw moneyed capital to the country, and retain it here for the execution of these grand and momentous objects; above all, that this policy should not be left so loose and free as to oblige us to lose money in our foreign trade, as we have done heretofore, and thus not only disappoint and put far off these great and stupendous home enterprises, but cripple and embarrass the comparatively small endeavors already attempted, which are with difficulty

sustained, and some of which, indeed, are in danger of overthrow or suspension, for want of means to carry them on. Nothing but the protective policy can supply us with the money capital which the country needs; and without it, as has uniformly been the result of all our Free-Trade experiments, we shall be impoverished and broken down.

The old adage, "money makes the mare go," though trite, and apparently below the dignity of literary composition, nevertheless contains an important practical principle. But the great secret is, how to get money, how to keep enough on hand, or at command, for necessary uses, and how to put it to the best use. This practical part is justly called *ECONOMY*, in both private and public affairs. It is strange that theorizing, as in the case of the advocates of Free Trade, should lead men so far astray as to allow them to maintain that the products of labor, other than money, can be made active and productive in trade, without money; and that it is of no injurious consequence for a commercial nation to part with all its cash, when Free Trade draws it away. They do not consider that money is the moving power; but seem to take pleasure in believing a hard thing, holding it for true, not because the truth is apparent, but occult—taking pride in a doctrine because a miracle only could verify it. Their own importance is magnified only by their extravagance, and by the extent to which it is carried. Still, every sober man must see that money is power—power with a man and power with a nation—and that every man and every nation, without money, and being unable to command it, is powerless. This truth is directly opposed to a fundamental proposition of the Free-Trade doctors, Smith and others, that money occupies the same position in trade with that of the commodities for which it is exchanged—is itself no more than a commodity in trade—and that, therefore, it is no matter in trade, which goes and which comes, that or any other commodity. When a doctrine like this, is permitted to enter practically into a system of private or public economy, as an element, a leaven, pervading the whole, it is surely no wonder if the affairs of such a system, private or public, come to a very bad result. Nothing but extraordinary good luck could prevent it, and that only for a lucky season. The doctrine, "*per se*," is ruinous.

The peculiar and exclusive position which gold and silver, as money, occupy in the world—a very important and potent one—is that they are universally recognised as a *common* currency in

trade or commercial exchanges, and are therefore indispensable as far as those exchanges may require. No other commodity of the world occupies this position, or discharges these functions; and consequently, whenever money is wanting, in a greater or less degree, trade must be embarrassed. The doctrine of the Free-Trade theorists, therefore, is utterly false—false in principle, and ruinous in its application. Here is the origin of the difficulty which has led to so many calamitous results in the United States. The superficial thinkers among us, statesmen and others, who have adopted and advocated this doctrine, have never gone down to the bottom, nor back to its origin; but they have received the dogma *ex cathedra*, and propagated it, without understanding it. There are certain clap-trap bubbles, floating on the surface, which reflect beautiful colors, and seem very captivating; and these are the only objects which the common teachers of Free Trade see, and to which they direct the attention of the public; but they never dive down, nor take the trouble of angling, to fish up that which swims in the deep sea. It is not too much to aver, that they neither know what they say, nor whereof they affirm; and that their triumph—so far as they have had any—is the triumph of ignorance. They have yet to learn, scientifically, the first principles of economy; for it is nothing more nor less than a question of ECONOMY. If they had understood the fundamental doctrine of their masters, why did they not begin there? They have never mentioned it, and probably never thought of it. It is the doctrine that money and a piece of cloth are the same thing; that they occupy the same position, and that there is no difference between them, in their influence on the operation of commercial exchanges; and that it is of no consequence, whether we have one and none of the other, or much of one and little of the other. Had our own Free-Trade statesmen, and other of our teachers of this school, begun here, and thought upon it as much as the importance of the subject demands, it is possible they might have been startled. But they have adopted a faith without scrutiny, and attempted to propagate it without knowing what it is; and we can hardly expect the compliment of an acknowledgment from them, if their eyes should chance to fall upon these pages, that we have told them what they never knew before, though, peradventure, it might be true. We will, however, venture to say, that they will agree with us so far, that money is the great power of the world, and that the party which has none of it is weak. They will, moreover, admit that

there is such a practical virtue as ECONOMY, in contriving to have money for necessary uses. We do not wish them to admit any more; for in this admission, they have abandoned both the ground and the principle of Free Trade. A system of public economy, contrived to retain in the United States money enough for its necessary purposes, would be a protective system. And no one, surely, will pretend that our trade can go on well, when there is not money enough in the country to keep it a going.

We do not want a better rule of public economy on this point, than M. Say himself has given against himself, that is, against his leading doctrine, in the following words: "The use of gold and silver in the peculiar character of money is proportionate to the quantity of moveable and immoveable objects of property that there may be to be circulated;" that is, transferred in sale, as "immoveable objects" can not be "circulated." In this proposition is recognised, first, money as the instrument of trade, in its "peculiar character," M. Say's *peculiar* mode of expression; and next, that the "proportion" required, in any nation, must be sufficient to accomplish the exchanges, without embarrassment for want of it. This is precisely the doctrine we hold to. M. Say also admits that "money is the vehicle of value. Its only use is to convey into your hands the value of the produce, which the purchaser of your goods has sold in order to purchase them; and to convey, in return, into his hands, the value of the produce, which you have already sold to others." Again: "The commodity employed as the material of money, is the agent of exchange." Could anything be more explicit, more clear, or more to the point of our argument, that money is the "tools" of trade?

It is not less remarkable that we find even Professor Twiss just where he should be on this point: "The money of a country," he says, "will be that part of its capital which is exclusively employed in facilitating the exchange of other portions of its capital, just as the loom of the weaver, or the saw of the carpenter, are portions of the capital of a nation, employed in facilitating the production of clothes and dwellings;" and yet Professor Twiss maintains that it is no harm to sell these tools.

M. De Boisguillebert, a French economist under Louis XIV., proscribed by that prince for his opinions, said: "Wealth consists in the continual exchange of the surplus which one individual possesses, for the surplus which another possesses; and the moment the *means* [money] of effecting this exchange are wanting, a coun-

try becomes distressed in the midst of abundance." And Professor Twiss says of this very writer, that "De Boisguillebert had a clear appreciation of the distinction in the separate employment of silver, as money, and as a commodity, and that, when it was employed as money, it was not employed productively, and the reverse when employed as a commodity."

Again says Mr. Twiss: "The money of an individual is part of his circulating capital, and he can only derive a revenue from it by parting with it; but the money of a society has more the character of a fixed capital, as a greater revenue accrues to a society from its use as an instrument for facilitating exchanges at home, than from exchanging it as an article of commerce with foreign countries. For instance, the first division of articles in which capital is fixed, according to Adam Smith, consists of, 'all useful machines and instruments of trade, which facilitate and abridge labor.' Now money is most useful to a nation as an instrument for facilitating exchanges, and abridging the tedious operations of barter; and as, by such exchanges, the production of national revenue is indirectly stimulated, and the result is an augmentation of produce, it seems, in its character of money, to be rather a portion of the fixed capital of a country; more particularly as the waste of it requires to be made good from the circulating capital."

It is admitted, that money is not wanted for any other purpose but trade, and that it would be a waste to have more than this object requires; but this is a very important object. It is vital to a system of public economy, and depends on measures of public policy. As every private person, engaged in trade, is obliged to take care that he has money enough in hand or at command, for his purposes, so is it equally necessary that a nation should use this care. Neither can afford Free Trade. The farmer must keep up his fences; and every person must defend the rights of his position, commercially, in relation to all the world around him, or he will be defrauded and cheated at all points. No one should spend more than he can afford. It is equally necessary for nations to guard their commercial rights, and be economical, as for individuals. Every nation stands in similar relations to other nations, commercially, as do individuals to those about them. If either should cease to exercise, or relax their care, in these respects, their rights would instantly be invaded, and they would suffer injury. Free Trade is posterous.

Mr. Jacobs says: "It may be observed, that the world is very

little really richer or poorer, from the portion of metallic wealth that may be distributed over its surface. . . The only benefit to the world in general, from the increase of these metals, is, that it acts as a stimulus to industry."

The first of these remarks is very sensible, natural, and in one sense true, though it needs explanation; but, as much as we respect Mr. Jacobs, and feel obliged to him, for his incomparable work on the history of the precious metals, we must say, that the second is somewhat in the dark, though we acknowledge there was a foundation even for that. What he doubtless means by the first remark, is true, viz., that the wealth of society does not so much consist in the precious metals, and in money, reckoning their actual amount, as is commonly supposed. He says elsewhere, that "the gold and silver of a country can scarcely amount to one hundredth part of its wealth." We go even farther than that. But though money is but a small fraction of the wealth of a country, so small that it is hardly worth counting, for its comparative amount, yet it occupies a very important position as the "tools" of its trade; and those portions of the precious metals which are appropriated to other purposes, being generally three or four to one of the money, occupy a still more important position as the *foundation* of the value of money. These two considerations impart to the precious metals, in all their forms, a high, even a momentous importance. They seem to be as much a Providential provision for man, and for the necessities of society, as the laws of nature, and it is hardly too much to say, that they do in fact constitute one of those laws. They certainly grow out of them, and their uses have that foundation. Gravitation has no more power over its own sphere, than the precious metals have in theirs, and is scarcely more beneficent in its domain, than the latter. Man can no more dispense with the precious metals, than creation can with one of its great laws.

We hold, therefore, that the second remark above cited from Mr. Jacobs, is derogatory to the precious metals, and detracts not less from their importance, than from the dignity of their position in the social state. We think we clearly see the light, or rather the darkness, in which he stood, when he made it. It is no derogation from his merit as an indefatigable and successful investigator in the line of his pursuit, to suppose, that he could not make every acquisition possible to man, and that he had not well considered the ground he occupied in this remark, or the things which it comprehended. If, by "a stimulus to industry," he meant only the art

and labor bestowed on those portions of the precious metals which are appropriated to other uses than that of money, as is quite probable he did, judging from his Free-Trade views, he has certainly circumscribed himself to a very narrow field—not narrow in itself, for it is a broad one—but narrow as compared with that which he did not survey, and which is by far the richest and most important, viz., the sway which gold and silver wield over human affairs, and over the destiny of man, as the instrument or "tools of trade." If he had seen and appreciated this, it is not conceivable, that he could have made so derogatory a remark, "The only benefit," &c.

Like all the Free-Trade economists, Mr. Jacobs says: "Gold and silver"—we cite his own words—"are merely commodities;" and like them, we understand him as holding to the doctrine of equivalents in exchanges. And yet he says: "During the whole of this reign, [of Henry VII.,] trade had increased both in imports and exports; and as the latter regularly exceeded the former, a great increase in the deposit of the precious metals, either in the form of coin or of bullion, must have taken place in this kingdom." Here, in the first place, he has granted all we ask, on the question of the balance of trade, in recording an historical fact; but how, as a Free-Trade economist, asserting that money occupies the same position as other commodities in trade, is "merely a commodity," and that in all trade the exchanges are equivalents, he could make the exports exceed the imports, is more than we can see.

It has already been seen, in the current of our argument, that, in consideration of the undeveloped resources of this country, of the enterprise of its population, and of the high value which money has always sustained here, as compared with its value in Europe and other foreign parts, it is scarcely possible for us to have too much of it. It is generally supposed, that eighty millions of cash, or specie, is necessary for our domestic exchanges and common business purposes. This is used many times over, and some portions of it may pass through hundreds of hands, in the course of a year.* It has been estimated that more than four hundred millions of dollars are annually required for the movements of the domestic trade of the country alone. Eighty millions of specie, therefore,

* Since writing this chapter, we have been told of a case of fact, well certified, in which a man, with \$1,000 capital, traded to the amount of \$100,000 in twelve months. Is not money the "tools" of trade? Without this cash, none of this business could have been done. How emphatically does this fact illustrate the importance of cash to a nation, and the misfortune, the incalculable disadvantage, of having too little—of having it drawn away by Free Trade to foreign parts.

as the basis of a currency required by all the business and trade of the country—more especially as a large fraction of this, perhaps nearly a moiety, is itself a part of the currency—may be considered a small enough supply for all demands. Prooably one hundred millions, for present population and business, in an ordinary state of things, would be more convenient. There is no use in having more cash in the country than its business or trade requires, as more would be idle. But that amount is important—is indispensable for the convenience and prosperity of the people. Its chief function is to constitute the basis of the currency, the bulk of which is always paper in a civilized, active, commercial community. But the cash, or specie, must be in the country, in abeyance to demand; else the currency is unsound, being irredeemable.

Nothing but the protective policy can keep the necessary amount of specie in the country. This is evident from what is elsewhere proved. "History is prophecy." The past proves what the future will be. There never was a time of no duties, as under the confederation; or of low duties, as for the few years previous to the tariff of 1824, and previous to that of 1842; when the specie did not leave the country, and the currency break down. The reason is, that low or anti-protective duties always run the country in debt to foreign parts, by buying more than is sold; and no foreign balances against the country can be settled, except by cash, weighed in the scales. Consequently, the specie is required, and must go; and unless the banks suspend, to stop it, it must continue to go, till these balances are settled. One hundred millions of balances of this kind against us, would at any time drain the country of a sufficient amount of specie, to distress and embarrass it; and without an extension of credit, it would probably take all the specie. But the commercial history of the country demonstrates, that a short period of low, anti-protective duties, will run up more than a hundred millions of balances against us. That is the reason, and the sole reason, of all the currency troubles of the country, in times past.*

* Such was the distressing effect of the absence of specie from the country, or of the want of "tools" of trade, in consequence of low duties, just before the tariff of 1842 came to the rescue, that in some parts of the interior of Pennsylvania, the people were obliged to divide bank-notes into halves, quarters, eighths, and so on, and agree, from necessity, to use them as money. In Ohio, with all her abundance, it was hard to get money to pay taxes. The sheriff of Muskingum county, as stated by the *Guernsey Times*, sold at auction one four-horse wagon, at \$5.50; 10 hogs, at 6½ cents each; 2 horses (said to be worth from \$50 to \$75 each), at \$2 each; two cows, at \$1 each; a barrel of sugar, for \$1.50; and a "store of goods" at that rate. In Pike county, Missouri, as stated by the *Hannibal Journal*,

A man of business, in a sound state, as to his own private finances, can not fail, if he should try, so long as he does not buy more than he sells. It is the same with a nation. Having once in its bosom cash enough for its business, or trade, domestic and foreign, it will always have enough, till it begins to buy of foreign parts more than it sells to them, take the foreign trade as a whole. Then the cash must go, to settle balances, whatever be the amount. If they be equal to half of the specie in the country, then half of it must go; if equal to the whole, the whole must go; or the debts must be protested, or be arranged; in any case, if the whole does not go, the debts must remain unpaid.

The foreign debts of the United States are probably at this moment more than three times as much as the amount of specie in the whole country; and they were all created in times of low duties, and by reason of them. But those which were not settled by private bankruptcy and state repudiation, thus returning home from inability or bad faith, have been arranged, and the nation pays, through the debtors, from twelve to fifteen millions annually, in the shape of interest, with the principal hanging over its head. It is so much foreign debt against the country; and if justice be done, the interest must always be paid.*

the sheriff sold 3 horses, at \$1.50 each; 1 large ox, at 12½ cents; 5 cows, 2 steers, and 1 calf, the lot, at \$3.25; 20 sheep, at 13½ cents each; 24 hogs, the lot, at 25 cents; 1 eight-day clock, at \$2.50; a lot of tobacco, 7 or 8 hogsheds, at \$5; 3 stacks of hay, at 25 cents each; and 1 stack of fodder, at 25 cents. This is but an epitome of the general state of the country at that time, arising from this cause, though some parts suffered more than others, as those above named.

* After the bank of the United States was wound up, as a national institution, by the refusal of a new charter, the states were stimulated, by the action of the federal executive, to the creation of a host of banks without a specie basis, and to extravagant expenditures for internal improvements. From 1820 to 1830, during the existence and action of the national bank, only 22 state banks were erected, with an aggregate capital of only \$8,000,000; whereas, between 1830 and 1840, 392 banks, or 571, including branches, sprang into existence, with a nominal capital of \$213,000,000. (See House Document 111, 2d Sess. 26th Congress.) A large portion of these banks, being unnaturally forced into being, without any solid foundation, failed of course, in the commercial revulsion that followed.

The history of the state debts shows, that from 1820 to 1825, the increase of state bonds was \$12,000,000; from 1825 to 1830, the increase was \$13,000,000; from 1830 to 1835, when this unnatural stimulant began to operate, the increase suddenly rose to \$40,000,000; and from 1835 to 1840, it was \$109,000,000, nearly the whole of which was issued in 1835 and 1836, before the destruction of general credit. The imports of 1836, tempted by the same seductive influences, under a system of low and falling duties, were \$61,000,000 in excess of the exports; and the home speculations and adventures, prompted by this cause, were on the same scale of extravagance. All these state debts, or nearly all, went abroad to satisfy the commercial balances, which were heaping up against the country.

But the nation has never run in debt to foreign parts, under the existence and action of a protective policy ; and it has never paid any foreign debts except by that policy. Such are the facts. It is not intended to say, that no foreign engagements have ever been met, under a system of low, anti-protective duties ; but only, that foreign engagements, in the aggregate, have never been liquidated, but always increased, under that system ; and that the aggregate has only been lessened, and credit revived only, under the action of a system of protective duties.

Moreover, the currency can never fail, will always be sufficient, and can never be unsound, under an adequate system of protective duties. Nothing more is meant here by the term, *adequate*, than that the system shall be strong enough to prevent foreign commercial balances accumulating against the country ; and it is supposed, that a tariff based on the principles of that of 1842, and as a whole equally protective, will be sufficient. It is also supposed, that the legislation for the regulation of the currency, shall be ordinarily prudent and effective. A bank, here and there, might fail, from mismanagement, or other cause ; but such an event, rarely occurring, could no more disturb or impair the general system, than the failure of a merchant, in the city of New York, could shake the commercial fabric of this great emporium. So long as no foreign commercial balances are accumulating against the country, the specie in it would remain as the basis of the circulating medium, and a part of it. And the small balances in favor of the country, annually accruing, as under the tariff of 1842, showing that the country is selling more than it buys, would gradually enlarge and fortify the basis and body of the currency. It could neither fail, nor be insufficient, nor unsound, any more than a private individual could fail, who has once started strong, and never buys more than he sells, but always sells more than he buys. All the money, and more too, would be in the country — would always be here ; and therefore the currency would always be sound, and must remain so. All the talk about overtrading, and about the alternate inflations and contractions of the currency, has arisen entirely from, and only applies to, a state of things, which the want of a protective system brings about.

As to inflations and contractions of the currency, they are all produced by changes in the policy of government. Banking is trading in money, and the same principle of self-preservation controls this branch of trade, as all others. It will not commit suicide,

as would be the case, by a voluntary sacrifice of the confidence of the public. Nor will it voluntarily do an injury to that public, on whose prosperity it depends for all its profits of business. It would be absurd to suppose it, because it is a moral impossibility. It is only the irresistible pressure of a superior power, that of government, which leads to such results as sudden and violent contractions and expansions of bank issues.

It is true, indeed, that this view of this subject, presents quite a different aspect to that portion of our history, from 1830 to 1840, when compared with that which was forced upon the public at the time, by men in power, who charged all the fault of those expansions and sudden contractions of the currency to the banks. It was the fault of the government exclusively, consisting in the fitful fluctuations of its policy, and in having adopted a plan of Free Trade. The banks accommodated the people when and as far as they could. That was called an inflation or expansion of the currency; but when the government, by its policy, forced them to diminish their discounts and issues, which crippled business and trade, that was called contraction.

All the currency troubles of the country, all bank suspensions, all bank troubles of a serious nature to the wide community, all insufficiency and unsoundness of the circulating medium, and such like, have occurred ONLY in the absence of a protective policy of the government over the commercial interests of the people. *Such is history.* It is, therefore, fair to say, that these troubles come *in consequence* of such defect. If it had been only once, or twice, or three times, the evidence would be less strong. But it has been *many times, without a single exception to the rule.*

CHAPTER XVI.

PAPER-MONEY AND BANKING.

The Principle of Credit.—The United States built up by Credit.—Gold and Silver a Credit Currency.—Is Bank-paper Money?—The Invention of Paper-Money a great Advance in Civilization.—Facts to illustrate its Economy and Necessity.—It greatly augments the Facilities, Scope, and Powers of Commerce.—Facts and Authorities to this Point.—Banking the Instrument of Paper-Money.—The American System of Banking—Principles and Benefits of Banking.—Adam Smith's Doctrine that Paper-Money banishes Specie, not applicable to the United States.—The Precious Metals the only sound Basis of Banking.—The visionary and unsettled Opinions of European, particularly British Economists, as to the Basis of Banking.—Sir Robert Peel right at last in his Bill of 1844.—A Government Bank necessarily in a false Position.—The Subtreasury a Government Bank.—Treasury-Notes are Post-Notes.—All the Functions of the Treasury, by making it a Government Bank, merged in that Bank.—The Effects, Danger, and Power of this Institution.—It subverts the Banking System of the Country.—The Instincts and Propensity of the Federal Government for Banking, as illustrated in the Subtreasury.

As we are now approaching that department of the monetary system, which has much to do with the principle of credit or faith, it may be well to say a few words on this great bond of the social state. Endeavors have been made to scandalize credit, by representing it as synonymous with faith reposed in false pretences; and on the basis of this assumption, a theory has been set up, that credit is a vice, and ought not to be tolerated. This doctrine was first promulgated from the most eminent civil position in the land; and the unearthly scream, the barbarian whoop of a servile minion, to the great affright of men less mad, sitting in grave assembly in the halls of legislation, gave out the word, "Perish credit!" This is a libel on humanity, and on virtue. The great benefit and blessing of Christian civilization, is the increase and strengthening of faith among men; and not the least important ramification of this virtue, is commercial credit. There may be too little; it is impossible there should be too much of it. Its prevalence and growth are proof of a sound state of public morality.

It was by credit, or a sound state of public morality—which is the same thing—that the United States rose from their small beginning to their present magnitude. Commercial credit was one of the most important elements of society during our colonial history; for there was very little money. Public faith of this very kind, was the great secret of our success in the revolutionary war;

for money which we had not, or credit which is the same thing, is the sinews of war. It was commercial integrity which carried the nation through the years of the confederation; for there was no money to begin with, and we were constantly running in debt. On the verge of dissolution as a political body, on account of commercial embarrassments, it was credit that saved us at the time of the adoption of the federal constitution. It was the revival of credit by the establishment of a national bank in 1791, that gave us a new start; but there was very little money in the country. It was the vital power of the credit of that institution, which carried the nation onward in a career of prosperity for twenty years; and in the meantime, state banks arose in various parts of the country, apparently diffusing a beneficent influence. But the war of 1812, and the non-existence of a national bank for four or five years, brought us into commercial troubles again. But credit came to our aid, a new national bank was chartered in 1816 for twenty years more, and but for the want of an adequate protective system for a few years previous to the tariff of 1824, which sent the specie out of the country, there would have been uninterrupted prosperity. It was credit that carried the nation through that trial, and raised it again to unexampled commercial vigor, under the tariff of 1824, and onward, till the low duties of the last years of the compromise tariff of 1833, again drew off the precious metals, and doomed the nation to start again on credit. From the beginning of our history, down to this time, credit has been the soul, and the great power of the nation; and no people on earth are more indebted to this virtue. There must always be a substantial ground for credit; or else it can not flourish. That ground is public virtue—moral integrity. It hardly need be said, that all public measures which nourish credit, secure its foundations, surround it with safeguards, and build it up a glorious temple, in any community, constitute one of the most important and effective elements of public economy.

We proceed to observe, that gold and silver, used as money, officiate in two representative capacities, one representing the joint values of these metals in all the uses to which they are applied; and the other representing every species of property of a commercial value, in its character as the recognised currency of the world, in the way of expressing that value, and in consummating commercial exchanges. It is the first of these representative functions which we have occasion now to notice, for the purpose of reviving a statement before made, viz., that gold and silver, used as money,

are a mere credit currency, representing all the values arising from the great variety of their uses ; and their credit is based upon these values, their value as money being but a fraction of the whole, itself borrowed from these other values. It is certain, as before shown, that they never would have been used as money, but for their other values ; and therefore, as money, their credit may be said to be based entirely upon them.

Our object in making this idea prominent here, is to show, that money, in all forms and substances, is a credit currency, and derives its credit from considerations extraneous to itself. There is, however, a substantial advantage in favor of gold and silver, as money, arising from the fact, that they are imperishable parts of the great masses of the same substances, always worth their weight for any of the great variety of uses which constitute their value, and are capable, at any time, of being put back into those uses. This is what is commonly called intrinsic value. The gold and silver, contained in money, are, confessedly, substances which have a value in themselves for other uses, equal to their weight. Nevertheless, when employed as money, they rest on the basis of that credit which they derive from their adaptation to other uses. These values are sufficient to constitute gold and silver, in the form of money or bullion, an adequate basis for a secondary currency, if the interests of the public and of trade require it.

Some deny, that a paper medium is money ; others even deny, that it is a currency. The second appears to be the denial of a fact ; and the principle, as we suppose, on which the first denial is made, viz., because bank paper is no more than a representative, would also prove, that an eagle and a dollar are not money ; for, as before shown, they also are mere representatives. But it is not much matter what things are called, if we are understood ; and those names are doubtless best, in the use of which we can be best understood. Bank paper, passing for money, is commonly called money, and that is enough to justify a conformity to usage.

Assuming that no paper-money ought ever to be in circulation, which is not good for the amount in specie, whenever demanded by the holder ; and that no institutions for such issues should be authorized, without being obliged to conform to this rule, it may be said, that the invention of paper-money, on such a basis, has proved scarcely of less importance to society than that of a metallic currency. Each was a great advance in civilization. So inconvenient is the primitive mode of barter, that, even where the

precious metals are wanting, men but little removed from barbarism, can not be induced to return to it; but they will substitute something for a common currency, which always has a market value for exportation, by which gold and silver, in some foreign country, can be realized, thus recognising and establishing the great principle of a specie-basis. In California, hides are said to be the common currency, and though inconvenient, the basis is as valid as that of the best paper-money in the United States or in Europe, because, being in demand, they will be redeemed in the way of trade. These hides discharge the functions of money, are money, and have a value in themselves as truly as gold and silver. The adoption even of such a currency is a great improvement on the mode of barter. But the adoption of a gold and silver currency, or its substitution for barter, was a convenience to society, the measure of which can hardly be estimated.

Before gold and silver had become a universal medium, convenience and necessity, in ancient times, and in some countries, forced men to invent common mediums, to escape from barter. Homer says that the armor of Diomedes cost nine oxen. The Abyssinians have used salt as money, because it was scarce and precious. In Newfoundland, dried cod were once used as money, and in Scotland, nails. In some parts of India and Africa, shells have performed this function. The legal currency of Lacedæmon was iron, and of the early Romans, copper. We hear of a variety of other currencies among barbarians. All these, and many other examples, indicate how strongly nations and tribes were and have been pressed by convenience and necessity, to agree on a common currency, before gold and silver had got into general use, as such.

But since the adoption of silver and gold as a currency, some portions of the world have advanced so much and so far in the modes of civilization, that an improvement on a metallic currency became as necessary to meet the exigencies of the commercial world, as that improvement on the system of barter. Good and important as a metallic currency was, when first invented as a substitute for barter, in process of time—when faith between men grew with the growth of civilization, to a high value, and when great expedition was required, in frequent and large exchanges—a metallic currency became an obstacle, an impediment to the machinery of the commercial world, not to the same extent, but somewhat in the same manner, as barter was before it. It was inconvenient, unwieldy, gross, and as such, incapable of those quick

and large operations between remote points, which the state of society and of the commercial world required. The invention of paper-money was equally natural, and equally necessary to the improved state of society in which so much business was required to be done, on the principle of faith, under proper forms and securities, as originally was the invention of a metallic currency as a substitute for barter. It became impossible to do the business of the commercial world without it; and it is found scarcely less convenient in the ordinary transactions of trade, than in the larger operations of commerce.

The following facts will show how utterly impossible it would be to do the business now required, with a metallic currency. The receipts and payments of six banks, in the city of New York, on a specie basis of \$3,000,000, from the 1st to the 10th of December, 1846, were more than \$60,000,000, with an actual use of less than \$200,000 of specie for the whole amount; or with less than \$20,000 of specie a day, for average transactions of \$10,000,000 a day. There were, at the time, 23 banks in the city. What amount of business the remaining 17 did, in the same ten days, we are not informed.

As instances of the comparative expense of making exchanges, between remote points, by specie and paper mediums, or through banks and a metallic-currency system, the following facts are sufficiently instructive: In the operation of the subtreasury, the government of the United States paid \$3,950, in November, 1846, for the remittance of \$503,000 in cash, from New York to New Orleans; and in December, following, \$9,000 for remitting \$1,300,000 in cash, from the same city to the same; whereas, other remittances, about the same time, amounting in all to \$1,669,314, from New York to New Orleans, through the agency of banks, cost the government—0. During the existence of the bank of the United States, all the banking business of the government, averaging some twenty millions a year, cost—0. The transfer of specie, between the United States and Great Britain, costs at least $3\frac{1}{2}$ per cent., or \$35,000 for every million.

Besides the risk and expense of transactions of commerce with gold and silver, between remote points—remote as many of the above-named transactions of the New York banks—it would have been impossible to do but a small fraction of the above business of \$60,000,000, with gold and silver, in the same time, even if the parties were all in New York. Experience is the same in all

parts of the commercial world, and with all parties concerned in trade. Men would no more consent to go back to a pure metallic currency, than they who had once experienced the benefits of such a medium, would have consented to go back to the mode of trade by barter. The invention of paper-money is not, perhaps, so great an improvement on an exclusive metallic medium, as the latter was on barter; but it is too great a convenience to all parties, in ways that will occur to every man's experience, whether doing much or little business; whether receiving or transmitting by mail or otherwise, five dollars, or a hundred, or thousands, or tens of thousands, on a piece of paper, which, if lost by the way, is yet no loss; or whether he be travelling, or sleeping in his own house, and would feel insecure with specie in his charge, but perfectly safe with a piece of paper, equally good, and payable only to his order, or with a bank-note, payable on demand, concealed from any search but his own; and withal, it is such an immense saving of time and expense, such economy, that it will never be abandoned, till men are more inclined to go backward toward barbarism, than to advance in civilization.

Brande's Dictionary, of which M'Culloch was an assistant editor, and who doubtless wrote the article on money, says: "The use of a metallic currency is accompanied by a heavy expense; and there is a much greater difficulty in effecting payments by the agency of coins, than one might at first be disposed to believe. If the currency of the United Kingdom consisted wholly of gold, it would certainly amount to at least 60 millions sterling, the expense of which, allowing $\frac{1}{4}$ per cent. for wear and tear, and loss of coins, could hardly be estimated at less than *three* millions [sterling] a year. [Under the head of *banks*, this cost is stated at £3,250,000 a year.] But [even] this heavy expense is really a far less serious obstacle to the exclusive use of the precious metals, than their weight, and the trouble and expense attending the carrying them about. . . Hence it is, that all commercial nations endeavor to fabricate a portion of their money of some less valuable and more portable material than bullion; and hence, also, the origin of bills of exchange, checks, and other devices, for *economizing* the use of money." Jacobs, speaking of the condition of things as far back as in the 12th century, also says: "The risk and expense of conveying it [metal-money] to a distance were still more powerfully opposing obstacles. Hence arose the invention of bills of exchange."

But one of the most important effects resulting from the use of paper-money, is its influence in augmenting the amount of trade, and as a consequence, of wealth. Banking is the necessary instrument of paper-money, without which, under proper regulations of the public authorities, it can not be issued with adequate security to all the parties concerned. A banking system for every country, should be the creation of a most careful and wise legislation, watched with a supervision and guarded with penalties corresponding with the importance of the interests involved. Banking, like all human institutions, is liable to be abused; but the abuse of a thing is not conclusive evidence of its inutility. The wreck of banking institutions in the United States, as is now generally perceived, has been rather the effect of the political action of the government, than of any tendency inherent in the system; and the result of all this experience is, the establishment of banks on a footing, and with securities which better deserve and generally receive the public confidence. There are very few of the hundreds of chartered banks in the country, now in operation (1847), the paper of which is not received without hesitation, and with entire trust. They are the chief reliance for the currency of the country, and must necessarily be so. It is, therefore, a matter of great importance, first, that the banks should be held under proper guards against abuse; and next, that their legitimate operation, in supplying a sound and adequate currency, should not be embarrassed.

Banking, in all countries, is necessarily based on like principles, as the objects everywhere are similar. In the United States, however, the necessity of augmenting a currency usually, almost always, defective in amount, as compared with the demands of trade, has, perhaps, been more urgent than in European countries. Hence the temptation to excessive issues, and the necessity of adequate provisions of law to check and hold them in restraint. The conditions of bank charters are devised with special care to secure this end, at the same time that this species of trade—for banking is trading in money—is allowed an extent commensurate, as near as possible, with the wants and security of the public. That security can only be made good by conditions which shall confine the circulation of banks within the limits of their ability, under all exigencies, to redeem their paper when offered. Their credits are legitimate, only as they are based on their stock, deposits, and circulation; the first of which is firm and reliable; but the other two

are precarious, the management of which constitutes the chief task of bank financiering. It demands experience and vigilance.

The usual mode of banking in the United States has been through the agency of corporate companies; but the state of New York has recently authorized private banking, by requiring deposits of public funds with the comptroller as security, and the comptroller's stamp on all such private issues as a method of inspection and control.

No system of banking can stand, except as the notes are always payable on demand, in legal tender, that is, specie. They who prefer the paper, for convenience, are usually many to one of those who want the specie. The chances and probabilities of calls for specie are obliged to be well considered by the bank, so that it may not be taken by surprise, and its issues are regulated accordingly. By this means, the country is usually supplied with an amount of currency, two or three times in excess of the precious metals in the vaults or at the command of the banks, with safety and profit to all parties, so long as the system is executed with fidelity; and by the same means the business and trade of the country are augmented in a corresponding degree. None can fail to see, that this is, and ever has been, a great blessing to the people of the United States, and the means of increasing their wealth, and consequently the power of the nation, to an incalculable amount.

The following extract from a work recently published in London, under the title of "Lectures on the History and Principles of Ancient Commerce, by A. W. Gilbart," will serve at the same time as an illustration of this subject, and as an expose of the principles of banking.

"The banker who first makes advances to the agriculturist, the manufacturer, or the merchant, in his own notes, stimulates as much the productive powers of the country, and provides employment for as many laborers, as if, by means of the philosopher's stone, he had created an amount of gold equal to the amount of notes permanently maintained by him in circulation. It is this feature of our banking system that has been most frequently assailed. It has been called a system of fictitious credit, raising the wind, a system of bubbles. If it be a fictitious system, its effects are not fictitious; for it leads to the feeding, clothing, and employment of a numerous population. If it be a raising of the wind, it is the wind of commerce, that bears to distant markets the products of our soil, and wafts to our shores the productions of every

climate. If it be a system of bubbles, they are bubbles which, like those of steam, move the mighty engines that promote a nation's greatness, and a nation's wealth.

"Thus a banker, in three ways, increases the productive power of capital. First, he economizes the capital already in a state of employment. Secondly, by the system of deposits, he gives employment to capital, that was previously unproductive. Thirdly, by the issue of his own notes, he virtually creates capital by the substitution of credit. The means which a banker possesses of granting facilities to trade and commerce, will be in proportion to the amount of these three sources of capital. If his own capital amounts to £100,000, and the deposits in his hand to £100,000, and his notes in circulation to £100,000, he has then at his command the sum of £300,000, with which he may discount bills to his customers. But if the public say to him, we will take your notes no longer, give us gold, he will issue gold, but he must reduce his discounts from £300,000 to £200,000. If the depositors also demand the return of their deposits, he must reduce his discounts from £200,000 to £100,000, the sum raised by deposits being again rendered unproductive in the hands of the owners, and that raised by the circulation of notes being altogether annihilated.

"Banking promotes the prosperity of a country, chiefly by increasing the amount and efficiency of its capital. In the history of commerce, we find no principle more firmly established than this: that, as the capital of a country is increased, agriculture, manufactures, commerce, and industry, will flourish; and when capital is diminished, these will decline. The man who attempts to annihilate any portion of the capital of the country in which he dwells, is as forgetful of his own advantage as the miller who should endeavor to dry up the mountain-stream which turns the wheels of his machinery, or the farmer who should desire to intercept the sun and the showers which fertilize his fields."

Adam Smith was clearly of opinion, that paper-money augmented trade and commerce. He says: "When paper is substituted in the room of gold and silver money, the quantity of the materials, tools, and maintenance, which the whole circulating capital can supply, may be increased by the whole value of gold and silver which used to be employed in circulating them. The whole value of the great wheel of circulation and distribution, is added to the goods which are circulated and distributed by means of it. . . I have heard it asserted that the trade of the city of Glasgow

doubled in about fifteen years after the first erection of the banks there, and that the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh." It is true he does not make banks the sole cause of this increase of trade; though he seems to think it the greatest.

But Adam Smith assumes, that a paper medium banishes from the country an amount of the precious metals equal to the amount of paper in use; that is, as we suppose, equal to the excess of paper above the specie deposits; and that this specie, thus gone abroad, is employed in foreign commerce, as capital of the country, from which it goes; and consequently, that the external trade of that country is enhanced in proportion to the amount of specie thus disengaged from domestic uses. There might have been some reason for this theory, in Adam Smith's time; and it may still have some truth in it, in the same quarter. But the great error of Adam Smith and his school, is, that they are ever deducing general principles from isolated facts, and insisting on their application everywhere.

Practically, it does not seem probable, that paper-money in the United States ordinarily has the effect to banish the precious metals, to any considerable extent, if at all, because the objects of banking here are rather for domestic than for foreign purposes. Money will of course be employed where it is worth most; and it has happened, down to this time, to have been always worth more in the United States, than elsewhere, since we have been a nation. The American banking system was not established solely, nor chiefly, for economy in the machinery of the circulating medium—which is the reason assigned by Adam Smith—but its main design is to supply a defect of that medium. This being the principal object, there is no natural reason why the existence of a paper medium should banish the precious metals, although, to some extent, their absence might, perhaps, better be afforded. But, so far as they are withdrawn from circulation, it is not to employ them abroad, but to hold them in deposite, in the bank vaults, as a basis of the paper medium. A balance of trade against the country, that happens for want of an adequate protective system, may tend to draw them off, and will naturally do so. But they ought not to be liable to such a draft, nor does it enter into the design of the American banking system, that they should go abroad. When they begin to go, through the influence of the above-named cause, it is a just subject of concern, and will

naturally be the occasion of what is called bank contraction, which, if the draft continues, under large foreign demands, is liable to end in bank suspension.

The principle, therefore, laid down by Adam Smith, is improperly asserted by him to be a general one. Certainly it does not apply to the American System. This only proves what we have occasion to maintain throughout this work, that, although some of the principles of every system of public economy, may be and are common to all systems, there can be no common system equally applicable to all nations, or to any two nations. Every nation—and none more than the United States—is obliged to legislate on some principles, vitally, radically, and fundamentally different from some of those which are equally important to other nations.

It will be seen from what has been advanced in this and in the three preceding chapters, that we do not consider it possible to base a circulating medium on anything but the precious metals. Nevertheless, it would seem, that the world has not even yet done with trying other modes, or at least advocating other principles. Lamartine, who has been put forward as a leading statesman in the French Republic of 1848, speaking of the French assignats, in his history of the Girondists, says, “Une monnaie n’a jamais d’autre valeur que celle de la convention qui l’a créé. . . La loi seule peut frapper monnaie. . . Comment l’état qui représente la fortune et le crédit de tous, ne frapperait-il pas une monnaie du papier aussi inviolable et aussi accréditée, que celle de simples citoyens?” He maintains that the want of credit in the assignats was a mere fatuity, the result of popular caprice and habit; and as above, that law can make money at any time. This power would certainly be a great convenience to the French republic, in its present embarrassed finances, one month after its birth.

The celebrated Englishman, Law, who once had so much influence on this question in France, maintained, that money ought not to have any intrinsic value; and the whole English nation, statesmen, economists, and all, with a few exceptions, were led entirely astray, by a supposed state necessity, during the suspension of the bank of England, from 1797, running on for about a quarter of a century. It is true that a committee of the house of commons, in 1809, brought in an orthodox report, to wit, that gold had not risen, but that the paper of the bank of England had depreciated; but the house, for state purposes, instantly reversed this decision.

to maintain the credit of the bank. They doubtless voted against their convictions and their conscience, thinking that the state of the kingdom required it; and to this day the economists and statesmen of Great Britain have scarcely emerged from the obscurity into which they were then plunged. Observe what M. Say puts forth, and into what an error he was led, in view of this very spectacle, to wit, the suspension of the bank of England:—

“The very singular state of the actual money of England, and the extraordinary circumstances that have occurred in respect to it, have given a decisive proof, that the mere want of an agent of circulation, or, of the commodity, money, is sufficient to support a paper-money, absolutely destitute of security for its convertibility, at a high rate of value or even at a par with metal, provided it be limited in amount to the actual demand of circulation. . . Sixty millions of paper [English bank paper], though destitute of intrinsic value, are, by the mere want of a medium of exchange, made equal to 1,284,000 lbs. weight of gold, or 1,200,000,000 lbs. weight of sugar.”

“Ricardo,” says M. Say, “whom I look upon as the individual in Europe the best acquainted with the subject of money, both in theory and in practice, has shown, in his proposal for an economical and secure currency, that, when the good government of the state may be safely reckoned upon, paper may be substituted for the whole of a metallic money.”

But hear Ricardo himself, in view of the same state of things: “It is not necessary that paper-money should be payable in specie, to secure its value; it is only necessary that its quantity should be regulated according to the value of the metal which is declared to be the standard.”

As the government had authorized the suspension of the bank of England, decreed that gold had risen, and that bank-paper had not fallen, the public creditor, in 1810, was obliged to take bank-of-England paper at par, when £56 in paper would purchase only £46 14s. 6s. in gold; that is, he was defrauded of $1\frac{1}{2}$ ounces of gold in every 12 ounces, the latter of which was his due.

But Great Britain which, by an assumed state necessity, had been led so far astray in her doctrines regarding a monetary system, during the long suspension of the bank of England, has been compelled to abandon that ground, and by Sir Robert Peel's bill of 1844, after having been so long driven about by delusive theories, landed at last on the true cash or metallic platform. This bill is described

by Professor Twiss as follows: "The bank charter act [Sir Robert Peel's, 1844] provided, that there should be an absolute limit to the amount of notes issued upon securities, such an amount being taken as would keep the currency at par with foreign countries, according to past experience. It combined a further provision for an expansion of the currency to suit the convenience of commerce upon a basis that should preclude the depreciation of it; namely, by allowing an unlimited issue of notes upon bullion." But, pity to say, in 1847, another assumed state necessity compelled a temporary suspension of this salutary measure.

Nevertheless, the world now generally understands and believes, that nothing but a basis composed of the precious metals, exchangeable on demand, will sustain a circulating medium in full credit. It is remarkable, however, that the economists and statesmen of Great Britain are behind all the rest of the world in this particular, probably on account of the residuary influence of the doctrine decreed by British statesmen, to answer the supposed necessities of the empire during the long suspension of the bank of England. They evidently waver, and look upon Sir Robert Peel's bill of 1844 as a problem. Professor Twiss so regards it. Another imaginary state-necessity may possibly bring them back to the same old ground again. For the state must be maintained at all hazards, and by any expedients whatever.

It was a mistake, however, to suppose that an expedient of this kind sustained the credit of the bank-of-England notes. The decree of parliament had not an item of influence in this particular. It cheated nobody but the public creditor, by forcing him to take $10\frac{1}{2}$ ounces of gold for 12. All who traded in money at that period estimated the comparative values of gold and of bank-of-England notes, by the same rules which determine all commercial values, and dealt in them accordingly. The same rules governed those who exchanged money for other commodities, and other commodities for money. Gold in all such cases bore a premium of the difference between itself and bank-of-England notes. The public creditor suffered alone.

Such is always the result in all cases of bank suspension. The notes go immediately into market, and the market price, as estimated by the precious metals in the scales, determines their value. That the bank-of-England notes did not fall lower than 90 on a 100 during the long suspension, prove simply and that conclusively, that, in the market, there were 90 grains of faith to 10 grains of

diffidence, as to the probability of redemption in cash. Such is the invariable law applied to uncurrent or irredeemable money when exchanged for specie. The suspension of a bank does not prove it insolvent. It may be perfectly sound. But it impairs its credit, and depreciates its paper precisely by the measure of confidence it has lost. The precious metals never rise or fall in price except in their values for use, either as money or for other purposes; and the scales are their only measure. And the price of gold and silver, or of any money for use, as before shown, is not the entire sum, but the 3, or 5, or 10, or any other per cent. given for such use; whereas, when money is exchanged for other commodities, in other words, is discharging the proper functions of money, not as the subject but as the instrument of trade, then the entire sum is the price.

Banking by government is liable to several very manifest evils and perils, one of the most prominent of which—especially in a republican community, where public officers are frequently changed, and scarcely ever selected for their financial abilities—is, that the government, even if qualified by a knowledge of the subject, has enough else to do, and can not do justice to this. The history of banking in all countries, not less than the first glance of so difficult a business, teaches that it requires the undivided attention of those who have it in hand. To be duly qualified, a man should be educated, trained to it, by long service in its practical operations, as an apprenticeship. The greatest hazard of all for a government to set up banking, in its own proper capacity, is the temptation to trade in the public credit. Money-brokers may do this legitimately; but that the government itself should do it, in banking, as a part of its banking capital, is one of the most alarming features of the case. After all the experience of the world, it ought to be considered as a settled question, that no paper should ever be authorized as a common currency, which is not founded on a specie basis, and which is not redeemable on demand by specie.

Take, for example, the Independent or Subtreasury, in connexion with the power to issue treasury-notes, which vests in the same department, and which can not, therefore, be separated from its functions, and it is a bank, with every faculty of banking except that of discount, which is not essential to banking. The treasury of the United States, by the Subtreasury law, is constituted into a bank, and the authority to make loans and issue treasury-notes, on no other foundation than credit, is merely an extension, by separate

acts, from time to time, of the powers of the same institution or agency; for it can not be said there are two agencies in the case, or two separate responsibilities. There is only one. Treasury-notes, therefore, as a part of the action of such an institution, are merely another name for the post-notes of a bank, which are always objectionable in a banking institution, because they indicate weakness, and the necessity of credit. Let this bank go on, and issue its post (treasury) notes, from year to year, by tens or twenties of millions, in excess of its specie basis, the public revenue; the latter decreasing as the former augments; and is it not trading on credit in banking operations? The credit of the United States is usually good—always when the public finances are well managed—but it is never beyond the reach of a shock. The post (treasury) notes of this institution, and its drafts, are liable to constitute millions of the circulating medium of the country, and to present the anomaly of a currency constantly fluctuating in value. It is never at par, except in *transitu* from above to below, or from below to above. And whenever this government-bank shall have ventured, in its trade on credit, to the breaking down of its credit—which is a supposable, possible, and perhaps not improbable case—where and what will this currency then be? The perfection of a banking system is, that the value of its notes to the holder should have no other cause of fluctuation than the distance they may have travelled from the bank's counter, being always redeemable there. It is a remarkable fact, that the notes of the old bank of the United States did not depreciate even by this cause, and were rarely below par, often at a premium, in the remotest parts of the world, as in China. But the currency of the present (government) bank, that is, of the United States treasury, does not remain at the same rate of value scarcely for a single day, simply because it is based on credit, which lies at the mercy of the bulls and bears of the stock market, all depending, not on capital, but on the conduct of the agency of the bank itself. Public credit, in its own proper position, is well enough. But it was never made for banking, but rather for the speculations of stock-jobbers, whose appropriate field it is.

But, there are other lights, in which, for the practical purposes of the commercial world, this government-bank claims to be viewed. It has some formidable horns of power upon its head. It can not but be seen that seizing upon and taking in charge the specie of the country, by withdrawing it from the vaults of the state banks—there being no other but these—and locking it up in the vaults of

a treasury-bank, created by federal legislation, for this purpose, is a very essential, direct, and positive interference with the banking business of the country, inasmuch as gold and silver are the only legitimate basis of banking, and inasmuch as when these are taken away, all the power of banks for usefulness, on the American system, in the supply of a currency, is broken down. In such a case they can not issue to the extent designed, and which the necessities of the public may require, except by a fraudulent act. It is immaterial, so far as the principle, and so far as positive mischief is concerned—except merely in the amount of the latter—whether this effect be entirely sweeping and comprehensive, so as to shut up the banks; or only partial, to embarrass their operations, and thereby to prevent their supply of an adequate currency for the business and trade of the country. It is certain, that, if the federal government claim and exercise the right of drawing into its vaults thirty millions of specie a year, in a time of peace, and fifty or a hundred millions in a time of war, it must necessarily have nearly or quite an entire control over the banking institutions of the country, to contract their issues, and thus to embarrass trade, and cripple the commercial operations of the people. The Subtreasury is compelled to rely on the bank-vaults for its supplies, as the specie of the country is not tangible in large amounts anywhere else, so that, virtually, and in every practical effect, under a treasury-bank, of this description, all other banks subsist for its accommodation, and not for the accommodation of the business public, of the people, for which latter purpose they were undoubtedly created. In the most prosperous times, and for a season, both may go on together without great inconvenience. But the moment there is a pinch, the Subtreasury draws on the banks, and the banks of necessity curtail their credits and call in their dues. They are pinched by the Subtreasury, and all engaged in trade—what man, rich or poor, has not an interest in trade?—all so engaged are pinched by the banks, not as a first, but as a secondary cause. The banks are compelled to this course by the operation of the Subtreasury. Thus, when the trade of the country wants money the most, it gets it the least. It is wrested from the business public by the all-absorbing Subtreasury demands. Instead of having three dollars of currency for one of specie in the bank-vaults, as is usual in prosperous times, the business public can only have one dollar, when they want three more than they ever did. They are pinched, they are distressed, and thousands come to ruin by this single cause;

whereas, if the banks were not compelled to refuse discounts, and to call in their debts, by the action of the Subtreasury, they would and could accommodate the business public, and, peradventure, save the country from a commercial revulsion.

Nor is it a sufficient answer to say, that this specie all comes back again from the Subtreasury, by the disbursements of the institution. Some of it may come back, to be taken out again in the same way; but it will not accommodate the business public, which comprehends all persons, in every condition of life, even the poorest, who will feel a pressure of this kind much quicker than the rich. Besides that the secretary of the United States treasury, under this law, always has his hand on the banks, and is ever thrusting it into their vaults, he has continually in his charge and under his control, a sufficient amount of specie—rarely, if ever, less than millions, often tens of millions—the want of which, as a basis of the common currency, is sufficient, at any ordinary time, to embarrass trade and cripple commerce. The importation of specie, in large amounts, from Europe, in 1846-'47, in consequence of short crops there, which relieved the money-market of the United States, and enabled the country better to bear the operation of the Subtreasury, was a providential event which, in the case of good crops in Europe, can not be relied upon. Such extraordinary events would be alike an imprudent basis of legislation, as of confidence for the future.

What, for example, will be the state of things, when our foreign exchanges shall be reversed, and specie begin and continue to flow out of the country, as must, sooner or later, be the case? Even under this extraordinary influx of specie, the banks were obliged to keep an eye on the demands of the Subtreasury, rather than on the wants of the business public. They could not in prudence enlarge their issues, by extending their credits, because they were ever liable to have their paper presented for specie by the agents of the government-bank, who were continually drawing upon them by their paper already out; so that the people were not only barred from getting money, as they might want for business, as "tools" of trade, but they were constantly being deprived of what they had.

This government institution, therefore, thus becomes an interfering power with the banking operations of the country, to disturb and embarrass them, and to hold the banks in such a constant state of uncertainty, as to the demands that may be made upon them for specie, that they really exist, under such a system, not for the accommodation of the business public, for which they were designed;

but for the accommodation of the officers and for the uses of the federal government, for which they were not designed. The effect is to subvert the banking system, to disappoint its aims. Thirty millions of specie, in a time of peace, and sixty millions or more in time of war, are annually drawn into the vaults of the Subtreasury, part as revenue, and part as loans; and the vaults of the banks are the only places where this specie can be obtained. Thus, in a time of scarcity of the precious metals, the banks can not issue money for the business public; for if they do, the operation of the Subtreasury might at any moment render them liable to drafts on their vaults, so as to force them to suspend; not because they are insolvent, and have not assets for all demands; but because there is a lack of specie in the country. To avoid this result, they can not, in prudence, at a time of money pressure, and under the operation of the present United States government-bank, venture on issues of paper in excess of their specie deposits; nor usually even to that amount. The very time when the business and trade of the country would be most cramped, and even distressed, for want of money, is the time when the natural operation of the Subtreasury would greatly aggravate that distress. For example, there was not specie enough in all the banks of the country, that could possibly have been spared, to answer the necessities of the government in 1847, independent of the extraordinary importations from Europe, for the reason above named; and it is as certain, as figures can make it, that, if Providence had not smitten Europe with famine, we should have been smitten, by the operation of the Subtreasury, in 1847, with a widespread bankruptcy, from the effects of which the government itself could not have escaped.

But a mere subversion of the banking system, by such a measure, is not the worst effect. It becomes a positive tax, a heavy burden to the people, in many respects. It is a tax in reducing and rendering insufficient the circulating medium. A thing that is not, and never has been, can not be exactly measured. A man may know and feel, that he has been deprived of a great contingent benefit, by being deprived of the means of acquiring it, though he may be unable to estimate exactly the amount of his loss. But if it were a benefit to which he was entitled, and being robbed of it, the deprivation is a tax, unjustly imposed, to the amount or value thereof, whatever that may be. In this way, all the contingent wealth of which the people of the United States may at any time be deprived, by the operation of the Subtreasury, in subverting the

banking system of the country, reducing the circulating medium when it is most wanted, embarrassing trade, and circumventing commerce, is a tax—and a tax, which, if it could be told, would be startling. But the positive expenses of the machinery of this treasury-bank are more palpable, and constitute no inconsiderable tax. To this should be added the risk and cost of transporting specie from one point to another, examples of which are presented on page 244.

But the people may well ask, why should the federal government have this power? Is not the currency, which is good enough for us, good enough for them? What is this government of the United States? Is it not flesh and blood, as we are? Does it not eat, drink, wear clothes, and live in houses, as we do? Are not its wants the same as ours, and will not the same things satisfy them?

This, indeed, is rather a singular spectacle presented by the people and government of the United States, in their relations to each other. It might well be said, if the currency of the country was good, why was it not good enough for the government? And if it was not good, what reason can be given, why the government should be better served than the people, all at the expense of the people?

But there is something more in this treasury-bank, than an interference with, and a subversion of the banking system of the country, in the manner and to the effect above described—something more than the tax of supporting it. There seems to be an instinct in the federal government, which teaches it, that it can not be divorced from banks. It has, therefore, stolen one of the worst kind, and set it up in a shape to have it pass for a no-bank. It was made by those who had unmade the old bank, and being professedly committed to a no-bank system, yet finding they could not do without a bank, they were forced to get up an anomalous institution. But it is a bank, as we have seen—a government-bank—a bank of deposite, and a bank of issues. Certainly it is a bank of deposite; and that it is a bank of issues, look at its paper, going the rounds of the country to the amount of tens of millions, as a currency. Is not that a bank? It would seem, that the federal government can not, by any possibility, keep its hands off of banking; and that, when it professes not to have one, it gets one with a vengeance. An open and frank assertion of the right of banking, as derived from the constitution, would be, not only more honorable, but more safe, than to disclaim it with the breath of the mouth, and usurp it with the hand of power.

Besides the commercial evils of the Subtreasury bank, monopo-

lizing the precious metals, in a time of scarcity, as already indicated, there are no limits to the political power of such an institution, in the hands of the national executive, to subvert the liberties of the country. It is a union of purse and sword, such as was never even dreamed of by the most sagacious vaticinations of the far-seeing framers of the government. It is a power not only to control the currency, while professing to have nothing to do with it, but to draw into its hands all the gold and silver of the country, to pass through, only in such a way, and for such purposes, as may please those who have charge of it. It is absolute power, and may be used at will. If it does not, at some future day, perpetuate the will of one man, and impose it on the country, for ages, perhaps for ever, it certainly will not be for want of ability, with such an engine of power in his hands.

With the evidence which we now have of the tolerable adequacy of the state banks to furnish a currency, there could be no urgent necessity for the re-establishment of a national bank, unless the state of things brought about by the operation of the Subtreasury system, should create that necessity in its abrogation. That the state-bank system will be materially unhinged, and its operation more or less deranged, by the Subtreasury, can not but be certain. The federal government, by this measure, has resumed the powers of banking with a stronger hand than ever, and instead of doing it by proxy, through a corporation with limited powers, it has taken the business into its own charge, with unlimited powers, and made a treasury-bank. In falling back from this high-handed measure, it may be a question, as to where will be the best stopping-place, and whether the state banks, after such a derangement, will be fully competent, and well fitted, to discharge the functions which they might, perhaps, otherwise have done. It is an instinctive quality, and a natural right, in every nation, to regulate its own currency, by the national authorities, and it may well be doubted, whether it can ever be properly done, without such an elevated supervision. The return of the federal government to banking, in the Subtreasury mode, is proof of its propensity that way; and when the Subtreasury can no longer be endured, to remedy the evils which it shall have created, it may possibly be found necessary to readopt the usual mode of all nations, which has been approved by universal experience. Certainly, it will never be pretended by those who have made the treasury-bank, that there is no banking power in the federal constitution.

CHAPTER XVII.

THE GAIN OF INDIVIDUALS NOT ALWAYS THE GAIN OF THE COMMUNITY.

Views of Free-Trade Economists on this Point.—M'Culloch's View of Capital as formed out of Profits.—M'Culloch's Hobby.—The Doctrine of Equivalents in Trade considered.—Equivalents in Kind.—Money, as "Tools of Trade," not an Equivalent in Kind.—How this affects the Doctrine of Free Trade.—Difference, economically, between Importations for Consumption of Value, and Importations to be improved in Value or otherwise used for Increase of Wealth.—The Values added to the raw Material by manufacturing.—Every Commercial Transaction independent.—Answer to some Points made by M. Say.

THE Free-Trade economists aver, that, as the wealth of a nation is composed of the aggregate wealth of all the individuals in it, whatever an individual gains, the nation gains. We propose to show that this rule is often false.

M'Culloch has well and truly shown, that, as a general rule, the profits of producers of value, are the measure of increasing wealth, as follows :—

"That capital is formed out of profit, and that profit is itself the surplus obtained from industrious undertakings, after the produce expended in the carrying them on has been fully replaced, is a proposition, which, though universally true, is at variance with the common notions on the subject. Instead of supposing profits to originate in the manner now stated, they are almost uniformly supposed to depend on the sale of the produce, and to be made at the expense of the purchaser. Thus, to take a familiar instance, the hat-maker who sells a hat for thirty shillings, which costs him twenty-five shillings outlay, believes himself, and is universally believed by others, to have made the five shillings of profit at the expense of the individual who bought the hat. In truth and reality, however, he has done no such thing. He produced, in a given time, a hat equivalent to or worth, in silver, thirty shillings, while the various expenses necessarily incurred in its manufacture, only amounted to twenty-five shillings. But, then, it must be borne in mind, that, speaking generally, the various individuals who deal with the hat-makers, are placed in the same situation: the farmer, the clothier, the boot-maker, &c., are all making the same profits, in their respective businesses; or, in other words, they are all pro-

ducing quantities of corn, cloth, boots, &c., equal to thirty shillings, by an outlay of twenty-five shillings. It is clear, therefore, that, in exchanging the precious metals for accommodation, or in exchanging one sort of commodities for another, the one party gains nothing at the expense of the other. Profit is, in all cases, the result of more being produced in a given period, than has been consumed in that period. The introduction of exchanges would not be advantageous, if it merely enabled one set of individuals to prey upon some other set. This, however, is not the effect. By enabling labor to be divided, it gives individuals the means of employing themselves, in preference, in some one pursuit, and consequently causes commodities to be produced and distributed in the best and cheapest manner; but it does nothing more.

“If the popular opinion with respect to the source of profits were well founded, it would inevitably follow—inasmuch as they take for granted that all producers make their profits at the expense of some one else who buys their commodities—not only that no additions could be made to capital, but that the capital now in the world would be very soon annihilated. If such were really a correct view of the circumstances under which mankind are placed, our lot would be anything but enviable. Happily, however, this is not our situation. The produce of the labor we exert, during any given time, is almost always greater than the produce we are obliged to consume during the same time, and the surplus or profit being accumulated, becomes, in its turn, an instrument of vast power, and adds prodigiously to the productiveness of industry.

“It is clear, therefore, that there is no class of industrious individuals who live at the expense of any other class. The retail dealer, for example, is in no respect more indebted to his customers, than they are to him. It is not his, but their own, interest that they have in view, when they resort to his shop. Society is, in truth, as M. Destutt Tracy has remarked, nothing but a continued series of exchanges.”

As a general rule, or, as M'Culloch himself says, in the above citation, “generally speaking,” and as the development of a principle, not unimportant, but often useful in application, this reasoning is excellent, and the doctrine sound. It shows how wealth increases, and the only way in which it can increase, in direct opposition to first-sight notions or popular opinion. But Mr. M'Culloch is always so anxious to draw everything into the vortex of his Free-Trade theory, that he is rarely contented to let well alone. In all

his writings, on every topic, in a dictionary of commerce, or whatever he is about, he is sure to be seen on this hobby. It seems to be a mental disease with him. He could not even finish the above excellent argument, without winding up with the absurdity, that "full equivalents are always given for whatever is received in exchanges." It was because he had his eye on trade between nations, and was afraid, either that this principle of equivalents in exchanges would be forgotten in that application; or that some one would presume to think or say, that it does not apply there; or because he thought proper to anticipate the application. We, certainly, shall have no controversy with Mr. M'Culloch, or any one else, for all that this principle is worth to them, in either domestic or foreign exchanges. We will concede to them the principle beforehand, for the sake of argument, and give them all the advantage of it, though we do not believe in it. We grant, then, that "full equivalents" are rendered, from side to side, in exchanges between nations. The question at issue between Free Trade and a Protective System, does not fall within the scope of this proposition; but it lies in the *kinds* of equivalents passed, and in the relative proportions of the kind called *money*.

But let us see whether these exact equivalents, asserted by Mr. M'Culloch, with so much concern about another question not involved in this after all, are exactly true. It is not, perhaps, very material for the augmentation of general capital, whether bargains are always equal or not; but unequal bargains are so common, that most persons will very readily believe, that they constitute the great majority. But except as they afford those who get the best bargains an undue advantage over those who have the poorest, and impair the position of the latter most essential to public wealth, it is not easy to see why the principle of Mr. M'Culloch, so well elucidated above, so far as the general augmentation of capital is concerned, does not apply to unequal as well as to equal bargains. The design of trade, doubtless, is the exchange of equivalents, though it rarely happens with perfect exactitude. No matter. Where it is not a cheat, both parties are accommodated, obtain a profit, and general wealth is enhanced.

It makes no difference to the nation, in domestic trade, when one party gives money in exchange. It is supposed that he obtained the money by some other commodity sold at a profit on the cost of production, and the profit is a fraction of the money paid in such a case. In the rounds of domestic trade, therefore, though

exact equivalents are rarely exchanged, Mr. M'Culloch's principle of increase of wealth by exchange, holds good. But his eagerness to anticipate and decide another question, enticed him into the fault of asserting what every one knows is not true, viz., exact equivalents in exchanges.

Nor will we, as before intimated, insist on Mr. M'Culloch's giving up what he has seized upon without right, truth, or logic, even in application to foreign exchanges. Let him have it. We grant him that equivalents are exchanged in foreign trade, as long as it can honestly be carried on. When bankruptcy or suspension comes, of course the equivalents are suspended.

The question between us and the Free-Trade economists, is, about equivalents *in kind*. If they will be content to let us pay *in kind*, that is all we want. They reply, that they will allow us this privilege; but they say, at the same time, that money is an article *in kind*; that it is one of the commodities in trade, and occupies the same position as others; and that it makes no difference with us as a nation, whether we pay money or corn. They say we get an equivalent, which we do not deny; but we say it will be to our inconvenience, if we exchange our "tools of trade," so that we can not trade any more. Here is the point. They say, that money is nothing but a commodity, and that it makes no difference with a nation, whether money or any other commodity be parted with in trade. We say, that money is more than a commodity; that it is the instrument or "tools of trade;" and that, in parting with these "tools," by an imprudent foreign commercial policy—as we necessarily must, from the position we occupy, without a protective system—we part with the means of trade, both domestic and foreign, as effectually, as truly, and in the same manner, as a mechanic parts with his means of living, when he sells his tools. They say, there is no need of guarding these tools; that they will take care of themselves; that, if they go away, they will come back again, in the natural course of things. We say, that they will certainly go, unless taken care of (which they do not deny); that when a mechanic's tools are gone, he must stop work; that he loses time, and suffers loss, till he can supply himself again; that, for these reasons, it is unwise to sell his tools, though he gets an equivalent; that it may be a long time, and very hard work, for him to be well set up in his business again; that, in the meantime, he will have lost all the wealth he could have

acquired, if he had kept his tools, and been all the while at work with them.

We have shown, that money is not an article *in kind*; that it is something more than a commodity; that it is the instrument of trade, and as such, occupies a very different position from the commodities for which it is given in exchange; that it discharges the same functions in the hands of a nation, in carrying on its trade, as do "the tools of trade" in the hands of a mechanic, in carrying on his work; and that the effect would be the same for a nation to part with money, which it wants in trade, as for a mechanic to part with his tools. The difference between us and our opponents, therefore, in these two opposite positions, is vital and heaven-wide.

From this digression on equivalents in exchanges—as to the principle of which we have no controversy with Mr. McCulloch and those of his school, but assent to it—let us return to the consideration of their proposition, that, as the wealth of a nation is composed of the aggregate wealth of the individuals in it, whatever an individual gains, the nation gains.

Generally speaking, in domestic exchanges, this is true; but not always. A robber, or a cheat, gains by his depredations. Is the community benefited? A man, in domestic trade, has made a good bargain, entirely at the expense of the second party, as sometimes, not unfrequently, happens. Is the general wealth increased? But nothing is more common, or better known, than that bargains are made, and trade consummated, every day, in which one party gains and the other loses; and frequently when all the gain of one party is the measure of loss to the other. Generally, however, it is admitted, as Adam Smith and others assert, that two values, composed of the profits of each party, are added to the public wealth, in domestic exchanges; whereas, in foreign trade, if profitable to both parties, only one value, and that a mere profit in trade, is added to home capital. Hence, other things being equal, every domestic exchange is equal, in the augmentation of domestic capital, to two foreign exchanges; and it need not be said, how much more frequent and less expensive domestic exchanges are. Hence, the greater importance of the home-trade.

But to proceed. The proposition of the Free-Trade economists, is, that what an individual gains in foreign trade, the nation gains. There are two points on which this proposition fails, and is proved false as a rule, though it may sometimes be true. The first is, that they who have laid it down, make no distinction be-

tween imports for the consumption of their values, and imports of permanent and increasing value, as the one class and the other, respectively, affect national wealth; and the second is, that they do not distinguish between the gains of one party which are losses to others, or injuries to the public, and gains which do no harm to others, or the public, but are indifferent in their relative effects, or beneficial.

A merchant panders to the appetites, fancy, tastes, and extravagant propensities of his customers—not to benefit them, but for his own profit. The Free-Trade economists say, that his customers get an equivalent. That they get a technical equivalent, we do not deny; or we are willing to grant it. If a customer buys and drinks a gallon of brandy, or of wine, imported, not only the profit of the merchant, but the cost, is at the expense of the community, unless it can be shown, that the community is benefited; which would be very difficult. Allowing that the profit of the merchant stays in the country, it is no increase of its capital, but has only changed hands; whereas, the brandy and wine being imports, the capital of the country is minus the cost, and is not augmented by the profit of the merchant. It is the same with cloths and with everything imported for the consumption of its value at home. The profits of merchants, in such cases, are no augmentation of domestic capital; and the cost, which is the principal part of the price, is so much subtraction from the capital of the country; so that there is no gain, and apparently much loss.

So long, however, as the country pays for these imports by exports of its surplus products, and does not part with its money, with its “tools of trade,” but employs its money at home to move these surpluses on to their foreign destination, and to distribute the imports received in exchange for them, then the profits of merchants are an augmentation of domestic capital; as are also all the imports of a durable and useful kind, to be incorporated with the permanent capital of the country, or by such incorporation to render domestic capital more valuable and more productive; but the cost of all that is consumed to the annihilation of its value, must be ranked with luxuries which the country can afford, and not with the materials of its wealth, or increased capital. It is really no augmentation of wealth, any farther than the profits of the trade are concerned, notwithstanding that all these imports are technical equivalents.

Although there is no loss, but some gain, so long as the money,

of the country, or its "tools of trade," are not, but only its surplus products, are exported to pay for these imports, nevertheless, the gain of the nation would be much greater, and all the greater of the cost of these imports, so far as, by a protective policy, they could be produced at home, in exchange for the same products, provided they could be produced equally or more cheap; and it has been elsewhere shown, that, whatever is produced at home, under a protective system, which could not otherwise be produced, is, generally, and in the end always, cheaper than the foreign product. Although, therefore, the imports received in exchange for surplus domestic products exported, may be technically called equivalents, and are an augmentation of national capital, so long as the nation's "tools of trade" are not required to pay for them; still the national capital would be as much more augmented as the cost of all these imports that could be produced at home, under a protective system, it being supposed that their domestic production would consume the articles otherwise exported to purchase them.

We are aware that the Free-Trade economists are ready on this point to say, and that they have said, that what you take off from home labor to produce these articles of manufacture—supposing them to be of this kind—under a protective system, you subtract from agriculture and other labor, and therefore lose what this labor would produce in those quarters; to which we answer, first, that the labor thus diverted, is but a small fraction of the labor of the country; and next, that the additional stimulant which this home market imparts to other departments of labor, is more than a compensation for this loss. American labor is so independent, that its power is never stretched to that *ne plus ultra* of exertion, as in Europe, which the theory of this reply to us supposes; and it is capable, when prompted by interest, not only of filling up this vacuum, when created, but much more. This reply, therefore, can not answer its intended purpose, and our argument prevails, to wit, that the capital of the nation would be augmented to the full amount of the cost of these articles, so far as they could be produced at home under a protective system, notwithstanding that the exchanges with foreign parts are allowed to be equivalents. The home production thus saves to the country the cost of one of these equivalents, so that it realizes both.

But when the nation buys of all foreign parts more than it sells to them of its own surplus products, and its cash, in other words, its "tools of trade," are put in requisition to settle balances, these

exchanges, too, may be allowed to be technical equivalents. We concede this point. But there is one point claimed by our opponents, which we can not concede, viz., that this gold and silver, these "tools of trade," thus parted with for imports, are mere commodities; that they occupy the same position in trade as the commodities for which they are exchanged; and that they are only subjects of trade. We allow, that they are commodities, but deny that they occupy the same position with others. They are instruments, "tools," not subjects of trade, when they go to settle balances.

But we are told that what the merchants gain in foreign trade, the nation gains. Go back to the disastrous period of 1836-'37. The merchants had for years been growing rich by excessive imports, tempting the people to buy and consume; and the end of it all was a general bankruptcy. The very means by which merchants made princely fortunes, prostrated the nation. Yet, according to these Free-Trade economists, we had our equivalents, and were growing rich. Long, however, before the equivalents due from us were rendered, we were forced to stop payment, and fund the debt. Having lost our "tools of trade," we continued in a state of insolvency, and poor, till the tariff of 1842 enabled us to begin making new "tools," and to hammer away again to get out of debt. Still the Free-Trade economists say, there was no harm in our losing these "tools;" gold and silver are nothing but commodities in trade; we had our equivalents, and were growing rich all the while.

We will not, therefore, consent to the imputation of denying that the whole is equal to its parts, when we say that the gains of individuals in foreign trade, are no certain evidence of the gain of the nation, and that a nation may be impoverished by the very acts which enrich some of its individuals. It must first be considered and determined whether these gains of individuals come from without or within the nation. If they come from without, the nation, other things being equal, is enriched; if from within, it is Peter giving to Paul. The nation is not enriched, and may be impoverished. It is inevitably impoverished, if the price only passes from Peter, the consumer, to Paul, the merchant, that Paul, after retaining his profit, may remit the cost to the foreign producer, if that remittance is composed of the nation's "tools of trade."

Doubtless the people of the United States can produce enough for all their necessities, without money, as their forefathers did,

under the British crown, and during the confederation. But will they be content? Have they not a right so to protect themselves, as to be able to have money enough circulating among them to do their business with? It is vastly convenient and economical to trade with money, and not be forced back to barter. It is, indeed, the very purpose of money, to facilitate the operations of barter, and to abridge its round, till it becomes no round at all, so that a man who has money can always get the thing he wants, instead of being compelled to barter for it. But let the money of a community go to pay its foreign debts, which it ought never to have contracted, and all is at a stand.

But it is worth while to consider more particularly the difference between imports for consumption of their values, and imports of permanent value, to be incorporated with the permanent or productive capital of the country, or to be worked over as raw materials for the increase of its value by home labor; and to consider them, as they, respectively, subtract from or add to the capital and wealth of the country. All will be surprised, who do not know the fact, when told that the Free-Trade economists make no distinction between imports for consumption of their values, and imports of permanent or increasing value, as the two kinds affect the wealth of a nation.

Take, for example, the excessive imports into the United States, before the revulsion of 1836-'37, chiefly for consumption of their values, as \$20,000,000 of silks a year, and such like, till, in 1836, the imports exceeded the exports by \$60,000,000. A large portion of these excesses of imports, may be assumed as consisting chiefly of articles for the consumption of their values, of which no *quid pro quo* could afterward be found. They went into the bellies and on the backs of an unwise and extravagant people, and the merchants made their fortunes by it. These goods could not have arrived at their destination without large profits; and the doctrine of the Free-Trade economists is, that the gain of individuals is the gain of the nation. It is by such doctrine, that the United States have repeatedly been brought to the verge of ruin, and more than once plunged into the abyss.

But imports of permanent value, which constitute a part of the capital of the country, and imports of raw materials, to be worked over and upon for the multiplication of their values, occupy a very different position in public economy, from those the values of which are consumed in the use. The following history of a *pound o*

cotton, from an English paper, will illustrate the values added by manufacturing: "There was sent off for London, lately, from Glasgow, a small piece of muslin, about one pound weight, the history of which is as follows: The cotton came from the United States to London; from London it went to Manchester, where it was manufactured into yarn; from Manchester it was sent to Paisley, where it was woven; it was sent to Ayrshire next, where it was tamboured; afterward it was conveyed to Dumbarton, where it was handsewed and again returned to Paisley, when it was sent to a distant part of the county of Renfrew to be bleached, and was returned to Paisley; then sent per coach to London. It is difficult precisely to ascertain the time taken to bring this article to market, but it may be pretty near the truth to reckon it two years from the time it was packed in America till its cloth arrived at the merchant's warehouse in London, whither it must have been conveyed 3,000 miles by sea, and 920 by land, and contributed toward the support of no less than 150 people, whose services were necessary in the carriage and manufacture of this small quantity of cotton, and by which the value has been advanced 2,000 per cent. What is said of this piece, is descriptive of no inconsiderable part of the trade."

The following is another extract from an English journal to the same point:—

"The quantity of *cast-iron* worth £1 sterling, becomes worth the following sums:—

When converted into ordinary machinery.....	£4.00
Large ornamental work.....	45.00
Buckles—Berlin work.....	660.00
Neck chains.....	1386.00
Shirt buttons.....	5896.00

"The quantity of *bar iron* worth £1 sterling, becomes, when formed into—

Horse-shoe work.....	£2.10
Knives (table).....	36.00
Needles.....	71.00
Penknife blades.....	657.00
Polished buttons and buckles.....	897.00
Balance-springs of watches.....	50,000.00"

The question with Americans is, whether these values, running up, in one instance, from 1 to 2,000, in another, from 1 to 5896, and in a third, from 1 to 50,000, shall be created at home, and remain here as part of the capital of the nation; or whether they shall be created abroad, and this capital be lost to us? These are only three of hundreds of similar instances, involving, as the case may

be, the loss or gain of uncounted private and public wealth, to one side or the other.

Many things are also imported as permanent fixtures in the means or instruments of wealth, which are of more or less, some of great value. Many of the mechanic and fine arts import their instruments, not obtainable at home. A great variety of imports are brought in as means of wealth.

But the Free-Trade economists make no distinction between articles that are consumed in the using, and those which are employed for the increase of wealth. It may be allowed, that all that is consumed to nerve the arm of labor, and make it more available, and all that is consumed to make skill more productive, belong to the latter class; and it may also be allowed, as it is undoubtedly true, that all the wastes and extravagances of those who can afford it, make more work and profit for the industrious and frugal. All private and public expenditures give employment to labor and art. But when we come to the question of the greatest national economy, all these things are to be sifted, and well considered. It is evident that a nation may be losing on an immense scale, when, according to the doctrines of the Free-Trade economists, it is asserted to be increasing in wealth. According to these doctrines, the United States were never doing better, never so well, as from 1835 to 1840, when they were plunging headlong into general bankruptcy, where, as need not be said, they arrived, to the great sorrow and painful remembrance of all who lived in those times.

As a farther illustration of the profit of manufactures to a nation, we would commend the following extract from Mr. Gilbert's "Lectures on Ancient Commerce":—

"All nations that become manufacturing nations, have become commercial nations; and have, consequently, become wealthy. Manufacturing nations rise to wealth from the additional value which they give to the raw materials. For there is an immense difference between the value of the raw materials and the value of the same materials in a manufactured state. These high prices arise from the immense quantity of labor that is expended on the articles. This is the reason why manufacturing nations get wealthy, because they give employment to the whole population. Men, women, and children, are all employed. The effect on national wealth may be thus illustrated. If I had an estate so fertile, that for every bushel of seed, I should have a crop of 600 bushels, I should soon get rich. But if, for the price of a bushel

of wheat, I can buy a quantity of raw material, and by the labor I bestow upon it, I can sell it for the price of 600 bushels, it is the same thing to me as though I had an estate which yielded a crop of 600-fold. In manufactures you can introduce a greater quantity of machinery. Agriculture labors under this disadvantage, that, whatever machinery we apply, all we can do is to increase the crop, and to cheapen some of the operations; we can not, to any extent, quicken the process. We may, by machinery, weave a piece of cotton or silk, or make a pair of razors, in half the time heretofore employed; but we can not make a field produce a crop of wheat, barley, or potatoes, in half the usual time. Seed-time and harvest will go on, and the operations of nature will not be stimulated, to any great extent, by any machinery we can apply."

But to return to the main question of this chapter, as to whether the gain of individuals is the gain of a nation. The following principle, incidentally recorded by Ricardo, is itself alone sufficient to settle it, viz., that "every transaction in commerce, is an independent transaction." But Ricardo, and those of his school, aver, that in all cases, the nation profits in the profit of its merchants, who are engaged in foreign trade. The merchant trades to get rich, not to enrich his country. His eye is solely on his own interest, and he acts independently of all other results. "Every transaction in commerce, is an *independent* transaction." The jobber, who stands between the importer and the retailer, trades on the same principle of self-interest and independence, with the importer; the retailer also trades on the same principle; and the consumer buys on the same principle. "Every transaction is independent" alike of every other, and of the general good. We will suppose it happens in the end, that consumers, retailers, jobbers, and importers, have together, in their independent transactions, and in the aggregate, bought more of the foreign world, than they have sold, and owe a balance in cash, which must be remitted, notwithstanding, as we will suppose, that the importers, jobbers, and retailers, have all got rich by these transactions. Is it not manifest, by other parts of this argument, that they have got rich at the expense of the country?

M. Say carries the argument of profit arising from the sale of specie, to a most extravagant point. For example: "A nation gains in wealth by the partial export of its specie, because the residue is of equal value to the total previous amount, and the nation receives an equivalent for the portion exported. Whence

it is evident, that governments should encourage, instead of discouraging, the export of specie."

"The residue is of equal value!" That is to say, it must answer the purpose of the nation's "tools of trade," though it is but half a set, or a quarter it may be; but the value of every product of labor, and of labor itself, must fall in that proportion, or tend to that point till it gets there, under a permanency of such a state of things. M'Culloch has laid down the principle—a sound one—thus: "If the quantity of money in Great Britain, were reduced a half, the rate of wages [and of course the value of the products of labor] estimated in money, would decline in the same proportion." A sixpence must answer the same purpose that a shilling did before, else "the residue is not of equal value." If the shilling state of things was good, why disturb it for the profit of a few traders, when this 25 or 50 per cent. depression of prices is an infinitely greater loss to the community, than what the traders have gained; which, apparently, M. Say did not think of. Besides, if he does not propose this as a permanency, these fluctuations are a public, involving private, misfortune. What nation could stand this having just enough "tools of trade" one year; half enough a year after; three quarters enough the third year; and so on; prices constantly falling and rising accordingly, never too high, but often too low, sometimes ruinous? As to the "equivalent" received, the traders may get it; but does the nation get it? The nation, peradventure, has worn out a part on their backs, and the rest has gone into their bellies, which, as in the case of all spendthrifts and gourmands, they had better have done without. And so, for such reasons, "governments should encourage, instead of discouraging the export of specie!"

Again he says: "The superiority of money, in the interchange between individuals, does not extend to that between nation and nation. In the latter money, and, *a fortiori*, bullion, lose all the advantage of their peculiar character as money, and are dealt with as mere commodities."

It will be seen, that M. Say grants "the peculiar character of money" here, which is what we denominate its character as the instrument or "tools" of trade. But he says, "this does not extend to the interchange between nations." This is an unqualified mistake. Surely M. Say ought to have known, that the resort of an importer in making his remittances abroad, to a broker as an intermediate agent who trades in exchanges, does not affect the

position of the importer in relation to his foreign creditor, nor the functions of his remittances as a consideration for the goods he imports. It is true, that, in the hands of the broker, the remittances are subjects of trade, as "mere commodities;" but as remittances from an importer in one country to a factor in another, whether bullion or coin—there is no "*a fortiori*" in the case—discharge the appropriate functions of money as the instrument, and not as a subject, of trade. The case supposed determines this. It is "the export of specie," to pay for other commodities.

Again this astute reasoner says: "Suppose, for a moment, the internal traffic and national wealth of a given country to be such, as to require the constant employment of a thousand carriages of different kinds. Suppose, too, that, by some peculiar system of commerce, it should succeed in getting more carriages annually imported, than were annually destroyed by wear and tear; so that, at the year's end, there should be 1500 instead of 1000; is it not obvious, in that case, that there would be 500 lying by, in the repositories, quite useless," etc.

Give us the thousand carriages, and we are satisfied. The question is not about having an additional 500 on hand, not wanted; but about parting with 500 of the 1000 which are wanted. Most incautiously, M. Say has here granted the very point we contend for, to wit, that there is a certain amount of money which the trade of every country requires as "tools" to work with. Give us the thousand carriages, and the question is at rest. But what M. Say contends for, is, that we can not only do with 500, but that it would be a fine speculation to sell even that 500, after we have got them in hand. Is not this his reasoning? We are certainly much obliged to him for the "carriages," because they are exactly what we wanted.

CHAPTER XVIII.

LABOR.

Definition.—Who are Laborers.—Labor is Capital.—The Effect of not recognising this Fact in Public Economy.—The False Position awarded to Labor by the Economists.—The Position which they themselves occupy False.—Labor-Capital vested in Man himself, and estimated by his Life and Powers.—Labor-Capital reproduces itself indefinitely.—It is the Parent of all other Capital.—It is more Profitable than any other.—It is the Gift of God, and Inalienable.—The Machinery of Society is its Product, which reacts to give it Value.—Labor-Capital may be under Restraint, in Certain Circumstances.—Labor the Source of all Wealth, by creating all Commercial Values.—Labor bound to share in the Burdens of Society and entitled to Protection.—Labor in its True Position, defines Human Rights.—The Perversion and Abuse of those Rights, owing to its False Position in Public Economy.—The Results of the American Revolution put it in the right Place.—Labor Man's Honor, not Disgrace.—It is the great Political Element.—Labor Discovered and made America.—American Independence, Labor's Jubilee.—Its Consequences.—" Bent," as practised in Europe, created Classes.—Labor considered as the Agent of Power, and as an Independent Agent.—The former Slavery, the latter Freedom.—The First the State of Labor in Europe, the second its Condition in the United States.—The Malthusian Theory, as it justified European Economists and European Society, in enslaving Labor.—The Theory a Blasphemy.—This Problem solved in America.—Origin of the term Landlord, with its Lesson.—Labor, to be Free, must have an Alternative in another Chance besides the Wages offered.—Europe does not afford that Chance. America does.—Political Chances of American Citizens.—Causes and Effects of the Difference in the Value of Labor and Money, in Europe and America.—The Power and Aims of Governments which oppress Labor.—The Interests of Civilization vested in Labor.—The Rights of Labor, Political.—The Rights of Labor the Strife of the Age.—The Pivot on which it turns.

LABOR is the application of the powers and devices of man, to supply the wants and gratify the desires of the race.

It will be seen by this definition, that laborers are a very comprehensive class. They are not confined to those who engage in manual toil; who dig, or who plough the land or ocean; who are occupied in the various branches of agriculture, manufactures, and commerce; in the mechanic, useful, or fine arts; who construct canals and railroads, build houses or ships; who make hard hands and hard fists, by striking hard blows; who wipe the sweat from the brow of toil, in any vocation, in doors or out, on land or water;—but all who apply their powers and faculties, of body or mind; their hands, or their heads, or their fingers; their invention or their skill; their hearts or their intellect, to supply the wants of society;—the scholar, the learned professions, teachers of every class, artists, authors, devotees of science and literature; legislators, magistrates, judges, clerks, and many other classes, more than can

be named or thought of; yet, being devoted to productive industry and improving pursuits, necessary to society, and to the supply of the wants and desires of the race; all these are properly ranked among LABORERS.

Dr. Paley says: "Every man has his work. The kind of work varies; and that is all the difference there is. A great deal of labor exists besides that of the hands; many species of industry besides bodily operation, equally necessary, require equal assiduity, more attention, more anxiety. It is not true, therefore, that men of elevated stations are exempted from work; it is only true that there is assigned to them work of a different kind; whether more easy or more pleasant, may be questioned; but certainly not less wanted, nor less essential to the common good."

Labor is capital, primary and fundamental. The position which is usually awarded, in systems of public economy, to what is called capital, as if labor were not capital, and capital of the most important kind, has tended to degrade labor, and to strip it of its essential attributes as the producer of all adventitious wealth, or of that state of things which distinguishes civilized society from barbarism. It has also tended to cloud one of the most important branches of public economy in obscurity, and led to much embarrassment in the consideration of others. The natural order of things is thus reversed; that which ought to be first, is put last; the cause stands in place of the effect; the agent is taken for the instrument; the producer for the thing produced.

Although it will be convenient in this work, in order to avoid frequent repetition and unnecessary circumlocution, to employ the customary phrase, capital and labor, in the usual sense, it is due to a just consideration of the comparative claims of these two things, to assert the prior and paramount rights of labor, as to the position to which it is entitled in a system of public economy. Labor is capital of its own kind, not as a subject to be acted upon for the increase of its own value, but as an agent that imparts value to every other kind of capital which it creates, or which after having created, it employs as an instrument, or takes in hand for improvement. It is doubtless true, that the faculties or powers of labor are subjects of culture and use, for the increase of their skill and effectiveness, and in this sense are subjects of action for the increase of their value. In this particular, the faculties or powers of labor occupy the position of any other kind of capital, as subjects of improvement by labor itself. It will be observed, how-

ever, that it is not labor, but the faculty of labor, the value of which is thus increased.

European economists, for the most part, if not universally, regard labor as a mere power, like horse-power, or any other brute force; and what Ricardo and the Adam Smith school mean by "the *proportion* of the whole produce of the earth allotted" to labor, is simply that which is necessary for its subsistence, as for that of a horse, an ox, or any other brute. The three chief elements of public economy, as taught by Smith, Ricardo, and others of the same school, are "rent, profit, and wages." It must be seen that a system of public economy, constructed on such principles, is entirely unsuited to American society; and though its doctrines in the abstract may often be correct, its whole must be totally inapplicable to a state of things radically, fundamentally, and essentially different from that for which such a system is designed. It was morally impossible, from the social position of these economists, that they should be able to adapt a system of public economy to American society, not having thought it incumbent on themselves to make any other provision for labor, than to save it from starvation, and to get the greatest profit out of it, as the owner does out of his ox or his horse; and believing, as they do, that system the best which will secure this end most effectually. There can be no redeeming quality with Americans, for a system of public economy, one of the fundamental principles of which is of this kind, pervading it throughout, imparting its character to it, and constituting a part of its very essence. The three words, "rent, profit, and *wages*," in the sense in which they are employed by Smith and his school, as representing the three comprehensive parts of their system, are sufficiently declaratory of its character, and look back to a feudal state of society. The things here intended are not to be found in this country, and are not tolerated by its institutions.

Labor-capital is not vested in the effect of the faculty or power of labor, but in the power itself. The laborer himself is the original, fundamental, most indispensable capitalist of the world. Labor-capital has no measure but that of the ability and life of the agent, which are always indefinite. Labor-capital is reproductive. It is true that other capital is called productive and reproductive, figuratively; but its power of reproduction is not, like that of labor, in itself. It is the action of the labor of man upon it—or of his skill, which is the same thing—which makes it productive. Labor

—which here, and elsewhere in this work, is used metaphorically as the agent—can do the same thing one moment, one day, one year, which it had before done, other things being equal; and so on, to the end of life.

Labor-capital is the parent of all other capital. Other capital is chiefly, if not altogether, the creature of civilization, though the same thing, in substance, may be found in the savage state. But as a subject of public economy, it is regarded as one of the things receiving its definite form and measure from the hand of civil polity. It will be found, indeed, that the entire structure of civilization owes its existence to labor, and of course those parts of it which derive their tangible value from its forms, and which are regulated by them. Civilization itself is secondary and ministerial, in relation to all the capital which labor creates, and comes in to define and protect it. It was in part the value of these products of labor which made civilization necessary, that it might receive a definite form, and be made secure. No man can apply his hand or point his finger to a thing regarded as capital, which is not the product of labor. All intrinsic values are but fictions of the imagination, always impalpable, vanishing as they are approached. The diamond and the pebble are of equal value in the eye of the barbarian, and would be equivalents in every other eye, but for the existence of that capital, the product of labor, which is able to purchase the diamond at a high price. We do not, however, mean to say, that it is improper, or without significance, to use the terms, intrinsic value. They are employed in this work in the usual sense, and are pertinent when so used, because they represent a practical idea. It will be found, however, that this value is entirely the product of labor; and this conclusion may be justified by the doctrines of all the economists worthy of respect.

Labor is not only the parent of all other capital, bringing it into existence, or preparing it for use; but the use of itself, in the discharge of these functions, is many times more profitable, for a given amount of value, than any other capital. In the United States, the laborer would think he did badly, if he could not lay up 50 per cent., or half of his wages. Labor, therefore, as capital, in this country, may be said to be worth 50 per cent. Frugal laborers often make it worth more than that, and soon obtain, in addition to their capital of labor, other capital, laid up and put to use, constituting the nucleus of a fortune—the foundation of wealth. Six per cent. is considered good use for money and other vested cap-

ital; whereas, the savings of labor are often from 50 to 75 per cent. of its wages, besides the faculty and chances of the laborer to husband his acquisitions as the foundation and means of future wealth.

Labor-capital is the gift of God. This is evident from the fact, that it is vested in those powers and endowments which man receives from the hand of his Creator. It is not dug from the earth; it is not the handy-work of man; but it is the handy-work of God. Like God, it is endowed with intelligence, and as such is worthy of great respect. In relation to society, this capital is the property of the laborer. If it should be said, that all other capital is the gift of God, it is not true in the same sense, but only as the product of the agency of labor. All the economists agree, that nothing in nature, as it comes from God, is capital, in the economical sense, except as it is appropriated and brought to use by labor. The social state, as observed above, is the machinery that defines capital, and it has put nothing in this position, which is not a product of labor, real or hypothetical. And if it should still be said, that this theory annihilates labor as capital, it may be answered, that the machinery of society brings it back to this position, and installs it in the full possession of these prerogatives. The laborer himself being a component part of society—he certainly ought to be, and is supposed to be—the capital of labor is vested in his powers to do whatever he is called, or may have opportunity, to do, to supply the wants and gratify the desires of the race, including himself, and for himself as to the compensation due to his exertions. The capital, and the consideration for the use of it, are his, and no man, no power, can lawfully deprive him of them; and as labor is the original capital of society, giving birth to all other forms of capital, the dignity of its position is equalled only by its importance.

Labor-capital, though the property of the laborer, may be justly held under restraint or duress, as a punishment for crime. But even that condition does not alienate the right of property in the agent. Its use and the avails thereof are forfeited to the law for a season; but when the law is satisfied, the offender that was, being free, is entitled to reassert his property for his own use and benefit. Labor may be bound under civil regulations, for an equitable quantum of its avails, to satisfy indebtedness incurred; but the faculties or powers of labor are not and can not be alienated. They are an inheritance from God, not transferable. The claims of parents for the services of children, during a minority fixed by the civil code,

if the parents choose to assert them, are for the payment of a just debt, incurred by the expenses of infancy and childhood. But the rights of independence consequent on this period, as recognised by Divine and human authority, presuppose man's inalienable right of property in himself, and in his own powers.

Adam Smith says : " The property which every man has in his own labor, as it is the original foundation of all other property, so is it the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands ; and to hinder him from employing his strength and dexterity in what manner he thinks proper, without injury to his neighbor, is a plain violation of this most sacred property." Smith is here arguing against the oppressive monopolies of town corporations in England, under the law of Elizabeth, a species of monopoly not known in this country, But he asserted a great principle here. If it was wrong and oppressive to violate the rights of such sacred property, by prohibiting its use in certain forms, how much more wrong and oppressive to use such property, without a fair compensation ?

It will follow, from the foregoing considerations, that labor is the source of all wealth. It is true, indeed, that the world, untouched by the hand of man, is rich in its resources. But all that which is commonly called wealth, and which constitutes the wealth of society, is adventitious—the result of human labor. The precious metals are obtained at great cost of labor ; and the forms given to them for the various purposes of use and ornament to which they are applied, requires much additional labor. Estates, buildings, roads, canals, improvements of every kind, public and private ; farms and plantations ; utensils and products of agriculture, of manufacture, of commerce, and of art ; carriages of burden and of pleasure ; ships and navies ; instruments of war and of peaceful vocations ; towns and cities ; states and empires ; means of luxury and of usefulness ; means and products of the intellectual, moral, and physical culture of the human race ; laws and government ; civil, literary, religious, and social institutions ; the entire and comprehensive forms and values of human society, are severally and collectively the product and result of human labor. All that is prized by money, and bought with it, is obtained at the cost of labor. The immense and exhaustless material of wealth, as it exists in the resources of nature, receives all its value from the hand of labor. " Whatever," says the Hon. Mr. Appleton, " exists

under the name of property, wealth, or capital, is the result or representative of previous labor."

Labor is bound to share in the burdens of society. It has been seen, that labor is indebted to society for its position and its value as capital; that it is capital of the most important and profitable kind; that, in this country, it occupies a dignified place in civil and social organization; and that, without civilization, it would be of little or no value. It is but reasonable, therefore, that it should sustain an equitable share in the expenses or burdens of society. But labor has a claim to protection from society. If labor is an important interest in and to itself, it is no less true, as already seen, that it constitutes the vitality of all other interests which are valuable in civilized society. It behooves society, therefore, as well from what it owes to labor, as from a regard to its own best interests, and to all its interests, to secure to labor those privileges and advantages, which will promote its greatest prosperity, and which are indispensable to it. What are those privileges and advantages? The answer is found in four words: **EMPLOYMENT AND FAIR WAGES.** This is the only protection which labor asks, and it is what it has a right to demand, that is, that the organization and action of society shall not subvert this end.

In support of this view of labor, as capital, and the original, fundamental capital of society, Adam Smith says: "The annual labor of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes." Stronger still, and more direct, he says: "Labor was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labor, that all the wealth of the world was originally purchased." Doctor Wayland says: "It is clear, that everything which we possess, either as nations, or as individuals, must be the result of labor."

But a point so clear need not be argued; nor does it require authority; since every one knows and feels it to be true, as soon as it is stated. Notwithstanding, however, that it is so plain a truth, and notwithstanding it has been recognised as such by some of the economists, it is nevertheless remarkable—very remarkable—that it has never been placed in its true position, in a system of public economy. A self-evident truth often passes current, without being appreciated. By the pride of science, it is sometimes thought to be worth little, because it costs little. This is an instance. This first cost of everything that has a commercial value, this "original

purchase-money of all things," as Adam Smith calls it, has never obtained its true position, not even with him who so highly honored it by this incidental compliment; for it was purely an incidental remark, not made for any grave purpose, and it has been contested by some of his school, foreseeing, perhaps, the consequence. Much less has it been installed in its own proper place by his followers, who never did themselves the same honor of blundering into a recognition of the truth.

Labor is not only an element of public economy, but it stands back of every other, and is the parent of all. Yet it is not found in this position, in any system ever published. Most of the economists have put it in the last place. They found it in a degraded condition, and have done all in their power to keep it there, as shown in another chapter.

Labor, in its true position, defines human rights, without a word, and men will scarcely fail to recognise them, while it remains there. But, when thrust out of place, into a false position, and chained to slavery; when it is made to occupy this position in all the systems of public economy most in vogue in the world, it is no wonder that men who are entitled, and who ought, to be free, should be slaves. In its proper position, it proclaims a great truth, the consequences of which are stupendous, when carried out to all its legitimate results, in a system of public economy, morally and socially considered, as well as commercially—and more especially in the former aspects.

The rocking of the cradle of American independence, jostled into one those distinctive elements on which the Free-Trade economists have founded their system. It broke down the barriers of classes, which form the peculiar features of that system, and the doctrine was then proclaimed, that "all men are born free and equal." As before, more especially from that time, this nation became a community of working men, in whose eyes labor is an honor; and he who does not work, is the exception to the general rule. Labor, therefore, in the United States, occupies an elevated, influential, honorable position. It is not the man that lives by work, but the man that lives without work, that is looked upon with disrespect. A gentleman of fortune and of leisure, who does nothing, has far less consideration than he, who, though equally able to live without work, devotes himself to some useful pursuit.

When Adam Smith gave the following picture of Holland, seventy-five years ago, he described the United States: "It is there

unfashionable not to be a man of business. Necessity, among a people of small or middling fortunes, makes it usual for almost every man to be so, and custom everywhere regulates fashion. As it is ridiculous not to dress, so is it, in some measure, not to be employed, like other people. As a man of a civil profession seems awkward in a camp or a garrison, and is even in some danger of being despised there, so does any idle man among men of business."

Labor, work, is the spirit, the genius of the American people. It was so from the beginning by necessity; it became a fixed habit of the community; and has ever been a part of the *morale* of the country. It is a grand political element; it was born of a great political exigency; it was nourished in a political cradle; it graduated into manhood with political honors; it made with its own hands, and has ever worked, the machinery of the political commonwealth; it lies at the foundation of the social edifice, pervades the entire structure, and its escutcheon stands out in bold relief from the pediment. And is this the thing, the element, the power, that is to content itself with the position and the doom of the third class enumerated, defined, and described by European economists, whose measure of degradation and of comfort could not be expressed by Adam Smith and others, as seen in the citations from them, without a picture drawn from slavery?

Labor is the great political power in the United States. This is the natural result of the social history of the country. American society was a fragment of European society, broken off by violence in the denial of its rights, and forced to go out on a mission in search of freedom. It was the working genius of Columbus that disclosed the place of refuge; it was the working enterprise of the first pilgrims to Massachusetts, to Virginia, to other points of the Atlantic coast, and to the shores of the great southwestern valley, that braved ocean perils and savage inhospitality, to plant the early settlements; it was continued, courageous, self-sacrificing toil, that sustained those enterprises, and pushed them onward to success and eminence; it was long-protracted work that raised the colonies into consideration, and into political and commercial importance; and it was the hard tug of war, with a prodigal waste of blood and treasure, that finally emancipated the new world from the yoke of the old, and secured the wages, the reward of centuries of anxious and laborious toil. The breaking of the British sceptre was the installation of American labor in its rights; it was the foundation

of an empire of working men ; and from that hour, labor has been the great political power of the country. The event was a jubilee—the jubilee of labor.

There are few, perhaps, who look so profoundly into the social elements of the world, as exactly to appreciate, either the nature, or the gravity, or the importance, of the results of the establishment of American independence, as it is connected with labor, and as it bears upon it. After a long preparatory stage, coming at last to a crisis, labor, by that event, was lifted from its condition of hopeless degradation and misery in Europe, to a position of dignity and of commanding importance. It was a substantial, a thorough emancipation. Providence had opened the field, and labor entered, not without opposition, not without a struggle, and a fearful, an expensive one, to reap its reward. It was a boundless field—a field which vindicated Providence from the libel of the Malthusian theory, that God had made man, without providing for him—a field where labor could walk abroad with a consciousness of its own independence. The few who had parcelled out Europe among themselves, and made it subject to “rent,” on their own terms—which is the primal source of the degradation of labor—had not gone before, to parcel out this broad continent, and to institute a perpetual obstruction to the march of freedom. The field was open, where any man might go, and mark out the lines of his own estate, build his house, and work for himself and for his posterity, and not be forced to toil for a master, at the master’s price. The same alternative is still before him ; and it is this great fact which guaranties the independence of labor in this quarter for ages to come—it may be said for ever. For it must be the fault of labor itself, if, with such advantages, with such space of the earth’s surface and of time, it does not build its own house, and fortify its domain impregably against the encroachments of future masters. It is the general condition of the American people, as original proprietors of the soil, or of whatever else they live upon or live by—as lords of their own domain—that constitutes the basis of their fortunes as freemen. This is the great principle of freedom, and freedom can not long exist without it. It was “rent” in Europe that created classes, and reduced labor to a condition of dependent, fawning, cringing servitude ; and it is “rent” that holds it there. Hence the everlasting song of European economists, “Rent, profit, and wages.” “Rent” for the first class, “profit” for the second, and “wages,” or bare subsistence, for the third.

There is not one in a thousand of American citizens, who understands anything about such a state of things, or has any idea of it. And what is the reason? Because it does not exist here. God grant it never may!

But, there is a very important view of labor, regarding its relative position in Europe and in the United States, necessarily entering into the systems of public economy adapted to these two quarters, not yet distinctly brought out, although it has been approached, and even repeatedly suggested, in the foregoing remarks. We mean that position which is indicated in the one case, by labor as the **AGENT OF POWER**, and in the other as an **INDEPENDENT AGENT**.

It is supposed, and will doubtless be conceded, that the design of the government and institutions of the United States, was to establish individual, as well as national independence. The latter is of little, may be of no value, without the former. The most absolute despotisms on earth enjoy national independence. It was individual, private, and personal rights which the fathers of the American Revolution fought and shed their blood for; and for none more especially, more distinctly, or more emphatically, than that the people should not be taxed without representation. In this claim was involved the personal right of every man to the enjoyment and disposal of the avails of his own industry and labor, as also his protest against any portion of them being taken for the uses of the commonwealth, without his consent in a representative capacity. By the establishment of this principle, at great hazard, and at the cost of much blood and treasure, personal or individual as well as national independence was acquired. This was a substantial independence, and from that time to this, labor, for the first time, in the history of modern society, has become an **INDEPENDENT AGENT**. In Europe, it was, and still is, the **AGENT OF POWER**. It has been forced into this latter position by the system of European economists.

It should be observed that labor is never *independent*, when it has no *alternative*; that is, when it is not strong enough in its own position to accept or reject the wages offered to it in any given case, if unsatisfactory, and when, in such a case, it can not turn away, and live and prosper. When it can do this, it not only has a voice in its wages, but the parties in contract, the employer and the employed, stand on a footing of equality. This principle is equally applicable to the producer of commodities of any descrip-

tion, as proprietor of a farm, workshop, or any other producing establishment, over which he presides, and where, perhaps, he labors with his own hands, as to him who works for hire. The time has never yet been in the history of the United States as an independent nation, when labor was not in this sense an *independent agent*—when it could not reject an unsatisfactory offer, and yet live. It is not pretended that labor has been able to dictate its own terms. That would be equally improper and unjust, as for the employer to do it. But it has always had an *alternative*. As a last resort the American laborer can at any time go to the backwoods. His independence is never necessarily sacrificed.

This wide back-woods field for American labor, is a security for its independence for ages to come, if not for ever, which no European economist could ever appreciate. It was for want of this light, that Malthus stumbled, and all his followers after him, not excepting M'Culloch, who was doubtless influenced by the theory of Malthus. The European economists have never been able to see how labor could be independent, and have planned their system on the assumption that it must for ever remain the *agent of power*, and be satisfied with a bare subsistence.

It is this independence, in connexion with the means of supporting it, that has sustained the wages of American labor, and kept them so far above the rates of wages in Europe and other foreign countries.

In the light of this contrast, the condition of European and other foreign labor is one of absolute bondage. In the first place, it is for the most part deprived of all political influence. This is the primary cause of its misfortunes. In the next place, and also for the most part, it has no voice in its wages. There is no *alternative* left to it. It must work for what is offered, and work hard, or perish in want; and the wages doled out are measured by so nice an estimate for bare subsistence, as to be often insufficient for that. In all those countries, labor is the *agent of power*. Power dictates its wages, controls it, enslaves it; and it needs but a little reflection, in connexion with what has already been said, to see that this difference is immense, and immensely important.

Mr. Malthus's theory, that population tends to an inconvenient and self-destructive augmentation, solved, as was supposed, the great problem of human society, as it had existed in Europe for so many centuries—as in all history it has to a great extent existed—and fully justified the subjection of the masses to the ser-

vice of the few. It relieved the responsibility for the general oppression of mankind so much as not only to excuse the offence, as being the unavoidable result, the imperative decree of Providence; but it transformed the oppressors, in the very act, into the character of benefactors to the race. Instead of any fault of the few who lived on the labor of the many, the many were laid under the greatest obligations when the few should give them employment enough for subsistence—to keep soul and body together. With such a beautiful solution of this difficult problem, came also a satisfaction of the public conscience, and a confirmation of all the other doctrines of the European system. It was manifestly much easier to pronounce the evils of society no evils, than to apply a remedy; and it was a complete vindication, though it ought to have been shocking to entertain the thought that God, and not man, was responsible for them. Such, however, seems to have been the result of Mr. Malthus's theory.

But the opening of the new world, and the migration of the oppressed portions of mankind to this quarter, have presented a class of facts which falsify this theory, and nullify its conclusions—facts which existed at the very time when that theory was formed, and when it was adopted with so much eagerness to bolster up a fallacious system. The facts are simply these: The land of the American continent is open and free to all, and there never has been a time, and probably never will be—it certainly is not necessary—when a laboring man can not turn away from the wages offered him for his services on hire, and go and live an independent life on the unoccupied lands of the country. He may there be the proprietor of his own estate, and have all the rent, the profits of culture and of his labor, to himself. It is this chance, for ever existing, which for ever makes American labor **INDEPENDENT**.

The importance of this truth can not be overrated, and it is worthy of very particular consideration, since so much depends upon it. It is manifest that the European economists were greatly embarrassed, in view of the state of society with which they were surrounded, till the Malthusian theory came to their relief—a sad and gloomy prospect, indeed, for the masses of mankind. But it was a rescue for the economists. It was not only an apology for their general system, but an apology for that state of society out of which their system grew. In the order of nature, land was the first property, and the products of its culture and use were the

next. The land belonged to the king; the king parcelled it out among his lords—hence called "*landlords*;" and hence the use of this term all the world over. The advancements of civilization erected on this basis a vast superstructure, and the principles of the basis ran up through and pervaded the whole. The system, as stated by the European economists, could always be reduced to three primary and fundamental elements: "Rent, profit, and wages;" the first going to the lords, or the superior classes; the second to the managers of their estates; and the third being the subsistence of the laborers. "To determine the laws," says Ricardo, "which regulate this distribution, is the principal problem in political economy."

But, it must be evident to every reflecting person, tolerably acquainted with the facts and state of society in these two great quarters of the world, Europe and America, that the three things above named as the fundamental elements of public economy in Europe, do not exist in the United States—are not to be found here, either in form or fact, so as to make a common basis of a common system. As the two last grow out of the first, and as the first does not exist in this country in any shape whatever, to an extent sufficient to constitute an element of public economy, it is manifest, that the other two, following from the first, must be wanting also. Inasmuch, therefore, as there can not possibly be a common basis, there can not be a common system.

Under the European system labor is forced into service. It has no alternative—no choice. It must work on the terms offered, or starve. It is, therefore, proper to say, as is the fact, that labor there is the agent of power. And in this phrase, agent of power, in such an application, it should be observed, is involved a principle—a principle of great and profound significancy, and of potent influence. The power that is thus usurped, is the dominant power of the European world. It may, perhaps, be supposed, that the European economists could not see how it was possible for labor to be free, independent, and have a voice in the terms of its services. In the state of society that existed around them, and as far as their vision extended, they could see nothing for labor but the doom of a *forced* service—a service forced by stern necessity, viz., that of subsistence. It was natural, therefore, that they should make no other provision for it in their system, and they never did make any other. They could not see so far as to discover what new light, the new experiments in the western hemisphere, would bring

to this great theme; though, if the abstract proposition had been considered, they might easily have seen, that labor would rise to independence, the moment it should be put beyond the grasp of a forced service. But it is not, perhaps, strange, that they could not foresee this from their remote position, when it is scarcely understood even by those who are planted in the midst of the scene, and are perfectly aware of the fact. How few of the most reflecting men in the United States, of the most erudite scholars even, or of the most profound statesmen, ever think of the influence and power of that political element which consists in the fact, that every American laborer can go into the backwoods whenever he pleases, and live a perfectly independent life? Thousands, the great majority, may be averse to such a resort; but some go, all can go, and they all know the field is open before them. Ever since the western shores of the Atlantic were first touched by the feet of European emigrants, the tide of population has been penetrating the heart of the American continent, without meeting with any landlord to demand rent, or with any manager of his estates, to absorb the profits of their enterprise. No kings had gone before to parcel out the territory among the few and lordly supporters of their thrones; or, so far as that had been done, these royal patents were, for the most part, nullified by the result of the American revolution. The way westward has always been open and free to all, and is still open and free. A man has only to push on a step farther than his predecessors, and set up his stakes. From that moment he has a home, is lord of his own estate, and by industry and economy may be independent of all the world. Such is the actual movement, and such the practical operation of American society. It always has been, and always is, moving on, and extending its limits, by the impulses of freedom, and the natural desire for independence. Like the undulations of the deep, wave follows wave, and it is all one great sea. All is composed of the same elements, and all is affected by the same influences. They who stay behind in the original centres of civilization, are as free as those who range on its outmost borders; that is to say, their services, if they work on hire, are no more forced than those of the western forester. Both work for independence, aspire to it, enjoy it; and each has it according to his own taste.

It is this constant movement, this constant tendency to move, and this knowledge that it is always in every one's power to move, into such a field, which constitute the independence of American labor.

and make it AN INDEPENDENT AGENT, as opposed to the position of European labor which is the AGENT OF POWER. The latter is a forced, while the former is a free and unconstrained, service ; one is serving masters, while the other is working for one's self.

This is not only a political element, considered as a power in the state ; but it is an element of public economy, considered as a cause of public and private wealth.

Starting with the rights of independence, as defined in the foregoing remarks, the American laborers aspire to the improvement of their condition, to add to their property, to accumulate commercial values, to get rich, to become wealthy, and to rise in the world. According to the declared principles of American society, which are well known to all, from the first start in life, and in all its stages, there is no honor, no trust, no place of power and influence, from which an American citizen is excluded by birth ; and so far as the stepping-stones to distinction and eminence are made to depend on property and wealth, these, too, though a man begin the world with nothing, are placed within the reach of every industrious, frugal, and enterprising citizen. Labor, as capital, in the United States, is generally, if not universally, worth fifty per cent. on itself. That is to say, a frugal laborer can easily lay up half of his wages, which of itself, in all his savings, becomes, by proper investment, a productive capital—a nucleus, a foundation of wealth. The cumulative power of his labor and of his acquisitions, is very great, if well husbanded ; and the country is full of examples of men rising from nothing and from the humblest condition, to great wealth, and to the highest stations of honor and trust. Such are the goals of American industry and enterprise, from no one of which is any man necessarily excluded, by any law of society, however low may have been his starting point, however humble his birth.

This, as will be seen, is a perfect contrast, the direct opposite, of the condition and prospects of the European laboring classes. No provision is made for them, but that of bare subsistence. It is not intended or expected that laborers there should better their condition, and rise. They neither hope nor strive for it. They are born like cattle to be fed and worked ; and the plan of society and of the economists, is, to get as much work out of them as possible. But the plan of American society is to give to all classes equal chances ; that of European society, to maintain the distinction of classes, and never to allow one to be merged in another, or all in

one. In Europe, as a general rule, a man is born to his condition, high, middle, or low. In the United States a man makes his condition, and there is no obstacle, but his own lack of will and enterprise, or defect of natural endowments, in the way of his acquiring wealth, and gaining the highest consideration in the community.

The cause of the difference between the wages of American and the wages of foreign labor, and between the value of American and that of foreign capital, is political, and clearly revealed in the foregoing statements. The high position of American labor, is the award of freedom; the wages of American labor, are freedom-wages; they are true and just; and when they fall, it will only be because freedom has fallen. The high value of American capital, is a freedom value; and when that shall be brought down to a common level with capital in Europe and elsewhere, freedom will be buried in the overthrow. High wages, and a high value of every species of property, as compared with those of Europe, are identical with freedom. The spirit of man falls with his wages—with the reward of his industry, toil, and care. Crush the latter, and he is crushed. Possibly he may rise from the impulse of despair, and make a new effort. He may succeed; but the chances are against him. Who can break the yoke on the neck, and the chains on the hands of the labor of Europe, and of other portions of the world? Can the oppressed break them?—No. Will the oppressors do it?—No.

The power of governments which oppress labor is immense, arising from this source, at home and abroad, in moral and physical means. Suppose that two thirds of the fair reward of the labor of Europe is extorted and appropriated by its kings, princes, courts, nobility, gentry, and manufacturing and commercial millionaires. Two thirds of a fair value, is, in fact, about the average proportion of deprivation of right, which is perpetrated on the labor of that part of the world by the classes above named. It will be seen, that such a fraction of the rightful reward of the labor of Europe, or twice as much as it actually realizes, is an immense power. It is a great power in any single state, nation, kingdom, or empire. No small portion of this goes into the public exchequer, to be disbursed for the augmentation and exertion of power. It is all appropriated directly or indirectly for these objects. The adjuncts and props of power are an essential part of it. The nobility that surrounds a throne, is one of its chief supports. All wealthy proprietors of land or other capital, rich manufacturers, rich merchants, and gentry, have their security in the stability and strength of the govern-

ment, and can afford to contribute largely from their large incomes derived from oppressed labor, for the support of the government which protects them. A crown is usually wealthy in itself, and costly to the people; a throne is costly; a nobility is wealthy, and its income great; wealthy proprietors of land, great manufacturers, rich merchants, rich tradesmen, rich bankers, rich holders of funded capital, rich gentlemen, and a variety of classes coming under the category of rich—all occupy a position in a state of society where labor is oppressed, that is interested in the support of power, and in the depression and hard fate of the laboring classes. The power that keeps them down is sustained by robbing them of the reward of their toil. They have neither the spirit to assert, nor the means of vindicating, their rights.

But the power thus derived, is not only efficacious at home, to sustain itself, but it is influential abroad, to diffuse itself. It is morally influential, by its political connexions, in extending and fortifying the empire of its principles; and physically so, if needs be, in propagating them by the force of its arms. It can afford sacrifices, in expectation of a valuable return, which, as is seen by the parties concerned in such cases, will in the end yield ample indemnification.

This, as shown in another chapter, has, for nearly a century, been the policy of Great Britain, in the advocacy of Free Trade, not to practice it herself, but to persuade other nations, especially the United States, to do it, by providing them with the argument of Adam Smith and those of his school, on this point. It is shown, in the chapter here referred to, that this argument is a contrivance of the British government, and that it has been sustained by them, ever since those British authors began to write on the side of Free Trade.

All other interests of civilization, as before shown, having a commercial value, are indebted to labor for that value. A thing of commercial value can only be exchanged for money, or for a *quid pro quo* that is prized by money. There are privileges, rights, and affections, in the social state, which can not be thus prized—which are indeed priceless. These, too, are the fruits of care and pains, public and private, except such as are the spontaneous product of nature, which are also susceptible of improvement by culture. But they are too sacred to be classed among things of commercial value. Though they may have cost money, they can not be exchanged for it.

But, it will be found, that all things of a proper commercial value, are usually the products of labor. Accident, or good luck, may put a person in possession of a valuable exchangeable commodity, that cost little or no trouble. But such exceptions do not impair the general rule. Labor, therefore, in civilized society, occupies an elevated, important, commanding position—a position that supplies the wants of man, and gratifies his desires. It may, therefore, justly be denominated the great interest of civilization. But labor is especially the great interest of the American people. This republican empire was founded on labor, and was intended to be sustained by it. The fathers of the country were working men. The mothers and their daughters worked. They claimed the right of supplying their own wants, by their own arts, industry, and toil. This right was denied by the mother-country. They asserted it by force, and acquired it by victory. The policy of their oppressors was to keep the wages of American labor down to the European level, by prohibiting the manufacturing arts and profitable commerce, and by confining the people of the colonies to as few vocations as possible, chiefly agricultural, thus making and holding them *dependent*. The great object of the American revolution was *to vindicate the rights of labor*, which, with the American fathers, comprehended all other valuable rights.

Therefore, the rights of labor are *political*. And they are political in relation to a foreign state of political society to which they are opposed. This is a great practical point of this subject, which claims special attention and the gravest consideration.

That state of political society, to which the rights of American labor, as acquired in the establishment of American independence, are opposed, and which is for ever hostile to these rights, is that already referred to in European nations—it may be found elsewhere—which always has kept, and still keeps down the wages of labor to a bare subsistence, the average of which is not more than *one third* of its fair reward. This is the state of society on which European system of public economy are founded, which gave birth to them, which they are designed to perpetuate, not even meditating any change in favor of labor; and labor, in those systems, is a principal and fundamental element. The consequence is a political result, originally the cause—a seeming paradox, that a thing should be father to itself—a result, planned by those who framed and who maintain the system, viz., that the working classes live and die, as they were born, poor and dependent. It is impos-

sible it should be otherwise, in such a state of things. The laboring classes have no chances to improve their condition, and to rise; it is not intended they should. They have no pride, no courage, no ambition, no hope. These sentiments are extinguished by the severity of their doom. They were born, they live and die, slaves to political tyranny.

In the meantime, American political society, founded on the rights of labor, has grown up—has established itself—has secured to labor a fair reward—and the practical operation of it has demonstrated to the world, that any man, though born poor, may die rich; and that his personal qualities, and not his birthright, give him consideration in society.

In the meantime, also, that old political system, which depresses labor, and holds it in bondage, has maintained and fortified its position; though it has changed its mode of warfare against the rights of labor, it has not given up the contest; what it could neither arrest, nor subdue, by force of arms, it has undertaken to conquer by policy; and the great political contest of the age is, whether **THE RIGHTS OF LABOR**, as established on American soil, and nourished by American blood, shall be maintained, and extend their empire; or whether they shall be crushed by political devices—no man rising to say he will die for them—and the world fall back to where it was two centuries ago.

This strife consists in the array of the money and labor of Europe, as producing powers—of the money and labor of all those countries with which we have commercial intercourse, the average joint value or cost of which is *ONE*—*against* the money and labor of the United States, as opposing producing powers, the average joint value or cost of which is *TWO*. It needs no prophet to predict the result. In a contest of arms, one may chance to beat two—a small force may rout a much larger one. But in the peaceful pursuits of trade, a merchant can never stand before a rival in the same market, who can afford to sell cheaper—and a good deal cheaper. The case settles itself, and the result is an absolute certainty.

The wages of labor in Europe, and in other countries foreign to the United States, have been kept down by oppression—by force—and money, and all capital, derived from it, cost in proportion to what is paid for labor. The wages of labor in the United States, as the result of political freedom, have risen to *three for one* of labor in Europe; and money, and all other capital here, cost in pro-

portion. Now, it is proposed, by Free Trade, to put the products of the money and labor of the United States in open competition with the products of the money and labor of Europe. Does not every one see what will be the result, and that American labor must come down to the same price, before it can compete with the labor of Europe? In other words, that European policy and oppression shall govern the prices of American labor? Such is the question, and such, on a Free-Trade platform, must be the result, unless it can be shown, that men will give *two* for that which they can buy for *one*, or for *one and a half*, or for *one and three fourths*, or for *one and nine tenths*. No matter what the difference is, they who can sell lowest, will have the market.

It must be seen, that this is an infallible commercial principle, destined, everywhere and in all cases, to control results, on the basis of Free Trade. It does not follow, however, that foreigners will sell us cheaper, as a matter of course, in the long run. They will do it only to gain and hold the market; and we shall yet show, that a Free-Trade system is the most costly to the people of the United States, even in the very things proposed to be obtained cheaper by it; much more in the general result.

CHAPTER XIX.

THE DIFFERENCE BETWEEN THE COST OF MONEY AND LABOR
IN EUROPE AND THEIR COST IN THE UNITED STATES, AS
IT AFFECTS PUBLIC ECONOMY FOR THE UNITED STATES.

The comparative Prices of Labor in Europe and the United States.—These Prices determine the Value of Money and other Capital in these two Quarters—Money worth more than other Capital.—Its Value in any Country, and at any given Time, determined by the Rate of Interest.—Some Account of the Rates of Interest in different Countries, and at different Times.—The Average Interest of Money in the United States, as compared with the Average in Europe.—Difference in the joint Cost of Money and Labor in these two Quarters.—Different States of Society the Causes of this Difference.—The Greatness of the Power acquired in Europe, by the Wrongs to Labor.—The practical Importance, in forming a System of Public Economy for the United States, of considering the Difference in the Cost of Money and Labor in Europe and America.—A Commercial Principle lies at the Bottom of this Difference, and controls Results.

THE statistics of the prices of labor in the United States and in Europe, are so often cited, as to cause it to be universally and well known, that the difference in these two quarters is very great. Taking the average of prices in Europe, it has been found that they are less than *one third* of the average prices in the United States, for the same descriptions of labor. For the purposes we have in view in this work, therefore, we assume, whenever there is any occasion to refer to it, that the average price, cost, or value of American labor, is as *three to one* of the average price, cost, or value of European labor.

Labor being the parent of all other kinds of capital, as before shown, it will follow that the cost of everything which it creates is measured by its price. Adam Smith, Ricardo, and others, have set up labor as the measure of all values. Smith is so earnest on this point, that he takes pains to show, that money is not the measure of value, as some say it is, but that labor discharges that function. We agree with him, that money does not; and we are not disposed to make any controversy with his position that labor does, if he means only to assert a general principle, that labor influences prices, causing an approximation toward an agreement in prices with a given amount of labor; but we shall have occasion to deny that any certain reliance can be placed upon labor as the measure of price, and to maintain that supply in relation to demand, in

every given case, is the rule that controls prices. It is sufficient for our present purpose to say, that labor is the measure of the cost of other capital; from which it will follow, that, as the average price of labor in Europe is not more than one third of its average price in the United States, the average cost of all the capital which in these two quarters labor creates, being all other than itself, can only be in the same ratio, viz., as one in Europe to three in the United States.

Money is the product of labor as truly as any other capital, and its value is naturally determined by it. But money, as a species of capital, may be considered as worth more at the same cost, than other kinds, inasmuch as it is a common currency, and will always purchase all other kinds, and supply wants more certainly and more conveniently than any other.

The comparative value of money, in different quarters of the world, and at different times, is ascertained by the comparative rate of interest that is paid for it, on an average, as a subject of trade. Adam Smith states that under Henry VIII., interest above ten per cent. was declared unlawful; that it was reduced to eight per cent. under James I.; to six per cent. soon after the restoration; and to five per cent. under Queen Anne. It has gradually fallen since that time; and money was borrowed by the British government, in the old French war, as we call it here, at three per cent. Holland, in the time of Adam Smith, some 70 to 80 years ago, borrowed at two per cent., as her credit was at the highest point; and her private citizens borrowed at three per cent. Legal interest in France, in the early part of the 18th century, fluctuated from five to two per cent.

It is true, that these laws against usury prove no more than that interest was exacted at higher rates than the law allowed, and that these legal reductions followed in the train of the market reductions.

There have been times and countries in which the interest of money was so high as to be now almost incredible. It appears by the letters of Cicero, that Brutus loaned money at forty-eight per cent. in the latter days of the Roman republic; and Adam Smith states that forty, fifty, and sixty per cent. had been paid for the use of money, by farmers of estates in Bengal, and the crops mortgaged to secure principal and interest, so great were the profits. It has happened, for very short periods, when money was tight, and much was at stake, that interest as high as the highest of the above rates, has been paid in the city of New York. But it is not

these exorbitant, accidental, and transient rates of interest, but the general average, in a course of years, that determines the value of money, as a subject of trade, in different quarters of the world.

The use of money is bought and sold in market, like anything else, and the rate of interest is its price. That is to say, when the average rate of interest in one country is 6 per cent., and in another 3 per cent., the value of money is twice as much in the former as in the latter, or two to one. The same rule is applicable to the variations of interest in the same country at different times. Adam Smith has laid down this rule very clearly in the following terms : “ Whatever are the causes which lower the value of capital, the same must necessarily lower that of interest, and exactly in the same proportion. The proportion between the value of capital and that of interest, must remain the same.” There may be transient exceptions to this rule, from either a temporary scarcity or plenty of money in market ; or more properly, perhaps, from the difficulties or facilities of obtaining it.

The following table of the rates of discounts in London, for the last twenty years, on first-class paper, by finding the account of the same firm, doing business through the same brokers, for that period, was furnished by a London correspondent of the New York Courier and Enquirer :—

January, 1828.....	3 per cent.	January, 1838.....	3½ per cent.
July, do.....	2½ per cent.	July, do.....	3 per cent.
January, 1829.....	3½ per cent.	January, 1839.....	3½ per cent.
July, do.....	3½ per cent.	July, do.....	5½ per cent.
January, 1830.....	3 per cent.	January, 1840.....	6 per cent.
July, do.....	3 per cent.	July, do.....	4½ per cent.
January, 1831.....	3½ per cent.	January, 1841.....	5 per cent.
July, do.....	4 per cent.	July, do.....	5 per cent.
January, 1832.....	3½ per cent.	January, 1842.....	4½ per cent.
July, do.....	3½ per cent.	July, do.....	3½ per cent.
January, 1833.....	2½ per cent.	January, 1843.....	2½ per cent.
July, do.....	2½ per cent.	July, do.....	2 per cent.
January, 1834.....	3½ per cent.	January, 1844.....	5 per cent.
July, do.....	3½ per cent.	July, do.....	3½ per cent.
January, 1835.....	3½ per cent.	January, 1845.....	2½ per cent.
July, do.....	3½ per cent.	July, do.....	2½ per cent.
January, 1836.....	3¾ per cent.	January, 1846.....	4½ per cent.
July, do.....	4 per cent.	July, do.....	4 per cent.
January, 1837.....	4½ per cent.	January, 1847.....	4 per cent.
July, do.....	4½ per cent.	July, do.....	5½ per cent.

The medium of these rates is about 3½ per cent.

The interest of money on the continent of Europe, is generally less than in England. If we put the rate of interest in Europe at

3 per cent., and that in the United States at 6 per cent., it is probably a fair exhibit; as the latter as often and as much exceeds 6 as the former exceeds 3. It would, perhaps, be fair to say, that money is worth as much more in the United States, than in Europe, as labor is. The difference in the value of property generally, it might perhaps be said necessarily, corresponds nearly with this measure, inasmuch as there can be no good reason why the permanent capital created by labor should fall below itself in value. But, as before remarked, money capital may be considered as worth more than other kinds at the same cost, it being always more available for use as a common currency.

It will be seen, therefore, that the cost of money in the United States is rated very low, as compared with its cost in Europe, if the difference be allowed to be as *two to one*. It is proposed, however, in the general argument of this work, to allow that the difference is only as *three to two*, which is a sacrifice in the force of our argument.

It will be seen, therefore, if the difference in the price of labor in Europe and the United States, is as *three* for the latter, and *one* for the former, as shown above; and if the difference in the cost or value of money, in these two quarters, be assumed as *three to two*, that the joint value, or cost, or price, of labor and money in Europe and the United States, is as *two* for the latter, and *one* for the former; or one hundred per cent. difference; that is to say, money and labor together cost twice as much in the United States as they do in Europe. The true difference is, in fact, considerably in excess of this.

The primary, fundamental cause of this difference, is disclosed in another chapter, viz., that the labor of Europe is held in a state of bondage, and forced to work on terms prescribed by those who in fact wield the power of masters. Down to this time, labor in Europe has always been kept in a state in which it is compelled to toil for bare subsistence. The reward of labor as a compensation for the services of one human being rendered to another, both of whom are assumed to be on a footing of equality by nature, and in all the rights of the social state, never entered into the policy of the states of Europe, and was never admitted as an element in the systems of European economists; but it has always been carefully excluded from both. The principle adopted and acted upon by both—by one in the promulgation and exposition of creeds in their abstract forms, and by the other in carrying them out in the

practical operations of government—has been such a provision for labor as will merely perpetuate the race of laborers. It is so expressed by Adam Smith, and others of his school, in terms, as already seen in another chapter. Nothing has ever been contemplated, by either the economists or governments of Europe, except the bare subsistence of laborers, that they may render the most effective service, and that the race may not become extinct by deprivation and want, in the same manner as provision is made for beasts of burden, draught, and other services. The principle of reward, of compensation, for laboring man, was never thought of by them, any more than that of rewarding the laboring beast; and the laboring man in Europe, for the most part—in all that regards the principles of public economy there, and in all that is devised and put in force by European governments, to the extent of their ability, which, unfortunately has too much control in the premises—has no more to do in fixing the measure of his subsistence, than the laboring brute. It is public economy there that presides over his destiny, and political power that controls it.

This radical and fundamental cause runs up and branches out into all departments of European society, distributing itself in a thousand ramifications, where it occupies, in these respective stages, the position, and discharges the functions of mediate or intermediate causes. All these influences, however, have but one origin, viz., that principle of the European creed, that the masses were born to serve the few.*

The greatness of the power acquired by this wrong done to the labor of Europe, and the parties by whom it is appropriated, are worthy of a moment's consideration, in addition to what is said on this point in the preceding chapter. It is nothing less than *two thirds* of the fair reward of labor in that entire portion of the world, if it be admitted, as will certainly be maintained, that the reward, the compensation obtained by American labor, is a just compensation—that it is the freedom and the fair price. It is a great power in any single state, for ever increasing in a sort of geometrical ratio. "A great stock with small profits," says Adam Smith, "increases faster than a small stock with great profits. Money, says the prov-

* Of course it will be understood that all this reasoning is predicated on the state of European society before the general revolution attempted in 1848, commencing at Paris. What will be the end of this we know not; but the sole cause of this great movement is the condition of labor above described, and the object of this revolution is the restoration of labor to its rights.

erb, makes money. When you have got a little, it is easy to get more. The great difficulty is to get that little." Alas for the labor of Europe! It has much to do, a great battle to fight, "to get that little." Fortunate for the masters of Europe—however unfortunate for mankind—that they have got all. There is nothing created by the labor which they control, which does not come into their hands. Hence the gigantic structures of concentrated power which Europe presents, like the everdying pyramids of Egypt, both created by the same means, the command and control over human labor. Hence the elevated and inapproachable spheres of portions of European society, walled up and defended by innumerable guards, and intrenched by every conceivable means of power. The secret of all these fortified and impregnable positions, of the affluence and pomp in which a small portion of European society moves, and of the power with which they are surrounded, is the degradation and oppression of the laboring classes—depriving them of their rights, and robbing them of two thirds of the fair reward of their toil— withholding from them all compensation; for bare subsistence can not, in any propriety, be regarded in the light of compensation.

It is power thus acquired, which supports the expensive governments of Europe; which maintains its armies, its navies, its religious establishments; which fortifies rank in every position above the grand substratum of labor; which entrenches the commercial millionaire in the centre of his vast accumulations; which endows nobility with its immense estates, and with its high prescriptive rights; and which surrounds and protects the thrones from which emanates the authority to exercise this power. There is nothing of greatness, of power, of wealth, of distinction, or in the forms of either, as exhibited in the European world, which is not in part, in a very large part, composed of the wrongs done to labor. This is as inevitably true as the fact that labor in Europe is deprived of two thirds of its fair reward, and can only be proved otherwise with the disproof of this fact.

It can not but be seen that the bearing of this difference in the cost of money and labor in the United States and Europe, on a system of public economy for the United States, is direct, potent, and sweeping. It is *two to one* in the producing powers of Europe and other foreign parts against the producing powers of the United States, it being assumed that money and labor are the active powers employed. All the other powers which lie back of these

as a basis, exist in a like proportion of force in these quarters relative to each other. It is a practical commercial principle, that is now under consideration—a principle that operates uniformly all the world over, and which never fails to be energetic in accomplishing its results. It is the principle of competition in trade. Every merchant in New York, or in any other city, or in any other place, knows, that he can not stand against a competitor, who can sell goods at a profit for less than what his goods of the same kind cost him. He is ruined by the competition, if he continues it. The principle is the same in its application to nations as to individuals.

With the wide margin of a power of three to one in labor, and of three to two in money, or of two to one in both, in favor of Europe against the United States, it must be seen, that a small fraction of the power of this difference, added to that which is equal to the entire power of the United States, and brought skilfully and effectively to bear on any one point of the rival interests of this country, will crush us in that particular, and in every other when like attempts are made, unless we have an American commercial system, such as is described in another chapter, to defend us. Europe, of course, will never use the whole of the power of this difference against us. It would not be necessary to gain her end. A fraction of it will do. And in all particulars in which it is done, she has us entirely in her power, and may command her own prices for all that we are thus forced to buy of her. It is in this way, that we pay dearer under Free Trade than under Protection, for the same articles, besides the abstraction of the cost from the country, and the suppression, in a like amount, of American labor and trade.

CHAPTER XX.

THE CLAIMS OF AMERICAN LABOR FOR PROTECTION.

Difference in the social Position of Labor in Europe and America.—It is a Commercial Principle, that requires the Protection of American Labor, and therefore imperative.—The Rule of graduating Protection.—How Foreign Policies bear on the vulnerable Points of the United States.—British Free Trade a Protective Policy.—The Abatement of Duties in Great Britain requires Increase, rather than Diminution, in the United States, because it is made for Protection.—Importance of Skill in Public Economy, to American Statesmen.—The Advantages of Free Labor over Slave Labor.—European Labor in a like Position with Slave Labor.—The best Rule for Protection is, that they who ask for it, should have it.—Adam Smith's Argument for Free Trade, is One for Protection.—He concedes and begs the Question.—Adam Smith and Daniel Webster, as to the Effect of increased Investments of Capital in producing Establishments, on Labor, and on the Profits of Capital.—The United States can never dispense with Protection, so long as Money and Labor here cost more than elsewhere.—The Cry of "Monopoly."—Demagogues.

LABOR is the only thing, in the United States, that requires protection; or in the protection of labor, all things else that need it, are also protected. It may be, and doubtless is, otherwise in Europe, so long as they propose to maintain their state of society.

European economists have never invested labor with the attributes, nor placed it in the position, of capital. We differ from them in this, not only by doing what they have not done in this particular, but by making it the parent of all other capital, as shown in a preceding chapter. What they call capital, and which is commonly so called, is placed by them, not only first as to the dignity of its position, but first and chief as the great commercial agent of the world. Labor is thrust by them into an abject condition, and made to sustain a servile relation to capital. The legislation of Europe corresponds with this. All attempts of labor there, particularly in Great Britain, by association and combination, by trades-unions, and by strikes, to rise and assert its rights, have always been visited with legal penalties for their suppression; whereas, the association and combination of capitalists for their mutual advantage, and to fortify their position against these struggles of the laboring classes, are not only tolerated, but legalized and protected. Enough has already been said, in former chapters, to show the degradation, the hardships, the deprivations, and the miseries of European labor. Capital is the great thing there; la-

nor is the great thing here. Capital there is the only thing thought of in the institution and support of a protective system; labor here is the only thing that requires protection. Capital there is a great political power; labor here occupies that position, and may properly be called THE great power of the country; whereas, labor in Europe has little or no power; and as to protection, it has none, but is made the slave of capital—is the slave of society. In Europe the fruits of labor, that is, the accumulations of commercial values, have been wrested from the hand that created them, and not only appropriated to the use of the spoilers, but is employed by them to force the producers of this great wealth to go on producing, chiefly for the benefit of those who have done the wrong. The producers are held in a servile relation to their own creations, and by the application of misnomers in public economy, the world is made to believe, that capital is the first and great thing; that capital occupies the position of the mainspring of society; and that labor is indebted to capital, the work of its own hands, to save it from starving. Thus the natural order of things is reversed, and the fundamental and most important relations of human society are overturned. By the studious use and persevering application of misnomers for centuries, and by the general consent of mankind, a grand heresy to nature has taken the place of her own teachings, and acquired the authority of orthodox belief, by default and weakness of the injured party. Nevertheless, the truth of the case only lies in abeyance, and flashes forth in full blaze the moment it is challenged. There is not probably a reader of this work, who, though he may never have thought of it before, though he may have adopted directly the opposite opinion, and cherished it all his life, will not confess, that labor, and not capital, is the original and fundamental power of society and of the commercial world; that it is itself capital, and the parent of all other capital—the parent of all commercial values.

We proceed to observe, that it is a commercial principle that invokes Protection for American labor. And because it is so, it can not err, is infallible, imperative. The principle grows out of the facts already established, to wit, that the average cost of labor in the United States is three to one of the average cost in Europe and other foreign parts, with which we have commercial intercourse. It has been shown, indeed, that the difference is greater than this; but this is sufficient for the argument. It has also been shown, that the value or cost of money, and of all other capital, in the

United States, is in the same proportion greater than the value or cost of the same things in foreign parts. This must necessarily be true, because every species of property, money and other, is bought by labor, is its product, and is therefore estimated by the cost, or price, or quantity of labor. But inasmuch as money-capital is the common currency of the commercial world, it is allowed, that it is fairly worth more than other capital in proportion to its cost; and notwithstanding that this allowance applies equally to the United States as to foreign parts, it is nevertheless proposed, as a boon to opponents, to rate the money of Europe, in this argument, as *two to three* of the money of this country, in its cost, and consequently in its value. This, as before determined, makes the joint cost of money and labor in Europe as *one to two* of their joint cost in the United States; or the difference is *one hundred per cent.* in favor of Europe against the United States, in these two things as producing powers in both quarters.

It is convenient to represent these two agents as the common producing powers in combination all the world over, inasmuch as money is the representative of every other species of capital as a common currency for them all; and inasmuch as money and labor are the agents usually brought together for purposes of production. It will be seen, therefore, on these premises, as before shown, that the producing powers of Europe are at least two to one in force—they are in fact greater—against the producing powers of the United States, because they cost only half as much.

Suppose two merchants side by side in New York, or in any other city or place, trading in the same articles, and that these articles cost one of them twice as much as they cost the other. Which has the best chance in open and free competition? Which will beat? Which will fall before the other? It is plain enough, that the one whose articles cost twice as much as those of the other, must shut up shop. He could not stand, even though the difference in the cost of his articles be less than 100 per cent.; though it be 50; though it be 25; though it be 10; though it be 5 per cent. If there be a vigorous and determined competition, he might fall, and be driven out of the market, with a difference of 2 or 1 per cent.; or even of one half-cent per cent. Such is the force and effect of competition between private persons in the same market; and such precisely is the force and effect of competition between commercial nations, the aggregate of whose trade with each other is always made up of private and independent transactions,

as in the case above supposed. That party will always beat, which can afford to sell cheapest, by reason of a less cost of the articles brought into market.

Thus, from the operation of an infallible commercial principle, which never varies in its results, and which can not lead to error, the producing powers of Europe, which cost ONE, must inevitably, on a platform of Free Trade, overwhelm the producing powers of the United States, which cost TWO, and drive the latter from the market that is open to both on the same terms, except as the latter should consent to trade at ruinous prices. In either case it would be ruinous.

The importance of anticipating our opponents, whenever this point is presented, must be our apology for repeating here, as we not unfrequently have occasion to do, that we are aware this argument may be seized upon as an admission, that Free Trade would cheapen articles to consumers, and that Protection enhances prices. But we have shown elsewhere, as often remarked, that, while the above argument is sound and irrefragable, this conclusion does not follow; and that European and other foreign factors, once admitted to our market on the principles of Free Trade, always raise prices above what they are under a system of Protection, as soon as they get possession of the market by driving Americans out. While it is true, that without Protection, they are able to break Americans down, it is not true, that having broken them down, they will continue to sell cheaper; but they invariably demand and realize higher prices than those which prevail under a protective system; so that the evils of Free Trade to this country are threefold: First, by destroying a part of the business of the people and preventing its increase; next, by raising the prices of the articles, the domestic production of which has been suppressed or prevented; and thirdly, by banishing specie, to the amount paid for them, from the country, which would otherwise be retained as a part of our domestic wealth, to be used as "tools of trade" for the augmentation of wealth. This last evil may be greater or less. It may be sufficient to bankrupt the whole country, and has several times done so, as is shown elsewhere in this work.

We proceed to consider how the RULE of protection is to be ascertained, and on what principle it should be graduated. At first sight, it might perhaps seem that it should be graduated by the difference in the cost of money and of labor in the United States

and other parts, that is, one hundred per cent. or more. But when it is considered that the chief aim of European and other foreign governments, in robbing their laboring classes of an average of two thirds of the wages which they are justly entitled to receive, as a freedom value, is to appropriate it to their own use and benefit; or rather, that society in those quarters is constituted with the design of having this two thirds of the fair wages of labor absorbed by the government and higher classes; it will then be seen that the object of this deprivation of the rights of labor would be subverted, and that these unjust governments would gain no advantage to themselves, if they were to employ all this power, that is all the difference in the cost of money and labor between them and such a country as the United States, in the struggles of commercial competition. They can not afford it in their state of society. But having the power always in their hands, to use such a portion of this difference as may be necessary to bear most effectually on the weak and vulnerable points of free states, that is, such points as are not protected, and on those interests which are of most importance to themselves, they will of course select those points of attack on which to make, in the way of competition, such sacrifices as policy may dictate, and by which they can accomplish the most with a given amount of this species of negative expenditure, in the expectation of being indemnified by profits accruing from high prices, after competition may have been subdued for want of adequate protection in the country or countries with which they are carrying on this commercial warfare. They know too well how to economize such transient sacrifices, in order to attain their objects.

For example: It need not be said, that the manufacture of cotton in Great Britain, is to her a thing of vital and supreme importance. Before she had a rival in us, she taxed the raw material heavily. From 1809 to 1814, her duty on the imports of raw cotton was 25s. 6d. per cwt., or 5½ cents a pound, almost equal to its present price. But from 1815 to 1819, after we began to manufacture cotton, down came the duty to 8s. 6d. per cwt., or nearly 2 cents a pound. At last it got down to $\frac{5}{8}$ of a penny; and in 1845 it was found necessary to remove it altogether. This was a sacrifice to her revenue; but it was necessary to retain her ascendancy against the competition in the manufacture of this article in the United States and elsewhere. She let in raw cotton free in order to protect herself and her manufacturers — which has been mis-

named Free Trade. In the same manner, all the abatements in her tariff of duties on imports, under the administration of Sir Robert Peel, as shown in note, pp. 111, 112, without a single exception, together with the abolition of the corn-laws, were made on the principle of protection, and for purposes of protection; and they are called Free Trade. It was to maintain her commercial position in relation to competitors in other countries, that she made these sacrifices of revenue—which, however, were very trivial, and were more than made up in the increase of revenue from duties on other articles. (See note above referred to.)

All other applications of this principle may easily be understood by the above illustrations, as these are directly in point. Those governments which oppress labor by depriving it of reward, and by merely granting it subsistence, do not expend all the power they acquire by this means in commercial competition with free states for the purpose of gaining the same advantage over labor in such foreign parts. A small fraction of this power skilfully applied, will answer all their purposes, as the examples above referred to, in the action of the British government, will show.

But it may be observed that the amount or measure of protection required in a state or nation that is acting on the defensive, in order to secure the rights of its laboring classes against such attacks, must exceed very much the amount or measure of sacrifice that is made by the assailing party, inasmuch as it may be presumed that the first sacrifices made by such a party, are but a small part of that which it can afford to make, and will make, since it has begun the contest, if necessary to success. In the United States, it is absolutely necessary that our public men, our statesmen, who legislate on these and other matters, should thoroughly understand this subject, and that they should be able to see, with unerring certainty, what measure of protection may be required for any particular article, and for all articles, against these attacks; and they ought to know—they will be liable to the greatest mistakes if they do not know—that the abolition of a duty in a foreign state may be as much a measure of protection as is the imposition of duties for that express object, as in the case of all the abatements and abolition of duties which have recently taken place in the tariff of Great Britain. The sacrifices made in such cases, are not positive, but negative, for a reversion of benefits. It is merely a transient reduction of the taxes on labor at home, for the sake of obtaining a stronger hold on labor abroad, in the expectation of

a return, not only of the principal, but of compound interest, or it may be interest equal to a geometrical ratio.

The ignorance of these facts and principles, which, for some twenty years past, with little interruption, has been demonstrated by those who have chiefly controlled the legislation of the United States on this point of public policy, is not more amazing than alarming. To call it ignorance, is most charitable. Otherwise, their influence and acts would be in the highest degree criminal. They evince that they have borrowed their theory of public economy from foreign parts and foreign schools; that they have received their lessons from the enemies of the country; and that they are utterly incapable of understanding the subject. This is not saying too much, for their reasonings and arguments prove it. Presidential messages, United States treasury reports, such as those of December, 1845, '6, and '7, and other public documents, have been constructed on these borrowed and fallacious arguments, and legislation, the most momentous and most unfortunate, has been made to conform to this false theory, so fatal to the interests of American labor and of the American people.

But there are domestic considerations in the United States which should enter into the graduation of the rule of protection, in addition to those arising out of the difference between the cost of money and labor in this country, and their cost in those countries with which we trade. A country where labor is free and independent, and realizes a fair compensation as a consequence of its independence, possesses inherent advantages over countries where labor is not free, other things being equal. Take for example the free and slave states of this Union. The great secret of the difference in prosperity in the free and slave states, consists more in the fact that labor is free in one and not in the other, than in any or all other causes; and the slave states would probably soon be driven to universal emancipation, from interest, but for the monopoly of southern staples, in the raising of which northern free labor can never come in competition. Men who are their own property, who work for themselves, and whose fortunes are of their own creation, with the existing chances before them of rising in the world, and becoming men of estate, of wealth, and of influence, are a very different sort of moral and physical machine, from men who know they are not their own, and who always feel that they are working for masters, and not for themselves. With the former, labor is a pleasure; with the latter, it is a task. The freeman

works for reward ; the slave because he is driven to it ; and the difference in the results, as to their commercial values, is as great as in their feelings and motives. There is very little difference in the position and character of the labor of European nations, as to its physical effectiveness resulting from moral incentives, and that of slave labor in the United States. Both are forced, and both are about equally well provided for, that is, furnished with a subsistence designed to keep them in the best working order.

All slave labor in the United States, which is not applied to the production of what are commonly called slave-grown staples, stands more in need of the protection of a national policy, so far as the interest of masters is concerned, than free labor, because slave labor is more costly than either its foreign or domestic competitor, when regarded in connexion with the comparative amount of its product. The foreign competitor, called free, has to raise itself till fit to work ; gets only a bare subsistence while it can work ; and when it can work no longer, it is cast off to perish ; whereas, slave labor is always a cost : a cost in raising, a cost in sickness, a cost after it has done working ; and its product, while working, is greatly less, because it wants the motive of working for itself. And it has already been proved by experience that slave labor is generally obliged to retire before American free labor, when both are engaged in producing the same things. If, therefore, American free labor requires protection against foreign pauper labor, much more does American slave labor require it, for the interest of its owners. The labor of the ox and that of a slave occupy the same position in public economy ; but the latter is less able to stand against competition.

Adam Smith says : " The experience of all ages and nations, I believe, demonstrates that work done by slaves, though it appears to cost only their maintenance, is in the end the dearest of any."— " The planting of sugar and tobacco [that of cotton in America was not then known] can afford the expense of slave cultivation."— " The profits of a sugar plantation in any of our West India colonies, are generally much greater than any that is known in either Europe or America ; and the profits of a tobacco plantation, though inferior to those of sugar, are superior to those of corn. Both can afford the expense of slave cultivation." This was written anterior to 1775. The cultivation of cotton in the United States was commenced in 1790, and has grown up to a stupendous interest for the profitable employment of slave labor, without any rivalship in free labor.

But it is free labor, chiefly, that has created all the superiority of the United States over other countries, in its general capacities of wealth. There are, indeed, vast resources and treasures of nature here. But it is the free labor and free spirit of the country which have turned them to profitable account. It is free labor which, while unembarrassed with vicious and favored with wise legislation, rolls up wealth in heaps. But for this, and but for the fact, that European and other foreign powers, which wrest from labor so large a portion of its reward, can not afford to employ all the power thus wrongfully acquired in commercial competition with us; but for these facts, we say, the measure of protection for American labor, naturally required, would be the difference in the cost of money and labor in these two quarters, not less than an average of one hundred per cent. But the average protection which experience has dictated as necessary, as for example in the tariff of 1842, is about 40 per cent. The reasons why protection is required to be distributed so variously in its degrees, on different articles of domestic production, are, first, because the power of foreign competition, as seen above, is brought to bear more on some articles than on others; and next, because some domestic productions have acquired a stronger position than others, and do not need so much help. Hence, in a well-digested tariff, we find Protection varying from a very low up to a very high rate; and nothing could be a stronger evidence of the correctness of the principle involved in the rule laid down, to wit, that the necessity of Protection arises from the difference in the cost of money and labor in this country and others, than the facts above noticed.

Although, therefore, as above recognised, this difference between the cost of money and labor in Europe and their cost in the United States, can not be laid down as an exact rule by which protection is, in all cases, to be graduated, it is, nevertheless, the foundation of the rule. It is remarkable, that a principle, like this, so potent and overruling, should not have been more influential with American statesmen, as one from which there is no escape in the current of public affairs. There is no law in the everlasting code of nature, that is more certain than this, and none the penalty of which must more certainly be paid, if violated.

It is due, however, to the instincts of the common mind, to observe, that the people of this country have not been altogether insensible of a natural hostility between their labor and what is commonly called "the pauper labor of Europe." The whole of

the truth lies in this instinctive apprehension. It has been in their mouths as long as the oldest man can remember. It was in the minds and hearts of the revolutionary fathers, and stimulated them to all their mighty efforts, to their stupendous sacrifices, and to those strifes of arms which achieved so great a victory. The American people have generally felt, that Europe is a great prison-house of labor, the products of which, if brought in direct and open competition with their own, would drag them down to the same level, and subject them to the same disadvantages—ultimately to the same poverty, wretchedness, and slavery.

Nor can it be said, that some of the public men of this country, politicians, statesmen, and others, have not apprehended this great truth, preached it eloquently, set forth its operations and results, and warned the people.

But hitherto the field of debate has been wide, the materials of argument disjunct and scattered, and foreign authorities, based on fallacious and unsound principles, have been forced upon public attention, to distract, divide, and conquer. American schools and colleges, having nothing else to lay before their pupils—the tutors of which may without offence be supposed better skilled in teaching boys than statesmen, and not perhaps thinking that they were educating statesmen—have been forced to rely on Adam Smith, David Ricardo, Jean Baptiste Say, and such like, for lessons on public economy!

It would be strange, however, after so much debate, and where such vast interests are at stake, if the argument could never be brought to a point, on which all could see that the truth of the matter hinges. That point, it is believed, is indicated by the difference in the cost of money and labor in the United States and in foreign parts. It is a commercial principle, determined with all the certainty of arithmetical results, about which, therefore, there can be no ground of controversy among reasonable minds. The rule is derived from the fact, that the producing powers of Europe and other foreign parts, that is, money and labor, cost only half as much as in the United States—in truth less than half as much. It will follow, therefore, that American labor, which in fact is the chief thing concerned, can never stand against such odds without protection.

But a better rule than all, perhaps, for the graduation of duties for Protection, is the application and advice of parties who desire it. It is the experience of the people that teaches what they want,

and they are the best judges. They never ask for protection, unless they want it. Why should they? It would be absurd. And the fact that they ask, is proof that they want.

The following argument of Adam Smith, made for Free Trade, is so pertinent and forcible here, that we can not resist the temptation of using it for our own purpose: "The annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather, is precisely the same thing with that exchangeable value. As every individual, therefore, endeavors, as much as he can, both to employ his capital in the support of domestic industry, and so to direct that industry, that its produce may be of the greatest value; every individual necessarily labors to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner that its produce may be of the greatest value, he intends only his own gain; and he is in that, as in many other cases, led by an invisible hand, to promote an end which was no part of his intention. Nor is it always worse for the society, that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he intends to promote it. I have never known much good done by those who affect to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it. What is the species of industry which his capital can best employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it."

Nothing, surely, could be more delightful than this to those Americans who only ask to be protected in their own chosen ways—a protection to which they are justly entitled. Adam Smith entirely misrepresents the case, when he assumes, that Protection is

an "attempt to *direct* private people in what way they ought to employ their capital." It only *encourages* and *shields* them from harm, in ways in which they themselves *choose* to "employ their capital." In no case does Protection *control* the direction and employment of capital; it only *invites* it into a field where it could not otherwise go, and defends its position there. Its function is to do that which is solicited, not to impose that which is not desired; and when it is shown, as we have done, that no parties can possibly be injured by the protection of others—except by a partiality in the distribution of its benefits, in helping one more than another, since all are benefited in some degree by protection afforded in any cases whatever—this reasoning of Adam Smith all goes for a protective system. When the people desire and obtain protection in this, that, or the other pursuit, for their "own gain," they are, as Adam Smith justly says, "led by an invisible hand, to promote an end which was no part of their intention," to wit, the common good of "the society." Nothing is more true, than that "every individual can, in his local situation, judge much better than any statesman or lawgiver can for him, what is the species of industry which his capital can best employ, and of which the produce is likely to be of the greatest value;" and therefore he asks protection in it, if he needs it. This is the opposite of *directing* and *controlling* his capital. The objection, that it indirectly *controls* other parties, to their injury, we have answered in another place, by showing that it controls only the importing merchant, to prevent his trading at the expense of the country, the very thing which ought to be done.

It is only when the government interferes with and dictates to the pursuits of the people, as, for example, forcing them back to agriculture, by refusing to protect manufactures, that mischief, and untold mischief, is done. Let the people choose their own pursuits, and protect them when they ask it, and they will be sure to promote the public, by securing their own private wealth.

Adam Smith still farther concedes all that can be asked: "What is prudent in every private family, can scarcely be folly in that of a great kingdom." And what does the prudence of a private family require? To take care of its own interests, to be sure—to protect them. If this be not done, things will surely come to bad; and it must take care of those interests, too, in relation to the conflicting agencies with which it is for ever invested and assailed. This is precisely the doctrine of Protection.

It is singular that, in addition to all this, Adam Smith while

pleading the cause of Free Trade, not only concedes, but justifies, the principle of Protection in all its length and breadth of application, as follows: "There seem, however, to be two cases, in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry. The first is, when some particular sort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon its sailors and shipping. The act of navigation, therefore very properly, endeavors to give the sailors and shipping of Great Britain the monopoly of the trade of their own country, in some cases by absolute prohibitions, and in others by heavy burdens upon the shipping of foreign countries."

Let any one judge whether the principle here conceded can have any stopping-place, so long as, in the judgment of any people or government, "any particular sort of industry," as Adam Smith calls it, requires protection for the defence of the country, *alias*, for its interests; for, if its interests, in which its strength and power consist, are suffered to go to wreck, it is folly to talk about defence. There can be no defence short of maintaining that physical power of a country, which consists in maintaining its interests.

"The second case," says Adam Smith, "in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry, is, when some tax is imposed at home upon the produce of the latter. In this case, it seems reasonable, that an equal tax should be imposed upon the like produce of the former." This on the principle of retaliation. So we have Adam Smith a protectionist on two points, which, as will be seen, is having him on all points: first, when "it will be advantageous for the encouragement of domestic industry;" and next, when the *lex talionis*, or law of retaliation, requires it. Who ever asked for more than this?

Let the following facts, the list of which might be greatly enlarged, show how far the United States would be entitled to go, on this principle of retaliation, laid down by Adam Smith. American flour in Cuba pays a duty of about \$10 a barrel; in Rio Janeiro, \$5 to \$6; and in many other foreign parts, the duties on this article range from 50 to 150 per cent. In return, we take coffee without duty. We have reciprocity treaties with several foreign powers, the effect of which has already been to take away about one third of our carrying-trade. When Americans began to export their goods to British dependencies, the British government im-

posed a duty against us, first of 5, next of 8½, then of 10½, and finally of 15 per cent., which, it is supposed, will be an exclusion. It is worthy of remark, that on the single staple of tobacco, which she receives from the United States, Great Britain levies an amount of duties about equal to the total amount of customs collected on all articles imported into the United States from all foreign countries; and also about equal to the total annual expenditures of our government. The Hon. P. Triplett, of Kentucky, made a communication to the committee on manufactures, in the 27th Congress, from which are deduced the following facts: that American products consumed in Europe pay duties on entering there, equal to *half* of their entire value; whereas, European products consumed in the United States pay duties here equal to *one fifth* of their value. In 1841, imports into the United States were \$127,945,000, and exports, \$91,000,000. The duties raised from these imports amounted to \$14,487,000, being about 11½ per cent.; whereas, the duties which foreign countries obtained from exports from the United States, of that year, amounted to \$113,500,000, or 124 per cent. The average of exports of tobacco from the United States to Europe, for 1839 and 1840, was \$9,225,000 for each year; and the average duties imposed for each year by European governments, was \$32,463,000, or 350 per cent. The duties on American tobacco in Europe have been as high as \$35,000,000 a year.

But Adam Smith goes even farther, if it were possible. He says: "As there are two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry, so there are two other cases in which it may sometimes be a matter of deliberation: in the one, how far it is proper to continue the free importation of certain foreign goods; and in the other, how far, or in what manner, it may be proper to restore that free importation, after it has been for some time interrupted." Is not this truly astonishing? Here is the whole field open, and opened by the hand of Adam Smith. "It may be a matter of deliberation." About what?—First, as to what articles, now, or at any time, free, duties shall be put on to; and next, as to what articles, now, or at any time, subject to duty, shall be made free. Is it possible to have a more extended discretion? And the British government have always acted on this rule of "deliberation." We have shown that Sir Robert Peel's policy, in making some articles free, was precisely of this kind—not for Free Trade, but on "deliberation," according to Adam Smith's rule.

Adam Smith and his followers are for ever begging the question, that Protection is a tax. We disprove it a thousand and one times, and there they are still, making the same asseveration, without deigning to offer evidence,

We are inclined to believe, that a protective system operates the same in all countries, as in the United States. Take, for example, Dr. Bowering's report on Germany, to the British Parliament, 1840. The German Zoll-Verein treaty had then been in operation some ten years. Dr. Bowering admits, that the German manufactures, which are protected by a high-tariff duty, are better, and sold on more reasonable terms, than the like foreign articles; that the demand for agricultural products had increased, and the prices risen, under the high tariff; that land had risen from 50 to 100 per cent.; that labor was better paid; that the wages of labor, in the manufacturing districts, had risen 30 per cent. The reason of admitting these facts, is understood to have been, that if the British corn-laws were not instantly abolished, Germany would become independent, and learn too much of the benefits of Protection. The *Allgemeine Zeitung* said in 1841, "Within these ten years," since Protection was established, "Germany has made the advance of a century in welfare and industry, in the feeling of self-dependence, and in national energy."

Another rule laid down by Adam Smith, viz., that "the general industry of the society can never exceed what the capital of the society can employ," as an element of his grand proposition of Free Trade, only shows, first, that this is assumed in view of a given state of society, with which, peradventure, he was acquainted; and secondly, that he was totally ignorant of the condition of things in America. In England, as it then was, probably, and is now it may be, this rule might possibly apply; but every one knows, in this quarter, it does not apply here. No man, in the United States, is necessarily dependent on "the capital of the society," for employment. He can at any time go into the backwoods, and be perfectly independent; and it is because of this great open field, of this illimitable chance, into which multitudes are constantly pushing their way, and literally opening and creating a new world, thereby proving that anybody else can do it, that man, in this country, is independent of capital—certainly of that species of capital, of which Adam Smith here speaks. It is not, therefore, true here, that "the general industry of the society can never exceed what the capital of the society can employ." This only proves, that,

however well Adam Smith may have been qualified to write a system of public economy for Great Britain, he was totally unqualified to write one for the United States; and that his attempt to write for all nations, as if he could lay down principles and form a system equally applicable to all, was a very audacious one.

The cry of "monopoly," which the arts of demagogues have sent barking over the land for a few years past, like a pack of hounds let loose on the scent of game, will be found to be not only without foundation, so far as it applies to the encouragement of American manufactures; but it will appear, before we shall have done with the subject, that it is a direct persecution of American labor, hunting it down, and injuring it first and chiefly. When a party asks protection for an American product, it is a *mediate* application of American labor for employment and reward, without expense to anybody, and with benefit to the public and to all parties; for it is shown elsewhere, that protective duties, in the United States are not taxes, but the contrary. The capitalist, who comes with a petition to government for protection in a specific enterprise, appears as the proxy of labor, asking for a position in which he can employ labor and pay for it; and every new investment of capital, in a productive art, or pursuit, creates a new demand for labor, and tends to enhance its reward. No matter how great the profit of the investment. The greater it is, so much greater the benefit to labor; and it is labor chiefly that is benefited by advantageous outlays of capital. Labor, on an average in the United States, as before shown, is worth at least 50 per cent. on itself as capital, the value of which never diminishes, but always increases, by the encouragement given to other capital to employ it; and just in proportion as other capital finds encouragement under protection to extend its operations, does its own rate of profit decrease, while that of labor increases. This is a settled principle. It is the effect of the rivalry of capital in different hands. Large profits of capital in any employment, not invested with exclusive privileges—which alone constitute a monopoly—are like a vacuum in nature. Other capital immediately rushes to the point, till there is a surfeit. The fact of large profits can not endure—must necessarily be transient.

Adam Smith says: "As the quantity of stock [capital] to be lent at interest increases, the interest [profit] necessarily diminishes. As capitals increase in any country, the profits which can be made by employing them necessarily diminish. There arises, in consequence, a competition between different capitals. The owner of one must

not only sell what he deals in somewhat cheaper, but, in order to get it to sell, he must sometimes too buy it dearer. The demand for productive labor, by the increase of the funds which are destined to maintain it, grows every day greater and greater. Laborers easily find employment, but the owners of capitals find it difficult to get laborers to employ. Their competition raises the wages of labor, and sinks the profits of stock. But when the profits are in this manner diminished, as it were, at both ends, the rate of interest must necessarily be diminished with them."

The Hon. Daniel Webster says: "The increase of the investments of capital in great works, tends to reduce the profits on that capital. That is a necessary result. But then it has exactly the reverse action upon labor. For the more that capital is invested in the great operations, the greater is the call for labor; and therefore, the ratio is here the other way, and the rates of labor increase as the profits of capital are diminished."—(His speech in Senate, on the 25th of July, 1846.) It is impossible that investments of capital which employ labor should be multiplied or extended to the disadvantage of labor, and it is always for the interests of labor that protection should be granted, if necessary, to secure the end of such investments. Whenever capital invokes it, it is the same thing as if labor invoked it; and the fact may always be taken as the measure of graduation required by the interests of labor in fixing protection.

As labor occupies the position of parent to all other capital, it would seem to be very fair, that this thing of its own creation should be employed for its own benefit; and when the benefit can be made reciprocal, it is all the better and more satisfactory. Whenever capital asks for protection in any specific investment, for the creation of home products of any kind, against foreign competition, it is always identical with the demand of home labor for employment and reward. The protection is that of labor, ultimately and chiefly. "Capital," says the Hon. Abbott Lawrence, "has usually had the power to take care of itself, and does not require the aid of Congress to place it in any other position, than to put the labor in motion. Congress should legislate for the labor, and the capital will take care of itself."

Some have supposed that American arts and other pursuits may, under a system of protection, ultimately attain to such perfection and strength as no longer to need protection. They seem to imagine that protection is only needed to get well started. No doubt,

for the reason already noticed, viz., that a free country, where labor is rewarded, has many inherent advantages over those whose labor is not free, and is not properly rewarded;—for this reason it is doubtless true that the United States, after a long-protracted enjoyment of an adequate system of protection, would be able to run a powerful race with the European nations on a Free-Trade platform. But still it must be seen, that so long as the conditions of society in these two quarters are so greatly diverse as to create and maintain a difference of a hundred per cent., in favor of Europe and against this country, in the cost of money and labor, the contest would be most unequal; and while this difference exists, it is impossible for any one reasonably to conclude, that the necessity of protection will not also exist, however perfect may be the state of American arts and instruments of labor, and however strong their position. Justice alone would seem to require it.

It has been most unfortunate for this country that demagogues, the greatest scourge of humanity, have been able to take advantage of the natural jealousies existing in the hearts of the poor against the rich, and of the unprosperous against the prosperous, by exciting in the minds of the former a belief, that the very means of their comfort and happiness, and their chances for the improvement of their condition, are adverse to them, and the means of depriving them of their rights. As above shown, when capital asks for protection, it asks it in the name and for the benefit of labor, to increase the demand for it, and to give it better chances; and as above shown, the profits of capital diminish as the demand for labor and its reward are increased. The rivalry of capital is the harvest of labor. The more the protection of government encourages new investments of capital in forms to employ labor, so much better will be the condition and prospects of the laboring classes. For the want of such protection, laborers are injured; with it, they are benefited; for it is their protection chiefly; they are the party most deeply interested. And yet the demagogues of the country, by appealing to the natural jealousies of the people, have, to a great extent, made them believe, by misrepresentation, that capitalists, occupying such a position, under the protection of government, as to employ labor, and afford it better chances, are "monopolists," invested with and using a power to oppress labor, and to oppress the poor. Strange as it may seem, everybody knows that this is a fact. The poor laborer is made to believe, by ingenious falsehoods addressed to his natural jealousies, that they

who give him employment, and afford him the means of living—of rising in the world—are his natural enemies—his oppressors; and that the greater the demand for his labor, and the greater his reward for it, so much greater his misfortune.

They who are ingenious enough to invent such a fallacy, are sufficiently corrupt and unprincipled not to employ the falsehood. They can not but know it is false. They can not but know that any degree of protection which augments investments of capital in any specific enterprise, and which enlarges competition, is so far from creating a monopoly, that it is the very way to break it down, if it had existed before.

In such a community as the United States, wealth is generally accumulated by the labor, industry, enterprise, frugality, and other like virtues of those who began life poor, and rose from an humble condition. In the absence of the laws of primogeniture and entails, large accumulations of wealth rarely descend to the third generation before they are dissipated, and fall into the hands of those who, in their turn, are rising to affluence from nothing, by their virtues. The American wheel of fortune is thus constantly turning round, so that the descent of those at the top, brings up those at the bottom. It is the investment of capital for the employment of labor, that enables those at the bottom to rise; and the larger and the more multiform the investments, so much better will be their chances, and so much more rapid their ascent. But these demagogues, putting their hand to this wheel, and crying out to those at the bottom to look at those at the top, screaming "monopoly," merely to excite their envy and discontent, stop its revolutions, and keep both where they were. In the meantime, the foreigner gets rich out of the sweat of the American laborer's brow, while all things at home remain in *statu quo*. The demagogue will not allow American wealth to employ American labor, at American prices; and as a consequence, it is obliged to sell itself in the European market, at European prices; while the things it gets in exchange from Europe, as is shown in another place, are higher than they would be under a system of protection at home. In this way American labor is a loser twice over—thrice, indeed: First, by being robbed of that employment which gives fair wages; next, by being dragged down to a level with European labor; and last, not least, by being knocked off from the American wheel of fortune, and deprived of all its chances. The last is an utter extinction of the hopes of rising.

The very charge brought against capitalists, viz., the crime of being rich, is that which makes them a blessing to labor, while they are willing to employ it. They who put obstacles in the way of this relation, by refusing that protection which is necessary to it, are the enemies of labor. Besides being vicious, they are stupid, and do not think, that, in preventing the investment of American capital in a way to employ American labor, they only stimulate the use of foreign capital and the employment of foreign labor, to supply the same wants which might be supplied from domestic sources ; and that, in keeping money out of the hands of Americans, they put it in the hands of foreigners, banishing so much capital from this country, to replenish foreign exchequers, to augment the splendors of foreign aristocracies, and the power of foreign despotisms, all at the expense of the American people. In attempting to cripple American capitalists, they not only cripple and impoverish American labor, but enrich foreign capitalists and foreign factors, and put additional millions into the coffers of foreign millionaires, all drawn from the hand of American toil.

CHAPTER XXI.

BALANCE OF TRADE.

The Balance of Trade a well known Principle in common Life.—The Efforts made to mystify the Subject.—Adam Smith and his School admit the Principle unawares.—The only Difficulty is an imperfect View of the Facts that belong to the Question.—The Difficulty in England not found in the United States, and is now removed there.—Practical Men always Right on this Subject—Instance the London Times.—Adam Smith's "Wherewithal."—The Free-Trade Economists fail to distinguish between Money as a Subject and as the Instrument of Trade, in all their Reasonings on this Question—Adam Smith lets the Cat out of the Bag, by an Hypothesis.—The Key of this Hypothesis.—Adam Smith makes Loss Evidence of Gain.—Joshua Gee's Position and Reasoning as a British Economist.—He the British Oracle.—His Policy for America.—The Coinage of a Nation Evidence of its profitable or unprofitable Trade.—M. Say's Reasoning on the Balance of Trade.—Its Absurdity.—Adam Smith the original Author of this Fallacy.—How One rides a Hobby.—A Citizen may be enriched by the same Act that subtracts from the Wealth of the Nation.—So of a Class of Citizens.

THAT a principle so plain as that of a balance of trade, should be contested, and even denied, as a fact that can have no existence in social and public economy, is one of those extravagances, which could nowhere else find a place, except in the minds of men who subsist in a world of dreams, rather than in a world of reality. The principle, in its practical application, lies within the range of every one's daily experience and observation. There is not a single man, in any community, failing in business, or more technically, becoming a bankrupt, who is not an example of the operation of this principle. Why is he a bankrupt? Simply because he has not paid respect to the principle of the balance of trade. If he had regarded that, and not run in debt beyond his means, he never would have been a bankrupt. By this neglect, and by overtrading, he has rendered himself liable to demands in cash, beyond his ability to meet, and he is obliged to stop payment. He is a bankrupt. The reason is simply, that a balance of trade, by his own improvidence, or misfortune, has overtaken him, which he can not encounter.

Great efforts have been made, but without avail, by European Free-Trade economists and their disciples in this country, to mystify the argument founded on the balance of trade, and thereby to abate its force. Adam Smith admits all we want on this question, as indeed he does on almost every other on which he attempts to

establish a doctrine from which we feel obliged to dissent. It is so generally with his school : their isolated propositions are quite sufficient for our purpose on almost all the subjects in controversy. An estoppel from their own words is doubtless the best kind of answer against those who have been so unfortunate as to answer themselves. On the balance of trade, Adam Smith says : " The ordinary state of debt and credit between any two places [or nations], is not always entirely regulated by the ordinary course of their dealings with one another ; but is often influenced by that of the dealings of either with many other places" [or nations]. Nothing can be more true than this ; and nothing more true than that it discloses the only difficulty in the debate, viz., an imperfect view of the facts that belong to the question. It is the whole commerce of a nation with all the world foreign to itself, that requires to be considered, when the balance of trade is sought for, in the same manner as in the case of an individual. It will not do for a merchant to consider only a part of his transactions, to know how he is to come out. He must consider them all. With all the facts in hand which are comprehended in this aggregate of a nation's foreign commerce, or, which is the same thing, with correct tables of imports and exports, in connexion with a true estimate of their respective values, taking into consideration also a true account of the distribution of the profits of the carrying trade between home and foreign parties, the rule claimed to arise from the balance of trade, to determine whether a nation is, on the whole, and as a whole, doing a profitable or unprofitable business, with foreign parts, is precisely the same, and equally infallible, as that which arises from the well-kept books of a counting-house, to determine, by the balances, whether the merchant or firm is making or losing money. Nor, so far as we can observe, is it pretended, that the rule is not a good and true one, on these conditions. The only objection, apparently, is, that the facts which constitute the rule, are not always reliable for the end in view, because they can not be accurately ascertained.

There was a reason in England for saying the official records are not reliable for such a purpose, which does not exist in the United States, nor, so far as we know, anywhere else. In 1694, a law was passed, requiring all entries to be made in the custom-house according to the prices then fixed, which is still in force. This, ever since, has caused material variations between the official and real or declared values, increasing as time advanced, and every

year fluctuating. But, from 1801 to 1845, inclusive, Porter, the latest authority, gives the "real or declared value," as they call it, in a separate column, though only for the exports. The "real or declared" value of the imports for these same years, we suppose, can be obtained by a like rule. It is no more true, however, that British economists may have been somewhat embarrassed by this mode of keeping the customhouse books, than that there is no occasion for such embarrassment in the case of the American records of the same class; and since they also have in England the real or declared valuation, certainly of late years, it is not easy to see why they should object to this rule.

That there may be some difficulty in ascertaining all the facts, with perfect accuracy, is not denied; but the principle of the rule is undoubtedly a correct one; and it is claimed, moreover, that the facts which belong to the case, in the United States, can be ascertained with sufficient accuracy to answer the purpose in view, inasmuch as perfect accuracy is not required. The balances, imperfect as the means of ascertaining them are, yet with such helps as can be obtained, are generally so obvious, that all the objections that have been made to the rule, are utterly futile.

Take, for example, the balances in the commercial history of the United States, as they relate to our foreign trade, which will be found in chapter xxiv. The main points of defect or inaccuracy in the tables cited, are such as throw the loss almost entirely on the side of the argument we are endeavoring to sustain, and of course impair it, first, because it is in evidence that an average of some ten millions a year, for a considerable time, has been left out of the table of imports, which ought to be there; and the same defect may run back through the whole period; while there is no evidence of a like defect in the table of exports, nor would it naturally or easily occur, as it would be without motive or necessity. But, in the second place, it is proved in various ways—proved in courts of justice—that a very large proportion of the imports, is always undervalued in the foreign invoices on which they are entered, for the purpose of lessening the amount of duties to be paid. If, therefore, for the sake of brevity, as well as obvious fairness to opponents, we take the tables as they are, and allow all that was earned in freight by American shipping, and all the avails of the fisheries, to balance the two important, and doubtless much larger, items above named as defects on the other side, there is, then, nothing else worthy of mention, affecting the accuracy of the rule. We

are aware, indeed, that the British economists—some of them at 'east—speak of the profits of the merchants as belonging to this reckoning. But all the profits of the American importer fall as much within the scope of the home trade as any other domestic transaction—for the transaction that makes his profit is domestic, between him and the American people; and as to the profits of the foreign factor, who, hitherto, has made more than the American importer, he carries it all out of the country, which, for this reason, should not be mentioned by our opponents, who only lose by it in the argument, and help our side.

But suppose that, for other reasons—though we do not see where they can be found—the relative augmentation, when perfect accuracy is obtained, should be on the side of the exports, still the difference between the two is so prodigious, that the general result could not be materially affected; and the domestic history of the country, as to its periods of commercial prosperity and adversity, corresponds so well with the assumption, that these tables, on the whole, are a pretty fair exhibit, as to impart to them a strong presumptive sanction.

It is remarkable how practical men can never express themselves, when the effects of disturbing the balance of trade are apparent, without calling it involuntarily, and as a matter of course, by that name; and not less remarkable how a *soi-disant* Free-Trade nation will itself do it by the mouth of its organs. For example, the London Times of January 19, 1847, devotes a column to the subject, all under this name, without thinking of its inconsistency with the Free-Trade theory. It finds "the balance" disturbed by sending, as a loan, one million sterling of bullion from the bank of England to the bank of France. The money-market feels it; interest rises from 3 to 3½ per cent.; and there is "almost a panic." How much more, that journal says, when the other two or three millions, promised, shall go? It predicts, that, in the course of the year 1847, there will be "a balance of trade" against England of seventeen millions sterling; that there will be a crisis, and great commercial distress; and recommends that every effort should be made to discourage and check imports, so as to reduce this anticipated "balance." This is very inconsistent language for a Free-Trade country, and a Free-Trade journal. It only shows, that when the pressure of reality comes, they can not help calling things by their right names. Even the export of so small a sum as one million sterling, produces "almost a panic." This trifling loss of bullion.

or specie, would not be felt in ordinary times ; but in consequence of the potato-rot and scarcity of bread-stuffs in Great Britain, she is not only paying higher for her necessary supplies, but is obliged to buy more than usual ; in other words, she buys more than she sells, imports more than she exports, which brings " the balance of trade" against her. Every million of money, therefore, that is exported at such a time, to settle balances in the United States or elsewhere, for breadstuffs, is felt, and threatens a crisis—occasions a panic. Why?—Because there is such a thing as a favorable or unfavorable balance of trade between one nation and all others—a state of things easily and universally recognised. In practice, in the current of events, whether it be one way or the other, all see and feel it ; while in theory, it is denied. Why does not Great Britain stand by her own proclaimed theory, at such a time, and not be so sensitive because of this draught on her bullion, or specie ? There can be no danger from this course, according to the doctrine of her Smiths, her Ricardos, and her M'Cullochs. But practice, experience, is found to be a very different thing from a Free-Trade theory. In doctrine they say, Free Trade always balances itself ; in practice, they dare not trust it.

Precisely according to these predictions the crisis came, and the commercial condition of England never received a greater shock than in 1847, all from an unfavorable balance of trade, inducing large exports of specie, of which some 20 to 25 millions of dollars came to the United States to pay for bread-stuffs. And yet every one of our Free-Trade economists say, this was no disadvantage, because the money was exported as a commodity.

But Adam Smith has given up the question, as follows : " It would, indeed, be more advantageous," he says, " for England, that it could purchase the wines of France with its own hardware and broadcloth, than with either the tobacco of Virginia, or with the gold and silver of Brazil and Peru."—" As a country which has wherewithal to buy tobacco, will never be long in want of it ; so neither will one be long in want of gold and silver which has wherewithal to purchase these metals." The first of these extracts needs no comment. The simplicity of the second, however, is really too remarkable to be passed over without notice. In the first place, it begs the question : a nation will not want money that has wherewithal to purchase it. Nor will a beggar in the streets. These Free-Trade economists say, and say truly, that money is a commodity, and as much a subject of trade as any other commod-

ity . but why should they fail to consider, that it has attributes, and discharges functions, by the common consent of mankind, which can be ascribed to no other commodity ?* Why should they fail to consider the consequences resulting from the facts, that it is a common currency throughout the world, in the negotiation of exchanges of all other commodities, and that it is the only thing to settle balances, when barter is declined by a creditor ?

If the United States is in the habit of buying annually more than it sells, or can sell, and has no money to spare from its own bosom, how are these balances to be settled ?—That is the question. Adam Smith and others of his school answer, that we shall not long want the money, if we have wherewithal to buy it. This is only another form of putting the same question, and it is a problem still. Certainly, it is not helping us out of the difficulty. “If we have wherewithal to buy it ;” *alias*, if there be a market for our “wherewithal.” This last is the only condition on which Adam Smith could fairly have come to his conclusion ; and the very case supposes, that this condition is out of the question. Money in abeyance is the correlative of the “wherewithal ;” and since the money is not in abeyance, or if it be not, it is impossible that we should have the “wherewithal.” It is clear, if the money had been in abeyance to anything we had to give for it, it would have been realized. The case supposed, therefore, could not possibly occur.

This apparent failure of the Free-Trade economists to recognise the peculiar and exclusive functions of money, in the market of the world, and their pertinacity in ranking it with all other exchangeable commodities, would seem to have been the occasion of this very erroneous conclusion, that it is equally obtainable by other commodities, as others are by itself. There is no exchangeable commodity which money can not buy ; but it may happen that all the commodities a man or a nation may have, can not buy money, unless it be at ruinous prices, and that to a limited extent, simply because there is no market, no demand for them, where money will be given.

This fallacious doctrine, it seems, was in vogue when Joshua Gee published his work entitled “Trade and Navigation of Great Britain,” and he declares that he undertook it expressly to expose this error. He says : “So mistaken are many

* For the distinction between money as a subject and as the instrument of trade, see chapter xiv.

people, that they say, money is a commodity like other things, and think themselves never the poorer for what the nation daily exports," of the precious metals. He therefore says: "I have thought the only method to furnish gentlemen with proper considerations, is to give some account of the commodities the nations we trade with take from us, and what we take from them, and to give my thoughts where I think the balance lies." And he did so, to the full conviction of all British statesmen, who, in their legislation, have adhered to Gee's doctrine, from that time to the present. Any one can see, that a true account of the foreign trade of Great Britain, or of any other nation, according to this plan of Joshua Gee, that is, "of the commodities the nations we trade with take from us, and what we take from them," will show whether that nation is gaining or losing by its foreign commerce. If it gets an annual balance of money, it is gaining; if it parts with an annual balance of money, it is losing.

Among the many true things which Adam Smith has said—and he has said enough for all our purposes—nothing is more true than the following:—

"The balance of produce and consumption [home produce and consumption] may be constantly in favor of a nation, though what is called the balance of trade [its foreign trade] be against it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and silver which comes into it all this time, may be all immediately sent out of it; its circulating coin may gradually decay, different sorts of paper-money being substituted in its place; and even the debts, too, which it contracts in the principal nations with which it deals, may be gradually increasing; and yet its real wealth, the exchangeable value of the annual produce of its land and labor, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the present disturbances [this was written in 1777], may serve as a proof, that this is by no means an impossible supposition."

Apropos. This is the more valuable, not only as coming from such authority, but as being the best possible description of our own case, such as it was before the revolution, such as it was under the confederation, and such, to a great extent, as it has been, even under the operation of the federal constitution, down to this time, for want of adequate protection. Exactly so. Such were

The enterprise, industry, and other virtues of the American fathers, and such the resources and capabilities of the country, that they improved their lands, built houses and towns, and created a great amount of permanent wealth, which could not be conveniently carried away, and which remained behind, notwithstanding all their wrongs. Exactly so. "The circulating coin gradually decayed" for fifty years, or more, "different sorts of paper-money being substituted in its place." Exactly so. "Even the debts contracted with the principal nations," Great Britain chiefly, "with which they dealt, gradually increased." Exactly so. "And yet the real wealth [the permanent wealth], the exchangeable value of the annual produce of land and labor may, during that period, have been increased in a much greater proportion." It doubtless increased, in either greater or less proportion, as compared with the increase of these foreign debts, chiefly contracted with the mother-country—probably, in a greater proportion. Certainly, it would have been a harder case than was alleged, and is generally supposed, if it did not. And was this the grace done to the colonists, that the mother-country did not carry away their houses, and other permanent fixtures, created by their industry and labor; but only took away their money—everything that could be taken, and run them in debt—debts constantly increasing for half a century—to absorb all the money as fast as it should come in—and left the colonists, not exactly like the Mexicans in California, with hides for a currency, but with that which was worse, and good for nothing, "different sorts of paper-money," that had no specie basis.

Yes, verily, nothing could be more true than this description, by Adam Smith, of the state of the colonies before the revolution. It was this very state of things that occasioned the revolution. And yet Adam Smith, an economist of the highest pretensions, and of a universal credit that has run down through three fourths of a century, has the audacity to adduce this condition of the colonists, not only as a reason why they ought to have been very contented, but as irrefragable proof, according to his theory, of their prosperity and increasing wealth! It is no matter, according to him, how much the foreign balances are against the country; or how large the foreign debts, and how much they are increasing; or though all the precious metals, as fast as they come in, be drawn away from the country by these debts; or though the circulating medium, by such a cause, be composed of irredeemable paper, not really worth a penny;—all this is no matter, according to Adam Smith,

provided the nation or state is creating permanent fixtures, at home, of the nature of wealth, equal to or greater than the debts which it is creating abroad! A real calculating Yankee would not only want his fixtures, his permanent capital, but he would want money to do business with, instead of contracting debts, to hang as a millstone about his neck, and prevent his prosperity. It would be no great comfort to him to live in a house, and work a farm, which he could not call his own, because both were mortgaged. And yet Adam Smith calls this prosperity, increase of wealth!

The key to this remarkable argument of Adam Smith, as well as to his entire work, will be found in chapter v., where it is shown, that he was doubtless in the service of the British government, in the production of his "Wealth of Nations;" that his main object was to satisfy the discontented colonists, and to convince them that they were doing well, notwithstanding all their alleged grounds of complaint. It will be observed, that he sets up an hypothesis, in the foregoing extract, and then brings in the case of the North American colonies to verify it. The simple truth is, that, in the hypothesis, he was describing the very case of the colonies, and had that only in view. He deserves the credit of reporting the case truly, exactly as it was. It is true, as he says, they had no money for fifty years; that they were all the while running in debt; that as fast as money came in, it was obliged to go out; that they were compelled to resort to rag-money, without a specie basis; and that they were building houses, and improving their lands, in the meantime. But the insult done to them, by this argument, is telling them, that, under all these hardships and wrongs, which they thought, and fully believed, justified a rebellion against the British crown, they were doing very well, growing rich, and ought not to complain!

In view of the evidence presented in chapter xxiv., it hardly need be said that the commercial history of the United States, so far as it regards our foreign trade, for a large portion of the period since the establishment of Independence, is very like the case described above by Adam Smith, as being, in his opinion, and according to his theory, so pleasant, so prosperous, and so desirable a state of the colonies. Notwithstanding the immense balances against us, which we have had to pay, or have run in debt for—a part of them is now outstanding—we have worked hard and got together a good deal of wealth. It would be much more consoling, if a part of these balances against us had really added to

the permanent wealth of the country, by having been created for imports of a durable kind, entering into permanent fixtures and productive of wealth. But it will be found, on examining the official tables which give instruction on this point, that, wherever our imports have risen above the exports, more or less, the increase was chiefly on perishable articles, such as silks, cloths, wines, &c., being chiefly of the same character with the wasteful expenditures of the spendthrift, which leave no good behind, but incur inconvenient obligations for the future. The silks brought into the country in that remarkable period of excess of imports over exports, from 1833 to 1834, inclusive, amounted to \$105,000,000; woollen cloths, for the same time, to \$102,000,000; cotton cloths, for same time, to \$83,000,000; linens, for same time, to \$41,000,000; wines, for same time, to \$22,000,000; and so on; each of these being, two and three to one of their usual proportion of imports. It is also made evident, by the same scrutiny, that, under an adequate system of protection, we could have saved this balance against us, and turned it the other way, by domestic productions at cheaper rates, and better in kind, which would not only have retained in the country all the capital comprehended in these unfavorable balances, to have made us so much richer; but the use of this capital at home would have multiplied itself many times; all which, that is, the original capital and its contingent proceeds, are for ever lost—not to speak of the immense and long-protracted system of foreign taxation, as noticed in chapter xxiv., to which we have been subjected thereby. Nor is this all: the injury done by a several times breaking down of the currency, occasioned by this sole cause, is incalculable.

Doubtless; there was more wealth created at home, during each of those years of excessive imports, and during all others in our history, than was thus wasted abroad—and much worse than wasted, because it embarrassed the country. But, according to the rule of Adam Smith, and of those of his faith, the wealth which the people created at home, in spite of a bad public policy, and in spite of the general losses and misfortunes occasioned by these immense draughts on the country, from foreign parts, the two things put together, gain on one side and loss on the other, are evidence of prosperity and increasing national wealth. The remarkable part of the rule is, that the loss should be evidence of gain! So, Adam Smith represents it.

One is at loss to know what Adam Smith's notions of balance

of trade were. For example, he says: "Among all the absurd speculations that have been propagated concerning the balance of trade, it has never been pretended that either the country loses by its commerce with the town, or the town by that of the country which maintains it." If he knew, as he certainly ought to have known, that this is not a parallel case, it might seem very unexpected trifling for him to make such a comparison; and if he did not know, one can hardly see how he was qualified to speak on the subject.

The position occupied by Joshua Gee as a British economist, and the potent influence which he wielded in reviving the British protective system, and placing it on a foundation which has made that empire the most powerful in the world, are worthy of particular notice. His work was published by himself in 1730, and the sixth edition, 1755, the one before us, was the second or third that appeared after his death. Gee had co-workers, before and after, such as Child, Mun, Smith, Temple, Cantillon, and Mildmay; but, not having their works in hand, we can not speak of their merits. Much care was taken by Edward III., to protect trade, and in the 28th year of his reign, the exports were as 7 to 1 of imports. Under Elizabeth, the protective policy was systematized, and vigorously applied, to the great advantage of her kingdom, and strength of her administration. This policy was continued for full half a century after her demise. It appears from Gee, that, from the 41st year of her reign, 1599, the coinage—which Gee makes a rule of national prosperity—continued to increase, down to 1657; and that from 1667 to 1675, it fell off to an alarming degree. It would seem, that, for some time after this, the nation was in a bad way, as to its foreign trade. Gee says: "In 1716, the lords of trade sent for sundry persons to consult with them. Among the rest I was also required to give my thoughts; and after I had given them the best information I was then capable of, *they ordered me to commit what I had said to writing, and to lay it before them.* After delivering the said memorial, I was frequently required to give my thoughts, the answers to which are contained in these chapters."—"The printing of the following discourse was not with a design to publish it, much less to presume to present it to the king; but to put a few of them into the hands of the *ministers of state, and other great men,* to show the wounds our trade and manufactures had received, and those remedies which may soon and easily be obtained; that they might represent them

to our legislators, who have it in their power to make us a rich and flourishing people. After I had delivered a few of them, I understood by some *great persons*, that a discourse upon trade would be acceptable to the king, and also to the queen and prince. It was much to my satisfaction, that I had touched upon a subject so agreeable to their sentiments. I thought it, therefore, my duty to present this treatise to their royal hands. It soon got abroad, that I had writ a discourse upon 'THE TRADE AND NAVIGATION OF GREAT BRITAIN,' and I was informed if I did not permit it to be published, it would fall into such hands as might print it, and alter my sense and intention."

A principal object of Gee seems to have been to show how the American colonies and plantations might be made to contribute to the wealth of the mother-country. With regard to the general policy he proposed, he says: "I am thoroughly persuaded the methods herein proposed will give us a fair prospect of outdoing any nation of Europe." At that time, England was outdone by France, and other continental powers, which had taken great pains to encourage manufactures. Gee proposed a way to come up to and get before them, which abundantly succeeded.

His work aims to establish the two following propositions: 1. "That the surest way," &c. (see page 102). These propositions are a part of the titlepage of the work.

Gee saw that, in his time, England was annually paying a balance of trade against herself. The task he undertook, in proof of the above propositions, as announced by himself, was to give "some account of the commodities each country we trade with takes from us, and what we take from them, with observations on the balance." The balance was found to be against England. On this subject he says: "To take the right way of judging of the increase or decrease of the riches of the nation, by the trade we drive with foreigners, is to examine whether we receive money from them, or send them ours. For, if we export more goods than we receive, it is most certain we shall have a balance brought to us in gold and silver, and the mint will be at work to coin that gold and silver. But, if we import more than we export, or spend our money in foreign countries, then it is certain the balance must be paid by gold and silver sent them to discharge the debt."

The following citations from Gee will afford some notion of his policy for the American colonies and plantations, which seems to have been adopted:—

“Our sugar plantations take from England all sorts of clothing, household furniture, and a great part of their food. So that they are entirely dependent upon us.” Of the tobacco plantations, Maryland and Virginia, he says: “They take from England their clothing, household goods, iron manufactures of all sorts, saddles, bridles, brass and copper wares; and notwithstanding their dwelling among the woods, they take their very turner’s wares, and almost everything else that may be called the manufacture of England. England takes from them, not only what tobacco we consume at home, but very great quantities for re-exportation, which may properly be said to be the surest way of enriching this kingdom.” He glorifies the trade of Pennsylvania with the Spanish West Indies, because it draws gold and silver from the Spanish coast, “which,” he says, “is brought home by our trading ships from thence, and has very much enlarged their demands upon us for broadcloths, kersies, druggets, surges, stuffs, and manufactures of all sorts.” Of New Jersey and New York, he says: “Their traffic is much the same. We have what money they can raise, to buy our manufactures for their clothing; and what they further want, they are forced to manufacture for themselves.” Of New England he says: “She takes from us all sorts of woollen manufactures, linen, sail-cloths and cordage for rigging their ships, &c. To raise money to pay for what they take of us, they are forced to visit the Spanish coast, where they carry any commodity they can trade with. What other necessaries they want, they are forced to manufacture for themselves, as the aforementioned colonies.”

No one can deny, that these facts are in excellent harmony with the description of the colonies by Adam Smith; although it is not so easy to see how the story of either is proof of colonial prosperity. Both prove that England got all the money, and that being gone, that the colonists, like all poverty-stricken people, did as well as they could without money.

The following from Gee is to the same point: “It is absolutely necessary that ships which trade between the plantations and any part of Europe, shall be tied down by the strongest penalties, not to return again to the plantations without taking their clearings from some port in Great Britain. For, if they are obliged to come hither before they return, they will bring the produce of their cargoes with them, and of consequence lay it out with us,” &c. “Queen Elizabeth was the first crowned head,” says Gee, “that gave effectual circulation and spirit to our commerce. She knew

the right way to enrich a nation, was to send out as many of our products and merchandise as possible, and looked with a careful eye upon those commodities which were imported for luxury. The queen, observing that great quantities of money were sent out of England to buy silks and other outlandish wares, and that many of the nobility wasted their estates and run much in debt, she, by proclamation, commanded all persons to conform to a certain prescribed mode of apparel, and she began the example herself in her own court. Queen Caroline also hath given a most noble example for encouraging the wear of our own manufactures, and discouraging those drains to the nation by foreign lace, silks, &c. ; and it is to be hoped her example will be imitated by our nobility and gentry. Then we shall soon see the balance of trade turn in our favor, and gold and silver brought into the nation to be coined."

"What a boundless wealth," says Gee, "might be brought into this kingdom by supplying our plantations with everything they want, and all manufactured within ourselves!" He thought "a small squadron of light frigates," and "placing standing forces in the colonies, to keep them in order, and obliging them to raise money to pay them," would suppress any disposition in the colonists "to set up for themselves." He says: "It would be sad policy for governments to spare their people, be at the charge of protecting them abroad, and yet allow them to set up the manufactures of their mother-kingdoms, whereby they would supply themselves, and in respect to trade and commerce, throw them into a state of independency." He proposed that "all slitting mills," in the colonies, "and engines for drawing wire and weaving stockings, be put down; and that every smith who keeps a common forge or shop, shall register his name and place of abode, and the name of every servant which he shall employ; which license shall be renewed every year, and pay for the liberty of working at such trade; that all negroes shall be prohibited from weaving either linen or woollen, or spinning or combing wool, or working at any manufacture of iron, further than making it into pig or bar iron; that they shall be also prohibited from manufacturing hats, stockings, or leather of any kind." Private families might spin and weave for their own use, but not for market. Detailed reports from the governors of colonies to the lords of trade, of all going on in the way of manufactures, were required, "that they might be encouraged or depressed, according to their wants, or the danger of their too much interfering with us. Indeed,"

says Gee, "if they shall set up manufactures, and the government shall afterward be under a necessity of stopping their progress, we must not expect that it will be done with the same ease that now it may."

On the subject of depending on foreigners for things that could be produced at home, Gee says: "It is astonishing that so wise a nation as this does not take care to regulate these matters. All other nations of Europe," he says, "are wise enough to do it." — "For the sake of saving a penny, we often debar ourselves of things of a thousand times the value. This misfortune will happen to any trading nation, if the persons who have the regulation of the commerce do not understand it well enough to distinguish nicely between those channels by which the riches flow in upon them, and those that carry them away.

"If we examine into all the circumstances of the inhabitants of our plantations, and our own, it will appear that not one fourth part of their product redounds to their own profit. For, out of all that comes here, they only carry back clothing and other accommodations for their families, all which is of the manufacture and merchandise of this kingdom. If anything to spare, it is laid up here, and their children are sent home to be educated; if enough to purchase an estate, then it is laid out in Old England. All these advantages we receive from the plantations, besides the mortgages on the planters' estates, and the high interest they pay us, which is very considerable; and therefore very great care ought to be taken in regulating all affairs of the colonies, that the planters be not put under too many difficulties, but encouraged to go on cheerfully.

"New England and the northern colonies have not commodities and products enough to send us in return for their necessary clothing, &c., but are under very great difficulties; and therefore any ordinary sort sells with them. And when they are grown out of fashion with us, THEY ARE NEW-FASHIONED ENOUGH THERE. Therefore, those places are the great markets we have to dispose of such goods. . . The continual motion and intercourse our people have with the colonies, may be compared to bees of a hive, which go out empty, but come back again loaded." — "Laws," said Gee, "are made, in the colonies, which they exercise till sent home and disapproved of. It is therefore proposed, that no law shall pass in the plantations, until a copy thereof be prepared by the governor and assembly of each province, and sent here to be examined or approved by the king and council, as the laws from Ireland now are," save special laws for defence against the Indians. — "We ought

always to keep a watchful eye over our colonies, to restrain them from setting up any of the manufactures which are carried on in Great Britain, whereby they would do us much hurt, and themselves no good, because their labor might be more profitably employed in raising the products of the country; and any such attempts should be crushed in the beginning; for if they are suffered to grow up to maturity, it will become difficult to suppress them, and seem a greater hardship to the people." This, certainly, is in excellent keeping with the annual report of the United States secretary of the treasury, for December, 1845.

"To think it would be an advantage for any trading nation to admit all manner of foreign commodities to be imported free from all duties; is an unaccountable notion, and still much less suitable to the circumstances of our island than to the continent. . . It will be a maxim strictly to be observed by all prudent governments, which are capable of manufactures within themselves, to lay such duties on the foreign as may favor their own, and discourage the importation of any of the like sorts from abroad. By this means the French have, in our time, nursed up a woollen manufactory, and brought it to such perfection, as to furnish themselves with all such woollen goods as they formerly bought of us to a very great value, and are even become competitors with us in foreign markets." — "We send our money to foreign nations, and by employing their poor, instead of our own, enable them to thrust us out of our foreign trade, and by their imposing high duties upon our manufactures, so clog the exportation of them, that it amounts to a prohibition." — "The trade of a nation is of mighty consequence, and a thing that ought to be seriously weighed, because the happiness of so many millions depends upon it. A little mistake in the beginning of an undertaking may swell to a very great one. A nation may gain vast riches by trade and commerce; or for want of due regard and attention, may be drained of them. I am the more willing to mention this, because I am afraid the present circumstance of ours carries out more riches than it brings home. As there is cause to apprehend this, surely it ought to be looked into; and the more, since, if there be a wound, these are remedies proposed, which, if rightly applied, will make our commerce flourish, and the nation happy."

Such was the reasoning of Joshua Gee, which was adopted as the national policy of Great Britain at the time, and which has prevailed there down to the present period, without remission, and

without any present prospect of being relaxed. It was by this policy, that she has become the richest, the greatest, and most powerful nation in the world.

M. Say's reasoning on the balance of trade is curious enough. He says: "Money, like other things, is itself a commodity. A French merchant consigns to England brandies, to the amount of 20,000 francs; his commodity was equivalent in France to that sum in specie; if it sell in England for £1000 sterling, and that sum remitted in gold or silver be worth 24,000 francs, there is a gain of 4,000 francs only, although France has received 24,000 francs in specie. But, should the merchant lay out his £1,000 in cotton goods, and be able to sell them in France for 28,000 francs, there would then be a gain to the importer and to the nation of 8,000 francs, although no specie whatever had been brought into the country. In short, the gain is precisely the excess of the value received above the value given for it, whatever be the form in which the import is made."

Brandy is a product of France, and she is supposed to have a surplus for the foreign market. Clearly, then, by the first hypothesis, France received an addition to her "numéraire" of 24,000 francs, and was a gainer to that amount. If her "tools" of trade were short, it was an important gain, so far as it might go to supply that defect. She gained the whole any how. In the second hypothesis, as between France and England, it was a mere case of barter of one thing for another; and if France wanted the cotton goods, and did not want the brandy, it was a profitable exchange—that is all. It can not be said that France gained 8,000 francs, as M. Say avers; for the profit of the merchant was between him and the consumers of his goods. He bought the brandy of French producers, and sold the returns to French consumers, who paid him 8,000 francs for his services. So far as these transactions were concerned, these 8,000 francs profit to the merchant, only passed from one hand to another in France. France itself, as a trading party with England, gained nothing but, as is possible, a profitable barter—things wanted for things not wanted. When Peter pays over to Paul, both being Frenchmen, 8,000 francs, by what rule can it be shown that France is, therefore, 8,000 francs richer? The principle involved, and evidently intended to be asserted by M. Say, in these two hypotheses, is entirely fallacious, and in its practical operation as a doctrine of public economy, might be ruinously disastrous. As for instance, when a nation, by overtrading, has already parted with half, or three fourths of its "tools" of trade,

or of the cash which is necessary for its ordinary business, this doctrine avers, that that nation is not only a gainer by the barter of one thing for another, if the merchants who make these exchanges profit in the distribution of the returns, and a gainer to the exact amount of the profit of the merchants; but that it is a gainer also by trading away the remainder of its cash, provided the merchants realize a profit, and a gainer to the amount of that profit. For he says: "The gain [to the nation] is precisely the excess of the value received, above the value given for it, whatever be the form in which the import is made."

This brings us precisely to the cases of excessive importations, as noticed in our commercial history in chapter xxiv., which have always proved so disastrous and ruinous to this country. That this is M. Say's meaning, is evident enough from what he says, in the same connexion, viz.: "In a thriving country, the value of the total imports, should always exceed that of the exports." It is easy enough to see, that no country would thrive very long in this way, as its cash must sooner or later be exhausted. But, on his own theory, that money is only a commodity, there could not be an excess of imports, in an honest commerce, when all balances are settled. Does he mean to sanction repudiation—fraud? The whole of this reasoning is characterized by a theoretical audacity which one might well wonder at, and demands a faith that must be entirely blind, if given.

It is not denied that the earnings of American ships and crews, and the profits of American merchants, might justify some excess of imports, if there were money enough already in the country for its trade. But we do not understand this to be the ground of M. Say's averment. He expressly says, that a nation should encourage the export of specie, as a profitable commerce, without any regard to its being necessary, or not, as "tools" of trade at home.

What is necessary to a private commercial dealer, is necessary to a commercial nation, viz., always to have money enough at command, to carry on the business of the party concerned, and to meet all engagements, without embarrassment. To dispose of other commodities, not wanted at home, as fast as ready for market, at a fair price, may well be regarded as good economy. And to use money in trade, so long as enough is on hand for all demands, may also be good economy. But to part with money merely for the sake of buying more than one sells, without regard to the consideration whether it can be spared, is a most extraordinary method of thrift.

All prudent men think it best to sell at least as much as they buy; and if they have money enough for all demands, they may thrive by it. But when their purchases habitually exceed their sales, there is no recognised mode of settling balances except by cash. If cash had been hoarded, it might be safe and advisable to go on in this way, till the excess of usual and known demands should be exhausted. The values received, and put to use, might be profitable, when the hoarded money would not be so. But farther than that, could not be regarded as within the bounds of commercial prudence.

As a man, by cultivating his estate, and taking care not to buy more than he sells, may thrive, so the home trade of a nation, when there is no excess of imports over exports, is the way to a nation's wealth; and as a man who habitually runs in debt, must ultimately fail, so must a nation fail, that habitually imports more than it exports. The wealth of individuals and of nations is usually created at home. It never comes from abroad, except by a practice directly the reverse of M. Say's hypotheses. In that way, it may come; and in that way Great Britain has acquired immense wealth.

But Adam Smith was the author of the mode of reasoning above ascribed to M. Say; and it was originally presented by him in the following form: "If the tobacco which, in England, is worth only a hundred thousand pounds, when sent to France, will purchase wine which is, in England, worth a hundred and ten thousand pounds, the exchange will augment the capital of England by ten thousand pounds. If a hundred thousand pounds of English gold, in the same manner, will purchase French wine, which, in England, is worth a hundred and ten thousand, this exchange will equally augment the capital of England by ten thousand pounds. As a merchant who has a hundred and ten thousand pounds worth of wine in his cellar, is a richer man than he who has only a hundred thousand pounds worth of tobacco in his warehouse, so is he likewise a richer man than he who has only a hundred thousand pounds worth of gold in his coffers. He can put into motion a greater quantity of industry, and give revenue, maintenance, and employment, to a greater number of people than either of the other two. But the capital of the country, is equal to the capitals of all its different inhabitants, and the quantity of industry which can be annually maintained in it, is equal to what all these different capitals can maintain. Both the capital of the country, therefore, and the quantity of industry which can be maintained in it, must generally be augmented by this exchange."

Adam Smith, as will be seen, has raised two questions here, one

of private and the other of public economy, and has confounded the two, to help himself to an absurd conclusion. In the matter of private economy, he is right, and right in his conclusions, so far as they fall within that range; but in that of public economy, he is wrong, because he is absurd. As we admit the correctness of his conclusions, so far as they relate to private economy, it is unnecessary to consider them. So far as public economy is concerned, the tobacco and the wine are equivalents. The nation is neither richer nor poorer, for the exchange, though the merchant has gained ten thousand pounds. Adam Smith's statement, that there is ten thousand pounds more ability to put industry in motion, is true as applied to the merchant, and false as applied to the nation, so far as his premises go. The gain of the merchant has only changed hands in England, so far as we are informed. It might have done more for industry in other hands, or it may do more in his; but on that point nothing need be said, as nothing can be proved. Adam Smith's reasoning, therefore, falls to the ground, as beginning with the exchange of the tobacco for the wine. But in the exchange of the gold for the wine, he has made a sad blunder. As he calls this "a trade of consumption," in this very connexion, we conclude his hypothesis leaves this wine, bought in France with gold, to be consumed in England. If so, though the merchant is richer by ten thousand pounds, nothing is more clear, than that the nation is minus a hundred thousand. If the wine had been re-exported, the nation might have been a gainer. But this does not appear to be a part of the hypothesis. The wine is drunk at home, and the gold is in France. Here is seen the difference between private and public economy, when private and public interests are both involved in the same foreign commercial transactions. Not that there is any difference in principle between private and public economy, nor that there can be two kinds of economy, of which more elsewhere; but a man may be enriched by the same act that subtracts from the wealth of a nation.

The ground of this fallacy of M. Say, Adam Smith, and others of that school, lies in the assumption, that there is no economical difference between money and the commodities for which it is exchanged—a question that has already been considered in chapter xiv. It is remarkable, how devotion to a theory will blind the eyes to absurdity. This, as will be found, is one of the most vital errors that could possibly be committed in a system of public economy. It is, perhaps, true to say, that it is the fundamental error of the advocates of Free Trade, and the source of all the rest.

CHAPTER XXII.

THE MUTUAL DEPENDENCE OF AGRICULTURE, MANUFACTURES,
AND COMMERCE.

These three are a natural Family of Interests in the United States—Agriculture alone subjects a Nation to Dependence—Adam Smith on this Point—Adam Smith and his School have furnished the best Refutation of their own Errors.—An Argument on the indissoluble Connexion between these three great Interests.—The “Mercantile and Agricultural Systems,” as defined by Adam Smith and others, considered.—There is no Foundation for this Array of these two Systems, as opposed to each other, and made so much of by some of the Economists—The Importing Merchants favor Free Trade.—Smith's and Gee's Description of this Class of Traders.—The Independent Position of every Commercial Transaction.

It is remarkable, that these three comprehensive words, agriculture, manufactures, and commerce, have, from the beginning of our history, been employed to represent the three cardinal interests of the country. They are equally natural, proper, and true—natural as suggested by experience and observation; proper as expressing the things intended; and true as expressing them in their natural order and relative importance. Each of them, in a great country—more especially in one that aspires to independence—is indispensable to each. They are a natural family of interests, that can not be divorced, without fatal injury to the common good; and since each is indispensable to the wealth, greatness, power, and independence of a nation, it is not easy to say which could be wanting with the least impediment to these objects. Agriculture is doubtless most necessary to the subsistence of a people, in the more primitive condition of the race; but there can be but little of private or public wealth, but little of civilization, nothing of independence as a political commonwealth, and there must be almost or quite a total want of political power among nations, with that member of the great family whose sole pursuit is agriculture merely. To furnish food for others to live on, and raw materials for others to work over and grow rich by, in the application of their ingenuity, skill, and art, is a condition of dependence and subserviency, both of individual persons and of nations. Adam Smith has stated this point with great force, as follows: “A small quantity of manufactured produce purchases a great quantity of rude produce. A trading and manufacturing country, therefore,

with a small part of its manufactured produce, will purchase a great part of the rude produce of other countries; while, on the contrary, a country, without trade and manufactures, is generally obliged to purchase, at the expense of a great part of its rude produce, a very small part of the manufactured produce of other countries. The one exports what can subsist and accommodate but a very few, and imports the subsistence and accommodation of a great number. The other exports the accommodation and subsistence of a great number, and imports that of a very few only. The inhabitants of the one must always enjoy a much greater quantity of subsistence than what their own lands, in the actual state of their cultivation, could afford; and the inhabitants of the other must always enjoy a much smaller quantity."

This, as can not be denied, is very remarkable language, for one who is set up as authority in the United States, to make us contented with being mere raw producers for Europe, and Great Britain in particular. The case, certainly, is here very fairly stated by Adam Smith: "The one [the raw-producing country] exports what can subsist and accommodate but a very few [of its own population], and imports the subsistence and accommodation of a greater number [in the manufacturing country]. The other [the manufacturing country] exports the subsistence and accommodation of a greater number [of its own population], and imports that of a very few only [of the population of the raw-producing country]. The inhabitants of the one [the manufacturing country] must always enjoy a much greater quantity of subsistence," &c. Again, the same principle is developed by Adam Smith in the following sentence: "In every country of Europe we find, at least, a hundred people who have acquired great fortunes from small beginnings, by trade and manufactures—the industry which properly belongs to towns—for one who has done so by that which properly belongs to the country, viz., the raising of rude produce, by the improvement and cultivation of land."

The condition of the *raw*-producing country, as above described by Adam Smith, is precisely that into which it was proposed by the secretary of the treasury, in his annual report of December, 1845, to put the United States; that is, to raise rude produce for manufacturing nations, such as England. He says: "Agriculture is our chief employment. It is best adapted to our situation." England, and other foreign workshops, would, in such a case, make all the fortunes, by the sweat of American brows. Admit

that these fortunes would otherwise be made by American manufacturing towns, under a protective system, the capital would then remain at home, and be employed here. It would flow back from the towns to the country, and enrich the whole community. Is any one so simple as to imagine, that it is equally well, and even better, for the country, that its money should go abroad to enrich foreigners, than to stay at home, and enrich Americans, who would employ it all at home?—But Adam Smith discloses yet another pertinent and forcible principle, applicable here, in the following words: “The commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the cultivation of the country.” Thus he recognises, very justly, the indissoluble connexion between agriculture, manufactures, and commerce, and at the same time proves that the manufacturing and commerce must be done by the nation that produces the raw material, else its wealth will be drawn away, and the manufacturing nation or nations will grow rich at its expense. It is well to be able to establish so clear a proposition, by the authority which is cited to overthrow it. Fortunately it happens, as we often have occasion to remark, that every one of the European economists, from whom the doctrine of Free Trade has been borrowed by their American disciples, who seem to be incapable of discrimination, has unavoidably laid down, here and there, isolated propositions, which not only establish a protective policy on the strongest possible foundation, but which utterly subvert all the reasoning, found in the same authorities, favoring Free Trade. They have themselves furnished the best refutation of their own errors.

Dr. List, a German economist, and an advocate of Protection, says: “The production of raw material and food, is of high importance among the nations of the temperate zone, only with regard to their internal commerce. By the export of grain, wine, flax, hemp, wool, and such like, a rude or poor nation, in the infancy of its civilization, may signally raise its agriculture; but a great nation has never thereby arrived at wealth, civilization, and power. One may lay it down as a rule, that a nation is so much the more wealthy and powerful, the more it exports manufactured products, the more it imports raw materials, and the more it consumes the products of the torrid zone.”

We proceed to state, that, in proportion as home manufactures are multiplied and extended by a protective system, so, not in the same proportion, but in a far greater proportion, are the agriculture

and commerce of the country benefited. It is shown, elsewhere, how domestic manufactures absorb the products of agriculture, and how a home market for agricultural produce is better than a foreign market. In the first place, the domestic art absorbs of the products of agriculture, all that is necessary for the subsistence of the artisans, which would otherwise be supplied by the artisans themselves. In the next place, agriculture furnishes the raw materials in many cases, as in the manufacture of woollens, and in the making and manufactures of iron. This is all saved to the American agriculturist, by home manufacture, and the benefit is immense. In the third place, all the varieties of business that are set agoing at home, by this increase of home manufactures, take off from the number of persons devoted to agriculture, that is, their numbers relative to other pursuits, make agriculture more profitable for the remainder, increase the demand for agricultural products in a variety of ways, and in that mode sustain and raise prices. In the fourth place, it makes a great difference in the profits of the agriculturist, when the manufacturer comes to him at his own door, and when he has to go after the manufacturer in foreign parts. In the former case, the agriculturist is sure of his customer; in the latter, not; and in the former, he is saved the costs of transportation both ways, which the latter would impose upon him. This close contiguity of the agriculturist and manufacturer, helps both, sustains both, and both contribute to the wealth of the community, which, in turn, contributes to their wealth. The many values, added by manufacture to the raw materials, sometimes six, sometimes ten, running up to hundreds, and even thousands, which would otherwise be created and realized abroad, are created and realized at home, and add so much to the stock of private and public wealth.

Professor Twiss well observes: "It is of the highest importance to the farmer, that the arts should prosper, as it is reciprocally to the artisan, that agriculture should flourish. A town situated in a rich country finds a large body of purchasers among the neighboring agriculturists, precisely as farmers, who dwell near a flourishing town, find an excellent market for their produce among the artisans. . . If the agriculture of a country flourishes, it is a reason why its manufactures and commerce should flourish, just as the prosperity of its manufactures and commerce must exercise a beneficial influence upon its agriculture." This, it must be allowed, is most excellent reasoning. except, perhaps, it does not

state with sufficient clearness and force the reciprocal dependence of agriculture and the arts. Instead of saying, "If the agriculture of a country flourishes," &c., he should have said, it flourishes *because* the arts do, and the prosperity of the arts is identified with that of agriculture. Each is cause of the good condition of the other. Commerce, including home and foreign trade, is the great public agent, which agriculture and manufactures employ to distribute their products at home and abroad; and it has elsewhere been shown in this work, demonstrated, we may say, by authentic statistical evidence, that commerce—home and foreign trade—always flourishes most under a protective system. Consequently it is proved, by this result in the matter of commerce, as well as by other modes of reasoning, that agriculture and manufactures prosper most under such a system. Else, how could commerce have more to do, as the agent of these two great interests?

There has not, therefore, been a mistake, as the doctrines of Free Trade suppose, in the importance which, from the beginning of our history as a nation, has been attached to these three cardinal interests of the country, agriculture, manufactures, and commerce; much less has there been a mistake in the importance felt of protecting them equally and alike, and protecting them well, as the helps and handmaids of each other, and they together, as the instrument of the wealth and power of the whole people.

The respect which has been so long rendered to Adam Smith, in other words, his authority, seems never to have admitted of a question, that there must be something in that which he has made so much of, viz., the assumed antagonistical positions of commerce and agriculture; and accordingly almost every writer on public economy, since Adam Smith, has taken up the debate about "the mercantile and agricultural systems." In the "mercantile" is included the manufacturing system. The vice of the first of these, according to Adam Smith, is its hostility to freedom of commerce, alias, to Free Trade; and that of the second, hostility to all foreign trade. Adam Smith, perhaps, has done some good service, in neutralizing extreme opinions on either side, by the interposition and elucidation of some abstract propositions, not less excellent than true, as cited above; though the main object of his extended discussion of "the mercantile system," as he calls it, seems to have been to advocate Free Trade, by setting up a man of straw, and then knocking him into pieces. There is really and naturally no hostility, nor by any possibility can there be hostility, between agricul

ture and trade—trade being supposed to include manufactures, as in this case it does. If agriculture be supposed to comprehend all those pursuits which avail themselves of nature as a fundamental agent in the production of commodities required for the sustenance and convenience of the human family, manufactures and commerce may properly be denominated, as in fact they are, its agents or servants, to modify and distribute its products—modification, when required, being the function of manufactures, and distribution that of trade. They can not possibly be anything more; and that is precisely the position which they occupy.

In this relation, it can not but be seen that the hypothesis of any natural or artificial hostility between the agricultural and mercantile interests—the mercantile including the manufacturing—is stamped with absurdity. It will be admitted that there is no *natural* hostility, and that there are the strongest motives for the contrary state of feeling. How, then, can there be an *artificial* or *factitious* hostility? That, too, would be a moral impossibility. They are mutually dependent on each other. Agriculture being the basis of the manufacturing and commercial systems, the more there is done in the first, so much more the last two, as agents of the first, will have to do; and *vice versa*, the more activity there is in the manufacturing and commercial systems, so much greater will be the demand on the activity of agriculture, which is here used in so comprehensive a sense as to be the chief producer of the materials on which these two agents rely for employment. These agents are the mere ministers of agriculture in everything they do. Without them, agriculture would have nothing to do, except to supply the mouths of the wigwam. The first transaction of barter, in skins or anything else, is the beginning of trade; the first apron, or the first moccasin (sandal it would be in the east), that is made, is the beginning of manufactures; and the first ornament that is attached to or interwoven in either, is an improvement in manufactures. These operations at once make a demand on the producers of the raw materials, and on that sustenance of the fabricators which come from the earth, the forests, and the waters; and every stage of progress in the manufacturing arts, and in that commerce which they give birth to, from these first and simple developments of human ingenuity, up to the production of the greatest luxuries, elegances, and refinements of the highest degrees of civilization, makes an additional demand on the products of agriculture, considered, as it is here, not only as comprehending

all that the earth, but all that nature yields, to the industry and labor of man. There is no point of view, and no possible practical operation of things, in which manufactures and commerce do not stand forth as the ministering agents of this other great and comprehensive interest—and only as ministers, so far as their influence is reflective. It is impossible they should not, in all their operations, benefit agriculture; and the greater and more active those operations are, so much greater the benefit.

We are not unaware that certain artificial modifications of trade, in the shape of privilege, under legal provisions, may be urged as the ground of this hypothesis of Smith and others, and that it may, perhaps, be said and insisted that it is valid after all. The point here aimed at is abundantly answered in other parts of this work. Our only purpose here is to show that there was and is no just cause for the much ado that has been made by economists about the “mercantile and agricultural systems;” that there is no such distinction for any practical purposes; and that all that has been said and written about it, is a waste of argument, making confusion worse confounded. The artificial modifications of trade, alluded to, do not belong to this particular question, but are embraced in others, and are by us considered in those connexions. We maintain, that, for practical purposes, no theory of “a mercantile system,” such as we are now considering, can be set up as hostile to an “agricultural system;” nor any theory of the latter as hostile to the former. This huge invention—for it is vastly huge—has been made thus vast, apparently, to make an impression, that there was really something in it; or, peradventure, it may be accounted for, by the case of a man who has had the misfortune to plunge into a slough, and is seen floundering about a long time before he can get out again.

Not only is there no foundation for this theory of a “mercantile system,” resting on the basis, and having the tendency, alleged by Adam Smith and others, but there is, perhaps, some reason, especially in the United States, for alleging the existence of a “mercantile system,” having interests directly opposite to those which Smith and his followers have made so prominent, viz., one opposed to a protective system. It is, perhaps, rather a principle, than a system—a principle which governs every merchant in his own isolated position, and on account of which a protective system is less favored among merchants engaged in foreign commerce, than among other classes, and with the country generally. They usually

prefer freedom of commerce, that they may make their fortunes the quickest and easiest, without any regard to the good of the country. Hence a very prominent "JOURNAL," in the city of New York, professing to be neutral in politics, is supported as an advocate of Free Trade, by this interest. It may fairly be presumed that this "*Journal*" did not take this tack from principle, but because it had the sagacity to see there was room and would be profit. Other journals of the country, on the same side of the question, usually advocate Free Trade from motives of political partisanship; this for its own advantage, being in the heart of the greatest city of the continent, connected with foreign commerce.

Adam Smith has well described the character of this class of merchants, as follows: "The merchants know perfectly well in what manner foreign commerce enriches themselves. It is their business to know. But to know in what manner it enriches the country, is no part of their business. This subject never comes into their consideration." Again: "The capital of a wholesale merchant seems to have no fixed or necessary residence anywhere, but may wander about, from place to place, according as it can either buy cheap or sell dear. The capital of the manufacturer must, no doubt, reside where the manufacture is carried on." He adds for his own purposes, as pleading for Great Britain, against the colonies: "Whether the merchant, whose capital exports the surplus produce of any society, be a native or a foreigner, is of very little consequence." It is, however, of great consequence.

Joshua Gee says: "Nothing of this kind," that is, zeal for protection, "can be expected from the merchant, who only pursues his own business, and raises an estate by those things which the government permit the subject to trade in. He may get a great deal of riches by importing foreign manufactures for luxury and excess, when, at the same time, the nation is consuming its substance, and running into poverty." The editor of the sixth edition of Gee's work, 1755, also says: "It has been observed, that by the mutual opposition of those [merchants] who are engaged in different interests, they rather puzzle than give light to the argument in debate; and I must confess that I have usually found gentlemen who are not engaged in trade more ready to entertain right notions of commerce, as it respects the advantage or disadvantage of the public. Though otherwise knowing and well skilled in their own way, few merchants give themselves the trouble to look further than what concerns their own particular interest."

The point which we desire to fix here, is the position and interest of merchants engaged in foreign commerce:—their position is between home and the parts with which they trade; and their interest is, to make all the money they can out of both. Hence, generally, they are opposed to restrictions, which are liable to come in the way of their interest. If they were to be personally engaged in this business for an age or a century, their interest and that of the country would be identical; but as they wish to make their fortunes in a brief period, and retire, they do not like any law which may happen, at the present moment, to stand in the way of their greatest profits.

The principle laid down by Ricardo, that “every transaction in commerce is an independent transaction,” is peculiarly and forcibly applicable here. The merchant, as such, is not a patriot, but a sharper. He does not trade for the good of his country, but for his own interest; and his object, in every transaction, is to augment his own fortune. He does not need to be told that it is better for him personally to profit at the expense of the public, than for the public to profit at his expense; and he will suffer no compunctions for an injury done to the country, which brings a benefit to himself. His reasoning is that he and all his are but as a drop in the bucket, or as a bucket-full out of the ocean. But the aggregate of all foreign commercial transactions, is made up exactly in this way: Every one of them “is an independent transaction,” negotiated for a private and selfish end; and nothing but protective regulations of the government, having regard to the interests of the public, can secure those interests.

CHAPTER XXIII.

PROTECTIVE DUTIES NOT TAXES.

The Gain of Assumptions, without Proof, to one Party, and the Loss to the other by conceding them.—The whole Controversy turns on the Proposition of this Chapter.—Popular Instincts on this Subject.—Duties not the Cause or Measure of a Change in Prices.—The vast and comprehensive Spheres of Influence which bear on this Question.—How they all tend to prove that Protective Duties are not Taxes.—The Causes Abroad and at Home, which produce the Effect.—A Protective System adequate for all Purposes of Public Revenue in the United States.—The Commercial Position of the United States will, for an indefinite Period, require Protection.—An Array of Facts to establish the Proposition of this Chapter, with Comments.—Reasons of the Facts.—The great Misfortune of conceding, in the technical Use of Language, that Protective Duties are Taxes.

IN the same manner as Free-Trade economists have always assumed, that their theory is a science, they have also assumed, that protective duties are taxes ; and in the same manner as the first has generally been conceded to them, so has the latter. It may also be remarked, that, in the same manner as they necessarily fall, by a discovery of the absence of their foundation-stone of science, so also the first, sole, and last objection that has been or can be made to a protective system, is undermined by a proof of the fact, that protective duties are NOT taxes. It is remarkable, too, that the affirmative of this proposition should have been so long conceded, without scrutiny, in the same manner as has been the case with the claim set up for the theory of Free Trade as a science.

On this point, viz., whether protective duties be taxes, or not, hinges the whole controversy. Indeed, there never would have been any, except as it has generally been supposed, that all duties are taxes, measured by their amount. Whether the proposition at the head of this chapter, is equally true in all countries, we do not pretend to say. It will have been seen, by the ground already gone over, that a system of public economy can not be devised, that is equally applicable to all nations, nor to any two nations ; that, from the peculiar social organization of the United States, they occupy a peculiar position on this subject, as well as on others, in relation to other nations, but especially so on this ; that the government of the United States was made for the people, and designed for their benefit ; whereas, the governments of most, if not of all, of the countries with which we have commercial inter-

course, are designed for the benefit of the governing and superior classes; and that labor, in those countries, by reason of such a design and operation of government, is deprived of a fair reward, depressed, degraded, enslaved.

But the proposition, that protective duties are not taxes, may be equally true in other countries as in this, though not, perhaps, in an equal degree. The principle that makes it true here, will, in like circumstances, make it true everywhere, other things being equal. To the people of the United States, this proposition has become one of the greatest, one of momentous importance; first, because it is generally believed and taken for granted, that all duties are taxes; next, because this false assumption is the only objection to protective duties; and lastly, because, if protective duties, in the United States, are not only not taxes, but a rescue from taxation, and, as will be found, from an enormous system of foreign taxation, the argument for protection becomes one of great interest and of supreme force, as a duty of patriotism.

Without attempting to philosophize here on the subject of instinct in man, it may be remarked, that the experience of the people of the United States, has awakened what we are disposed to call an instinctive apprehension in their minds, of an hostility between their labor and foreign labor, in the market of the world; more especially when the products of foreign labor are brought into our own market to compete with home products. They feel that they want protection against it, and that protection will not be a tax, but a benefit. What they feel is true, and they are prepared to entertain the proposition above announced, before they hear the reasons, because it agrees with their experience. They who reason on this subject independent of experience and fact, and against both, may feel little respect for such deductions of the common mind. But there is argument in them notwithstanding. There is no American of experience and observation in these matters, and uninfected with the borrowed theory of Free Trade, who is not prepared to find the proposition of this chapter sustained by facts. He anticipates it. It may perhaps be called the instinct of experience, or of nature prompted by experience and observation. It is a feeling created, not without cause, before the reason of it is clearly understood. We prefer to call it popular instinct—the instinct of a party which feels that its interests are exposed to invasion and injury, and that they need protection.

The theory of Free Trade is, that duties not only increase

prices, but that they are the measure of the increase. It is not denied that duties on unprotected articles will enhance prices, and that for this reason they are taxes, as duties on tea, coffee, spices, and various other articles which can not be produced at home. But it is found by experience that they are never an exact measure. Sometimes the increase of price on such articles is greater than the duties, and sometimes it is less—ordinarily less. Whether it shall be greater or less, depends entirely upon supply relative to demand—a rule which governs prices in all things. The increase of prices of unprotected articles, subject to duties, is ordinarily less than the amount of duties: first, because the producers, always aware of the duties in the market to which they send, are anxious to retain the market, and will therefore accept of less profit; next, because they can generally afford it; and thirdly, because, in regard to all such articles, there is always more or less of competition in the places of their production. Except in cases of defect of supply, the prices will rarely rise by the measure of the duties. They generally fall short, by a moiety, more or less. This fact is a complete disturbance of the theory of Free Trade, and breaks it up entirely, inasmuch as the theory supposes that the prices are raised by the measure of the duties, which, if it ever happens, is merely an accident, and never the effect of the rule which Free Trade lays down. That duties on unprotected articles are generally taxes, is true; but it is not true that the duties are the measure of the taxes.

It will be found, that protected articles fall into a very different position under duties, and that they are subject to a very different set of influences, as to the effect of the duties on the prices, when compared with the effects of duties on the prices of unprotected articles. Duties on the latter affect only two parties, viz., the foreign producer and the home consumer, both of which will naturally be sensitive on the subject. The producers will be anxious to retain the market, and if they think they can sell as much as before the duties by not raising the prices—which is presumable—and if they find by calculation, that they can make more aggregate profit in this way, than by raising prices and selling less, they will most assuredly follow this course; and the articles will come into market as cheap as before the duties were imposed, except, perhaps, the domestic jobbers and retailers will find an apology for the increase of prices and their own profits, by pointing to the duties. There may also be a foreign competition, when articles, such as

coffee and many other things, are supplied from different foreign countries, which also tends to keep down prices. These obvious influences, except as they are overcome by defect of supply in the market, will naturally prevent prices from rising by the measure of the duties, according to the rule laid down above. All practical merchants will certify to the correctness of this view. They find that prices, in some cases, and for a while, are scarcely affected by the duties on unprotected articles, except as advantage is taken of the fact of the duties in the home market; and even then they rarely come up to the measure of the duties, which, as before remarked, breaks up the Free-Trade theory on its strongest ground. For, if prices are raised by the measure of duties, as that theory alleges, it would most certainly occur in the case of unprotected articles, where there is no home competition brought into the field against foreign.

But the case is widely different, when American arts, industry, and labor, come into competition, under a system of protection, against foreign arts and labor. The most vulnerable point of those systems of foreign despotism, which, for centuries, it may be said for ever, have held labor in the most abject condition, is assailed by an American protective system—and assailed to their great alarm and consternation. It is assailed by a young giant, conscious, or who ought to be conscious, of the strength of his position, and of the weakness of his adversaries. And why are those systems of despotism alarmed, when they behold young America, not only rising and spreading herself in strength, but learning and practising those arts which hitherto have given Europe her ascendancy over the rest of the world, and made all nations, the United States among the rest, tributaries to her greatness, her power, her thrones, her princes, her aristocracies, her towering pride, her pomp, her overgrown institutions, her vast wealth, and all those elements of earthly grandeur, which constitute her supremacy and her political sway? Why is Great Britain alarmed at this spectacle?—Because it is the starting up of a rival which she fears—and fears more than any other. And what is the specific ground of her fear?—Simply and only because she can not but foresee in this rivalry the cheapening of the products of her own arts and labor, in the United States, and all the world over—in the United States, her best market,* and in the market of the world, which

* The following facts will show the relative importance of the United States, as a market for British manufactures. By a recent report of a committee of the

she had long endeavored to monopolize. The arts of Great Britain are the tower of her strength—her great national bulwark. To be undersold and superseded in them, is to be undermined.

In order to ascertain the influences which affect the prices of protected articles in the United States, and how they act, it is necessary to consider the relative position of this country to Europe and other foreign parts, producers of the same things, on the subjects embraced in the question. It has already been shown, that Europe occupies a strong vantage ground, by having been first in the field of the arts, so as to have made superior attainments; and more especially by having availed herself of the abject condition in which she has ever held labor, so that it does not cost her, on an average, more than one third of its cost in the United States. All that she gains by this usurpation—and the power is immense—is appropriated chiefly to that artificial aggrandizement, and to those prodigal expenditures, which, for the maintenance of her power and pride, characterize the nations of Europe. Europe has never yet found it necessary to use any considerable fraction of this power in a commercial rivalry with free states, inasmuch as such states have never risen up in any formidable shape, except in the case of the United States; and here our foreign commercial policy has generally been so lax and so fluctuating, as to give the states of Europe very little concern. They have still been able to go on, and appropriate the power they derive from the oppression of labor, as they have done from time immemorial. The arts of Europe have made the world tributary, including the United States; and the taxes which we, as well as other parties, have been accustomed to pay—and to pay without dreaming of the fact that it was a tax—to support the power and superiority of European nations, thus acquired, will astonish those who have never considered the subject, and which we shall endeavor, in the proper place, to lay open to view.

But the point to which we desire, in this place, to direct attention, is the fact, that, on account of the position of Europe, in relation to the United States, and of the latter in relation to the former, politically and commercially, and on account of the large margin British house of commons, it appears, that Prussia consumes annually of British manufactures to the amount of 7 cents for each individual of her population; Russia to the amount of 16 cents for each individual; Norway, 17 cents; France, 20 cents; and the United States to the amount of 402 cents for each individual of our population; and yet there is scarcely one of these articles which we could not produce, and generally at a lower price.

of profit which is derived from the cheapness of European labor, Europe can not only afford to abate in the prices of the products of her arts, in case of necessity, in the starting up of new rivals, but that she actually does so when she is forced to encounter the rivalry of American arts and labor enjoying protection under the government of the United States; and that the entire scale of prices, in regard to all the articles comprehended in such protection, whether the duties are prohibitory or not, is materially reduced in consequence of the adoption of the system. There may be, and doubtless are, some trifling and transient exceptions to this rule; but none, as will yet be seen, which ever were, are, or can be, a burden or tax to any party or person in the United States, when all the benefits of the system to every party or person are considered.

It has already been seen, that the theory of Free Trade, which avers, that prices are enhanced by the measure of the duties, fails even in its application to unprotected articles, where it might naturally, and at first sight, be expected, that it would hold good. But even there practice subverts and demolishes the theory. How much more when it comes to encounter the stupendous influences which are brought into action by a collision of European arts and labor with American arts and labor? This strife is the shock of empires, literally, without a figure; and the theory of Free Trade, so far as its doctrine of prices and taxation is concerned, has no more chance to establish a footing in this warfare, than the poor traveller in the Alps, who finds himself swept into the deep abyss below, and buried for ever, by an avalanche that comes thundering from on high. Prices are of little account to the nations of Europe, especially to Great Britain, in this struggle, so long as the sacrifices are merely negative—so long as money is not lost—and even that may be endured for a season. It is a strife for relative ascendancy, advantage, power, in which such sacrifices are made by them, in hope of victory. Ever since the American fathers, while under the crown, began to supply their own wants, down to this time, and so far as the people have succeeded, with or without protection, the prices of the articles they have produced, have been cheapened; never more than under a protective system; never so much, or so fast. The competition is a vast and comprehensive system of commercial rivalry, in which nations, the greatest and most powerful, are engaged, by their systems of commercial policy; in which they have long been engaged, and were never so active and jealous as

at this moment. The consequence is, that the prices of articles comprehended in these schemes, have been reduced, generally and particularly, to a degree which could never have been experienced without this competition.

There is not only a large margin in Europe to reduce prices, by the wrong that is done to labor there—though no more of it will be used than what is absolutely necessary—but there is an immense, an inexhaustible power in the United States to do the same thing, under an adequate system of protection, much of which has already been employed to that end. The power here consists chiefly in the cheapness of our government, the freedom of our institutions, the enterprise of the people, the increase of population, increasing wants, and the vast physical capabilities of the country. Two things only render a protective system necessary to us: Our inferiority in the arts, and the higher price of labor. The first may, perhaps, cease to exist, in progress of time; but the second can not cease to make the same demand for protection, as it now does, so long as our social organization and that of other foreign parts remain the same. American labor must be sustained, which can only be effected by a system of Protection, against cheap foreign labor. But after securing to labor a proper reward, under an adequate system of Protection, the remaining power of sustaining a commercial competition with Europe and other parts, so as to reduce the prices of protected articles lower than European producers under their system of taxation can afford, will be ample, and must necessarily be so employed by the force of competition, so long as competition can be sustained; and when that ceases from abroad, it will only be because American power has won the day in the market of the world, when it will still go on reducing prices of the same articles at home, by domestic competition, as is acknowledged by M. Say, in the following words: "A government can not, by prohibition, elevate a product above the natural rate of price; for, in that case, the home producers would betake themselves, in greater numbers, to its production, and by competition, reduce the profits upon it to the general level." Ricardo also confesses the same.

We have said, in substance, that American power—ability we mean, all things considered—under a properly-adjusted system, is amply sufficient to reduce, and to go on reducing, the prices of protected articles, till there shall be no foreign competition, in the existing state of the world, adequate to withstand or check it

One fraction of the power, not inconsiderable, which abides with the American people, under proper protection, to oppose that power which European states have usurped from labor, will be absorbed at home in the proper compensation of American labor. This is the first and grand object, and is indispensable to the perpetuity of our social organization. But beyond and behind that, are vast and inexhaustible faculties, which may be appropriated to the same great end, to wit, to fortify American labor in its rights, and to go on cheapening the products of art and manufacture, as would naturally and necessarily be the result of domestic competition, and of the wide market of the world which would open before such a system and such enterprise.

When once the arts shall have attained to a measure of improvement in the United States, equal to that of Europe, and labor at the same time being adequately protected, the power of the country will be vastly superior to that of Europe, or of any other parts, to cheapen protected articles. An established and reliable system of protection, recognised as the permanent policy of the government, not again to be disturbed or impaired, would invoke and draw abundant capital into every branch of manufacture, call into existence new arts, put all the energies of the people into active exertion, extend competition in every enterprise, till every city and village would be filled with artists and mechanics, and the whole country crowded with workshops and manufactories, to pour plenty into the lap of industry, and to give profitable employment to every laborer. The farmer would feed the mechanic, the planter supply raw materials for the manufacturer, and every occupation of life would open a market for other occupations. All the products of art would grow cheaper and cheaper by competition, and still each of those pursuits would be a good business, by increased demand at home and abroad, till every nation on earth would be rivalled in the market of the world, in every product of the manufactures and the arts, simply because no other nation has so much inherent power to cheapen such products as the United States. The nations of Europe can not give back to labor what they have robbed it of, or use all this power in commercial competition, and maintain their existence. They may use a part of it successfully against the United States, so long as we are not adequately protected; but after that, all their efforts and sacrifices will be in vain till they abandon their system of usurping the rights of labor, which would of course be their destruction, as to the existing forms of society.

The cheapness of the American government, and the economy of its institutions, as contrasted with the prodigal expenditures of European governments and society, exhibit one vast item of the power of which we are now speaking; and it is shown in another place, that the very revenues of the American government, raised by a properly-adjusted system of protection, not being taxes, may be made one of the most effective means of national wealth, of which it is possible to conceive. Such is the position of this country, such her power, such her capabilities, moral and physical, and such her social organization as intended and accomplished, if not perverted, if faithfully carried out, and if sustained in her career to the consummation of her possible destiny, that all the expenses of government, and all war-debts not swelling beyond any probable amount now in prospect, may be defrayed, and a sound credit maintained, without taxing the people a penny; that is, by a system of protection, the avails of which shall be equal to all these purposes, at the same time that it promotes and secures the interests of all and of each, without being a burden or tax to any; at the same time that national wealth shall go on augmenting, without interruption, without measure, and without end.

The influences of an American protective system all tend to the reduction of the prices of protected articles, and not, as Free Trade asserts, to their augmentation. This appears, first, from the fact that an earnest show of establishing and maintaining a protective policy in the United States, produces instantaneous alarm in Europe, on account of the importance of our commercial position, and impairs their power to maintain the prices of their products in our market; secondly, because it is manifest from the reason of the case, that such a collision of great commercial interests, in the way of competition, by extending the scale and multiplying the competitors, must necessarily reduce prices; thirdly, because the collision is actually a shock of two vast commercial spheres, coming athwart each other in hostile encounter, in which a nice adjustment of small things is not to be thought of; and fourthly, because the actual and uniform operation of protection in the United States, is to reduce the prices of protected articles, as shown farther on in this chapter. No man has ever yet been able to point to a single article, the price of which has been permanently raised by a protective system; whereas the proofs on the other side are overwhelming. No reasonable mind can resist them. It is true, indeed, that we have the utterances of Free-Trade theorists,

concocted in the closet, and thrust upon the public with a boldness in the inverse ratio of the reasons and facts. Next, we find them incorporated in presidential messages, and treasury reports, sent forth with such a sanction, without shame or compunction, showing that men occupying the position and burdened with the responsibilities of statesmen, can be as innocent, because they are as ignorant, as the schoolboy who rejoices in the first achievements he imagines he has made in figures, when the master comes along and boxes his ears for his blunders. The advocates of Free Trade have too much complacency in their theory, and are too much sublimated thereby, to be disturbed by facts. They are like the Mississippi steamboat, which the Yankee in London boasted could jump the snags and sand-banks, and could hardly be held up at watering-places. We are aware it may be said that such disrespectful treatment of opponents is rather a falling down from the dignity of grave argument. But it is written by high authority, "answer a fool according to his folly." How is it possible to reason with those who condemn the facts of all history, and require faith in their dogmas, against all experience? And when a president of the United States and his secretary of the treasury, have both flown off into the clouds, American citizens who are obliged to stay behind, in the vulgar walks of life, may be excused for thinking it meet to look after their own affairs. It is strange—the wonder of the age—that the people of the United States could have been so profoundly, so fatally duped, as of late, on this great and momentous subject; and not less strange, that the highest public functionaries of the land should have ministered to the imposition.

The first class of facts which we propose to notice, to show that protective duties tend to reduce prices, and actually reduce them, instead of raising them, as the advocates of Free Trade allege, will be found in the history of the manufacture of cotton in the United States, so far as it relates to this question.

Cotton goods which cost 85 cents a yard before the tariff of 1816, have been reduced to 7 cents. Cotton shirtings have fallen, under the system of protection, from 25 cents a yard to 5; sheetings, from 32 to 7; checks, from 32 to 8; striped and plain ginghams, from 26 to 8; printed calicoes, from 20 in 1826, to 9 in 1844;—each of the above being supposed to be of the same quality at the high and reduced prices. The fact that the British government have been obliged to enact differential duties for their

eastern dependencies, first of 5 per cent., then of $8\frac{1}{2}$, next of $10\frac{1}{2}$, and finally of 15, to exclude American cotton goods, is conclusive evidence that the American manufacturers can and do sell cheaper than the British. This is a great, a stupendous result.

From 1809 to 1814, before cotton was manufactured in the United States, the British duty on the raw material was 25s. 6d. per cwt., or nearly $5\frac{1}{2}$ cents a pound. From 1815 to 1819, it was 8s. 6d. per cwt., or nearly 2 cents a pound. At last it got down to 2 farthings a pound, and that was taken off, as before shown *for protection* against American competition. But for American cotton manufactures, the American cotton-grower would have been in the power of the British government at this moment, with a duty against him in England of $5\frac{1}{2}$ cents a pound on cotton, more or less.

There is no doubt, if this domestic and world-wide competition had not been brought into the field by the American protective system, the prices of cotton goods would yet have been kept up much above what they are at present. This is a moral certainty, than which nothing can be more certain. Although the reduction of prices by such a cause, can not be measured with precision, yet no one, looking at the causes, as they operate in all such cases, would deem it extravagant to conclude, that, if the monopoly of cotton manufactures had been retained by Great Britain, and consequently the control of prices, we and all the world should have been paying at this moment, at least an average of one hundred per cent. more for this species of goods, than the present prices. There are the facts on the one side, in the history of the reduction of prices; and there are the known principles of human nature on the other, establishing the moral certainty as to how men will act in given circumstances; that is to say, monopoly is not addicted to cry out against its own prices, or to reduce them, except by the fear or by the fact of competition.

But the British differential duties, above cited, enacted expressly and solely to protect their own manufactures, in their own remote or proximate dependencies, against American competition in those quarters—enactments still continued for the same purpose, at the highest rate of duties above named, the lower having proved insufficient—are evidence which no man can gainsay, incontrovertibly conclusive, if it had been possible to entertain a doubt as to what is proved on this point, in the history of the reduction of prices, as above narrated. Each of these two kinds of evidence sustains

the other, and the second, being a demonstration, imparts the same character to the first.

It is the general influence of a protective system which affects details. It is seen in its results. In the setting-up of cotton manufactures in the United States, under legislative encouragement, this country started up a great commercial rival to a great commercial nation, in this particular—to a nation with which this species of production was of vital importance—to a nation which had not only been accustomed to supply us, but the world, with these products, with little opposition. The effect of this competition on so large, so vast a scale—in a sphere which in prospect embraced all nations—was, as might have been expected, and as accords with the experience of the whole commercial world at all times, soon very perceptible in the reduction of prices. The influence was even more comprehensive than that on the articles protected. It affected trade generally in the same way, as is always the case. Every article within the range of protection went down, and was kept down by protection, whether the duties were prohibitory or not. It is the general influence, and the influence in the long run, for a course of years, which tells most emphatically on this question, as the history of reduction of the prices of cotton goods, since the American protective system was spread over this species of merchandise, will show.—And this general influence comprehends all particular cases—not one of them escapes.

They who refuse to give up to such facts as these, defend themselves by pointing to the prices current of the protected articles in foreign markets, and in the American market, by which they think they have a show of vindication, inasmuch as, in some cases, they can, by this means, prove lower prices abroad than at home. This, however, is a very narrow, altogether too restricted a view of the facts that belong to the question. In the first place, they leave out of the account the general reduction of prices that has already been produced by the protective system, which is the principal item that claims to be considered. Next, they do not consider that these foreign producers, especially in articles prohibited from the American market, have been restricted to a narrower sphere of trade, and consequently to one of a more active competition between themselves, which of course reduces prices in those quarters lower than they would otherwise be. Thirdly, they do not consider the accidental surpluses which are accumulated in Europe, by bankruptcies and over-production, which, if the American market were open, would

be floated off this way, to keep up prices ; and which, indeed, even under the most restrictive system, will, in large amounts, make their way here, and be sold at a sacrifice on the cost. And fourthly, they do not consider, that, as soon as these restrictions are removed, the contest between the competitors, and the fact of cheap goods, will both be of short duration, and when Europe shall have beat America, goods will be higher than they were before—as is universally found to be the fact. At this moment, three months after the commencement of the operation of the tariff of 1846, while we are writing this page, European goods are imported at prices cheaper than they can be afforded here. The reason is twofold : first, to dispose of the surpluses in foreign markets ; and next, on the principle disclosed by Lord Brougham, in the following words of a speech made by him in the house of commons, after the close of the war of 1812 : “ It is well worth while by this glut [excessive exports to America] to stifle in the cradle those rising manufactories in the United States.” As soon as they are stifled, or in any degree checked, by such means, prices will rise. The fall is no permanent good, but an evil, because prices will in the end be higher than they ought to be—all for the benefit of foreign producers.

Such is the natural operation of a protective system in the United States, and such is the natural result of disturbing it. The system reduces prices generally and greatly ; the removal of it reduces prices only slightly and transiently, soon to rise again, higher than they were before.

Very little was done in the manufacture of woollen goods in the United States, on a large scale, till after the enactment of the tariff of 1824. This species of manufacture had been carried on, more or less, in families, from as far back as in the early history of the colonies, by the hands of the wives and daughters of the yeomanry of the land, whose husbands and fathers kept a small flock of sheep for the supply of the raw material. This home-made cloth, according to the doctrine of the Free-Trade economists, was a very expensive way of supplying wants, inasmuch as the labor expended in producing them, could have produced many times the value in agriculture and other ways ; which may be beautifully true in theory, if these economists could as easily find a market for those other things. But it was necessary that the people should have clothing ; they had not, and could not get money, to buy it from abroad ; and they therefore went to work and made it in their own houses, as the Free-Trade economists say, at vast expense. How was it

a great expense?—They employed the surplus labor of their own hands, for which they could get nothing, in any other way; or so economized their time and affairs, and so interchanged labor, neighbor with neighbor, for the different parts of the work, that they produced home-made cloth, without costing them a penny out of pocket. Was not that economy, in spite of the doctrine of the Free-Trade school?—Or rather, did not their necessities invent and reduce to practice the most salutary principles of public economy?—This way of supplying home-made clothing of all kinds—or nearly all that necessity requires—is within the recollection of many persons now living; and it is still practised extensively by farmers, who consider it good economy, when they think of what their means of buying such things are, and how much more profitably such means can be appropriated to other purposes; and all this when these products, made in this way, cost ten, or twenty, or in some cases perhaps fifty times as much labor, as the same imported articles do. This, the Free-Trade economists say, is a waste—a tax. But the farmers who still wear home-made cloth, are of a different opinion. They know that they are saving money, and growing rich faster, by it; and they will leave it off just so soon as, and no sooner than, they discover, by experience, that they can supply these wants with less labor applied to other objects.

But the tariff of 1824 gave a new and vigorous impulse to the manufacture of American woollen goods, on a large scale; and the tariffs of '28 and '32 increased the impetus of the movement. Large investments were made in woollen manufactories in various parts of the country, and they have continued to increase, from that time to this, under somewhat various and fluctuating encouragement. But being begun, even under less and insufficient protection, they could not be closed, without a sacrifice of capital. They have struggled on, sometimes doing a profitable business, and sometimes losing money. On the whole, the profits of this business have been so small, that, if the unstable policy of the government had been foreseen, it is more than probable that most of these establishments would never have been set up. They have, however, produced all kinds of cloth, from the lowest prices up to the highest; but those of the highest have generally proved unprofitable, on account of the comparative imperfection of the arts required for producing them.

But the prices of woollen fabrics of the more common sort have

fallen immensely since they began to be produced in the United States, under a system of protection, in the same manner as in the case of cotton fabrics; though not by so large a per cent. as in the latter, inasmuch as competition in cotton manufactures, between this country and Europe, has been in existence nearly or quite twice as long as the competition in the production of woollens, as stimulated by protection. So far as we have been able to learn, we should not hesitate to hazard the statement, that the average reduction of prices of woollen goods, in common use, in twenty years is now fifty per cent. on the average cost that time ago; and the low-priced woollens, in which American competition could be better sustained, have fallen in price more rapidly and more considerably—especially under the tariff of 1842. Woollen jeans, of the same quality which sold in 1840 at 65 cents a yard, sold in 1846 for 35 cents. A correspondent of the *Journal of Commerce*, understood to be one of the editors, found a Yankee trader, at Cleveland, Ohio, in the summer of 1846, who had settled in Canada, buying satinets and other low-priced woollen goods, who said he could pay the duties, on entering Canada, and make more on them, than to get British goods at Montreal. In this case of the Yankee from Canada, it is seen, that the American prices, subject to the British duty on entering Canada, were more favorable to the trader than the same kind of British goods without duty. It is a very strong case of fact, and as far as it goes—and it seems to comprehend the entire range of low-priced woollen goods—it is conclusive.

But the experience of the whole country—of all the people—will answer for itself. It is sufficiently well known, that the above statements are in harmony with the facts which constitute that experience. Woollen goods have been constantly cheapening, under a system of protection, and of a more widely-extended competition; and there is no reasonable mode of accounting for the facts, considering how rapid and great has been the reduction of prices, except that it is occasioned by the operation of protective measures. It is the natural result of bringing into a commercial rivalry the interests of two grand commercial spheres, each of which aims, not only to supply its own market, but to put in for the market of the world, against the other. Each is aware how much is at stake, and each is resolved not to be beaten, but if possible to beat. It has been seen by the facts and reasonings of the preceding pages, that neither the arts nor labor of the United States can compete

with those of Europe, without protection, because the arts here are comparatively imperfect, and the labor costs three times as much. It has also been shown, that, with adequate protection, any article that can be produced at all in this country, can be produced at a lower price than in any other ; and that the power of the country is ample for that purpose, under, and only under, a protective system. This explains all the facts of our history now under consideration, and there is no other explanation. The facts are indisputable, and these results have been repeatedly brought forward in evidence. And why do they not avail to establish the doctrine of reduction of prices by protection ? Simply and only because they do not accord with the theory of a "science falsely so called." Still the facts abide ; the results are uniform ; and they can not be otherwise explained. It is said, indeed, that if you abate or abolish the duties, the prices will be reduced ; and it is admitted, that, in most cases, it will be so in some degree, and for a transient period. But this is answered above. It is simply the effect of the struggles of an adversary that has been worsted, who, seeing his hopes revived by the imprudence of the other party, makes a new effort, and risks new sacrifices, to recover his former advantageous position ; and who will show little favor, when once he has gained it.

Iron, if not the greatest interest of the country, all things considered, is the most important. It enters into every person's wants, and into his constant use, and no one can do without it in a variety of forms. It constitutes the most prominent necessity of war, of peace, of agriculture, of manufactures, of commerce, and it may be said, of every pursuit of life. It enters even into the finest embellishments of the arts. Time, that most momentous of all movements, carrying with it the destinies of all nations, and of all men, can not be accurately measured in its progress, without it.

By the wise arrangements of Providence, the necessities of man and of society are abundantly provided for, in this particular, in the mineral wealth of the United States. The iron-beds of this country have already been ascertained to be inexhaustible ; and what is not of less importance—greater, indeed—the qualities of iron produced from the ores found here are the best in the world. The question is, whether this immense and boundless field of American wealth shall be protected and husbanded ; or whether it shall be abandoned to everlasting repose, for the sake of giving profit to British producers and manufacturers of this article, and

income to the British exchequer? It is alleged that free trade in this article will bring it cheaper to the people of the United States. Suppose it should, that which is nominally cheaper is not always the cheapest. The main proposition, however, is flatly and confidently denied, with the additional averment, that adequate and permanent protection of the home product and manufactures of this article will afford it, in all forms, at lower prices to the people than could be obtained from any other quarter, besides the advantages to the country of the home trade. The prices of the British market to-day, or this year, are no rule for to-morrow, or next year. They are as variable as the winds, and as fickle in their disposition—governed chiefly by their chances of obtaining the American market, or for want of it. When it is gained, and the American product is repressed, their prices are sure to be high; and when it is wanted, they are low.

The protective system over iron and its manufactures began in the United States when prices were very high, and the consequence has been a uniform and gradual reduction of prices. Take, for example, the extracts, in the note below, from the report on iron of the convention of the friends of domestic industry, held in the city of New York, November, 1831, signed "B. B. Howell, Secretary."[•]

[•] "STATEMENT B. — Showing the effects of a tariff of protection on the article of iron at Pittsburg and Cincinnati: In the years 1818–'19–'20, bar iron in Pittsburg sold at from \$190 to \$200 per ton. — Now the price is \$100 per ton. In the same year boiler-iron was \$350 per ton. — Now at \$140 per ton. Sheet-iron was but little made in those years, and sold for \$18 per cwt. — Now made in abundance, and sold for \$8.50 per cwt. Hoop-iron, under same circumstances, was then \$250, and is now \$120. Axes were then \$24 per dozen, and are now 12. Scythes are now 50 per cent. lower than they were then—as are spades and shovels. Iron hoes were in those years \$9 per dozen—now a very superior article of *steel* hoes at \$4 to \$4.50. Socket-shovels are made at \$4.50 by the same individual who, a few years ago, sold them at \$12 per dozen. Slater's patent stoves, imported from England, sold in Pittsburg at \$350 to \$400.—A much superior article is now made there and sold for \$125 to \$150. English vices then sold for 20 to 22½ cents per lb.; now a superior article is sold at 10 to 10½. Brazier's rods in 1824 were imported, and cost 14 cents per lb., or \$313.60 per ton.—Now supplied to any amount of ¼ to ½ diameter, at \$130 per ton. Steam-engines have fallen in price since 1823 one half, and they have one half more work on them. The engine at the Union rolling-mill (Pittsburg), in 1819, cost \$11,000—a much superior one of 130-horse power, for Sligo mill, cost, in 1826, \$3,000. In 1830, there were made in Pittsburg 100 steam-engines. In 1831, 150 will be made, averaging \$2,000; or \$300,000 in that article alone. A two-horse power engine costs \$250; six-horse, \$500; eight to nine horse, \$700. These last are the prices delivered and put up. At least 600 tons of iron made in Pittsburg are manufactured into other articles before it leaves the city, from steam-engines of the largest size, down

Under the system of low duties, in the latter stages of the operation of the compromise act, down to the tariff of 1842, as is well known, the iron interest, in its raw products and manufactures, suffered greatly in Pennsylvania and elsewhere; and it is equally well known, that it revived again, to an astonishing degree, under the tariff of 1842, cheapening manufactured articles in proportion as the manufactories were multiplied, and competition extended. These facts are so recent, and come so directly within the observation and experience of the public, as not to require a detail of evidence. They demonstrate the *general truth*, that home products of manufacture, under Protection, *tend* invariably and uniformly to reduce the prices of the articles. That the prices of the raw material should be well sustained, is as desirable as that those of agricultural products should be; and that some of the forms of iron manufacture, such as railroad iron, had not got down to the lowest British prices, results from the twofold consideration, first, that immense capital was required to establish them, and next, that the policy of Protection was not regarded as sufficiently secure to incur the risk. But the experiments made in this and other branches of iron manufacture, hitherto, in their incipient stages, and embarrassed as they have been for want of confidence in the disposition of the government, demonstrate, satisfactorily, that, under a system of per-

to a threepenny nail. Eight rolling and slitting mills, of the largest power, are in the city of Pittsburg, five of which have been erected since 1828. Thirty-eight new furnaces have been erected since 1824 in the western parts of Pennsylvania, and that part of Kentucky bordering on the Ohio river, most of them since 1828. The quantity of iron rolled at Pittsburg was, in 1828, 3,291 tons, 19 cwt.; in 1829, 6,217 tons, 17 cwt.; in 1830, 9,282 tons, 2 cwt. Being an increase of nearly 200 per cent. in two years. The above facts were furnished by members of the committee residing at Pittsburg, who vouch for their accuracy.

"*Prices of Iron at Cincinnati.*—In 1814 to 1818, bar iron \$200 to \$220 per ton; now \$100, \$105, \$110. The fall in prices has been nearly as follows: In 1826, bar iron, assorted, \$125 to \$135; in 1827, \$120 to \$130; in 1828, \$115 to \$125; in 1829, \$112.50 to \$122.50; in 1830, \$100 to \$110; in 1831, \$100 to \$110. Castings, including hollow-ware, 1814 to 1818, \$120 to \$130 per ton; present price, \$60 to \$65, and the quality much improved."—*National Magazine*, June, 1845.

It appears from the same document, that hammered iron, at a duty of \$22.40 per ton, sold at less than it did at a duty of \$9. It also increased the revenue from that source, which, under the law of 1816, at a duty of \$9, was two millions and a half; and under the law of 1828, at a duty of \$22.40, was five millions and a half. These are by no means remarkable facts. It is the uniform operation of the protective system, to cheapen the protected articles, and to augment the revenue. Under such a system, foreign producers can no longer have their own prices, because they alone have not the market, but are obliged to sell under the effects of competition; and the domestic producers meeting with foreign competition, are also influenced in the same way, all for the benefit of consumers.

manent and secure Protection, every branch of iron manufacture would afford its products at lower prices than to depend on imports. American railroad iron, in 1846, had got to be lower than the British product was in 1836, free of duty.

The effect of protection on brown sugar, in reducing prices, is remarkable, as shown, in part, by the tables of the secretary of the treasury, in his annual report of December, 1846 (pp. 720, '21). The variations there found correspond with what would be expected from the two causes of competition and amount of the home crop. In 1816; when we were dependent on the foreign product, the prices of brown sugar ranged from $14\frac{1}{2}$ cents a pound to $16\frac{1}{2}$. In 1820, after Protection had begun to produce its effect, it was down to from $8\frac{1}{2}$ to $12\frac{1}{2}$ cents. In 1825, it was down to from $7\frac{1}{2}$ to 10 cents. In 1831, to from 5 to 7 cents. In 1834-'5, to from $5\frac{1}{2}$ to 6. This year was a large crop. Mark how the price was affected in 1835-'6, when the crop fell short of the year previous by about one third. It rose to from 10 to 11 cents, not because there was no supply in the foreign market, but because we were *dependent*. From that time to 1842-'3, the home crop being good, and gradually increasing, prices gradually fell, when that year the home crop was unusually large, and the price was reduced to from $3\frac{3}{4}$ to 4 cents. In 1843-'4, the home crop was small, and prices rose to from $5\frac{1}{2}$ to $6\frac{1}{2}$ cents. Again, in 1844-'5, with a large home crop, prices were from $3\frac{3}{8}$ to $4\frac{3}{8}$ cents. It should be remarked, that all this while, nearly twenty years, a part of the supply was from abroad, and the foreign and domestic products were brought into competition, the consequence of which was the reduction of prices. But the moment the competition was diminished, by the falling off of the home crop, up went prices.

Mr. Calhoun proved by figures—or claimed to have proved—when the tariff of 1842 was under debate, that the duties of that bill on hemp and its manufactures would be a tax on the cotton interest of \$1,422,222 a year. Mr. Toombs, of Georgia, of the 29th Congress, who, as a southern man, would naturally sympathize with Mr. Calhoun on this subject, in view of the facts, *also proved by figures*, while the tariff of 1846 was under debate, that Mr. Calhoun had been entirely wrong in his calculations and predictions, and that the protection given to hemp and cotton-bagging, by the tariff of 1842, had not only lowered prices, but lowered them more even than Mr. Calhoun predicted it would raise them. "Since the introduction of the business of making cotton-bagging

in Kentucky," said Mr. Toombs—"since our own countrymen have come into competition in producing it—the price of bagging has fallen to less than *one third* of its average price before that period. . . We now make good bagging in Kentucky more than 5 cents per yard less than it cost in Dundee, in 1842, and for 3 or 4 cents a yard less than the present price in Scotland"—(See National Intelligencer, August 29, 1846). The price of cotton-bagging, in 1838, ranged from 18 to 20 cents per yard; in 1841, from 25 to 27; in 1846, from 8½ to 9½. Bale rope, in 1838, from 7 to 8 cents per pound; in 1841, from 11 to 12; in 1846, from 3 to 4. And yet the secretary of the treasury, in his report of December, 1846, in the face of these facts, being guided by his theory, represents the duties of the tariff of 1842 on these articles, as "an enormous tax that inures to the benefit of about thirty manufacturers". He is forced, however, to call the facts "a mystery."—"We are unable," he says, "to get any key to this mystery, from the *actual* prices since the duties were imposed". If Mr. Calhoun had not predicted that the prices would rise, and put down the rise in figures, so that there is no getting away from them, then the secretary might have solved the "mystery," by saying, it is true that prices have fallen, but they would have fallen as much more as the duties, without them. He does indeed give this reason in another part of his report; but he hardly had courage enough to give it in juxtaposition with a recognition of these facts, and therefore he called them a "mystery."

The price of window-glass, in 1824, when a duty of \$3 per 100 feet was imposed, was \$10.50 per 100 feet. In 1828, price \$6.50. In 1846, price of 8-by-10, most used, \$2.25, under a duty of \$2. The cut-glass works at Wheeling, Virginia, were forced to stop before the tariff of 1842. Under that tariff, they had more orders than could be supplied, and sold for 25 per cent. less than before. The flint-glass works of the United States, in 1832, were in number 17; reduced to 5 in 1842; rose to 19 under the tariff of that year; labor in them rose 25 per cent., and the articles produced fell 25 per cent. So generally in the glass business.

In a report of the committee on manufactures (House Doc. 420, 1st sess. 28th Congress), it was proved, that the depression in the prices of 23 different kinds of manufactured iron, under the influence of the tariff of 1842, ranged from 10 to 46 per cent.—average reduction 23 per cent.; that, in a list of 22 different and chief materials of shipbuilding and rigging, such as had been imported, the

fall of prices, from 1842 to 1844, ranged from 2 to 35 per cent.—average reduction $17\frac{1}{2}$ per cent.; that, in a list of 9 articles of hardware, protected by increased duties in the tariff of 1842, the fall of prices ranged from 13 to 30 per cent.—average reduction 15 per cent.; and that, in a numerous list of other manufactured articles of various kinds, exhibited in the tables of that report, the reduction of prices, under the tariff of 1842, which afforded them the protection of increased duties, had been effected in some such measures as above cited. The evidence presented in that report, of the tendency and effect of Protection to reduce prices of manufactured articles, was uniform, decided, and unanswerable. No one has ever yet been able to point to a single manufactured article, in extensive demand, enjoying protection for home production, the price of which has not been reduced; and the higher the duty, the greater the reduction of prices.

It would be very easy to compile a volume of facts in evidence on this point, if it were necessary. But who will say, that those above given, are insufficient to prove, beyond all controversy or doubt, that protective duties, in the United States, reduce the prices of manufactured articles? “Every production,” says a “Southern Planter,” in his “Notes on Political Economy,” “the result of Protection in the country, has been brought cheaper and better into the market, than before such Protection.”—“Practical men,” said Mr. Clay, in the senate, in 1832, “understand very well this state of the case, whether they do or do not comprehend the causes which produce it. I have, in my possession, a letter from a respectable merchant, well known to me. After complaining of the operation of the tariff of 1828, on the articles to which it applies, some of which he had imported, and that his purchases having been made in England, before the passage of that tariff was known, which produced such an effect upon the English market, that the articles could not be resold without loss, he adds, ‘for it *really appears*, that, when *additional* duties are laid upon an article, it then becomes *lower*, instead of *higher*.’”

It is marvellously singular, how, for want of fact and sound argument, the strongest evidence of reduced prices by Protection, has been seized upon to decry Protection as producing a contrary effect, as in the case of minimums, which have invariably reduced prices. When the price was reduced, the duty, on the minimum principle, would appear to rise—did rise, in respect to the real value; and therefore it is said to be an exorbitant duty! In this

way, a minimum duty, beginning, say at 50 per cent. ad valorem, has sometimes mounted, by reduction of prices, to an ad-valorem duty of 200, or 250, or 300 per cent. "Behold!" says the sage member of Congress—for this argument has been used by that class of persons, in public debate—"behold!" he says, "what enormous duties! what enormous prices! what enormous profits!" Is it not mortifying to an American citizen, to be obliged to witness such ignorance or such dishonesty—for one or the other it must be—in the legislators of the nation? This very 300 per cent. ad-valorem duty, on an article bearing a minimum duty equal to 50 per cent. ad valorem, when the law was passed, and still the same, is arithmetical demonstration, that the price had been reduced to *one sixth* of what it was when the duty was imposed. The higher ad-valorem estimates rise by the operation of minimums, so much greater the reduction of price; and *vice versa*. But it is, or ought to be, enough, that everybody knows by experience, that manufactured articles in extensive use and demand, are cheaper under protective duties, than under low duties, or Free Trade; and that a protective tariff, like that of 1842, enables the people, more especially the poor, to supply their wants, as a whole, at less cost, while they do better in all their pursuits, and are more prosperous. You can not convince the poorest and most ignorant man, who buys his shirt for less than the duty on that species of goods, that he *pays* the duty. It was the duty that cheapened it; and if he were to believe, that he is taxed with the duty, he must believe, that, without the tax, he should have got his shirt for as much less than nothing as the difference between the duty and price; and that the tradesman who sold him the goods, should not only not have *sold* them, but *given* them to him, and the difference between the duty and price *to boot*. In that way the tradesman, at least, would pay the duty. But the truth is, nobody pays it, if it is a domestic product, as in such a case it must be.

Facts enough have been exhibited, and argument enough made, as is hoped, to show, that the general influence of a protective system, in reducing prices of manufactured products, is so entirely comprehensive, that no article can escape its beneficent effect, in the long run. Attempts have been made by demagogues—we are sorry to say that presidents and secretaries of the treasury have been found in this category—to make the poor believe, that they are wronged by protective measures, as well in their rights of labor, as in the enhanced cost of manufactured products most necessary to them.

Some of the most reckless and groundless statements on this point, totally unsupported by facts or reason, were made in the president's annual messages, and in the annual reports of his secretary of the treasury, for 1845 and 1846. The very argument on minimums, considered above, and others of the kind, equally false and deceptive, were made by both of these high functionaries. One is at a loss whether such attempts proceed from a defect of understanding or vice of heart. The truth is, that no class of society is so much benefited by protection as the poor; first, because all low-priced products of manufacture, most necessary to them, such as cottons, woollens, &c., are cheapened by this policy in a greater proportion than any other; and next, because no interest is benefited so much as that of labor, by a protective system, as shown in other parts of this work. It is on all low-priced articles of manufacture, used by the poor, that American arts and labor can compete most successfully with foreign arts and labor, and it is the prices of these articles which are first and most considerably reduced under an American protective system. Nothing is more evident than this, as shown by the facts displayed above, and as brought within the reach of common observation.*

* The secretary of the treasury, in his annual report of December, 1845, which announced the project of the tariff of 1846, laid down this doctrine, that "the duty must be added to the price, and paid by the consumer—the duty constituting as much a part of the price as the cost of the production." Also, that prices would fall by the amount of duties taken off. But immediately on the passage of the tariff of 1846, which reduced the duties on salt, the price of Turk's Island salt rose, in the place of its production, fifty per cent. Liverpool salt and low-priced cotton goods also rose in England, by the same cause, viz., the news of the reduction of the American tariff. So also the prices of sugar and molasses, in the foreign places of their production, rose by an amount equal to the reduction of the American duties. These facts show, first, that the foreign producer, and not the American consumer, is benefited by the reduction of our protective duties; next, that the foreign producer, and not the American consumer, pays the protective duty; and thirdly, that the American consumer of a protected article is injured by the same amount in which the foreign producer is benefited, by the reduction of duties. The loss is all American; the gain all foreign.

Observe the following quotations of prices of sugar in August before, and in December after, the tariff of 1846 went into operation:—

Prices of Sugars.

	Aug. 12.	Duty.	Dec. 28.	Duty.
St. Croix.....	7½ a 8¾.....	2½ cts. per lb.	8 a 9.....	1½ cts. per lb.
New Orleans.....	5¾ a 7½.....	2½ cts. "	7 a 8.....	1½ cts. "
Cuba Muscovado...	6½ a 7¾.....	2½ cts. "	7 a 8.....	1½ cts. "
Porto Rico.....	6¾ a 8.....	2½ cts. "	6¾ a 8½.....	1½ cts. "

Next compare the promised average Free Trade price with the real Free-Trade price:—

It may be useful here to present some of the reasons, not already suggested, of the facts, above adduced, to prove, that protective duties are not taxes, but a rescue from taxation.

When a duty is imposed on an imported manufactured article from Great Britain, or elsewhere, to encourage its domestic production, it is presupposed, that the home producer could not compete with the foreigner without the duty, and consequently could not stand. It must be seen, then, in such a case, that the foreign producer has the market, and will have his own price. There is nothing to limit his price, but the competition from foreign quarters. That competition can not give the American consumer the benefit of cheap foreign labor; for that is chiefly absorbed in an enormous system of taxation, which is never relaxed, except in the political competitions of the commercial policy of nations. Then it is made to bear with tremendous energy on the prices of wages and capital in the United States; and a small fraction of the great difference in the cost of money and labor in these two quarters, will answer all the purposes of such a policy, when the American laborer and producer are not protected by their own government.

But in ordinary private competition, in foreign quarters, for the market in the United States, cheap foreign labor is no benefit to the American consumer. He saves not a penny on that score. Even in the action of the commercial policy of foreign nations, his benefit is small, which is more than counterbalanced by other facts under the control of foreign powers and foreign factors, so long as home production can not come into the field of competition. When it does, of course he is benefited; and that is the object contended for by protection.

So long, therefore, as foreign producers of manufactured articles, which might be produced at home, under a system of protection, can command the market of the United States, these articles will always come at the highest prices that can be commanded by the advantageous position of the producers, which amounts to absolute

	<i>Promised average Free-Trade Price.</i>	<i>Real Free-Trade Price.</i>
St. Croix.....	6 a 7½	25.92 per cent. higher.
New Orleans.....	4½ a 6	42.85 " "
Cuba Muscovado.....	5½ a 6½	30.43 " "
Porto Rico.....	5½ a 6½	28.00 " "
An average of 31.80 per cent. dearer under Free-Trade.		

The consumers of sugar were told that the tariff of 1842 made New Orleans sugar 2½ cents per pound dearer, this being the amount of duty; or in the language of the secretary of the treasury, above cited, "the duty constituting as much a part of the price as the cost of production."

control, except in their competition with each other. Being together interested to make money, and to make the most possible, they will not sell at loss, but only at profit.

In the first place, then, all the difference between the cost of money and labor in the United States and those quarters— not less than 100 per cent.—is absorbed by the system of taxation where the goods are produced, and more too—far more, as a part of government policy, when it is known that there is no competition to operate against them, in the market where the goods are going. That system of taxation is enormous, and for Great Britain, was once described by Henry, now Lord Brougham, as follows:—

“ Taxes on every article that enters the mouth, or covers the back, or is placed under the feet; taxes upon everything that is pleasant to see, hear, feel, smell, or taste; taxes on everything on the earth and the waters under the earth—on everything that comes from abroad, or is grown at home; taxes on the raw material, and on every new value that is added by the art and labor of man; taxes on the spices that pamper man’s appetite, and on the drug that is administered to his disease; taxes on the ermine that decorates the judge, and on the rope that hangs the criminal; taxes on the rich man’s dainties, and on the poor man’s salt; taxes on the ribands of the bride, and on the brass nails of her coffin;—at bed, or at board, lying down or rising up, **WE MUST PAY.** The school-boy spins his taxed top; the beardless youth manages his taxed horse, on a taxed saddle, with a taxed bridle, on a taxed road; and the dying Englishman, pouring his medicine, which has paid 7 per cent., into a spoon that has paid 15 per cent., flings himself back on his chintz bed which has paid 22 per cent., makes his will on a stamp which has paid eight pounds (sterling), and expires in the arms of an apothecary, who has paid 100 pounds (sterling) for the privilege of putting him to death. His whole property is then taxed from 2 to 10 per cent. in probate, and large fees are demanded for burying him in church. His virtues are handed down to posterity on taxed marble, and he is gathered to his fathers to be taxed no more.”

No, not so. For if the marble which perpetuates his name and celebrates his virtues, can last so long, he is taxed till the morning of the resurrection! Taxed for the privilege of coming into the world, taxed all the way through it, taxed on his passage out of it, and taxed **EVER AFTER!**

This immense, comprehensive, stupendous system of taxation,

falls, in varied and complicated forms, on the English producers of the manufactured articles consumed by Americans, and enters into the price of them as a principal part, when there is no protection to guard against it; and that price, in such cases, is higher, always, and much higher than it would be, if the articles could be produced at home, under a system of adequate protection.

To all this must be added the profits of the commercial agents or factors, engaged in the sale of these goods, the charges of clearance, transportation, and entry, and a variety of expenses accumulated in such transactions between remote countries. Is it a matter of surprise, then—should it not be expected—in view of all these facts, that the same goods which can be produced at home, under protection, will be afforded to the consumers cheaper, while the laborers, and all the parties concerned in the business, are well paid, on the American system of wages and other values? Such, evidently, is the aspect of the facts, and the reasons are obvious—demonstrate the facts, which, being facts, need no other proof.

The American consumer of foreign manufactured articles, therefore, which might be produced at home, under protection, though he obtain them free of duty, derives not the smallest fraction of benefit from foreign cheap labor; nor is he in any manner or degree taxed by protective duties which oblige him to supply his wants at home. He gets them cheaper. There may be, and doubtless are, exceptions to this rule, as, for example, in the infancy of a domestic production, which has received protection for the sake of starting it; or in the slow progress of another, the protection of which is inadequate, or too insecure by political agitation, to invite sufficient capital to give it strength and vigor, and to open a wide field of domestic competition. In some such cases, the prices may be augmented temporarily; not permanently, however, when the policy of protection is considered as settled. The moment a product of manufacture has received adequate protection, considered as secure, capital rushes into it, to fill the market, and reduce prices by competition to the lowest point of a fair profit. And all experience in the United States proves—the above-cited facts prove—that all interests engaged in domestic manufactures, capital, wages of labor, prices of raw materials of home production, the wages of all the variety of employments which they create, pay of agents, carriers, and profits of merchants engaged in the trade, can all be sustained, and well sustained, on the American system of wages and profits, when the consumers obtain them at a

lower rate than they would be afforded by importation. In the case of importation without competition, the consumers are in the power of foreigners, and of a foreign system of enormous taxation; and they can not escape from the burden, in the shape of high prices, resulting therefrom. In the case of home production, under the American system of society, which costs little, and might be entirely sustained by protective duties alone, at the same time that they cheapen the articles protected, the consumers are rescued from the power of foreigners, and all parties engaged in supplying their wants are well paid, while those wants are supplied at a lower rate, and with a better article. If a person or party, here and there, may have to pay a little more for the supply of a particular want, in the first stages of home production, before competition enters the field, the benefits such a party receives from the general system, much more than counterbalance this alleged tax, so that, on the whole, it is not a tax.

It is a great misfortune to this subject, that economists first, the schools next, statesmen third, the press fourth, and the public fifth, like a flock of sheep, that jump with a leader, have all consecutively, and in the end together, been accustomed to take for granted that all duties are *taxes*. Who can resist such a common error, and turn men's minds back to reason, when the very persons, statesmen, conductors of the press, and others, who know it is an error, are yet so much creatures of habit, as to call *all* duties taxes, without discrimination? Hence the advantage of their antagonists — both parties call the same thing by a *misnomer*. To allow that they are *taxes* is giving it up. There can be no argument after that, except in the following form, which is indeed unanswerable:

“So that a thing is made and supplied at home, it matters little whether it costs more or less. This is broad ground, and needs some illustration, because, if true, it does away all the objection that can be offered to a protecting tariff. It makes all the difference to the country, taking in its rounds and interchanges of labor, whether a dollar is laid out at home, or abroad, in buying an article. When it goes to a foreign country to buy a thing, *it is gone for ever*, and becomes the capital or dollar of that country, after it makes one operation only. Whereas, if you lay out that dollar at home, in the neighborhood, or next village, or next state, or district, for an article, it remains in the country, and is still a part of the capital of the country. It does infinitely more than that, because it circulates and repeats its operation of buying an article perhaps one hundred

times, possibly a thousand times, and in its rounds serves the purposes of a hundred or a thousand dollars, as the case may be. In the grand rounds of its circulation, it touches as many springs of industry, as it does hands, and is all the time doing good. When it shall have done all this, or while it is doing it—for the thing never ends—it is still a dollar, and counted properly among the dollars or the capital of the country. Figures can't calculate the difference, therefore, in expending a dollar at home or abroad; even the geometrical ratio can't accumulate fast enough to realize this difference. It outstrips everything but the human imagination in its progress. If the article should cost 10 per cent. more than the foreign, it is ten times made up in this grand round we have alluded to by the rapid repetition of the thing. It is again made up in the way that prices tally, or adapt themselves to each other. If the seller of the article gets a little more, he in his turn pays a little more to the laborers, and they a little more to the farmers, they a little more to the hands, and so on all round the circle, until a perfect equilibrium is not only restored, but kept up between all, and all prices quadrate into a perfect system, that, in the rounds, can not make the least difference as to the cost or difference of price."* — [Notes on Political Economy by a Southern Planter.]

* This point is well illustrated by the following bills, from Hunt's Merchant's Magazine, May, 1841, which, it is there stated, are made out, as nearly as could be ascertained, according to the prices in that place, in the years specified.

1820.	<i>The Town of Londonderry (N. H.),</i>	Dr.	
	To 1000 yards of broadcloth, at \$4.		\$4,000
	CONTRA.		
	By 4,000 bushels of apples, at 12½ cents.....		\$500
	By 1,000 barrels of cider, at \$1.....		1,000
	By 1,000 cords of wood, at \$1.....		1,000
	By 2,000 bushels of potatoes, at 25 cents.....		500
	By 1,000 turkeys, at 50 cents.....		500
	By 1,000 bushels of corn, at 50 cents.....		500
	Account balanced.....		\$4,000
			\$4,000
1840.	<i>The Town of Londonderry,</i>	Dr.	
	To 1,000 yards of broadcloth, at \$5.....		\$5,000
	CONTRA.		
	By 4,000 bushels of apples, at 25 cents.....		\$1,000
	By 1,000 barrels of cider, at \$2.....		2,000
	By 1,000 cords of wood, at \$3.....		3,000
	By 2,000 bushels of potatoes, at 37½ cents.....		750
	By 1,000 turkeys at \$1.....		1,000
	By 1,000 bushels of corn at 75 cents.....		750
			\$8,500
	Balance in favor of the town.....		\$3,500

Is not this plain — conclusive — even if prices are raised? Some may say, that this benefit does not reach all; that it is partial in its distribution, being a tax to some, while it is a help to others, which is the evil complained of. With such minds there is no reasoning. The above description is precisely the operation of the protective system, when, in some cases, and for a season, under a prohibitory duty, the manufacture of a protected article is starting, and before home competition has reduced prices, the prices are a little higher. The consumer, no matter who he is, is benefited in so many other ways, under a protective system, by cheapening most of the protected articles he has occasion to use; by giving him employment, if he lives on wages; or whatever be his calling or position, by making it better and more productive to himself, in a prosperous state of society, that it is impossible he should not participate in the general welfare, so as to more than compensate for this *supposed* burden, which, however, is only imaginary. When the duty is not prohibitory, the protected article is never dearer, but always cheaper necessarily, by bringing home competition into the field against foreign. The prices current in a foreign market prove nothing against this, however they may seem to do so; for the moment these protective duties are removed, as in the tariff of 1846, the foreign prices rise, just in proportion to the prospect of obtaining the American market, and when once they shall have gained it by breaking down the American producer, they will have their own prices, which will be higher than under a protective system. Even prohibitory duties reduce prices in the end, in the case of articles in general demand, if the system of protection be reliable, and capital dare venture into the business to a sufficient extent, as it always will, if protection is secure.

Such are the superior qualities of American iron, for example, and such the exhaustless beds of its ore, that nothing is required but permanent, secure protection, to afford every manufactured iron article demanded by the wants of society, cheaper than they could be obtained from England, or from any other quarter. Many of them had already begun to be cheaper under the tariff of 1842. But it requires time, confidence, and immense capital, to perfect all the manufactures of iron; and while marching to perfection, the prices would be satisfactory, beneficial to the country, and beneficial to all parties. If iron manufactures are discouraged, and languish in this country for want of protection, England will take advantage of it, and raise her prices higher than they would have been under

an American system of protection, giving poorer iron as she must, and poorer articles. The moment the tariff of 1846 passed, iron rose in England, and fell in the United States, proving that the lion was roused for his prey, and that his victim could not resist. If it proves that American prices, in this case were higher, it proves also, that English prices will not keep down. The level to which they tend, will be at the cost of this country, not only in the destruction of its labor, its business, and its capital, on an immense scale; not only in drawing off its cash; but ultimately, in the augmentation of the prices of the articles imported. The same may be said of coal, though not falling under the head of manufactures. Iron and coal are among the greatest and most important interests of the United States, the working of which was yet in a state of infancy, when the tariff of 1846 came to cripple giant twins, and strangle them in the cradle. They had begun to scatter their blessings with a liberal and profuse hand. No one felt himself to be taxed—no one was taxed; none were poorer; all were richer; even though prices current in England might be quoted to prove that prices were lower there. It proves nothing, except that England waits for another and better market, that she may *raise* her prices on her victims, which she will certainly do, when rivals are out of her path.

The commercial troubles of England, which came to a crisis in the latter part of 1847, left vast quantities of railroad and other iron in the English market, which must be disposed of. Under the reduction of duties on iron by the American tariff of 1846, it was found that orders on England, in such a state of things, could be executed for the American market at prices ruinous to the American manufacturer. These extreme low prices of English iron were the transient result of the want of money there to use it on the railroads for which it was prepared. It must necessarily be the same with other British merchandise, at such a time. But this does not militate against the above facts and reasoning; it only proves that surplus products, accumulated by bankruptcy and commercial distress, must be pushed off at any price. By the ad-valorem rule of the tariff of '46, the duty on iron which is \$18 per ton when iron is \$60, falls to \$12 when iron falls to \$40, and to \$9 when it comes down to \$30; so that protection, on this principle, is greatest when it is least needed, and least when it is most needed.

CHAPTER XXIV.

AN AMERICAN PROTECTIVE SYSTEM A RESCUE FROM FOREIGN TAXATION.

The Method and Rule of this Argument, as laid down by a Public Document and Joshua Gee.—A Showing, from the Principles of this Rule, and by Public Documents, of the foreign Taxation which the People of the United States have been and are still subjected to.—Adam Smith's and M'Culloch's Evidence on this Point.—Taxes of foreign Nations, of whom we purchase, enter into the Prices of their Products to us.—The Principles of the Tariff of 1846, as they bear on this Point.—Returns of British Commerce as compared with those of the United States.—The Aggregate, of foreign Taxes paid by the United States since 1791.—A Protective System the sure and only Way of Rescue from foreign Taxation.

HAVING shown in the preceding chapter, that protective duties are not taxes, but quite the contrary, it is also necessarily proved, by the same argument, that Free Trade is itself a tax, in proportion as Protection reduces the prices of manufactured articles; in proportion as it raises and sustains the prices of labor; in proportion as it raises and sustains the prices of agricultural products and other raw materials of home production; and in proportion as a protective system tends to promote and secure all the great and minor interests of the country, and the interests of all parties and persons therein, as shown in the preceding chapter, and elsewhere. But these great positive benefits of Protection are not what we now propose to notice, although their effect is a rescue from taxation, in all that the absence of Protection operates as a burden. Our design now is rather to consider how a well-adjusted protective system rescues us from a stupendous burden of foreign taxation.

The following extract from a public document, house of representatives, No. 296, 3d session, 27th Congress, pp. 500 and 501, will indicate both the material and method of our present line of argument:—

“England levies no *direct* taxes upon her colonies, or rarely is it done. But by *indirect taxes*, they give *four fifths* of their productive wealth to the mother-country. It was that support which she derived from the thirteen [North American] colonies, and it was for that alone she resisted their independence. She desired to *produce*, and that they should be forced to *consume*; and of all that

they consumed [of imports from the mother-country], at least *four fifths* went into the national treasury at home, after supporting her farmers and mechanics. . . It is generally alleged, that a man pays 15 shillings for the use of government, out of every 20 shillings he spends in England. Some have stated the public tax at 17 shillings in the pound. Let us take one instance in the article of beer. The land pays a tax; the barley, when malted, pays an excise of 6 pence per bushel; hops pay one penny a pound; the beer, when brewed, pays an excise in some cases greater than the original value; all the persons who labor in the premises, contribute to the national revenue, by their sundry consumptions, to the amount of *three fourths* of the whole price of their labor. It follows, then, that the people of this country [the United States] contribute in like proportion to the support of foreign governments, upon all that they purchase. In 1836, we imported more than \$70,000,000 worth of foreign articles *free of duty*. The effect was, that they who purchased [consumed] these articles, paid not one cent to the support of our own government, while at least *four fifths* [\$56,000,000] of that amount went into the treasuries of foreign governments, to support kings on their thrones, parliaments that make laws prohibiting our productions, and foreign armies and navies!"

The principle of this rule is correct; but there is an error in supposing that the "*four fifths*" taxation of the colonies all goes into the public exchequer. It is divided between the government and those domestic parties who trade with the colonies. The government gets the smallest part directly; but indirectly, the wealth derived by these other parties from this source, is an essential part of the basis of the government. It matters not to the colonies, whether the taxation be direct through the government, or indirect through its commercial policy. It is taxation.

The specification here made of the different forms of tax on beer, is a good deal short of the truth. In M'Culloch's statistics of the British empire, will be found nineteen specifications of duty and excise on this article, and the whole amount of revenue raised from taxes on beer in 1834, not including the land tax, was over six millions sterling, or twenty-nine millions of dollars.

The above citation from a congressional document, is corroborated by Joshua Gee, as follows: "If we examine into the circumstances of the inhabitants of our plantations [the American colonies] and our own, it will appear, that not *one fourth part* of their own products redounds to their own profit; for out of all that they bring

here, they only carry back clothing and other accommodations for their families, all of which is of the merchandise and manufacture of this kingdom." Of course, the other *three fourths*, entering into the prices of these articles, were absorbed by the profits of British trade in the premises, and by the taxes of the domestic empire, and the colonists were compelled to pay four to one of the actual costs; or, as Gee says, more than four to one.

In the analysis of these statements, we have the picture of the manner in which the two thirds of the value of European labor, usurped as shown elsewhere, is absorbed by the governments and the superior classes of society; and beyond this, we are also compelled to observe, that the necessaries of life, purchased with the remaining third, called wages, to support the existence of the laborers, is burdened with that very system of taxation represented in the above extracts. "All the persons who labor in the premises, contribute to the national revenue, by their sundry consumptions, to the amount of three fourths of the whole price of their labor." The taxes, whatever they are, enter into the prices, even of the articles which the laborers consume, after they are deprived of two thirds of their fair reward.

Now it must be seen, that this stupendous system of taxation enters into the prices, and composes a part of the prices of all the articles imported from Europe to this country, and is borne by the American consumers. That is to say, these taxes are paid by us, to the extent of our consumption of these foreign products, and to the amount of the fractional parts of the prices which are composed of the taxes, they being the largest part. The statement in the first of the above extracts, is, that we paid \$56,000,000 of these taxes in 1836, as we understand and have interpreted the rule in brackets, in that place. This result is obtained, first, by deducting the re-exports of that year from the free imports—which, according to the official tables of 1845, were upward of \$92,000,000—and then taking four fifths of the remainder. But nothing can be more evident than that we are taxed for imports paying duty, as well as for those free of duty. The principle of the rule, therefore, laid down in the public document, above cited, would simply require, first, the deduction of re-exports from the sum of imports, and four fifths of the remainder is the amount of taxes we pay the nations from which the imports are derived. Inasmuch as we have proved that protective duties do not augment, but reduce, the prices of manufactured articles; and if it be supposed that the reduction

of prices on protected articles be equal to the augmentation of prices on those not protected, in consequence of duties, then the imports paying and not paying duty, occupy precisely the same position under this rule. In any case, the difference between the reduction of prices on protected articles, and the augmentation of prices by duties on the unprotected, if there be any, and so far as there is, is too trifling to be worthy of consideration here.

Applying this rule, as here explained, to the official tables of 1845 (Ex. Doc. No. 6, pp. 942 and 943), omitting fractions of millions, and counting a million when the fraction is over 500,000, we come to the following result:—

That, for the imports of 1821, we paid foreign taxes to the amount of	\$33,000,000
For those of 1822.....	49,000,000
For those of 1823.....	40,000,000
For those of 1824.....	45,000,000
For those of 1825.....	50,000,000
For those of 1826.....	48,000,000
For those of 1827.....	45,000,000
For those of 1828.....	54,000,000
For those of 1829.....	46,000,000
For those of 1830.....	45,000,000
For those of 1831.....	66,000,000
For those of 1832.....	62,000,000
For those of 1833.....	70,000,000
For those of 1834.....	83,000,000
For those of 1835.....	103,000,000
For those of 1836.....	134,000,000
For those of 1837.....	96,000,000
For those of 1838.....	82,000,000
For those of 1839.....	116,000,000
For those of 1840.....	71,000,000
For those of 1841.....	90,000,000
For those of 1842.....	70,000,000
For those of 1843.....	46,000,000
For those of 1844.....	77,000,000
For those of 1845.....	81,000,000

It is not meant that the whole amount of this showing has been a *positive* tax to the United States. How far it was so, will appear by-and-by.

These results, it will be observed, are obtained by the rule of taxation alleged in the document above cited, viz., that an average of *four fifths* of the prices of these imports, before they start for our market, is composed of taxes, in one form or another. But suppose it is not more than *three fourths*, which is the proportion specified by Joshua Gee, as above cited, who is a British authority that had no motive for stating it too large, but the contrarv—then

the proper result will be obtained by taking the total of the re-exports for the above-named years, from the total of imports, and three fourths of the remainder will be the required items, instead of four fifths, as they now stand above.

Joshua Gee's rule of "*three fourths*" is quite strong enough for our purpose, and is perhaps as near the truth as the rule of "*four fifths*," cited from the public document. Without being at the trouble, therefore, of going over these operations of figures by the tables again, to find each item by a separate process—no small task, as will be seen—let them all be supposed reduced, or actually reduced, if any choose the latter, in a proportion as from four fifths to three fourths of their several integral sums, and let these be the results severally, instead of those above obtained by the rule of four fifths. But the principle and result of the argument will be the same.

But in Fisher's National Magazine for August, 1845, is an abstract from the official records of the treasury department, exhibiting a list of imports into the United States, from 1830 to 1844, inclusive, fifteen years, not enumerated in the tables above cited, amounting to an aggregate of \$151,259,565, or an average of upward of ten millions a year, six tenths of which came in free of duty. But whether they paid duty or not, is no matter in the present case. This official proof of such a large amount of imports, not enumerated or presented in the usual official tables, occurring without interruption for fifteen years, when the treasury department may be supposed to have been under better regulations than formerly, and more reliable in such accounts, is presumptive evidence that at least an equal, probably a greater, proportion of the imports previous to 1830, back to 1791, as far as the official tables go, is also wanting in those tables. To balance this defect of the tables, therefore, thus established beyond any reasonable doubt, we have supposed that the above results, showing the amount of foreign taxation which enters into the cost of our imports, and obtained from a calculation of four fifths instead of three fourths, are not probably too large, and may therefore fairly stand as they are, as not being materially, if at all, in excess of Joshua Gee's rule, viz., *three fourths* instead of *four fifths*.

It ought, perhaps, to be held quite unnecessary to attempt to show that the taxes of a nation, whence we import for consumption, enter into the prices of the articles, and are paid by the consumers. But in a work of this kind, every point made requires

to be fortified. Adam Smith has some good reasoning on this subject, which it may be well to cite here: "All taxes, and all the revenue which is founded upon them—all salaries, pensions, and annuities, of every kind—are ultimately derived from some one or other of these three original sources of revenue [rent, profit, and wages], and are paid, either immediately or mediately, from the wages of labor, the profits of stock, or the rent of land."—"The real value of all the different component parts of price, it must be observed, is measured by the quantity of labor which they can, each of them, produce or command. Labor measures the value not only of that part of price which resolves itself into labor, but of that which resolves itself into rent, and of that which resolves itself into profit. In every society, the price of every commodity resolves itself into some one or other of all these three parts; and in every improved society, all the three enter, more or less, as component parts, into the price of far the greater part of commodities. In the price of corn, for example, one part pays the rent of the landlord, another pays the wages or maintenance of the laborers and laboring cattle employed in producing it, and the third pays the profit of the farmer. These three parts seem, either immediately or ultimately, to make up the whole price of corn. . . . In the price of flour or meal, we must add to the price of corn, the profits of the miller, and the wages of his servants; in the price of bread, the profits of the baker, and the wages of his servants; and in the prices of both, the labor of transporting the corn from the house of the farmer to that of the miller, and from that of the miller to that of the baker, together with the profits of those who advance the wages of the labor. The price of flax resolves itself into the same three parts as that of corn. In the price of linen we must add to this price the wages of the flax-dresser, of the spinner, of the weaver, of the bleacher, &c., together with the profits of their respective employers. As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit, comes to be greater in proportion to that which resolves itself into rent. In the progress of the manufacture, not only the number of the profits increase, but every subsequent profit is greater than the foregoing, because the capital from which it is derived must always be greater."

The above analysis is sufficient to disclose the principle on which prices are composed, though it comprehends only a part of those costs which enter into prices. It will be observed that rent

goes into prices ; and the rental of England proper, for 1814-'15, according to M'Culloch, was £32,502,824, or about \$156,000,000 ; the profits of the farmers in England, under the property-tax act, were rated at three fourths of the rent, which would be \$126,000,000 ; poor-rates of England proper, £7,000,000, or \$33,000,000 ; church-rates, do., £9,000,000, or \$43,000,000 ; annual parliamentary budget, £50,000,000, or \$242,000,000 ; a great variety of municipal taxes, unknown ; profits of manufactures ; &c., &c. : all these, and many other nameless burdens of the English people, enter into and compose parts of the prices of their products, whatever they are, and are paid by the consumers.

As to the facts, that the systems of taxation of the different nations with which we trade, so far as the taxes enter into the prices of the articles to us, are unequal, that difference can not be of any account in the present argument, unless it can be shown that the aggregate of our imports is affected thereby as to the point now under consideration ; and even if it could, still the fact would be of very little account, and not worth noticing in the grand result. As the major part of our imports come from Europe, we have generally taken society and the average price of labor there as a standard of our calculations ; and as labor is generally better paid in Europe, and as the systems of taxation are less oppressive there than in other parts from which our imports come, a more exact rule, derived from a consideration of such facts, would only give additional force to our argument.

The result of the whole is, that the taxes of foreign governments or societies, from under whose jurisdiction we derive our imports, enter into the prices to us, and that we pay them, so far as we consume the articles, and do not re-export them ; and we have already given reasons to show why the respective amounts of taxation above given for each several year, from 1821 to 1845, as paid by us to foreign powers, by the consumption of their products, can not be very far from the truth. The question remains as to *how* we pay these taxes, and as to *how far* they are a burden ?

To which it may be answered, first, that, so far as we import what we want, and what we could not, by protection or otherwise, ourselves produce, as cheap or cheaper ; and so far as we pay in our own products which we do not want, without being brought in debt, when the entire of our foreign trade is brought into the account, and are not forced to part with our cash to settle balances ; thus far it is of no consequence to us, in a commercial point of

view, whether, in such a trade, we pay ten, or twenty, or a hundred millions of foreign taxes a year ; or whether we pay none at all, because no taxes exist in those quarters, if the case were so. The amount of foreign taxes, therefore, as specified above, which we really pay, more or less, is not so startling as, at first sight, might be supposed ; for it must have been observed, that the sums are very great. We may commiserate those conditions of society, as undoubtedly we do, or ought to do, where labor is forced to toil on and drag out a miserable existence, on wages which will only procure the scantiest necessaries of life, and three fourths of the price of those necessaries being itself made up of taxes ; we may be deeply sensible of the injustice and wickedness of such a state of society ; nevertheless, in a commercial point of view, it makes no difference with us at whose expense or at whose benefit we obtain the supply of our wants, by an exchange which is not only agreeable, but perhaps in some degree profitable. It matters not whether the prices are partly composed of foreign taxes or not, though, in the exchange, we pay those taxes, so long as they are not taxes to us. The operation, so far as we are concerned, might be precisely the same, if society, from under whose jurisdiction we derive our imports, were composed in the best and most equitable manner, if labor enjoyed its fair reward, and if there were no unjust system of taxation there ; provided, however, it be also supposed that this unjust society should not or could not take advantage of the parties with which it trades—a thing hardly to be expected.—It can and does charge exorbitant prices, wherever it enjoys a monopoly of the market. We are, of course, obliged to submit to these prices, so long as we can not ourselves produce the same things ; yet the trade, under all the unjust exactions, may be desirable, and even profitable.

But, secondly, these foreign taxes begin to affect us as soon, and so far as, by a system of protection, we can not only produce the same things, but produce them at lower rates, if, for want of protection, we are obliged to depend on the supply of these wants from abroad. It has been proved that protection cheapens manufactured articles. But even if it did not, and only afforded them at the same rates, still we should be unnecessarily subject to this enormous system of foreign taxation, the whole of which would be so much loss to the country. For example, the secretary of the treasury estimated, in his project for the tariff of 1846, that, by a reduction of duties to the rates he proposed, there would be an

additional revenue, on the imports of boots and shoes, of \$45,000; on ready-made clothing, \$200,000; on the work of blacksmiths, \$200,000; on hats, \$110,000; on leather, \$100,000; on iron, \$1,185,000; on coal, \$5,150,000; on glass ware, \$100,000; on paper, \$150,000; on hemp, cordage, &c., \$250,000; on pins, \$50,000; on woollen fabrics, \$2,000,000; on salt, \$1,000,000; on sugar, \$630,000; on wool, \$200,000; on potatoes, \$150,000; &c., &c.—The sum of the above items is \$11,545,000, proposed to be raised by an average duty of 27 per cent. ad valorem, which would require a basis of more than forty millions of imports. With the exception of the blacksmiths' work, the amount of imports of the same articles, under the tariff of 1842, according to the report of the secretary, was a little over \$24,000,000, under an average duty of 59 per cent. Consequently, to raise an equal amount of revenue from these articles, with an average duty of 27 per cent., the imports must be doubled; so that the augmentation of imports of these fifteen or sixteen articles, which would be required to realize the secretary's project for the tariff of 1846—not to speak of the remainder of the list subject to a like rule and rate of duty—is from sixty to seventy millions of dollars. Consequently, as the tariff of 1846 was not based upon the increased wants of the country, but upon the transfer of production from the United States to foreign parts, it follows, that, to be realized, there must be a check of production at home by an amount equal to the augmentation of imports from abroad; that is, a suppression of home production of from sixty to seventy millions of dollars. It is not a question whether we are capable of producing all and each of these articles, under a system of protection; for we were in the habit of producing them under the tariff of 1842: nor whether we can produce them as cheap; for that also is decided in the affirmative. It therefore follows, that, by transferring the production of sixty or seventy millions of dollars' supply of our wants from home to other countries, we not only injure our own people by depriving them of this amount of business, but we subject ourselves to a system of foreign taxation for at least three fourths of this amount; that is, for some forty to fifty millions of dollars. It is in such a case, when we can produce what we want—much more when we have been in the habit of producing it—that we begin to feel, can not avoid feeling, the pressure, the overpowering weight of this foreign taxation. It is then that it becomes a positive, real, palpable tax; without disguise, and with all its irresistible effect.

So long as we can not supply our own wants, and have wherewithal to purchase, and do not buy beyond our means of paying, we are accommodated, at the same time that we pay these foreign taxes; for, in any case, we pay them for all we consume of foreign products. But in all that we are capable of supplying our own wants, under a system of protection, and yet, for lack of protection, are compelled to depend on foreign producers, nearly the whole amount of such expenditures is not only absorbed in systems of foreign taxation, but it is a positive tax to the country, while no party or person in it is benefited. Many, it may be thousands, or tens of thousands, are of course injured—deprived of their rights, and in a greater or less degree impoverished—inevitably incurring a negative loss, by not being able to acquire what they otherwise could, and are entitled to.

But we have not even yet arrived at the points of this argument which are of the greatest force, and which are most strikingly illustrative of the great truth which we are now endeavoring to make apparent. None, it is believed, can fail to appreciate the demonstration—for such is the character of the proof—presented in the above examination of the secretary's project for the tariff of 1846. It can not but be seen that the plan there laid out for increased importations is not only identical with a scheme of foreign taxation, to a very great amount, even for twenty millions of people, but that it is, at the same time, a plan for the suppression of so much American industry and labor, which is an aggravation of the case. But, in order to have a more full appreciation of the natural and necessary results of this plan, it will be useful to recur to our history of imports and exports from the earliest date, as well as to the evidence displayed in the foregoing statements of the foreign taxes which this country paid from 1821 to 1845; though it is admitted that they were not all necessarily, or of course, a burden; and that, for a portion of that period, and for a part of this amount through the whole, they were an accommodation; that is, so far as the imports supplied wants which we could not ourselves supply, and so far as we were protected against excessive importations which we were not able to pay for, and the burden of which broke down the country.

The history of our imports and exports, as furnished by the public (treasury) documents, does not go farther back than 1791, which is sufficient, and is very instructive on this point—instructive in itself, in the contrast of its columns of imports and exports, and in

its exhibition of the fluctuations of excess, one over the other; and still more instructive as compared with the history of British imports and exports. It appears from Anderson's Commercial History of Great Britain, that from 1700 to 1787, there was not a single year when the exports did not exceed the imports; and that the aggregate excess or balance of exports over imports, for this period, was £289,321,713; or \$1,400,317,090. Since 1787, the balance has also been uniformly on the side of exports, but greatly in excess of the former period, and that excess constantly augmenting. In a report of the American Institute, New York, 1844, on "the commercial intercourse of the United States and Great Britain," they say:—

"The total value of exports and imports of Great Britain and Ireland for three successive years was as follows:—

Year.	Exports.	Imports.
1839.....	£110,198,716.....	£62,004,000
1840.....	116,479,679.....	67,432,964
1841.....	116,903,668.....	64,377,962
	£343,582,061	£193,814,926

Balance in favor of Great Britain, £149,767,136, or an annual average of £49,822,378, equal to \$237,227,414." This statement is manifestly too large, arising, probably, by taking the valuation established in 1694, instead of finding the "declared value."

We find in M. Say the following passage on this point: "The returns of British commerce, from the commencement of the eighteenth century down to the establishment of the existing paper-money of that nation [the bank-of-England suspension, in 1797], show a regular annual excess, more or less, received by Great Britain, in the shape of specie, amounting altogether to the enormous total of £347,000,000 sterling."

The commercial history of the United States, as appears from our public (treasury) documents, is a remarkable contrast even to Anderson's tables. From 1791 to 1845, inclusive, there was an excess of exports over imports only for eleven years of this period, the aggregate of which was \$79,545,660; whereas, the aggregate excess of imports over exports, for the other forty-four years, was \$798,505,146; making an aggregate balance of imports over exports, for the whole fifty-five years, of \$718,959,486.

It is not less instructive to observe when and from what apparent causes the balances in favor of the country have occurred, small as they are, compared with the other side. The first favorable balance

we find, is one of a little less than *eight millions*, in 1811, the year before the war. It was after a protracted period of unfavorable balances, running back to 1791, the first year of any official statements on the subject; of course running back into the years of the confederation, worse yet; and into the colonial history, the worst of all. For the six years immediately preceding 1811, the amount of balance against the country was upward of \$140,000,000. The country at this time was, therefore, much exhausted, poor, without credit, and the small excess of exports over imports, in 1811, was the natural result of the obligation, and of an effort, to make remittances for foreign demands. The next (second) excess of exports over imports was a little less than \$6,000,000, in 1813, in the midst of the war, when our imports were only twenty-two millions, reduced in 1814 to thirteen millions. The major part of our commerce, as may be supposed, was then carried on in neutral bottoms; and the excess of exports in 1813 was more than counterbalanced in 1814, when the exports were only seven millions against thirteen millions of imports. After a lapse of seven years from this time—years of an immense excess of imports, amounting in the aggregate to upward of \$190,000,000—there was another small excess of exports in 1821, a little in excess of two millions of dollars; another in 1825, of three millions; another in 1827, a little less than three millions; and another in 1830, also less than three millions. These, of course, were but of small amount against the large excess of imports running along the same period of about ten years. From 1830 to 1840, the aggregate excess of imports over exports, was \$224,000,000, which had so much impoverished the country, and run it so much in debt, that it had no credit abroad to buy with. As a natural consequence, the exports in 1840 present a larger excess over imports, than in any other year of our history, being a little less than \$25,000,000, half of which, at least, was required to pay interest on foreign debts, contracted in the nine previous years. In 1841, there was another excess of imports, \$6,000,000. But from that time, under the tariff of 1842, till it was repealed in 1846, the balances were all, and uninterruptedly, in favor of the country, amounting, for the years 1842 to 1845, inclusive, to upward of \$29,000,000.

The heaviest balances of imports against the country, are found, either at a period of the disturbance of our foreign relations, or at periods of low duties. The first heavy balance of \$32,000,000, was in 1791, before the country was fairly rescued, by the opera-

tion of the new constitution, from the Free-Trade period of the confederation. During the disturbance of our foreign relations, from 1804 to 1812, the year that war was declared, there were also some heavy balances against us: In 1805, \$24,000,000; in 1806, \$27,000,000; in 1807, \$29,000,000; in 1808, \$34,000,000; in 1810, \$18,000,000; and in 1812, \$38,000,000. The first two years after the peace, the balances against us, for want of adequate protection, were very great: In 1815, \$60,000,000; and in 1816, \$65,000,000. Though much abated, the next three years brought an aggregate balance against us, of upward of \$50,000,000. From that time, the balances against us, were comparatively light, and some years in our favor, as above noticed, till the protective system was disturbed and impaired, in 1833, when the balances against us began again, and soon rose to a fearful and ruinous amount: In 1833, it was 18,000,000; in 1834, \$22,000,000; in 1835, \$28,000,000; in 1836, \$61,000,000; in 1837, \$23,000,000; in 1838, \$5,000,000; and in 1839, \$41,000,000; making an aggregate balance against us, in seven consecutive years, without interruption or relief, of \$198,000,000.

According to the premises before laid down, three fourths at least of this aggregate balance against us, that is, \$148,500,000, was a positive tax on the people of the United States, for the support of foreign powers, and for the impoverishment of this country, all paid, drawn from us, in seven years, or consolidated into foreign debts, to be paid thereafter, with interest. The whole of it, indeed, was a tax on the country, and much more, all of which an adequate protective system might and should have barred. It was in our power, under a well-adjusted and well-sustained protective policy, to have supplied from among ourselves, all this excess of imports over exports—or all that was wanted, for we then really imported much more than was wanted, in the prodigality of wastefulness; and we could have supplied it at lower rates, and in better articles. When the breaking down of the protective system, effected by the policy of that period, and all its disastrous, ruinous consequences to the industry, labor, and capital of the country, are considered, this loss of \$198,000,000, does not by any means measure the injury done to the country. It is enough, however, for our present argument, that the people of the United States actually paid the taxes imposed by foreign governments, in one form and another, on the products purchased with this \$198,000,000, amounting to not less than \$148,000,000, without a single penny's worth of

equivalent; with great additional loss, indeed, in the general put-back of the country, as to the use and application of its capital and labor. And they paid this tax to foreign powers in seven years, or became indebted for it, and paid afterward, and are still paying—for it is not all paid even yet. And yet all these goods might have been produced at home, cheaper and better; and all the American labor and capital that should have produced them, were deprived of so much employment, and suffered for want of it—were themselves compelled to buy these very things, and pay for them, sending their money abroad, instead of using it at home to increase their own and the public wealth. Was it not a tax?

Nor is this the end of the reckoning. It is a pity, indeed, that we have no colonial commercial records, of an official character, to instruct us on this point; for those must have been disastrous times, which so exasperated the people, and at last goaded them on to rebellion. And it is worthy of note here, that they were troubles, hardships, oppressions of this very kind—originating from this sole cause, to wit, by forcing the colonists to purchase their articles of manufacture from the mother-country, and thus to pay her taxes. It is a pity, too, that we have no official records of the commercial history of the states under the confederation, which would be full of instruction on the subject now under consideration. By such means, we should be able to show, in figures, how the money and the wealth of the colonies, and afterward of the states, before the constitution was adopted, were drawn from the country, for want of Protection, to enrich foreign parts, and strengthen foreign powers. But we can only begin with 1791, from which date, down to 1845, a showing has already been made, from public documents, of the commercial balances of the country, in its trade with foreign parts. A glance has been taken at the commercial history of Great Britain, in the same aspects, beginning with the year 1700. It has been seen what that is, and what a contrast is presented in the commercial history of the United States: The former always drawing in balances in her favor, from the wide world, never failing, and for ever increasing in amount; while the United States is almost always losing—almost always making sacrifices. From 1791 to 1845, inclusive, the aggregate balance against this country, resulting from its foreign trade, as certified by public official records, is \$718,959,486. Three fourths of this at least, as already shown, or \$539,236,604, was a *tax* on the people of this country, which they have been forced to pay to foreign pow-

ers, in a little more than half a century, not only without the slightest equivalent, but with a positive detriment to their interests, not less than the other quarter—probably much more. By an examination of the commercial history of the country, as displayed by the official records, all its parts harmonize with the doctrine which guides us to these results. Whenever the protective policy has prevailed, by the necessities of war, or by legislation in peace, the balances of imports against the country are reduced, and occasionally turn the other way. Under the effects of the tariff of 1842, as long as it lasted, the balances were all in favor of the country. But whenever duties have been reduced, and Protection diminished, the excess and the increase of the excess of imports over exports, has followed as regularly and as certainly as night follows day; and the temperature of the weather is not measured more accurately by the thermometer, than the losses and gains of the country, in its foreign trade, by the depression and rise of import duties, as they relate to the principle and objects of Protection. Mathematical verities were never established with greater certainty than this proposition; for it is itself determined by figures, which can not err, when legitimately and fairly applied.

The following facts, as will be seen, are but another way of coming to the same result, in the use of a part of the same premises employed above: It appears from a report of the Hon. J. P. Kennedy, of the 27th Congress, from the committee on commerce, that, from 1820 to 1830, the aggregate imports of the United States amounted to \$798,500,000, and the amount retained for domestic consumption to \$568,900,000; and that, from 1830 to 1840, the imports were \$1,302,500,000, and the amount retained for domestic consumption was \$1,103,100,000. It is worthy of remark here, that, as the effect of the protective policy established in 1824, and continued for a number of years, the nation paid off a debt of one hundred millions; and that, chiefly in the last half of the period from 1830 to 1840, when the low rates of duties under the Compromise act of 1833 were in operation, a foreign debt of two hundred millions was contracted. It is accounted for in the above-cited imports and consumptions of that period. About one hundred millions of the state debts were contracted in 1835 and 1836, and nearly all of them got into the foreign market about this time to settle balances for excessive importations.

One can hardly fail to see, by these facts, that when we are accommodated by exchange of products with articles not convenient

for us to produce, and so long as it is inconvenient, or more profitable to obtain them by such exchanges, we are compelled to pay higher for them than we ought to pay, because the producers of such articles have a monopoly of our market, and will have their own prices; which is the cause of their reduction under an American protective system. Consequently, even in that case, though it is on the whole a desirable exchange, we are burdened, in no inconsiderable degree, with foreign taxes. Secondly, that it is desirable, that it is sound policy, and a duty which we owe to the labor, capital, enterprise, and weal of the country, to rescue ourselves even from this taxation, as soon as we are prepared; and we are prepared whenever capital is ready to employ labor for this purpose, and when it asks protection to begin the work. We can almost universally in the outset, in the end always, produce the same articles cheaper, when we can produce them at all, as proved in the preceding chapter. The country is of course benefited, and consumers may also be benefited, as elsewhere shown, even when such protected articles are a little higher for a season. They can not be long higher, and in the end will be cheapened by domestic competition. But, thirdly, whenever by the reduction or abolition of protective duties, or by refusing to establish them when capital solicits it, American producers are so weakened in a competition with foreign producers, that the latter have the advantage, and are able to force into our market such large quantities of their products, as to turn the balance of trade against the country, as above proved to have been often done in the progress of our commercial history, then the tax on the country, imposed by foreign powers and foreign factors, is positive, and not less in amount than three fourths of the value of the excess of imports over exports; and not only so, but the tax is imposed on the industry, labor, and capital of the country in its crippled condition, so that being obliged to pay it under such circumstances, doubles, or triples, or quadruples the burden. If they could have the business and profit of which they are deprived by this want of protection, they could pay this foreign tax, great and heavy as it is, in the shape of a direct and naked bounty, with infinitely more ease than they can sustain it when thus imposed. And what would be thought of such a bounty, imposed upon this country, in the full tide of its prosperity, under an adequate protective system? It could then be endured, if it were not understood how it came; whereas, the taxes paid by the people of the United States to the foreign world, in the prevalence

of Free-Trade principles, by the breaking down of Protection, can not be endured. The country always breaks down under it; and we see by the argument of this chapter why it could not be otherwise.

We are aware that Free Trade will, perhaps, reply to the argument of this chapter, that this immense system of foreign taxation, entering into the prices of all foreign products, is itself a protective system. Our commercial history, however, demonstrates that it is inadequate; and we have elsewhere shown that inadequate protection is no protection. If the usurpation of the rights of labor in those foreign quarters be assumed to be equal to the fair reward of labor in the United States—reward being viewed in the light of compensation, over and above subsistence—then the productive power of the foreign world is a balance of our own, with this exception, that we can not afford to sacrifice our rights in a commercial strife, under Free Trade, with a power two thirds or three fourths of which is usurped, and which consequently gives it an immense margin of strength to spare on the points of strife between us as parties. All that is our own, is necessary to us; whereas, any part of this foreign usurpation may be relinquished for a season, to deprive us of our rights. It is for this reason that we require protection. All the costs of imports which are composed of foreign taxation, constitute the rewards of our various branches of industry, when, under a system of protection, we produce the same things ourselves; and it is only by protection that we are able to produce them.

CHAPTER XXV.

GAINS OF PROTECTION AND LOSSES BY FREE TRADE.

The everlasting Objection.—The Charm of Hypothesis, as compared with the Inductive Mode of Reasoning—How things look at a Distance.—Supplication of Europe to America.—St. George's Spear in the Throat of the Dragon.—The aggregate Loss to the United States, since 1791, for Want of a Protective System.—The Loss comprehends the Use of the Capital in all Time.—The Effects of new Arts and new Pursuits under a Protective System.—A variety of Facts on this Point.

It is well known that the only objection to protective duties ever urged, has been the assumption—proved in the foregoing pages to be false and groundless—that they are taxes, and taxes to the full amount of the duties which are imposed on the protected articles. There never was an argument made against Protection which did not assume this, or which alleged any other objection that did not resolve itself into this. The Free-Trade argument is universally constructed on the principle of an hypothesis. It is singular that a matter-of-fact age, which has long since loaned its almost unqualified sanction to the inductive mode of reasoning, that is, reasoning and forming conclusions from facts, should have yielded so much to this strange delusion, and that whole states and nations should have almost gone mad with it. It demonstrates the sluggishness of the human mind in reducing to practice its own professed faith, and its propensity to romance in the affairs of life, rather than dig among facts, and search them out for doctrine and use. Of all modes of reasoning, theorizing, without a basis, is most captivating to the intellectual sluggard. He is neither obliged to find, nor disposed to consider, facts. If they come in his way, he always has a theory to oppose to them, and if they do not accord with his preconceived opinions, they are inadmissible. He worships theory built on hypothesis. Did it not, he asks, teach us how the universe is kept in order, by the principle of gravitation? But he forgets that the FACT of the falling of an apple led to this discovery; nor does he seem to be aware that there is no conclusion in the theory of the heavenly bodies, which is not deduced from ascertained facts. Of all sciences, if this deserves the name of one, public economy, to be safe and useful, claims, more, if possible, than any other, to be based on facts; all

its deductions should be founded on facts, and facts alone; and any theory, passing under this name, which has not such a basis, is worthy of no respect. Free Trade is this baseless theory, with the facts of all history and the experience of all mankind against it.

A single sentence from the London Times of January 1, 1847, uttered after it had copiously poured the unction of its flattery on the heads of the American president and his secretary of the treasury, for their able vindication of the principles of Free Trade, will illustrate the relative position of this country to foreign parts, in a commercial point of view, better, perhaps, than anything else: "Almost every nation in the world," says that journal, "is directly interested in the degree of liberality and friendliness with which the United States may open their resources to the wants of other more-crowded and less-favored realms." This is supplication, entreaty—for what? To allow Europe to live at our expense. An appeal is made to our "liberality," "friendliness." We are implored to be charitable. This only to show the importance that is attached to the controversy. It bodes a great strife when the United States undertake to protect their own interests—to defend their own rights. Europe is convulsed. "Almost every nation in the world," says the London Times, "is directly interested." A plainer truth was never uttered. The European world observes that labor has gained an independent position in the United States; and it sees, that, if that position be maintained, by protecting itself, all other nations must be revolutionized. Either American labor or foreign despotisms must fall. The instincts of unjust power cause it to quake on its precarious throne, and what sacrifices will it not make to defend its unrighteous supremacy, and absurd pretensions? If, in apprehension of evil to itself, it will stoop to supplication, to entreaty, by all the ties of a pretended brotherhood, it is not because it will not put on different airs, when once it may have recovered its position, and is exempt from such fears. Such symptoms demonstrate a conscious weakness, not of misfortune, but of crime—the crime of doing wrong to humanity, by depriving it of its rights.

All we intended by drawing aside the curtain to exhibit this spectacle, or rather by employing the hand of the culprit behind, to lift the screen that hides his own shame, was to show what potent principles of self-preservation are invoked, on the side of European powers, when once they see that American labor is rising to protect itself; how they will crouch to supplication, and how they

will yield anything for a season in the prices of their own products, if they can have a chance of raising them thereafter, or if they can only preserve their markets at smaller profits. It is this great battle which reduces the prices of manufactured articles in the United States, under a protective system; and this is one of its benefits. It reduces them generally, particularly and essentially, as evinced by an exhibition of facts, in a former chapter—reduces them so much, that the whole country, and every party and person in it, are sensible of the benefit, the theory of Free Trade to the contrary notwithstanding.

As to the fact that a protective system rescues us from an enormous amount of foreign taxation, it is undoubtedly the greatest and most important one that can be named. It is the real remedy—the effective and commanding influence. It is St. George's spear in the throat of the dragon. This country has yet to learn how it is taxed, and how it has ever been taxed, to support the European system of society. It will hereafter be a subject of astonishment, that this momentous element of public economy for the United States, was not more fully developed, and brought to bear upon the public mind, at an earlier date. Certainly, this has not been a defect in the instincts of the people, but only in the rulers, politicians, and statesmen of the country. Did not the American fathers feel it before the great political rupture between themselves and the mother-country; and was it not the cause of that rupture?

It was taxation, such as is described in the preceding chapter—taxation comprehensive, heavy, intolerable—taxation in the very mode now under consideration, by forbidding American manufactures, and forcing the colonists to supply their wants of this kind through British merchants; it was such a system of taxation, which brought about the American revolution, and resulted in the establishment of American independence.

Nor was the country relieved very essentially from this system of foreign taxation by the establishment of independence, till nearly half a century had elapsed. From the peace of 1783 to the adoption of the constitution in 1789, the confederated states were under a system of perfect Free Trade, and Great Britain and Europe drew away the money and wealth of the country as effectually as before the war of the revolution. We learn from Pitkin's Statistical View, that our imports from Great Britain, for the first year after the peace of '83, were *six to one* of our exports to that empire; and that the annual average proportion of our imports from,

over our exports to, Great Britain, from 1783 to 1790, was as *three* of the former to *one* of the latter. Hence we find, by the treasury documents, which give us no light beyond that year, that the excess of our imports over exports, in 1791, was \$32,000,000. Nor did this country ever enjoy an effective protective system till the enactment of the tariff of 1824. Accordingly, we are not surprised—however much we may be mortified—to read from Lowe, as cited by Mr. Clay, in one of his speeches, that “it is now above forty years since the United States of America were definitively separated from us; and since [that time], their situation has afforded a proof, that the benefit of mercantile intercourse may be retained, in all its extent, without the care of governing, or the expense of defending, these once-regretted colonies.” How was “the benefit of mercantile intercourse retained, in all its extent”? Simply, for want of an adequate system of protection in the United States, down to that time. It was for this reason, that, according to this authority, and giving the true version of his language, Great Britain continued for nearly half a century, to tax the people of this country as effectively as she did before the revolution, and in addition to this, was saved “the care and expense” of government. There is no other intelligible explanation of this remarkable statement. The American revolution and its results, according to Lowe, were at first regretted by British statesmen; but it was afterward found, that they could still tax the United States as easily and as effectually as before, without expense and without responsibility. Such is the teaching of Lowe, and it was undoubtedly true. Our foreign commercial history, as presented in the preceding chapter, from our own public documents, proves it. It is from this enormous system of foreign taxation that the protective policy rescues the country.

It was on the basis of the principle which lies at the foundation of this system, that Henry, now Lord Brougham, said in the house of commons, as elsewhere cited, that “it was well worth while to stifle in the cradle the rising manufactures of the United States;” and that another member said, very frankly, which is equally worthy of citing a second time, as here done: “It was idle for us to endeavor to persuade other nations to join with us in adopting the principles of what was called Free Trade. Other nations knew, as well as the noble lord opposite, and those who acted with him, what we meant by Free Trade was nothing more nor less than, by means of the great advantages we enjoyed, to get a monopoly of all their markets for our manufactures, and to prevent them, one and all, from

ever becoming manufacturing nations. When the system of reciprocity and Free-Trade had been proposed to a French ambassador, his remark was, that the plan was excellent in theory, but to make it fair in practice, it would be necessary to defer the attempt to put it in execution for half a century, until France should be on the same footing with Great Britain, in marine, in manufactures, in capital, and the many other peculiar advantages which it now enjoyed."

The Edinburgh Review, in speaking of the reduction of duties by the Compromise act of 1833, said: "We have no doubt that it has given the death-blow to the American system."* The London Spectator, in 1833, said: "More general considerations tend to show, that the trade between the two countries [the United States and Great Britain] most beneficial to both, must be what is commonly called a 'colonial trade,' the new-settled country importing the manufactures of the old, in exchange for its own raw produce. In all economical relations, the United States still stand to England in the relation of colony to mother-country."

These citations, certainly, may be regarded as sufficiently intelligible, and quite to the point aimed at. They are not ignorant of the nature and results of the colonial relation between themselves and the United States, and may well be excused for advocating that state of things which is tantamount, the benefits of which are all theirs, and all the disadvantages ours.

The saving and increase of national capital effected by a protective system, as before shown, are considerations of no mean importance. Take, for example, the aggregate balance of imports over exports, from 1791 to 1845, inclusive, fifty-five years, namely, \$718,959,486, as exhibited in the preceding chapter; or in round numbers, \$719,000,000; all which might and should have been saved to the country by a protective system. Add to this an average gain of seven millions a year, in the excess of exports over

* The merits of the Compromise act, as the best possible measure for the time and circumstances, to rescue the American manufactures from the mortal blow then aimed at them by the administration, through Mr. Verplanck's bill, at that moment pending, and certain to become a law, except as the Compromise headed and subverted the plan, are not at all disparaged by this very natural remark of a foreigner. The plan of the Compromise act was to save the manufactures then from the doom pronounced, and to give time for reflection and for a re-edification of the American manufacturing system. That the Compromise ran out, and the duties and revenue ran down, was no fault of the plan, but the misfortune of the country to have remained so long in such hands. At last, however, the tariff of 1842 came to the rescue, a tardy, but exact fulfilment of the plan of the Compromise.

imports for this period, which was the average under the tariff of 1842, and which would fall much short of a reasonable gain for the United States in its foreign trade, as compared with the gains of Great Britain, before shown (the average of which, from 1700 to 1787, was upward of sixteen millions of dollars a year, rapidly increasing from this last date); and with this addition of seven millions a year, for fifty-five years, the sum of our minus quantity for this period, as compared with what we were justly entitled to, will be \$1,104,000,000. This, it will be observed, does not include the losses we sustained under the confederation, which were greatly in excess of any time since; but wanting authentic documents, they can not be reckoned, and we are confined, in this calculation, within the limit of 1791. Here, then, is a positive loss to the country, in fifty-five years, of \$1,104,000,000, a principal sum, without reckoning the interest on it as capital—all for want of a protective system. Consider, then, that an adequate protective system in existence all this while, after having saved this capital of \$1,104,000,000 to the country, as it was due and lost from time to time in parts, would have put it to use, so as to have produced at least the usual rate of interest, six per cent.

In running the eye over the tables, any one will see that, if we reckon the interest of the entire sum for one third of this period of fifty-five years, it will without doubt be less than the result that would be obtained from an accurate calculation on each sum from the time it became due, or was lost, to 1845. Or, instead of one third, say seventeen years, which is the nearest integral number at which interest at six per cent. doubles the principal sum. By this rule, the actual loss to the country, as will be seen, for want of an adequate protective system, from 1791 to 1845, was \$2,208,000,000. The principal sum of \$1,104,000,000, was a loss of so much money; and the proof that six per cent. is not too high a rate of interest, is found in the facts, first, that it is the lowest rate which has usually been paid in this country; and next, that more than that could be made in the use of it, or it never would or could be paid. It would probably be nearer the truth to say, that, for the last fifty years, or even from the date of American independence, under a steady and adequate protective system, money, in the hands of the enterprising population of this country, would have been worth ten or twelve per cent.

The elements of this calculation, as will be seen, are drawn from authentic documents; and the reasoning, leading to the result, is

based on facts and principles, which, it is believed, can not be easily disturbed. It may be surprising to those who have not reflected upon the subject; but, it may be asked, in view of the premises, how can the result be otherwise? It will also be seen, that the reckoning does not stop at this point; and that, to be fully appreciated, it must be carried on, from age to age, by the same rule, swelling and rolling up the national losses, or the alternative contingent accumulations of wealth, that belong to the subject, till the powers of calculation are literally burdened with the task. There is no remedy for the past. This \$2,208,000,000, and all its contingent beneficial results, by being put and kept in use, doubling itself in every seventeen years, are lost for ever. The only remedy that can be applied, is for the future.

But this calculation, based on the ordinary six per cent. for the use of money, does not by any means, nor by far, comprehend the case. The enterprise of the people of this country, under any tolerable system of protection—take, for example, the seven years subsequent to the enactment of the tariff of 1824, and the shorter period of the influence of the tariff of 1842—has never failed to do much better, on the average, with every species of capital, than an increase of six per cent. In the first place, the average interest of money has never been less than that, to which must be added the profits of those who could afford to pay such interest, two, five, ten, and sometimes fifteen or twenty per cent., to arrive at the true result. In the next place—and by no means the least important item—the steady and firm rise in the value of every species of property, under a system of adequate protection, claims to come into this reckoning, and necessarily belongs to it. Land rises; improvements of every description, private and public, on a small or large scale, rise; stocks rise; farms in the vicinity of manufacturing villages and towns, rise; and by the increase and multiplication of these establishments, the influence extends over the whole country, to affect every farm and every farmer, every bit of property and every owner thereof, in the same way. The Hon. Mr. Ramsey, of Pennsylvania, stated on the floor of Congress, in 1846, that, since the enactment of the tariff of 1842, farms in Schuylkill county, in consequence of the encouragement given by Protection to the coal business, had doubled in value, and that farms in the adjoining counties, in proportion to their proximity to the mines and the business created by them, felt the same influence. So in the iron regions of Pennsylvania and elsewhere. So in the case

of all great and important articles, the home production of which has been encouraged by Protection. Every species of property around their centres of industry and activity, comprehending wide regions, and extending, more or less, to the farthest bounds of the Union, has risen in value. All the minor manufacturing establishments, and all the mechanic arts, in the aggregate, exert an immense influence of the same kind, under a system of Protection. Labor rises; the products of agriculture rise; everything rises, but the prices of the protected articles of manufacture, which are always reduced, under such a system, as before shown. It must be seen, therefore, that the usual rate of interest for money, scarcely begins to measure the increase of value in the capital of the country, as the result of a protective system. Consequently it will be seen, that the estimate above made of an aggregate loss to the country, of \$2,208,000,000, from 1791 to 1845, for want of Protection, does not even approximate toward the reality.

It must be obvious to every reflecting mind, that, whenever a new productive art, or a new productive pursuit, is started in the community, and sustained, it is a benefit to every other productive art and pursuit, directly or indirectly, proximately or remotely, because it takes one or more persons—in some cases many, even thousands—from some other pursuit or pursuits, and constitutes them customers to other vocations, as consumers of their products, instead of being themselves producers of the things which they now have occasion to consume. They give to those engaged in the pursuits which they left, or would otherwise have been engaged in themselves, more and a better business; these latter, in consequence, become better customers to others; and these others to others still, until the entire round of the productive arts, and the productive and useful pursuits of life, is reached and benefited by additional demands on the industry of all. Besides this, every new art or pursuit, the products of which are essential and important to the community, almost necessarily calls into existence other new arts and pursuits, to supply its demands; and these latter, the offspring of the former, themselves become parents of other arts and pursuits, in their turn; and so on, in almost endless progression. It diversifies labor, and makes every species more valuable to itself, because it has less competition, and there is more demand for it. Nor is it to be forgotten, that every product of every new art or pursuit, and the effect of every new application of skill and labor, is a new and substantial element of the commonwealth.

which did not exist before, diffusing its benefits all around. It is so much addition to the common stock of valuables—to the general, to national wealth. It is no answer to this, to say, that these several or many parties could or would have done as much in old arts and pursuits; for those engaged in the old will always produce as much as the wants of the community require. The effect of the multiplication of productive arts and pursuits under a protective system, is to make all arts and pursuits, old and new, more active, and more profitable to the parties, as well as more productive of national wealth.* Suppose these new arts and new callings, each occupying a like position of importance in its relations, are multiplied indefinitely in a great community—that they go on in endless progression of increase as to number—and that each becomes a nucleus of indefinite, ceaseless aggregation. Their power of augmenting national wealth, then, becomes equally indefinite, boundless, interminable, immeasurable.

The new arts and new callings that have grown up in the United States, under the protective policy, can scarcely be counted, and the growth of some of them has become gigantic in their interests, and in the ramifications of their influence on other pre-existing interests, to put them forward with equal strides, and to raise them to a corresponding importance.

It has been ascertained and well certified, that the Glenham woollen factory, at Fishkill, New York, with a capital of \$140,000, gives profitable employment to \$1,422,000 worth of other American capital, chiefly agricultural, in items as follows: 66,000 sheep, \$2 a head, \$132,000; 22,000 acres of pasture land, to feed the sheep, supposed to be worth in that county, \$50 an acre, \$1,100,000; farms employed to the extent of 2,600 acres, worth \$70 an acre, \$182,000; other capital, to furnish teazles, firewood, coal, provender, &c., &c., \$8,000. Total, \$1,422,000. To this should be added the sum of the wages paid to the operatives and agents of the factory, which would considerably increase the amount of capital employed. Nor is this the end of the calculation. All the persons employed in and about this establishment,

* The manufacture of gold pens is a remarkable instance of the introduction and growth of a new art. It is not ten years since they were first made, and it is estimated that one million a year are now manufactured in New York, using up 800 pounds' weight of gold. The reduction of price by competition is no less remarkable. They were at first sold for \$5, and may now be had for \$1 50 cts. and \$1. A single manufacturer employs in this business a capital of \$80,000, and expends \$1,000 a week for labor.

all employed to tend the sheep and cultivate the farms, to furnish teazles, fuel, and provender, and to supply any and all other demands, are withdrawn from other pursuits, to afford them a better chance of profit, and become customers to a variety of callings, and to a great extent, where they would otherwise have been themselves employed.

The city of Lowell, Mass., is the sole creation of the protective policy. In 1821, the ground on which it stands was used for ordinary agricultural purposes, and was then bought by the Merrimack company. In 1845 it had a population of 30,000, of which nearly one third were operatives in the mills, consisting of 6,320 females, and 2,915 males. The capital invested in manufacturing and mechanical enterprises, was \$12,000,000. The annual consumption of cotton, 61,100 bales; (wool not given, but great;) of coal, 12,500 tons; of wood, 3,270 cords; of oil, 67,842 gallons; of charcoal, 600,000 bushels; of starch, 800,000 pounds. Of course, these are only the leading and principal articles of consumption. More than a million and a half of dollars a year are paid for labor, and the profits are about the same.

Here, then, are 30,000 persons withdrawn from other occupations of the country by means of these establishments, and concentrated on this single point, all living by them, and giving so much better chances for those occupying the places which they would otherwise have filled, both parties becoming customers of each other, directly or indirectly. To this population must be added that employed to supply the raw cotton, the wool, the coal, the wood, the oil, the starch, the food and clothing for 30,000 persons, the building materials, the erection of the buildings, the furnishing of the houses, and the thousand articles of consumption that can not be named. If it be supposed that the capital of \$12,000,000 invested at Lowell employs other capital of the country, in proportion to that invested at Fishkill, New York, as above noticed, that other capital thus employed would amount to \$121,885,714. Nor does the vast benefit to other pursuits of the country, in preventing over-production, and in supporting the prices of their products, by withdrawing from them these 30,000 persons at Lowell, and the very great additional population occupied in charge of the one hundred and twenty millions of other capital employed by Lowell, come into this reckoning.

There are invested in the iron-works of the United States, exclusive of iron manufactories, upward of \$20,000,000. (See Fish-

er's National Magazine, June, 1846.) Say \$20,000,000. At the same rate of calculation, demonstrating the result in the case of the Glenham factory, at Fishkill, this \$20,000,000 invested in the iron-works of the United States employs other capital, of all kinds, to the amount of \$203,142,857, not reckoning the capital of labor employed in these works, and the beneficial effects on other species of labor from which this is withdrawn.

The Hon. Mr. Ramsay, of Pennsylvania, gave to the house of representatives some instructive statistics on the coal-trade. (See National Intelligencer, September 1, 1846.) A part of them, bearing on the point now under consideration, lead to the following result: that the investment of capital for the coal business, in the single county of Schuylkill, in canals, boats, horses, railroads, cars, locomotives, collieries, landings, working capital, coal-land, &c., &c., amounted to \$26,856,000; that \$9,330,000 of this was added under the tariff of 1842; that the agricultural products consumed in 1845 by those engaged in the coal business of that county, such as wheat, flour, corn, rye, buckwheat, oats, hay, straw, beef, pork, potatoes, poultry, butter, lard, milk, eggs, fruit, vegetables, &c., &c., amounted to \$965,000; that the amount of the same products consumed in 1841 was only \$588,000; showing an increase, in four years, of \$377,000; that the merchandise of various kinds consumed, same year (1845), amounted to \$1,758,000— increase in 1841 of \$840,000; that many articles of considerable amount were omitted in this reckoning; that the farms in the county had doubled in value, and the value of those in adjoining counties was much increased by the same cause; that the amount of anthracite coal taken to market had risen from 360 tons in 1820, to 2,000,000 in 1845; to all which should be added the navigation interest to be found in the coal-fleet, engaged in this trade, a part of which, some scores of vessels, is constantly seen waiting for and taking in cargoes, at the dépôt on the Delaware, above Philadelphia. The employment which this trade gives to labor, the increased value which it imparts to both labor and property, and the wide-spread commercial activity which it creates, bringing profit to all parties, are but one instance of the power and benefits of *aggregation*, which a single great interest, like this, carries along with it.

The whole manufacturing capital of the United States was estimated some years ago at \$300,000,000. The Hon. Charles H. Carroll, of New York, in a speech in Congress, 1846 (see National Intelligencer, August 7, 1846), puts the minimum estimate, for the

present time, at \$500,000,000. It will be sufficient for the present purpose, however, to take the first-named estimate of \$300,000,000. If this aggregate be supposed to employ other capital of the country, in the same proportion as the Glenham factory, without counting itself, or the wages of labor employed in the establishments, it puts in active operation, and profitably sustains, other property to the amount of \$3,047,143,857. This, as must be admitted, is an astonishing result.

Some manufactories may employ less, some more, of other capital, in proportion to their own investments, than that at Fishkill, New York. No accuracy, however, derivable from the minutest information of facts, could vary this general result, so as to affect the lesson which it teaches, in showing how new arts and new callings, in the aggregate, under a protective system, promote private, general, and national wealth.

Manufacturing and other arts create the only market on which American agricultural labor can rely. Does not every one see this in the experience of the past? Look at a manufacturing village. How quick it raises the prices of land in the vicinity, and turns farms into gardens, which are the most profitable species of agriculture. And not only is there this near benefit, but it branches out, and connects itself with the agriculture of the whole Union. Every new manufactory, of whatever kind, and in whatever place, gives life, activity, and profit, to agriculture, on a large scale. By these establishments, the workshops of Europe are brought to the door of American farmers—are planted alongside of their fields—and the two parties supply each other's wants without the costs of transportation over seas, the farmer getting as much, or nearly as much, at home, as his products would command abroad, thus saving the costs of transport, and the parties retain among themselves all the profits of manufacturing skill and labor, and all the additional values which are imparted by art and labor to the raw material.

CHAPTER XXVI.

THE EFFECTS OF A PROTECTIVE SYSTEM ON THE PRICES OF
AMERICAN LABOR.

Consideration of the contradictory Averments on this Point.—The Facts of the Case.—
Statistics bearing on the Question.—The Effect of Low Wages on the Character of the
People.

A PROTECTIVE SYSTEM raises the prices of American labor. As this has been drawn in question, and even denied, not alone by men upon the common level of society, but by high and influential functionaries of the government of the United States, in their official documents, it becomes necessary to subject the question to the proof of facts. The president of the United States, in his annual message of 1845, said: "It," the tariff of 1842, "does not benefit the laborers, whose wages are not increased by it." His secretary of the treasury, in his annual report, accompanying that message, said: "The wages of labor have not augmented since the tariff of 1842, and in some cases they have diminished."—"The wages of labor did not increase in any corresponding ratio—or in any ratio whatever." In their annual documents of the same kind, for 1846, they reiterate the same things in substance—the secretary more emphatically than before. He labors away with assertion, by a frequent and long-continued repetition of identical ideas.

These, it will be observed, are assertions of *fact*. If it were proper to introduce such a topic in such documents, one might say with at least equal propriety, that it was imperatively incumbent on the authors to substantiate their assertions of fact with facts. This, however, was not attempted, and the documents were sent forth upon the community, with all the weight and influence of their high official character, as if there were no question of the facts asserted; and it is the more to be regretted, as the facts asserted were not true, and could not be substantiated, as the evidence about to be exhibited will show.

"The ratio" above referred to by the secretary, was the average increase of duties on protected articles, from 20 per cent. as they existed before the tariff of 1842, to upward of 40 per cent. by that

act, as he says, though in fact it did not exceed 37 per cent. But that is no matter in this place. The secretary asserts, that, although "the average of duties was more than doubled," the wages of labor were not more than doubled, or "did not increase in a corresponding ratio." Resting the matter here, it would be hard to say what is proved. For who ever pretended, that the wages of labor rise, "in a ratio corresponding" with the average increase of duties? If they rise at all, it is a manifest benefit. But the secretary adds, "or in any ratio whatever." This latter is an important point. But it is singular, that, in the first member of the sentence, he should admit that they did rise, though "not in a corresponding ratio," and in the last member, deny it. He may be safely left in his own dilemma. But in another place he asserts positively, "that the wages of labor have not augmented since the tariff of 1842, and that in some cases they have diminished." This manifestly brings us to the question. The president, as will be observed, stops a little short of the secretary, and only says, that "the wages of labor were not increased by the tariff of 1842," which also brings us to the question—a question of *fact*.

It might be asked with great force, did neither of these gentlemen ever think, that it is a blessing to labor, to have work? Suppose its wages are not increased, if they are sufficient and satisfactory; will these gentlemen find fault with this, if the laborer himself does not? If they had dared to say, that there was no employment for labor, under the tariff of 1842, they would have made a decided case. But one says, wages did not increase; and the other ventures to say, that in *some* cases they diminished. Did not increase from what standard? That *before* the period of the tariff of 1842; or that which this period established? This is a point of at least some, not inconsiderable, importance. If it could be known where these gentlemen mean to take up their position, one could not refuse a fair challenge on this question. Everybody knows that, in 1840, labor went begging for bread, and could not always get it. The Hon. Simon Cameron, in the words cited from him below, tells us, and calls the president of the senate, Mr. Dallas, to witness, that, in 1840, "there were over five hundred applicants—healthy, vigorous men—for the place of *tip-stave*," in a court of Philadelphia, "to get bread for their families". It is also a fact, that an ex-governor of Pennsylvania wept, when General Harrison was obliged to refuse him an office in that commonwealth, because, he said, "he was poor and needed it".

If the president and his secretary mean to say, that the wages of labor, under the tariff of 1842, did not rise above the level of wages in 1840, one would be very much surprised; and if they mean to say, that they did not rise above the standard of the period of the tariff of 1842, it is a simple truism; it is saying that a thing is equal to itself.

Since, however, they have raised the question about wages of labor, they must meet the FACTS. First, then, they do not pretend, that labor could not find employment under the tariff of 1842. This point, settled, is a very important one.

The following is an extract, in point, from a speech of the Hon. Simon Cameron, United States senator from Pennsylvania, delivered July 22, 1846, on the reduction of the tariff of 1842, while that of 1846 was under debate; and it is not the less valuable as coming from one of the same political party with the president and secretary, who have expressed themselves as above cited:—

“The individual cases of distress, which pervaded the country for a period preceding the law of 1842, were absolutely heartrending. Rich men not only lost their fortunes, but poor men lost their means of living. Our furnaces, and our forges, and our workshops, were emptied; our merchants were ruined; and our farmers, our substantial yeomanry, many of them with abundance of products, for want of a market, found themselves in the hands of the sheriff. Not a section of the whole country but afforded abundant evidence of the truth of this picture. . . I remember, and you, Mr. President [Dallas], doubtless know, that, in the organization of a new court in Philadelphia, there were over 500 applicants for the place of a *tip-stave*! Healthy, vigorous men sought this station, to get bread for their families! . . . Do gentlemen desire these scenes renewed? Will men never learn wisdom by experience? How is it now [under the tariff of 1842]? How changed the scene! If a magician’s wand had been waved over our country, the result would hardly have appeared more like enchantment, than the reality now before us. No man is idle who is willing to work. Contented, smiling faces are everywhere to be seen. The busy hum of industry gladdens the ear in all directions. Everybody is prosperous, and everybody happy.”

It was not necessary, then, under the tariff of 1842, for “five hundred healthy and vigorous men,” to go begging for the office of “*tip-stave*” in a court of Philadelphia, “to get bread for their families,” and for 499 of them to return to their families disap-

pointed ; nor is it likely that an ex-governor of any state will shed unavailing tears, because he was impoverished by the hard times of that era. The president and his secretary, apparently, did not think of this ; they do not seem to have well considered, how much it is worth to labor, to be secure of employment ; nor were they well advised about the wages of labor, under the tariff of 1842, as the following facts will show :—

For some two or three years before the tariff of 1842, most of the manufacturers of the country were obliged to compound with labor, at low wages, in hope of better times, or suspend operations.

The Hon. Abbott Lawrence, in his second letter to the Hon. William C. Rives, of Virginia, dated Boston, January 16, 1846, says : “ I will give you an example of the rate of wages under low duties, and under the tariff of 1842. In 1841-'2, the depression in all kinds of business became so oppressive, that many of the manufacturing establishments in New England were closed, and the operatives dismissed, the mechanical trades were still, and every resource for the laboring man seemed dried up. In the city of Lowell, where there are more than thirty large cotton-mills, with from six to sixteen thousand spindles each, it was gravely considered by the proprietors, whether the mills should be stopped. It was concluded to reduce the wages. This was done several times, until the reduction brought down the wages from about \$2 to \$1.50 per week, exclusive of board. This operation took place upon between 7,000 and 8,000 females ; the mills ran on ; no sales were made of the goods ; the south and west had neither money, nor credit ; and finally, it was determined to hold out, till Congress should act upon the tariff. The bill [tariff of 1842] passed, and of course the mills were kept running, which would not have been the case if the act had been rejected ; and now the average wages paid at Lowell—taking the same number of females for the same service—is \$2 per week, exclusive of board. Yet, Mr. Walker says, labor has fallen. Where are wages of labor, I ask, lower than they were in 1842 ? Who is to be benefited by the adoption of a system that gives up everything, and gives no reasonable promise of anything ?”

The same is true of the large manufacturing towns of Manchester and Nashua, New Hampshire. The Hon. Mr. Ramsey, of Pennsylvania, in his speech on the tariff, house of representatives (see *National Intelligencer*, September 1, 1846), represents, that, from 1837 to 1842, a large portion of the miners and laborers in the

mining regions of that state, were out of employment; that the laborers who got work, received only from \$3.50 to \$4 a week—and miners only from \$5 to \$6—generally paid in goods, equal to 15 or 20 per cent. discount; and that in 1845-'6, laborers got from \$5 to \$6, and miners from \$8 to \$10, cash—average increase, 30 per cent.

This, in amount, was generally, if not universally, true of the manufacturing establishments of the country, of every description; and it was equally true in every department of life, that employs labor. Employment was never wanting under the tariff of 1842, and wages *did* increase—an average of full 25 per cent. higher than they were before. For further statistics on this subject, see note below.*

The wages of labor in the mechanical trades, on railroads and canals, in agriculture, in common job-work of cities and towns, and

* Everybody knows what savings-banks are instituted for, viz., to afford to labor a secure deposit for its savings. They now exist in many parts of the country, and are a great blessing to the laboring poor. There are two items in the history of these institutions which are probably better evidence of the employment and prosperity of labor, than any or all other that could be given, viz., the comparative number of depositors and the comparative amount of deposits in a course of years. In the state of Massachusetts, the banks of savings are obliged by law to make annual returns to the legislature, of which the following are quotations for three years: In 1841, the number of depositors was 39,832; the amount of deposits, \$6,485,424. In 1842, depositors 41,102; deposits \$6,675,878. In 1845, depositors 54,256; deposits \$9,214,954. The first two years were under the disastrous period that preceded the tariff of '42; the last was the third year of the operation of that tariff. The comparison is instructive, and to the point. The increase from 1841 to 1842, was about 3 per cent. on depositors, and about 3½ per cent. on amount deposited. The difference between 1842 and 1845, was about 32 per cent. on depositors, or nearly 11 per cent. per annum; and about 38 per cent. on amount deposited, or nearly 13 per cent. per annum. The amount of deposits in the savings-bank at Lowell, was, in 1841, \$448,190; in 1842, \$478,365; in 1843, \$462,650; in 1844, \$591,910; in 1845, \$730,890. At Portsmouth, New Hampshire, in 1842, \$220,636; in 1846, \$336,960. At Saco, Maine, in 1842, \$29,667; in 1846, \$48,157. It is believed that these facts require no comment, as it is well known for whom these institutions were established, and what classes of persons use them. The details of these statistics for about thirty banks of savings, will be found in Fisher's National Magazine, for March and June, 1846, proving the same thing, viz., that labor was never so prosperous, and never laid up so much, in a given time, as under the tariff of '42.

The following is from the same magazine, for March, 1846:—

“Within the past year 200 houses have been built in Pawtucket, and the adjoining village of Central Falls, all by the hands employed in the manufactories of the two places, some of which have cost upward of \$2,000.

“The deposits in the Pawtucket savings-bank, amount, on an average, to \$70,000.

“The following are the prices paid for wages, in the years 1842 and 1845. They all relate to the same hands who were employed in both years:—

in every pursuit throughout the land, in the two periods under consideration—the former universally known as disastrous, and the latter as prosperous—are too well known to those concerned, to require certificates from other authorities; and there can be but one voice from all these quarters, which, for one reason, we are sorry to say, is most remote from verifying the statements of the president and his secretary, above cited, on this subject. All the world know it is not so, and it ought not to have been necessary to adduce evidence on the point. But such are the FACTS, whereas not a single fact was cited by these public functionaries, to substantiate their ASSERTIONS.

The secretary also says: “When the number of manufactories is not great, the power of the system to regulate the wages of labor, is inconsiderable; but as the profit of capital invested in manufactories is augmented by the protective tariff, there is a corresponding increase of power, until the control of such capital over the wages of labor becomes irresistible.”

Wages for Dec. 1842.		Dec. 1845.		Wages for Dec. 1842.		Dec. 1845.	
Female Weavers.....	\$11 12	\$17 03	Female Weavers....	\$11 30	\$18 64		
“ “	11 16	18 80	Engineer, per day...	1 33	1 75		
“ “	10 76	17 80	Machinist.....	1 33	1 75		
“ “	12 60	21 85	Firemen	75	1 00		
“ “	13 32	17 27	Spare girls, per week..	18 to 21s.	4 00		

“Before the protective duty was enacted, the best workmen could only obtain one dollar per day; the same men now receive one dollar and a half per day.”

Another important item of evidence on this subject will be found in the same magazine for May, 1846:—

“Mr. R. FISHER: Sir—In answer to your queries on the subject of labor in the following years, we state as follows:—

The Price of Wages per Day, for Masons and Laborers, in the Month of May, in the following Years:—

Year	Masons, 13 shillings.	Laborers, 7 shillings.	Notes
1832..	“ 14	“ 8	
1835..	“ 17	“ 10	After the great fire in New York.
1836..	“ 15	“ 8	
1837..	“ 13	“ 7	
1838..	“ 13	“ 8	Great expansion of the currency.
1839..	“ 12	“ 6	
1840..	“ 12	“ 7	
1841..	“ 11	“ 7	
1842..	“ 12	“ 7	
1843..	“ 13	“ 8	
1844..	“ 14	“ 8	
1845..	“ 14	“ 8	

“In addition to the rise in the wages, from 1842 to 1845, there have been employed from 50 to 75 per cent. more men than there were from 1838 to 1842.

“JOSEPH TUCKER,	AMOS WOODRUFF,	} Mechanics in the City of New York.
“WM. TUCKER,	JAMES WEBB,	
“JAMES HARRIOT,	SAMUEL OLIVER,	

Here is a double assumption, involving two untruths. If manufactures were *monopolies*, as they are sometimes falsely called, that is, if they had exclusive privileges—for nothing else can be a monopoly—then there might possibly be some foundation for such a statement. But the more manufactories are encouraged, multiplied, and extended, under a protective tariff, and the more capital there is vested in them, so much greater are the chances of labor, and so much greater is its relative power. When the manufactories are few, and the competition between them small, their power relative to labor is greater; but when they become numerous as competitors, and rich in capital, their rivalry with each other is all for the advantage of labor. In the former case, labor pays court to them, and is obliged to *receive* terms: in the latter, labor *dictates* terms, and becomes the object of courtship.

The effect of low wages is to demoralize, to debase, to degrade man, and render him unfit to aspire to freedom, and unfit to enjoy it. Working ever for a bare subsistence, and hardly that, without hope of a better condition, leaves no place for pride, self-respect, and ambition. That debasement of mind, which is everywhere observable among the laboring classes of Europe, whose task is hard, and whose prospect of an improvement in their condition is hopeless, is the necessary effect and uniform concomitant of such a doom. Reduce those dependent on labor in the United States—which comprehends a majority of the people—to such low wages, by the establishment of Free Trade, which would be the inevitable result, and the moral effect would be the same. The character of the people would be entirely changed. The government would be changed—all would be changed. Labor would then be the *agent of power*, and not an *independent agent*.

The power of foreign pauper labor over the labor of American freemen, is not vested in itself, but in the arm of its oppressors. It is a mere agent of the latter. Nor can that power be abated, except by a change of political society in those quarters, for the emancipation of labor. So long as political society is the same there, and the same here, there can never be a time when “the protected arts” in the United States, “shall have acquired such strength and perfection as will enable them subsequently, unaided, to stand up against foreign competition.” No matter what strength, no matter what perfection they may acquire, they will never be strong enough, never perfect enough, to employ free labor at a fair

price in a field of competition with the same arts worked by forced labor at a price which barely supports existence.

The question, then—the great, practical, momentous question—is, shall European capital and labor, in a field of open and Free Trade, be permitted to bring American capital and labor, that is, American society, down to the same level? Or shall American society, by the American government, *protect* American capital and labor, and maintain the position to which the cost of American freedom has elevated them?

The great battle of the world is between freedom and despotism; and more than in anything, or all things else, the *form* under which that contest is now carried on, is between European capital and labor on one side, and American capital and labor on the other. On this pivot turns the destiny of nations. **SUSTAIN** the position of American capital and labor, that every man may be secure of the fair reward of his exertions, however humble his birth and calling, and freedom will prevail all the world over. The American people, *united and resolved* in this great enterprise, can beat the world—the *whole* world—and crumble into dust the bulwarks of despotic sway. **BUT**, let European capital and labor, in the hands of European despots, **PREVAIL** against American capital and labor, for want of protection to the latter, and there is an end of freedom, till another cycle of ages, with its sad round of experience, shall burst the chains again, and they who succeed shall better appreciate their duty and their chances.

The battle for American freedom was only begun in the establishment of American independence. The commercial systems of Europe are more to be feared than all the power of European arms. It is much to say, yet it may be true, that a perpetual war would be less expensive and less perilous than the effects of this occult, silent, insinuating, all-pervading power, *if unresisted*.

CHAPTER XXVII.

THE EFFECTS OF A PROTECTIVE SYSTEM ON THE INTERESTS OF AGRICULTURE.

Not true that Agriculture has no Share in the Benefits of a Protective System.—Facts and Statistical Evidence on this Point.—Breadstuffs, in ordinary Seasons, cheaper in Europe than in the United States.—The Effect of Indirect Protection of Agriculture.—Protection of Slave grown Staples—Slave Labor in the United States needs Protection more than Free Labor.—All Nations can and intend to supply their own Mouths.—Great Britain the greatest Exporter of Agricultural Products, of any Nation in the world.—Evidence of William Brown, Esq., on this Point.—The Importance of this Fact in a System of Public Economy.—Statistics showing that Europe is Independent of the United States for Breadstuffs.—The Problem as to whether American Indian Corn will find a permanent Market in Europe.—European Agricultural Labor will always beat American Agricultural Labor in Market, because of its Low Price.—The Effect of a Protective System in sustaining and raising Prices of Agricultural Labor and Products.—Showing of the Effects of certain Items of the Tariff of 1846 on the Interests of American Agriculture.

THE influence of a protective system on agriculture, has been, in no small degree, already set forth in these pages. Nevertheless, it is a point of too much importance to be passed over, so long as other evidence, of an equally impressive character, remains to be considered.

It is sometimes erroneously supposed and maintained, that farmers and agriculturists have no share in the benefits of a protective system. If, indeed, what is thus falsely asserted, were so far true, as that they should receive no direct protection, it will yet appear, that the protection they receive indirectly, under such a system, is not only most important to them, but would in itself be an abundant compensation for the sacrifices which, it is alleged, are imposed upon them, but which, however, as will be seen, are no sacrifices at all. But it will appear that the direct protection provided for agriculturists, under the system, is on an average as great, or greater, than that which is afforded to manufacturers and mechanics. For example, the direct protection granted by the tariff of 1842, to the following articles, wool, hemp, beef, pork, hams, bacon, cheese, butter, lard, potatoes, flour, wheat, and raw cotton, was an average of about fifty per cent., which is at least equal to, and somewhat above, the average protection granted to any other class, manufacturers, mechanics, or whatever; and protection to most of these products of agriculture is very important, when the crops are good

and other of these articles are abundant in all parts of the world. Before the potato-rot fell upon Ireland, an impost of ten cents a bushel could not keep this vegetable from being imported into the United States in considerable quantities; and the secretary of the treasury estimated an increase of its importation, by the reduction of the duty in the tariff of 1842, by that of 1846, from 36 to 20 per cent., so as to add to the revenue \$150,000. The annual average of our imports of wheat, from 1831 to 1844, inclusive, was 425,442 bushels; and in 1837, we imported 4,000,000 of bushels, and 2,389,102 bushels in excess of our exports. And the aggregate excess of exports of wheat over imports, for these fourteen years, was only 5,065,390 bushels. [See *Fisher's National Magazine*, for April, 1846.]

The importance of direct protection for wheat and other grains, will appear from the facts that, in years of ordinary plenty, they are cheaper in Europe than in the United States, and that the cost of transportation from Europe to our ports, is less than from the west of our country to the east. The average price of wheat per bushel, at the following places in Europe, from 1830 to 1843, inclusive, viz., at Dantzic, was 91 cents; at Hamburg, 90 cents; at Amsterdam, 99 cents; at Antwerp, 98 cents; and at Odessa, 64 cents. The average price at the seaports of the United States, for the same years, was \$1.25. The cost of transportation from Michigan to New York, is 30 cents per bushel; and from Europe, not over ten, sometimes down to six cents. From the Mediterranean, it costs from 12 to 16 cents per bushel. The average cost of transportation of wheat from the western country to New York, may be put down at 3 to 1 of the cost from Bremen to the same point. In 1836 and '37, years of short crops in the United States, large quantities of barley were imported on commission for brewers in New York, Albany, and other towns on the Hudson, at a cost, including all expenses, of 55 cents per bushel, when the market price here was about one dollar; and large quantities of rye were imported for the same object, at a cost of 63 cents, when the price here was \$1.25. [See *National Magazine*, for January, 1846, pp. 709-'10.]

Hence the importance of protective duties to agriculture. The years of famine in Europe can not be expected to continue. Alas that American farmers should be obliged to rely on such a cause for a market and good prices! Providence may yet force us, in our turn, to go to Europe for bread. As already seen, though

not reduced to distress, we were partly supplied with bread from that quarter in 1837, by reason of short crops.

The indirect effects of a protective system in sustaining and raising the prices of agricultural products and labor, and in increasing the demand for them, assert a very strong claim for a full consideration. This is more important and more effective than direct protection, though the average of the latter, as seen above, is not exceeded by that bestowed on those things which are commonly supposed to be the chief objects of protection.

It is convenient in this place to distinguish between those products of American agriculture which are common to this country and all others, or most others, with which we trade, and those not common. Of course, exotic productions which we do not raise or produce at all, do not come within the scope of this question; and there are three or four slave-grown staples of considerable importance, which, though produced in some other countries, occupy a peculiar position, and will on that account claim a separate consideration, especially cotton. It may be remarked, however, in passing, that tobacco, as an agricultural product, which is chiefly though not exclusively a slave-grown staple in the United States, is yet essentially benefited by protection of its manufactured forms. Rice, as an American product, and a slave-grown staple, demands and receives protection. Sugar is also a slave-grown staple; but it requires protection only as a manufactured article. While the prices of this article are reduced by protection, as before shown, the value of the agricultural labor, in raising the cane, is enhanced by it; so also the labor of making the sugar, as it is done by the same hands. This benefit to this species of agriculture is proved by the fact that those engaged in it demand protection. Nothing, therefore, of the slave-grown staples of importance remains, except cotton, which is considered in another place.

Slave-labor invariably demands protection, much more than free labor, in all its work that is common to free labor, because the former is not only more expensive for a given amount of its products, but because a free man works for himself, while a slave works for a master. In raising cotton, rice, and sugar, slave-labor has no competitor in free; and in cotton, it has no rival anywhere, except in certain foreign parts, which, as shown elsewhere, is of no consequence. But in every department of labor performed by slaves in the United States, whether in agriculture, manufactures, or mechanics, which has a rival in free labor, slave-labor demands pro

tection against the foreign product much more than free labor. It can not subsist permanently without protection, as it would in the end eat up itself, and expire of its own *vis inertiae*. There never was a greater mistake than for slaveholders in the United States to go for Free Trade. In economy, their slaves occupy precisely the position of the ox, horse, and mule, of the northern farmer. Nor is it the same position as that of the pauper-labor of Europe, which raises and supports itself on the pittance allowed. Slaves are more expensive. We are not the advocates of slavery. We speak as an economist. Slavery in the United States, without a protective system, would as certainly run out, extinguish itself, as the sun is sure to rise and set, except so far as it may be demanded for the production of those staples which free labor can not produce. Under a system of public economy for the United States, as one nation, in its foreign commercial relations, free labor could do without protection much better than that of slaves.

But, to return to our proposition, that, in addition to the benefits which agriculture derives from a direct protection of its products, it is also benefited even more essentially and more considerably by the indirect influence of a general and comprehensive protective system, in sustaining and raising the prices of its products, and consequently sustaining and raising the prices of agricultural labor. This proposition applies not only to those agricultural products which we raise in common with all or most other countries, but to those which are, for the most part, and some of which are altogether, peculiar to this country.

But, first, in regard to agricultural products which are common to this and all or most other countries. Bread-stuffs and those things which are necessary to man's subsistence, are common to almost all countries of any considerable extent of territory. Savages generally find wherewithal to support existence, and can easily do so, where there is enough of the virtue of providence among them. But, in the advanced stages of civilization, as in Europe and some other parts, a country can not be found where the people do not endeavor to raise enough of bread-stuffs, animal food, and other esculents, or where the government does not encourage the raising of enough, to satisfy all the mouths that are in it, so far as necessaries are concerned. All Europe is abundantly provided for in this particular, except in a general or partial failure of the crops, against which, as a Providential event, no human foresight, care, or labor can be fully prepared. Even the great manufactur-

ing nation of Great Britain is able, and for the most part intends, by its public policy, and by the practical operation of its system of society, to supply all its own mouths, from its own soil and fisheries, with the necessaries of life; and it has vast tracts of land not yet reduced to culture. But being a manufacturing nation, and requiring custom of other nations for her manufactured products, her policy is, in part, to suppress agriculture at home by not cultivating all her soil, so as to keep up appearances of a reciprocal exchange with her customers. But it will be found that the amount of the raw agricultural produce, which she is capable of raising at all, imported or bought by her, is trifling; and that the amount of her own agricultural produce exported in the forms of her manufactures, is many times in excess of all that she imports in the raw state for purposes of food. The following statements are to this point:—

William Brown, Esq., a British Free-Trader and merchant, in his letter to John Rolph, Esq., a landholder, which appeared in the "Economist," a British Free-Trade journal, of November 15, 1845, says: "Paradoxical as it may appear, I think Great Britain is the largest grain-exporting country in the world, although it is impossible to estimate accurately what quantity of grain, &c., is consumed in preparing £50,000,000 [\$242,000,000] value of exports [manufactured], by which you [landlords] so greatly benefit. It is placed in the laboratory of that wonderful intellectual machine, man, which gives him the physical power, aided by steam, of converting it into broadcloths, calico, hardware, &c.; and in these shapes your wheats find their way to every country in the world.

. We are dependent on foreigners for using our wheat in the shape of broadcloths, &c.; and I wish we were more so. . . You fancy other nations are untaxed, and have no national debt. Pray point them out. I think you will find, on inquiry, that the taxation of this country, taking into view its wealth and ability to pay, is as light as in any country I know, even in the United States. Indeed, I have been much astonished at the burdens which some of the states have to bear, and in part from a direct land-tax. . . You speak of how small an amount of value in bread is consumed by the working classes, adding that, if the price were lower, it would also take away rent altogether; but you forget beef, pork, mutton, milk, butter, cheese, potatoes, &c., and that rent is not a large portion of the cost. If wheat, the most convenient article for transport, is a little cheaper, other articles of agricultural prod-

uce would advance, under a prosperous trade. Any wheat that would come here, would only help to keep at home our 100,000 human machines [who annually emigrate], and sustain our 400,000 annual increase, and again be sent away in the shape of the products of our industry. . . The fact is, instead of keeping our people at home to manufacture for the rest of the world, and be your best customers at your own door for the products of the soil, our anti-commercial policy is forcing them to emigrate, to seek work elsewhere; and other nations are employing their hands to do what we could have done better for them, and at a lower price. Suppose we imported all the wheat required for their use: consider the amount of wages [of the manufacturing operatives] that would reach the agriculturist, directly or indirectly, for other descriptions of your produce, independent of wheat. Nor need you be afraid of the United States. Their population is increasing still more rapidly than that of Europe, and their growth of wheat is not excessive. In 1843, it was but 12,500,000 quarters; in 1844, it was under 12,000,000; of Indian corn, in 1843, it was 62,500,000, and in 1844, only 53,000,000 of quarters. You are aware that our growth of wheat is estimated at 18,000,000 of quarters; and of all kinds of grain, beans, &c., 60,000,000. . . It is obviously our true policy to increase our trade with other nations. . . With the advantages we have in climate, capital, security for property, intelligence, machinery, improved agricultural implements, and above all, in the immense and cheap supply of the moving power, coal, we can afford to give higher prices for agricultural produce, to sustain the rent-rolls of the landlords, and maintain England as the most powerful and prosperous kingdom, and the principal workshop of the world. . . I have shown you, that the introduction of our manufactures into other countries, is the medium through which we export, and obtain high prices for your wheat and other agricultural productions.”

There is one great principle or doctrine of public economy disclosed in the above extract, which, in a subsequent part of this chapter, is more fully elucidated, and which, vital, important, and all-pervading as it is, in every practical system, has not even been recognised by the standard economists of the age. It will be seen, after reading the above, that we refer to the incorporation of agricultural labor and products with the products of manufacture. No system of public economy can begin to be what it ought to be, that overlooks this comprehensive element. There is no other that

enters more essentially, or pervades more thoroughly, the operations of the commercial world, as they affect this branch of knowledge; and no one, left unconsidered, that would lead to so great a defect of a system. It is impossible, indeed, to understand the true economy of any great nation, without understanding this.

But the particular purpose for which we have here introduced the above extracts, is to call attention, by such incidental evidence—the more conclusive because it is incidental—to the competency, even of Great Britain, to feed her own mouths, where no extraordinary events of Providence, as by the failure of the potato and other crops in 1845 and 1846, should disappoint human calculations. Her usual production of bread-stuffs is but a little short of her own wants.

But Europe is emphatically the wheatfield of the world. With a superficial area of 3,650,000 square miles, four sevenths of which, according to M'Culloch, are adapted to the cultivation of wheat, including all the densely-peopled regions, and with a superabundance of laborers to work at wages from six to twelve cents a day, with an ordinary product of that part of the world, the wants of Great Britain are not likely to be without supply at prices which no American can or will work for. The tables in the note below will give some instruction on this point.*

It is stated above that Great Britain exports many times of her own agricultural products, in excess of what she imports, for pur-

* *Importations of Wheat into Great Britain, from the principal Wheat Countries, for 1841, 1842, and 1843, in Bushels, together with the Sum total from each Country.*

Countries.	1841.	1842.	1843.	Total.
Russia.....	498,205	1,824,688	269,368	2,592,261
Denmark.....	1,915,279	617,656	565,248	3,098,183
Prussia.....	7,134,400	5,938,065	5,311,000	18,383,465
Germany.....	5,295,674	1,626,172	1,027,224	7,949,070
Holland.....	815,964	73,979	6,864	896,507
France.....	1,643,932	4,216,100	29,248	5,889,280
Italy and Islands....	901,600	4,878,597	24,840	5,805,037
North Am. Colonies..	2,333,354	3,729,690	2,790,504	6,853,548
United States.....	1,107,840	1,195,873	749,601	3,053,278
Other Countries.....	866,859	1,816,340	272,407	2,955,606

These three years, 1841, 1842, and 1843, were the years of the largest importations of breadstuffs into Great Britain, averaging 18,300,000 bushels; whereas, the average from 1829, to 1843, including fifteen years, was only 10,964,896 bushels.

It is generally allowed, however, that Great Britain ordinarily requires an average annual supply of wheat from other countries, of about 13,000,000 of bushels, or 1,500,000 quarters, which is about one twelfth of her own product, as stated by Mr. Brown, above. The proportion of this supply from the United States, according to the above table, is about one twentieth.

poses of food. As Mr. Brown says, there can be no accurate estimate on such a proposition. The Hon. Andrew Stewart, M. C. of Pennsylvania, has proved that we buy of Great Britain at least eight dollars' worth of her agricultural products, in the forms of her manufactures, to one dollar's worth which she takes of us, other than cotton and tobacco. Her average annual import of wheat, from all parts of the world, does not probably exceed the cost of \$12,000,000; while her export of manufactures is stated by Mr. Brown, above, at \$242,000,000—it is more than that, indeed. One half of this at least, that is, \$121,000,000, as proved by Mr. Stewart, is made up of her agricultural products, which other nations buy of her. Well might Mr. Brown say that Great Britain is the largest grain-exporting country in the world.

Of course, no one will pretend that the present almost famine in Europe (in 1847) establishes any rule on this subject. The four sevenths of the soil of Europe, which is adapted to the cultivation of wheat, is about equal to the area of the whole United States, exclusive of Texas and Oregon. Only about one fourth of this, lying in the middle and northwestern states and territories, can be relied upon for a surplus production; and very little more is adapted to wheat. It is remarkable that the exports of wheat and flour from the United States have not materially increased for half a century. The wheat-crop of the United States in 1840, was 84,823,000 bushels; and in 1844, it was 95,607,000 bushels. For fourteen years previous to 1846, the average annual export of wheat from the United States, to all parts of the world, was 5,505,000 bushels; in 1836, only 805 bushels; in 1838, 41,475 bushels; in 1837, we imported 4,000,000 bushels: deduct the imports, and the average of fourteen years was about 5,000,000. What is this to the whole product of nearly one hundred millions of bushels, all which found a home market, except the above fraction of a little more than *one twentieth*?

It will be found it was never expected that Great Britain would be supplied with bread-stuffs from the United States in case of the abolition of the corn-laws, from the facts stated in the note below.*

France is virtually independent in the production of her bread-stuffs, as will appear from the fact that the aggregate value of her imports of grain and flour, from 1833 to 1840, inclusive, was

* In 1840, the British government called upon their consuls, at some of the principal marts of the corn-trade, to inform them what amount of grain could be sent to the English market in case the English duty were reduced to a nominal sum.

\$25,941,758, and of her exports \$24,115,751, the excess of imports for the whole term of eight years, being only \$825,997.

Having shown that Europe is the granary of the civilized world — at least a sufficient one for itself in ordinary times — and that it is competent to supply all mouths in its own domain, it will be pertinent to our present aim to exhibit the comparative prices of bread-stuffs in Europe and in the United States, taking wheat as the standard for a sufficient term of years to decide in which of these two quarters agricultural labor is best rewarded. The subjoined tables and facts are from the Hon. Charles Hudson's speech, delivered in Congress, February 26, 1846, to whose labors we are indebted for much information on this subject.*

The substance of their replies will be seen in the following table, submitted, with their report, to parliament, in 1841:—

	Bushels.		Bushels.
St. Petersburg	1,540,000	Stettin.....	2,000,000
Liebau.....	240,000	Memel.....	47,712
Warsaw	2,400,000	Hamburg.....	4,304,000
Odessa.....	1,200,000	Elsinore.....	1,400,000
Stockholm.....	8,000	Palermo.....	1,600,000
Dantzic.....	2,520,000		
Konigsburg.....	520,000	Total.....	17,779,712

From these twelve ports it appears that a supply of 17,779,712 bushels of wheat could be obtained annually; and it further appears, that 7,298,000 bushels of rye, 6,820,500 bushels of barley, and 6,445,700 bushels of oats, could be supplied. In this list is not included Riga, Rotterdam, Antwerp, and several other important ports for the corn-trade.

The above promises of supply are more than 8,000,000 of bushels in excess of the annual average of imports of foreign corn into Great Britain, from 1829 to 1843, inclusive, 15 years, and of course demonstrate an absolute independence, as to any necessary supplies from the United States.

* "The following table will show the prices of wheat per bushel in the principal marts of trade on the continent of Europe, from 1830 to 1843, inclusive:—

	Dantzic.	Hamburg.	Amsterdam.	Antwerp.	Odessa.
1830.....	\$1.07	\$0.93	\$1.13	\$0.95	\$0.68
1831.....	1.18	1.19	1.15	1.07	71
1832.....	93	90	1.10	90	62
1833.....	83	70	89	55	61
1834.....	70	67	66	50	77
1835.....	61	65	70	68	57
1836.....	70	79	76	70	52
1837.....	73	76	81	99	50
1838.....	94	79	1.20	1.48	65
1839.....	96	1.15	1.33	1.37	79
1840.....	1.07	1.30	1.11	1.48	71
1841.....	1.23	99	1.09	1.45	74
1842.....	1.10	1.11	1.11	95	65
1843.....	76	82	78	76	48
Average.....	91	90	99	98	64

It appears, therefore, from the foregoing-cited facts, first, that, according to Mr. Brown, Great Britain exports far more agricultural products than any other nation in the world, in the guise of her manufactures, which is undoubtedly true; secondly, that the ordinary amount of her imports of bread-stuffs is only about one twelfth of her own products, which goes forth again to all the world in her manufactured exports, as only a small fraction of her exports of the products of agriculture in the same forms; thirdly, that more than one half of Europe, and not more than one fourth

“Here we have the prices of wheat, at five great marts of the wheat-trade, for 14 years, showing a general average of 88 cents per bushel.

“The prices at our own seaports during the same period, run as follows:—

In 1830.....	\$1.15	In 1837.....	\$1.83
1831.....	1.18	1838.....	1.54
1832.....	1.15	1839.....	1.42
1833.....	1.13	1840.....	1.10
1834.....	1.08	1841.....	1.03
1835.....	1.19	1842.....	1.16
1836.....	1.44	1843.....	1.00

“The general average of the aforementioned prices is \$1.25; being 37 cents more than the average per bushel at the aforementioned ports on the Black sea and Baltic. This shows demonstratively, that, in the first cost of the grain, we are not able to come into fair competition with trans-atlantic wheat-growers. And how is it with reference to freight? By official documents laid before parliament, it appears that the freight, on the highest calculation, can not exceed, on an average, 13 cents per bushel. By the report of the Hon. Mr. Ellsworth, commissioner of patents, laid before Congress in 1843, where he examines this subject somewhat minutely, it appears that the average freight from New York to Liverpool is 35 or 36 cents per cwt. We can not estimate wheat at less than 56 pounds per bushel; and hence the freight must amount to 17 or 18 cents per bushel. The difference in the freight and first cost would make a balance against us of 41 cents per bushel. But as the year 1837 was one of uncommonly high prices in this country, I will omit that year in my estimate, which will reduce this balance down to about 36 cents; and from this I will deduct, for the difference of exchange, 10 cents, which will bring the difference down to 26 cents per bushel.

“The English consul, writing from Odessa, at the close of 1842, says: Under present circumstances, extraordinary low freight and favorable exchange, a shipment of the best wheat could now be made and delivered in England on the following terms, viz.:—

First Cost.....	22s. 6d.	per quarter
Charge of loading.....	2 5	“
Freight.....	6 7	“
Insurance and Factorage in England.....	4 0	“
Total.....	35 6	“

“This reduced to our currency would amount to 97 cents per bushel delivered in England. And in 1843 there was a still further reduction: so that wheat from the Baltic could be delivered in England without duty at 87 cents, and from the Black sea at 78 or 80 cents per bushel; a price much less than our wheat could be purchased at in our own ports.”

of the United States, exclusive of Texas and Oregon, is adapted to the culture of wheat; fourthly, that the wages of agricultural labor in Europe are not over one fourth of the wages of the same kind of labor in the United States; fifthly, that the average price of wheat in Europe, for a course of years, and with ordinary crops, sufficient to establish a general rule, is but a little in excess of two thirds of the average price in the United States, under like circumstances; sixthly, that the cost of transportation from the wheat-growing countries of Europe to those parts where their surpluses are in request, is, by a very large fraction, less than the cost of carrying from the United States to the same markets; and seventhly, that the exports of wheat from the United States have not materially increased for the last fifty years.

We are aware it is thought by many that Indian corn will hereafter be the great export of bread-stuffs from the United States to Europe. That, however, is yet not only an unsolved problem, but one at least of a dubious result. Mr. Brown, cited above, says: "I am afraid we could not get a very large supply of Indian corn, as the bulk, compared with the value, would make it a very expensive article of import." The demand for it, in 1847, by starving millions, is no guide for the future. It is the interest and policy of all nations to supply themselves with bread-stuffs from their own domains as far as possible; and there is no part of the world better fitted, or better able to do it, than Europe. It may therefore be predicted that this expectation of finding a market in Europe for our Indian corn, to any great extent, will be turned into disappointment. The question is simply, whether Europe will supply its own mouths, as it ever has done; and there is little doubt that it will, in years of good crops. But, however well pleased the starving people of Great Britain and Europe may be with our Indian corn, when Providence has cut off their crops, it is morally certain, when they are blessed with good crops again, that they will not be customers to American labor to fill the mouths which can be fed for one half or one fourth the cost by European labor. It is the comparative cheapness of European labor that will necessarily and for ever, in ordinary times, exclude American bread-stuffs and other esculents, for the most part, from the European market. Even if the wages of American labor should be brought down to the same level with those of Europe, still the difficulties of obtaining the European market, to any considerable extent, for the prod-

ucts of American agriculture, which are common to both parts, would be insuperable. It can never be relied upon.

The question, then, arises, where is American agricultural labor to look for an adequate and secure reward ; and where are American agricultural products, common to Europe and other countries, to find a permanent and reliable market, that will be remunerative to the parties concerned ? This is **THE** question, and the **GREAT** question, which can be answered only by a consideration of the effects of a protective system on these interests. The effects of direct protection, in these particulars, have already been considered. It remains to notice its indirect effects, which are more comprehensive and more important. To avoid repetition, as far as possible, we must take leave to refer to chapter xxv., for a condensed view of cumulative evidence on this point. All that is there said of the reciprocal influence and benefits of new arts and new pursuits, which a protective system calls into being ; of their influence and benefits on all pre-existing arts and pursuits ; and of the aggregate influence and benefits of all arts and all pursuits on each and every other under such a system, belongs to this branch of the subject. Much is there exhibited of the benefits accruing to agriculture from this system, which it is unnecessary to repeat here. But still, little more than glimpses of these benefits are there presented. They consist of two principal classes : first, in a protection of American agricultural labor from being forced into a competition with the low-priced labor of the same kind in Europe and other foreign parts ; and next, in creating a home market for American agricultural products, and in securing for them better, firmer, and more reliable prices : thereby sustaining and enhancing the value of American agricultural labor and capital.

It is manifest, that when the products of American agricultural labor are brought into a free and open market with the products of European and other foreign labor of the same kind, the labor itself is in the same market ; and that the tendency is to reduce the price of American labor to that of foreign labor. We say the tendency, and that tendency will be instantly felt on the side of American labor. We have before indicated the reason why American labor, in such a case, will not come entirely down to the old level of European labor. The water of one cistern which is higher than that of another, will raise the other, by being let off into it, before both come to a common level. If the capacity of the two cisterns were equal, the common level would be found midway of

the difference. But the American cistern is a very small one compared with all the rest of the world, and being let off, would fall immensely, while the other would scarcely seem to rise.

American labor can not tell why, for it does not understand the subject, except instinctively; but it is distressed the moment it is forced into any degree of competition with European and other foreign labor, for want of adequate protection. First, there is a less active demand for American labor in such a case; and next, its prices begin to fall. It is embarrassed to tell why, unless it be well instructed on the subject, and has thought of it much. But it feels it, knows it, is distressed by it. The effect is as certain to follow the cause, as the sun is to rise at his time and place. It is a commercial result, enforced by the operation of a well-known commercial principle, to wit, competition in trade.

But, as the interests of American agricultural labor can not be separated from those of American agricultural capital, and as the value of each is determined by the prices which their joint products are able to command in the market, it matters little which of these three things, the labor, or the capital, or their products, is under consideration, for the purpose now in view. The inquiry regarding each leads to the same end. Everybody knows how quick the farming interests feel the benefits of a new manufactory, or a new manufacturing village or town, that has sprung up in the midst of them, under a protective system. The farms instantly rise in value; some of them, in the neighborhood, are turned into gardens, the most profitable species of husbandry; a new and lively market is opened for agricultural products; agricultural labor is in greater demand, and better paid; its products command a higher price; and in this way, the increase of manufacturing establishments over the face of the country, under the fostering care of the same system, diffuses the same benefits over the agricultural interests of the whole land. The operation is simple, and may easily be explained. In the first place, the market is brought home to the door of agriculture, instead of being remote in a foreign land. Next, the wants supplied, and the profits made, by the sale of agricultural products, are supplied and made at home, and the capital, on both sides, is in the country, stays here, is used here, and by being turned over and over again, in different hands, to different productive ends, is the cause of ceaseless and cumulative wealth among all parties; whereas, if the same wants had been supplied from abroad, this capital would have gone abroad, and been lost to the country for

ever. In all these transactions, and as a consequence, besides the benefits to the agricultural interests, and besides the activity and profit which they afford to every species of business connected with them—and it extends to all kinds of business—there are constantly growing up in the country, those great interests, with increasing amounts of capital, which, having been first the cause of these widespread and universal benefits, are the perpetual nurturers of the same, imparting benefits to all, and receiving benefits from all. It is the creation of a new and countless family of interests, allied to each other, and all profiting by the active operations of which they, in such connexion, and by such reciprocal influences, are the cause. The country and all parties are enriched. Thirdly, it increases the diversity of labor, brings new customers to every vocation, and makes each more profitable by diminishing relatively the number engaged in it. Fourthly, one of the chief benefits of such a system to agriculture, is, that it appropriates to itself thereby, what would otherwise be expended in the cost of transportation of its products to a foreign market, by having a home market. The practical operation of a protective system, for the increase of prices of agricultural products, may be thus explained: All agricultural products are comparatively gross and heavy, and consequently more expensive in being carried to a remote market. Suppose the cost of transportation from the remote west to the eastern market be 100 per cent. In other words, that the products are only worth *half* as much in the place where they are grown, as in the place where they are consumed. Add as much more for the expense of delivery in a foreign market, and the price to the producer is reduced to *one third* of the price at the place of destination. But bring the market half way toward the producer, and the price is raised *one third*. Bring it to his door, and his price is *tripled*. This is the principle of Protection, though these may not be the exact measures of its operation in the supposed case. By encouraging and protecting domestic manufactures, the market is brought home, and the expense of transportation both ways is saved. Farther: All who work at manufactures and trades established by a protective policy, are withdrawn from agricultural pursuits, and give to the residue employed in agriculture better chances for a ready market and high prices. The multiplication of useful crafts and vocations contributes to the profit of each, as well as to national wealth. A home market is more steady and more secure, as well as better for prices. And the money paid for products of domestic manufacture, instead

of going abroad, and thus impoverishing the nation, stays at home and enriches it.

But the following story, alleged as veritable fact, is yet more pertinent, and more forcible, in the instruction it affords, on this point: A farmer in Illinois wrote a letter to his friend in the east, in 1842, complaining that he could get only 31 cents a bushel for his wheat, 25 cents for beans, 10 cents for corn, $1\frac{1}{2}$ cents a pound for beef and pork, $2\frac{1}{2}$ cents a pound for tobacco, &c., stating that he had to pay *five dollars*, or which is the same thing, 16 bushels of wheat, or 20 bushels of beans, or 26 bushels of corn, or 300 pounds of pork or beef, or 200 pounds of tobacco, *per yard* for British broadcloth to make him a coat. The cost of this yard of cloth at the manufactories in England, was probably about *three dollars*, or three bushels of wheat, as usually sold in the market there. That is, the producer in England received for the cloth *one fifth* of what was charged to the farmer in Illinois. Who got the difference? If the manufacturer had been in Illinois, or anywhere in this country, the farmer might have got his yard of cloth by a greatly less quantity of his own products, and the manufacturer would have made a market for the farmer's beans, corn, pork, beef, &c., at a good price. This is the true operation of the protective system on agriculture and other interests of the country—especially on those of agriculture. No others are benefited so much by it; and no others are so much injured for want of it. It was proved by a report made to the 28th Congress, house document No. 420, 1st session, that, while the prices of a few agricultural products were slightly depressed, under the first two years' operation of the tariff of 1842, by those accidents to which such products are ever liable from variations in the seasons and other transient causes, there was a general rise of prices, the average of which, in a majority of all the cases, was 25 per cent.

Not to overlook or depreciate the benefit of a protective system in raising the prices of agricultural products and labor, in the long run, nevertheless, its effect in sustaining such prices against the depressing influence of the low-priced labor of foreign parts, is altogether the most important. The people of the United States should not be deceived by the transient effect in raising the prices of American breadstuffs, in consequence of the short crops in Europe, in 1845 and 1846. This state of things was extraordinary, and the moment crops are abundant again in that quarter of the world, or even tolerable, the reaction in reducing the prices of American

breadstuffs, will be beyond all precedent, if the seasons should be equally favorable here, inasmuch as American farmers will naturally be tempted, under this encouragement of high prices of breadstuffs, to turn their attention more to their production, the result of which, in the case supposed, will be large surpluses without demand. Neither American agricultural labor, nor labor of any other kind, can stand up against the low-priced labor of Europe, on a Free-Trade basis, all other things being equal.

According to the annual report of the secretary of the treasury for 1845, our average annual imports of woollen fabrics, for the twenty-six previous years, were upward of ten millions of dollars in value, half of which was an agricultural product—wool. The secretary estimated, that, by reducing the duty from 40 per cent., as it stood in the tariff of 1842, to 30 per cent. for the tariff of 1846, the importations of this species of merchandise would be increased two millions of dollars a year. It is evident, however, that the secretary's estimate of the increase of imports was by far too low for an augmentation of the revenue, which was his declared object. The reduction of duty is 25 per cent. To make up, therefore, for the abatement of 25 per cent. of the duties on ten millions of imports and upward, there must be an increase of imports of at least five millions, instead of two. Not knowing what amount of increase of revenue was aimed at, it is impossible to say what other increase of imports would be required. Say, however, two millions and a half; which would make the entire increase of imports seven millions and a half. Half of this, or three millions and three quarters, would be an import of wool; in other words, it would involve the transfer of the raising of, and the market for, \$3,750,000 worth of wool from American farmers to British and other foreign producers of this article—not to speak of the wrong done to other kinds of American labor that is entitled to be employed in the manufacture of this seven and a half millions worth of goods; and not to speak of the general depression of prices in this and other American agricultural products, by reason of this increase of imports.

The same with iron. For the fiscal year of 1845, the aggregate value of the imports of this article and its manufactures, as stated in the report of the secretary of the treasury, was \$9,043,396. He proposed to reduce the duty from 75 per cent. under the tariff of 1842, to 30 per cent., as it was fixed in the tariff of 1846; and thereby to obtain an additional importation of \$1,185,000, as he

estimated. But here, again, is the same mistake in the estimate, as in the case of the woollen goods, the object of the reduction of duties being to increase the revenue. The reduction is from 75 per cent. to 30; that is, more than 50 per cent. abatement of duties on a given amount of imports; and the imports of the previous year having been \$9,043,396, therefore, to obtain an equal amount of revenue by such a reduction of duties, there would be required an import of at least \$20,000,000. To *increase* the revenue, the importations must be more than doubled. But it has been proved, that at least four fifths of the value of iron and its manufactured products, consist in products of agriculture which enter into them. Consequently, if the design of this measure should be realized, the farmers of the United States would be deprived of a market for their produce, to the amount at least of eight millions of dollars, in the case of this single article. To say nothing of the effect of such a cause on the prices of agricultural products, to depress them—which would be the natural and unavoidable consequence—this positive loss of market is no trifle.

By reducing the duties on coal from 67 per cent., as it was under the act of 1842, to 30 under the act of 1846, the secretary estimated an increase of imports of this article in the sum of \$5,150,000. All this, of course, is a transfer of so much business, and of so much labor of one kind or another, from Americans to foreigners; and one of the worst features of it is the draught which it must make on the money of the country. To show how farmers are interested in this large and important item of the secretary's public economy, and how they must be affected in its practical operation, it is only necessary to refer to, and unnecessary to repeat here, the statistics on this subject before cited from the Hon. Mr. Ramsey, of Pennsylvania. It is evident enough, that such an additional importation of foreign coal, could not fail to produce the most disastrous effects on all Americans—and they are scores of thousands—engaged in this business; and the farmers would not be the smallest class of sufferers.

These three items of wool, iron, and coal, though relatively of greater importance than most others, are but the beginning of the long list of articles on which this new policy—not, indeed, for the first time heard of, but for the first time reduced to experiment in the United States—is brought to bear with the same effect and result, and in which, of course, all the agricultural interests of the country are deeply concerned. There is not a class of man

ufacturers, or of mechanics, or of tradesmen, or of artists, or of any of the persons engaged in the almost countless pursuits of life, other than that of agriculture, which the farmers of the country do not or ought not chiefly to supply with food; and none of all these which they do not or ought not, to a very great extent, to supply with clothing. It is their natural, social, political right, in preference to the claims of foreigners to do the same things. It is their natural right, because they are in places contiguous; it is their social right, because they are neighbors; and it is their political right, because they and all these parties are members of the same political commonwealth. And yet, it was openly proposed by the secretary of the treasury of the United States, in his project of a public policy, established by the tariff of 1846, in addition to what is noticed above, to increase the imports of boots and shoes, \$45,000; of ready-made clothing, \$200,000; of blacksmith's work, \$200,000; of hats, \$110,000; of leather, \$100,000; of glass, \$100,000; of paper, \$150,000; of hemp, cordage, &c., \$275,000; of pins, \$50,000; of salt, \$1,000,000; of sugar, \$630,000; of wool, unmanufactured, \$200,000; of potatoes, \$150,000, &c., &c. And many of these estimates are as much below what would be required for the necessary revenue, under the reduction of duties fixed by the tariff of 1846, as those given for woollen goods, iron, and coal, as above noticed. So much business, and all the profits thereof, it is proposed, by an American government, to take out of the hands of the American people, and give to foreigners. And Americans, by being thus forced to buy what they could produce, and wish to produce, and the production of which is necessary to their welfare and happiness, are forced to bear the immense system of foreign taxation on all these imports, at the same time that they are impoverished for want of the work.

But to show yet farther how farmers are affected by this policy, we shall avail ourselves of the following extract from a speech of the Hon. Andrew Stewart, of Pennsylvania, delivered in Congress, May 27, 1846, in part a repetition of what we have already given, but in a different form, and well put:—

“With all the protection we now enjoy” [under the tariff of 1842], said Mr. Stewart, “Great Britain sends into this country *eight dollars' worth* of her agricultural productions to *one dollar's worth* of all our agricultural productions, save cotton and tobacco, that she takes from us. I assert, and can prove, that more than half the value of all the British merchandise imported into this

country, consists of agricultural products, changed in form, converted and manufactured into goods. Take down all the articles in a store, one after another; estimate the value of the raw material, the bread and meat, and other agricultural products which have entered into their fabrication; and it will be found, that one half and more of their value consists of the productions of the soil—agricultural produce in its strictest sense. By reference to Mr. Walker's report, it will be seen, that, for twelve years back, we have imported from Great Britain and her dependencies annually, fifty-nine and a half millions of dollars worth of goods—call it fifty millions—while she took of all our agricultural products, save cotton and tobacco, less than *two and a half* millions of dollars worth. Thus, then, assuming one half the value of her goods to be agricultural, it gives us \$25,000,000 of her agricultural produce to \$2,500,000 of ours taken by her, which is just *ten to one*; to avoid cavil, put it at *eight to one*. . . We have imported yearly, for twenty-six years—so says Mr. Walker's report—more than ten millions of dollars worth of *woollen goods*. Last year we imported \$10,666,176 worth. Now, one half and more of this cloth was made up of wool, the product of labor and agriculture. The general estimate is, that the wool alone is half. The universal custom among farmers, when they had their wool manufactured on shares, was to give the manufacturer half the cloth. Thus we import, and our people have to pay for, *five* millions of dollars worth of foreign wool, mostly the product of sheep-feeding on the grass and grain of Great Britain, to the prejudice of the market for our own wool; and this is the policy gentlemen recommend to our farmers! Yes, sir; and not satisfied with *five* millions, they wish to increase it to *ten* millions a year for foreign wool. Will gentlemen deny this? They dare not. They supported Mr. Walker's bill, reducing the duties on woollens nearly one half, with a view to *increase* the revenue. Of course the imports must be doubled, making the import of cloth *twenty* millions instead of *ten*, and of wool *ten* instead of *five* millions of dollars per annum. . . What is true of cloth is equally true of everything else. Take a hat, a pair of shoes, a yard of silk or lace, analyze it, resolve it into its constituent elements, and you will find that the raw material and the substance of labor, and other agricultural products, constitute more than one half of its entire value. The pauper-labor of Europe employed in manufacturing silk and lace, gets what it eats, no more; and this is what you pay for, when you purchase their goods. The article

of iron is a stronger case. Last year, according to Mr. Walker's report, we imported \$9,043,396 worth of foreign iron and its manufactures, mostly from Great Britain, *four fifths* of the value of which, as every practical man knows, consist of agricultural produce—nothing else. What gives its value? The labor of horses, oxen, mules, and men. And what sustained this labor, but corn, oats, hay, and straw for the one, and bread, meat, and vegetables of every kind, for the other? These agricultural products are purchased and consumed, and make up nearly the whole price of the iron, which the manufacturer receives and pays over to the farmers again and again, as often as the process is repeated. Is not iron made in England of the same materials that it is made of here? Certainly. Then is not *four fifths* of the value of British iron made up of British agricultural produce? And if we purchase nine millions of dollars worth of British iron a year, do we not pay six or seven millions of this sum for the produce of British farmers—grain, hay, grass, bread, meat, and other provisions for man and beast—sent here for sale *in the form of iron*? . . . Mr. Secretary Walker informs us that the present duty on iron is 75 per cent., which he proposes to reduce to 30 per cent. [which is the duty of the tariff of 1846], *to increase the revenue*. To do this, must he not then double [more than double] the imports of iron? Surely he must. Then we must add ten or twelve millions a year to our present imports of iron, and of course destroy that amount of our domestic supply to make room for it. Thus at a blow, in the single article of iron, this bill is intended to destroy the American market for at least *eight millions of dollars* worth of domestic agricultural produce, to be supplied from abroad."

The following extract from Adam Smith will show that he was aware of this great truth in public economy, though it is singular that it should require three fourths of a century for its full development: "A piece of fine cloth which weighs only eight pounds, contains in it the price, not only of eight pounds weight of wool, but sometimes of several thousand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn which could with difficulty be carried abroad in its own shape, is in this manner virtually exported in that of the complete manufacture, and may easily be sent to the remotest corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Woolverhampton. [Now may be added Man-

chester, Paisley, and many other manufacturing towns of England and Scotland.] In the modern history of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made of Spanish wool more than a century before any of those which now flourish in the places above mentioned were fit for foreign sale. The extension and improvement of these last could not take place but in consequence of the extension and improvement of agriculture, the last and greatest effect of foreign commerce, and of the manufactures immediately introduced by it."

The English Free-Traders have overshot the mark, and given advice to all the world, which was designed for home consumption. They would have been more wise, if they had held all their debates with domestic opponents, behind closed doors. For example, in the "Examiner," where we find Mr. Brown's letter, we also find an article the next month, of which the following is an extract: "Manchester, Birmingham, and Leeds, are the great merchants who buy the duke of Buckingham's wheat [a metaphor, meaning any Englishman's wheat] at 55s. per quarter, pay a bounty of 20s. with it [making 75s. per quarter], and then sell it abroad at 35s. per quarter. In fact, it is the foreigner who pays the farm laborer and the landlord's rent; and if the Chinamen, and the Yankees, and the Germans, were to stop payment, what would become of mortgages and daughters' settlements."

It can not be denied, that this is a candid disclosure; and if "*the foreigner*," especially "the Yankees," are not instructed by it, they must have lost their reputed sharpness. Is not this cool, not to say impudent, for an English Free-Trader to insult the world with such a notice? It is the "*Yankees*," then, who redeem their mortgages, and furnish the daughters of the English landlords with settlements, by consuming their agricultural products, in the form of manufactured goods! This, doubtless, is the exact truth. Some, perhaps, will be puzzled to discern what this writer means by purchasing "the duke of Buckingham's wheat" at a cost of 75s. per quarter, and selling it at 35s. It is simply this: It goes into the mouth, "laboratory," of Mr. Brown's "wonderful intellectual machine, man," the British operative, "and gives him the physical power, aided by steam, of converting it into broadcloth, calico, hardware," &c. This "physical power," imparted by the bread, is such a multiplication of the power of its cause, that a moiety

hereof is worth more than the whole cost of the power that produced it; and this is the way in which they buy "the duke of Buckingham's wheat" at 75s. per quarter, and sell it at 35s.

That this great and important doctrine, viz., *that agricultural products and labor incorporate themselves with those of manufacture, constitute the principal part of them, and go forth in this disguise to market, at home and abroad, wherever the articles of manufacture are in request*, is well understood in England, appears to be evident enough; though all British economists, for reasons that appear elsewhere in this work, have taken good care to keep it out of sight.* It only requires, that it should be understood in the United States, and the agriculturists, the farmers, of this country, will then see where their true interest lies. It lies in a protective system, that shall secure a home market for their products. Nature, sound policy, and Providence, seem to have decided, that agriculture and manufactures, in the United States—anywhere, indeed—should support each other, and that they together should keep commerce in motion, to distribute their products over the face of the earth; for the products of manufacture are but the products of agriculture

* It seems, too, that the secretary of the treasury of the United States, in his annual report for December, 1847, has also endeavored to keep this out of sight, by a most extraordinary, even audacious statement. He says, that "the average exports of breadstuffs and provisions were much larger in the years of low, compared with high duties, *the tables of the treasury clearly prove.*" The veracity of this statement is most unfavorably tested by the following extracts from these very "tables of the treasury," as officially certified and published by himself. We have added a third column, to show the amount of agricultural products and labor imported from the same quarter, for the same years, rating them at half the cost of the imports, as above shown not to be too large. This third column is at the same time an illustration and a proof of the doctrine of this chapter, as stated in the text above in italics:—

Years.	Amount of imports from Great Britain.	Amount breadstuffs exported to Great Britain from the United States.	Amt. agricult'l products and labor imported in goods, being ½ of costs.
Under high tariff— 1829.....	\$27,000,000	\$1,777,124	\$13,500,000
1830.....	26,000,000	1,606,738	13,000,000
1831.....	47,000,000	5,578,592	23,500,000
1832.....	42,000,000	541,787	21,000,000
Total.....	142,000,000	9,504,241	71,000,000
Average of 4 years.....	35,500,000	2,376,060	17,750,000
Under low tariff— 1835.....	66,000,000	28,917	33,000,000
1836.....	86,000,000	1,684	43,000,000
1837.....	52,000,000	1,402	26,000,000
1838.....	49,000,000	62,626	24,500,000
Total.....	253,000,000	94,629	126,500,000
Average of 4 years.....	63,250,000	23,657	31,625,000

in disguise, as above shown, and this is the only way in which the prices of American agricultural labor can be sustained at home and abroad. Let American agriculture find a market in American manufactures, by an adequate system of Protection, and it has the market of the world at its feet, which otherwise it could never have—nor the smallest part of it—at remunerating prices. It will be of no use for American farmers to raise corn for Europe and other foreign parts, when the return of favorable seasons shall bless them with good crops again, so long as labor is lower there than they are willing to work for. They must soon get sick of that. Immutable laws have decided against it. But there is not a single manufacturing or mechanic art, if adequately protected, in which American skill can not equal that of Europeans, in a course of time. And if Americans can equal them in skill, they can equal them in all things else, and gradually obtain their proper share of the market of the world; for European, and all foreign nations, labor under disadvantages, inherent in their institutions, from which the people of the United States are exempt. Even under the slender and inadequate protection extended to American arts heretofore, Americans, in some things, have entered into competition over the wide world, with the boasting mistress of the arts, that boasts of being mistress of the seas, and were rapidly gaining upon her under the tariff of 1842. That is conclusive evidence of what can be done. In this way, and in no other, can the prices of American labor be sustained. That devoted to agriculture would be kept up, because the policy supposes that it would, as near as convenient, have in view only the supply of the home market, which is always best, most uniform, and most secure. The prices of manufacturing and mechanical labor would be kept up, first, because experience proves it; next, because it could be afforded; and thirdly, because labor would occupy a position to demand it. And lastly, the prices of manufactured articles would be kept down, and reduced still lower, first, because experience proves that, too, as shown in these pages; and next, because they *must* be reduced, in order to compete with the manufactured products of Europe. It is in a home market only, that American agricultural labor can ever be secure of its reward; and the experience of Great Britain proves, as shown in this chapter—all experience proves—that the market for agricultural products in a great manufacturing system, like that of England, and like that which might be erected in the United States, under an adequate system of Protection, is indefinite, boundless.

CHAPTER XXVIII.

THE EFFECTS OF A PROTECTIVE SYSTEM ON THE INTERESTS OF COMMERCE AND NAVIGATION.

Departments of Labor interested in Navigation.—Ship-Builders, Mechanics, and Sailors, all require Protection.—Ship-Owners require it.—What would be the Effects of abolishing our Navigation Laws—Navigation and Commerce two Interests.—Statistical Proof: of the different Effects of Free Trade and Protection on these two Interests.—The Position and Interests of Importing-Merchants hostile to the Interests of the Country.—Statistics continued, with a Variety of Facts, mixed with Doctrine.—Commercial and Reciprocity Treaties all bad, as proved by Experience.—Reciprocity necessarily embodies the Principles of Free Trade—Foreign Commerce, under a Protective System, may be made to supply all the Wants of Government, without taxing the People.

THE interests of navigation proper, as the instrument of commerce, comprehend a very large department of labor—the labor of constructing the craft, of producing, collecting, and forming the materials, and the adventurous tasks of those who use and guide these instruments of commerce on the bosom of the deep. These are distinct branches of labor, employing a large portion of every commercial community. The materials of ship-building nearly all come originally, either from the forest, or from the culture of the soil, or from the mines, and consist chiefly of timber, hemp, iron, copper, &c. Sundry manufactures and a variety of the mechanic arts enter into the formation of these materials, and are required to adapt them to their ultimate design and use. It will be found that all these materials, and all the manufacturing and mechanic arts thus employed, as much require protection in their progress, from beginning to end, as anything else; inasmuch as there is no kind of labor put in requisition in preparing the materials for ship-building, and in the construction of ships, which does not have to encounter the antagonism of low-priced foreign labor, which would impair its rights, and drive it from the field, without the shield of protection. Nor does this prove, as Free Trade continually asserts, that ships would cost less without a protective system. For the same great principle applies here as to all other branches of American labor, viz., protect it, and although its own prices, as labor, are higher, yet its products of manufacture and art will be cheaper than the imported products of foreign low-priced labor, if we are dependent upon them. This has been abundantly proved

in another chapter, and in application to the most important materials and parts of ship-building, timber, iron, hemp, cordage, copper, &c.

It is true, indeed, that ships can be and are built on the shores of the Baltic at a cost very much less than in the United States, and it might seem, at a first view, to be for the interest of American ship-owners and merchants engaged in navigation to order and import their ships already built and equipped. So it might seem to be for their interest to man them from abroad, inasmuch as foreign sailors do not get but about half the wages of American sailors. We say it might *seem* to be for their interest. But the advocates of Free Trade always fall into a fatal error, and others are in danger of being drawn along with them, by assuming that American consumers of the products of foreign low-priced labor can profit by it; whereas, the moment we allow ourselves to be dependent, we find everything costs more than when we are independent under a protective system. This has been proved in a former part of this work. In the same manner, if American ship-owners and merchants were permitted to buy and man their ships from abroad, and to trade in foreign bottoms, till American shipyards should be closed for want of work, as they doubtless would be, the same consequences would naturally, not to say necessarily, follow, as in all other cases to which Free Trade leads: first, the employment of American labor, and the use of American arts, are suppressed; next, these being suppressed, and foreign labor and arts having the monopoly, and being in great demand, they could command their own prices; thirdly, and consequently, it would instantly be found, in all such cases, as always before in all other similar cases, that prices would rise, and the same things would cost more than at home under a system of protection.

But the navigation-laws of the United States very properly forbid such a course to American ship-owners and merchants, and it is therefore out of the question. They are forced to build and buy at home; and it was for purposes of protection that these laws were enacted. They are among the strongest statutes ever foisted into a protective code, and are universally conceded to be important and indispensable. But for these laws, there would scarcely be an American bottom entering our ports from foreign parts, and our coasting-trade itself would be monopolized by foreign craft. For how could our own craft, which costs so much more, and our own sailors whose wages are so much higher than those of foreign

sailors, compete with such an opposition, on the basis of Free Trade? It would be impossible. And it is seldom considered that Free Trade strikes at the root, at the foundation, of our entire system of navigation, and that it would be totally destructive of all its interests—of all the interests of ship-builders, of all the providers of materials for ship-building, of all the manufacturers, mechanics, and artists, engaged in the various parts of work required for building and equipping ships, and of all the American sailors and navigators employed in our commercial marine. Not one of them could subsist in the reign of Free Trade applied to navigation and to the building of navigating craft, except as their wages should be reduced to the level of the wages of foreigners engaged in the same employments; which, indeed, would be the unavoidable result. In other words, foreigners having once monopolized the business, in all its branches, would keep it at their own prices.

That those engaged in the pursuits connected with navigation, and in navigation itself, should expect to escape these consequences of Free Trade, as they bear on themselves, is a delusive hope, if Free Trade is to have full scope: and why should it not, if the doctrine be sound? Such immunity would be a partiality which other classes of the community would hardly tolerate. All must stand under Protection, or fall under Free Trade, together. The theory of Free Trade knows no distinction or exception of pursuits.

The interests of navigation, as must be seen, are distinct from those of commerce, though both are often combined in the same parties. Navigation is the instrument or agent of commerce, and the carrying-trade is the source of its profits. Apart from the influence of extraordinary events, such as the scarcity of provisions in Europe and other foreign parts, as in 1846 and 1847,* one of the surest rules of determining the effects of a protective system or the want of it, on the interests of navigation, is the comparative amount of tonnage employed in the carrying-trade, under these two states of things, respectively. It may, indeed, be called an infallible rule. Look, then, at the following facts:—

It appears, by the United States treasury documents, that, in 1840, when Free Trade had brought down the country to the low-

* The secretary of the treasury, in his annual report of December 9, 1847, has made an unjustifiable use of the increase of tonnage required to transport American bread-stuffs to Europe, in consequence of short crops in that quarter in 1846-7. He has also forced results on this point from other assumed data, which are inconsistent with his own official tables.

est depths of commercial ruin, still running down, the total tonnage of the United States amounted to 2,180,764 tons ; in 1841, to 2,130,744 ; and in 1842, to 2,092,300 : showing a falling off in three years, before the passage of the tariff of 1842, of 88,464 tons, instead of a gradual increase, as it ought to have been. After the enactment of the tariff of 1842, the tonnage rose, in 1843, to 2,158,601 tons ; in 1844, to 2,280,095 ; and in 1845, to 2,417,002 : being a gain in three years, under the tariff of 1842, of 258,401 tons. The tonnage built in the United States, in 1845, was greater by 28,000 tons than the average of the three preceding years, showing an increasing demand.

From the same official records it appears that the tonnage which entered the ports of the United States, and cleared, in 1841, was 4,639,458 tons ; and in 1842, when the duties were down to the lowest ebb, 4,519,841 tons. But in 1844, two years after the passage of the tariff of 1842, it had risen to 5,812,168 ; and in 1845, to 5,930,303. These figures show a falling off from 1841 to 1842, when duties were lowest, of 219,617 tons ; and an increase in one year, from 1844 to 1845, under what are called high duties, of 118,135 tons. The tonnage which entered and cleared in 1845, was 1,410,462 tons more than in 1842, before the tariff of that year, dated August 30, had begun to take effect. These, as can not be denied, are strong facts, and directly to the point. They are, indeed, conclusive.

The explanation of this result is, that a Free-Trade system increases the amount of manufactured imports, which are not only of great and ruinous cost to the country, by depriving home labor of employment, and drawing away money, but which employ the least amount of tonnage, and thus injure the interests of navigation. Free Trade also diminishes those imports—such as raw materials for home manufacture—which employ the greatest amount of tonnage, and benefit navigation ; whereas, a protective system produces a directly contrary effect in all these particulars, viz. : diminishes imports of manufactured products, which are of little benefit to navigation ; increases those imports which make the profit of navigation, and give employment and profit to home labor ; and farther employs and encourages home labor, by securing to it the manufacture of those articles the import of which is discouraged by protection.

There was perhaps never presented a more condensed, and at the same time full, view of this argument, than that which was ex-

hibited by the Hon. Daniel Webster, in his speech delivered in the senate of the United States, July 25th and 27th, 1846, when the tariff of 1846 was under debate; nor can we do better than copy his remarks and tables as a part of our own argument on this point. They will be found in the note below.*

In further execution of the plan of this chapter, it is proposed here to consider only that portion of our commerce which is carried on between the United States and foreign parts, and to leave

* "Now, sir, I proceed to say something upon the influence, the necessary influence, which this proposed change in our system will exercise, upon the commerce and navigation of the country. I shall do that by exhibiting a series of tables which will speak for themselves; which I know have been drawn up with great accuracy, founded on the last official communication of the secretary of the treasury, so far as revenue is concerned, and estimates regarding the value of freights, collected from the first mercantile sources in the country. Now, as a general remark on these various papers, and, which they fully confirm, I wish to say, what would naturally be expected to be true, that for some years past, since the favor and protection of the government were given to the internal manufactures of the country, the foreign trade of the country has conformed to that state of things; and a change in the business of navigation, and commerce, and freight, consequent upon these internal changes, is quite as striking as these internal changes themselves; and the great element of that change consists in a change in the nature of the main articles of import, showing a diminution of articles of manufactured character, and a vast augmentation of articles of the character of raw material, or bulky articles. The consequence of which, as will be seen by the tables I am about to exhibit, is a large actual increase of the earnings of the shipping interest on imports. Because all know that freight is proportioned to the bulk of the article, and not to its cost. It is the space that the commodity fills in the ship, and not its value, which regulates the rate of freight. Therefore it is, that though the importations may be greatly augmented in value, from being composed of manufactured articles chiefly, yet the freight is not increased in the same ratio, but may be diminished. That fact is notorious to all those acquainted with the commerce of the country. It is perfectly understood by all the ship-owners of the United States; and that fact is of itself sufficient to account for the great and important truth, that the navigation interest of the United States, the ship-owners, to a man, oppose this change of system; because the existing system gives more employment to this navigation, than the system now attempted to be substituted for it.

"Now, sir, a heavy mass or amount, in value, of manufactured articles, as is well known, comes from France and England. Our more various commodities and our importations of heavy articles, come from round the capes, and from Brazil, and the north of Europe. The tables which I propose to exhibit to the senate, will show the amount of these, respectively, and the change produced in them within the last five years. Now, sir, let me premise, that articles of import into the United States are properly divisible into three classes. First, those articles which come here manufactured, and fit for use or for sale; secondly, articles not manufactured, brought here for consumption as imported, without any manufacture after they arrive; thirdly, those articles which are in the nature of raw materials, and are brought here to undergo a process of manufacture. Let us, then, see the amount of freight derived from these three respective classes of imports:—

the coasting business to be noticed with the home trade, of which it is a part. It might seem at first sight, that a public policy which

Net Imports, in 1845, of Foreign Manufactured Articles.

Articles.	Value in Dolls.	Duties in Dolls.	Freights in Dolls.
Silk.....	10,840,000	2,968,000	36,100
Wool.....	10,750,000	3,755,000	80,625
Cotton.....	13,360,000	4,908,000	133,360
Flax.....	4,893,000	1,263,000	48,930
Iron.....	4,022,000	1,607,000	120,360
Railroad Iron.....	1,000,000	600,000	96,000
Cigars.....	1,086,000	305,000	25,000
Brass and other Metals.....	3,690,000	688,000	55,500
Earthen and Glass Ware...	3,122,000	2,087,000	218,540
Clothing, ready made.....	1,108,000	449,000	11,080
Hats and Bonnets.....	732,000	256,000	10,980
Leather, Boots, and Shoes...	848,000	242,000	12,720
Paper.....	276,000	60,000	4,140
Cotton Bagging.....	102,000	56,000	1,530
Other unenumerated Articles	3,000,000	250,000	75,000
Total.....	58,829,000	18,494,000	929,865

Foreign Articles for Consumption as Imported.

Articles.	Value in Dolls.	Duties in Dolls.	Freights in Dolls.
Coffee.....	5,380,000	Free.	943,580
Tea.....	4,809,000	Free.	343,000
Sugar [proportion of].....	2,024,000	1,067,000	375,000
Wines.....	1,493,000	1,292,000	111,925
Spirits.....	1,095,000	1,554,000	109,500
Fruits and Spices.....	1,480,000	560,000	124,000
Molasses [proportion of]...	1,000,000	300,000	280,000
Salt.....	883,000	678,000	247,000
Coal.....	188,000	130,000	188,000
Fish.....	300,000	50,000	30,000
Beer, Ale, and Porter.....	90,000	19,000	8,000
Other unenumerated Articles	1,500,000	89,000	225,000
Total.....	20,242,000	5,735,000	2,985,005

Foreign Articles for Manufacture in the United States.

Articles.	Value in Dolls.	Duties in Dolls.	Freights in Dolls.
Sugar [proportion of].....	2,025,000	1,510,000	562,500
Molasses [proportion of]....	2,072,000	591,000	450,000
Iron [proportion of].....	2,966,000	1,401,000	415,000
Steel.....	750,000	97,000	25,000
Hides and Furs.....	4,706,000	332,000	610,000
Copper and Brass.....	1,951,000	Free.	140,000
Mahogany.....	248,000	40,000	49,600
Wool.....	1,667,000	123,000	330,050
Rags.....	416,000	27,000	75,000
Saltpetre.....	486,000	Free.	245,000
Hemp.....	483,000	173,000	78,000
Indigo.....	768,000	53,000	15,000
Dye-Stuffs, &c.....	294,000	Free.	190,000

is beneficial to navigation is so to commerce; and for the most part, and in the long run, it is, though the evidence is not all of the

Articles.	Value in Dolls.	Duties in Dolls.	Freights in Dolls
Bristles.....	178,000	3,000	4,000
Camphor.....	143,000	35,000	3,000
Dye-Woods.....	337,000	Free.	50,000
Linseed.....	369,000	19,000	205,000
Raw Silk.....	710,000	173,000	12,000
Other unenumerated Articles.	2,000,000	100,000	295,000
Total.....	22,569,000	4,677,000	3,754,150

Recapitulation.

	Value in Dolls.	Duties in Dolls.	Freights in Dolls.
Foreign Manufactured Articles...	58,829,000	18,494,000	929,865
Foreign Articles for Consumption.	20,242,000	5,735,000	2,985,005
Foreign Articles for Manufacture in this Country	22,569,000	4,677,000	3,754,150
Aggregate.....	101,640,000	28,906,000	7,669,020

"Now, sir, I have said that changes have taken place in the foreign trade of the country since the enlargement of the manufacturing system of the United States, which were naturally to be expected. And I think it was suggested the other day, by my friend from Vermont, near me (Mr. Phelps), that a common and great mistake is, that we do not accommodate our legislation to the changing circumstances of the country; and that we think that we can go back to where we were years ago, without disturbing any interests, except those immediately affected; whereas, such is the connexion and cohesion, and so closely are all these interests united, that there comes to be a complexity and mutual dependence, and there is no disturbing one great branch of the system without injury to all the rest. Here is a table of our trade with South America, and beyond the capes, with a comparison of that trade, in the year 1828 and the present year:—

Comparison of our Trade with Places beyond the Cape of Good Hope, and South America.

	Imports. value in Dolls.	Domestic Exports, value in Dolls.	Tons of ship- ping employ'd.
<i>In 1828.</i>			
Dutch East Indies.....	113,000	83,000	1,454
British East Indies.....	1,543,000	55,000	2,589
Manilla.....	60,000	20,000	829
China.....	5,340,000	230,000	9,900
Buenos Ayres and Montevideo....	317,000	94,000	1,363
Brazils.....	3,009,000	1,505,000	24,482
Other South American Ports.....	1,904,000	1,776,000	8,672
Total.....	12,286,000	3,763,000	49,291
<i>In 1845.</i>			
Dutch East Indies.....	935,000	98,000	4,900
British East Indies.....	1,650,000	238,000	10,479
Manilla.....	725,000	92,000	6,636
China.....	4,931,000	1,110,000	15,035
Buenos Ayres and Montevideo....	1,561,000	640,000	17,300
Brazils.....	6,883,000	2,409,000	48,550
Other South American Ports.....	8,434,000	2,574,000	19,747
Total.....	21,519,000	7,257,000	122,647
Increase.....	75 per cent.	90 per cent.	150 per cent.

same class. Nor is the benefit of a foreign commerce to the country to be determined by the gross amount of imports and exports,

"This double increase of tonnage employed over the increase in the value of imports, is owing to the present importation of the coarse and bulky articles for manufacture, instead of manufactured silk and cotton goods of China, Manilla, and Calcutta.

"To be more particular, we now give a general description of the goods imported from those places in the year 1828, viz. :—

Manufactured Cotton Goods..	\$1,041,000	Teas.....	\$1,800,000
Manufactured Silk Goods....	2,627,000	Wool.....	18,000
Indigo [which was imported		Coffee.....	1,700,000
for export].....	1,030,000	Specie.....	1,000,000
Hides.....	1,040,000	Unenumerated Articles.....	1,096,000
Sugar.....	284,000		
Copper, in Pigs and bars....	650,000	Total.....	12,286,000

In 1845, viz. :—		Linseed.....	\$300,000
Manufactured Cotton Goods.	\$1,500	Gunny Bags.....	110,000
Manufactured Silk Goods....	150,000	Drugs and Dye-Stuffs.....	150,000
Indigo.....	660,000	Ginger.....	40,000
Hides.....	3,600,000	Cocoa.....	170,000
Sugar.....	419,000	Spices.....	15,000
Copper, Pigs and Bars.....	365,000	Hemp.....	248,000
Teas.....	4,075,000	Specie.....	1,200,000
Wool.....	563,000	Unenumerated Articles.....	2,381,000
Coffee.....	6,600,000		
Saltpetre.....	500,000	Total.....	21,519,000

"It is thus apparent that the increased employment of our tonnage of one hundred and fifty per cent. in this distant transport, has been from the importation of the raw materials for manufacture in our country, and of the increased quantities of coffee and teas, and no doubt increased exportation of our domestic products to those distant places has been promoted by this increase in imports. Those domestic products were manufactured cotton and woollen goods, lumber, and articles of furniture, provisions of all kinds, naval stores, cotton, tobacco, ice, candles, &c., &c.

"I have another table, Mr. President, exhibiting our trade with the north of Europe, presenting the same general result, and as we have ceased to import hemp to a great extent from Russia, the increase in the tonnage is principally from exports :—

"*Comparison of our Trade with the North of Europe, viz. : Russia, Sweden, Germany, and Holland, showing a falling off in the Imports.*

In the year 1828.....	\$11,214,000
In the year 1845.....	4,059,000
Decrease of.....	7,155,000
And an increase in our Domestic Exports of—	
In the year 1828.....	\$5,085,000
In the year 1845.....	6,346,000
Increase of.....	1,261,000
And an increase in the Tonnage employed of—	
In the year 1828.....	136,100 tons.
In the year 1845.....	197,000 tons.
Increase.....	60,900 tons.

any more than the gross amount of a spendthrift's costs of living and income will prove his prosperity, so long as his expenditures

" This increase is from the transport of our domestic exports to those places.

" It will be interesting to note some of the articles of import from those places, in which that reduction strikingly appears.

	In 1828.	In 1845.
Manufactures of Cotton and Flax.....	\$2,190,000	\$165,500
Manufactures of Iron and Steel.....	2,204,000	677,000
Manufactures of Glass.....	458,000	128,000
Manufactures of Leather.....	330,000	2,100
Manufactures of Sail Cloth.....	345,000	186,000
Manufactures of Linseed Oil.....	130,000	13,000
Manufactures of Cordage.....	145,000	54,000
Unmanufactured Hemp.....	990,000	211,000
Unmanufactured Flax.....	37,000	31,000
Unmanufactured Wool.....	97,000	31,000
Unmanufactured Rags.....	None.	12,000
Total.....	6,926,000	1,510,000

" Thus showing a reduction in the manufactured goods, hemp, &c., imported from those countries, of more than three fourths of the whole amount.

" These facts are certainly of importance in considering the employment of our shipping in the transport of raw material, such as cotton, flax, hemp, iron, coal, &c., coastwise in our own country, for the manufacture, in our country, of goods which have taken the place of the foreign manufactured goods, imported and consumed by us, 16 years ago.

" A very important fact in connexion with this part of the subject is, that this distant trade is in our own vessels. It is divided by none. We know that in the trade between us and England, *about a third* of the navigation is in the hands of England. But in the trade with the north of Europe, &c., the trade is on American account, and to our advantage; and to a great extent, also, we pay for the importations by domestic products. We do not now hear of any extraordinary amounts of specie to meet the demands of this trade, because the products of our own industry and our own people, in a manufactured state, are carried out.

" It is obvious, sir, that for the same reason that the raw material imported for the manufacturer pays a large proportion of freight, articles of export of like nature from our side for the same purpose pay also a large proportion, as everybody knows is the case with cotton. And this proves that, in every measure concerning the interests of navigation, we should consult rather the great and bulky articles, than the small, where the value is great and the bulk diminished.

" Now, be pleased to notice these results. Fifty-eight millions of dollars of manufactured goods imported, yield less than one million for freight. Twenty-two millions of dollars brought in articles to be manufactured here, yield three millions and three quarters; being, very nearly, one half of all the freight earned on all our imports. Certainly, this is a most important fact, and worthy of all attention.

" We propose, then, Mr. President, in the first place, to diminish and discourage labor and industry at home, by taxing the raw materials which are brought into the country for manufacture. We propose, in the second place, to diminish the earnings of freight very materially, by diminishing the importation of bulky articles, always brought in our own ships. We propose, in the third place, to diminish the amount of exports of our own domestic manufactured goods, by refusing to take in exchange for them raw materials, the products of other countries. This is our

are greater than his receipts. The Free-Trade doctrine is, that the spendthrift is growing rich.

But it is no matter to navigation, as a distinct interest, what work it is engaged in, so it has work; or what it carries, if it has enough to carry. It might also be said, with a qualification, that it is no matter to importing merchants, for the time being, how much more they bring into the country than is carried out, of other commodities than money, if they, personally, have time to wind up, and get out of harm's way, before the country, as a whole, is compelled to settle the balances against it in cash. They may even get rich, and retire on princely fortunes, if they retire soon enough, while the country is plunged into general bankruptcy, and the masses of

present policy! This is our notion of Free Trade! Surely, surely, Mr. President, this enlightened system can not fail to attract the admiration of the world!

"Now, sir, one can not say to what extent this change of system may affect the navigation of the country, but its tendency is, unquestionably, to cripple and cramp the navigating interest. Its tendency is to diminish the demand for tonnage, for navigation, for the carrying trade. And I think I might on this occasion, without impropriety, call the attention of the senator from Maine, farthest from me [Mr. Fairfield], a gentleman who here represents a state, if not first, at least among the very first, in regard to the amount of its navigation. The ships of Maine are found in every quarter. They are round the capes, and in the north sea. They bring home these raw materials; and everything that diminishes the consumption of these raw materials in our own country, diminishes the chances of employment to every ship-owner in the state of Maine. I will read an extract or two, from a letter which I have received on this subject:—

BALTIMORE, 20th July, 1846.

"SIR: I notice that the new tariff bill has, in its schedule, silk, mahogany, hides, brazette wood, logwood, susic, Rio Hache wood, Lima wood, Sandal wood, red cedar, pig copper, nitrate of soda, or the sal soda of Peru, saltpetre, block, and all sorts of crude woods, and many drugs of bulk, all more or less dutiable, and tea and coffee left free.

"This is curious Free Trade.

"These are the articles that give our vessels homeward freights, and being chiefly gross articles of great bulk, they appeal most strongly to be placed in the free list. You know very well that our outward-bound vessels to the English islands can get no sort of return cargo unless they go to Cuba or Porto Rico for sugar or molasses, or else to some salt port, or bring home some sort of wood or hides from St. Thomas, or the Main. I speak of small vessels that trade to the West Indies and the Spanish Main.

"Gross, *crude articles*, of this sort, aid shipping interests, and assist making up cargoes to Europe of various such articles *if free*, such as logwood particularly, and Brazilletto and Rio Hache wood in *colton-ships* even for dunnage.

"I call Free Trade the policy that lets crude articles in free as in "old times."

"As far as I can judge, and being myself engaged in shipping interests, I think this bill very unfriendly to such interests; and as to being a Free-Trade bill, it is anything else, as I understand Free-Trade, as to the articles named.

"I am, dear sir, your friend and fellow-citizen, WILLIAM MILES."

Comment on such facts and such an argument is entirely superfluous.

the community are involved in the deepest commercial distress induced by them. Hence importing merchants are generally in favor of Free Trade, with a few honorable exceptions. They care nothing about the country, if they can only gain a position that shall fortify them against the common calamities which they themselves, by their cupidity, have brought upon the masses of the people, and which the people must bear.

But it need not be said that a public policy, regulating foreign commerce, well devised and properly adjusted, is not designed to give a few importing merchants—more than half of them foreign factors, who pay no taxes, and carry away the money of the country—a control over the fortunes of millions of the American people, and to enrich such cormorants, while it impoverishes the nation. Mr. Clay said well and truly, as long ago as 1810, in his first speech in the senate of the United States on the protective policy, “*Dame Commerce*,” meaning, doubtless, these importing merchants, “is a flirting, flippant, noisy jade, like the wife who wished her husband to supply his table from the cook over the way, rather than have the cooking done at home in the kitchen.” She did not like the trouble, nor the clatter, nor the smell. It was for her benefit, and not for that of the family, that she argued. So with importing merchants. They want Free Trade to enrich themselves, though it makes the nation poor.*

There is no doubt that Free Trade, or an approximation to it, between the United States and foreign parts, by an abandonment of the protective policy on our part, will, for a short season, increase the gross amount of imports and exports, or enlarge the gross

* Apart from return cargoes, in a regular exchange of commodities, our importing business is chiefly done by foreigners. They send their agents here, who, by their intimate relations and a *secret* understanding at home, are able to supplant American merchants, to defraud our revenue by false invoices, and thus to crush those very American interests which were designed to be protected by the laws they violate. See Senate Doc., No. 83, 2d session, 27th Congress, for proof of fraud in the agents of *one* English house, to the amount of *some hundreds of thousands of dollars*. Also a voluntary fine of *eighty-six thousand dollars*, paid by seven agents of British houses, to Mr. Hoyt, collector of New York, to compromise, and purchase exemption from the course of justice—and a variety of other evidence of the same kind—a mere *index* to the vast frauds that have been practised upon us with impunity. In 1842, and before the tariff of that year went into effect, 74 per cent. of the imports into the city of New York, and 19 per cent. of those into Boston, were on foreign account; and foreigners, of course, had all the profits; whereas, in 1845, it appears that by the operation of the tariff of 1842, the importing business in New York, on foreign account, had been reduced to 44 per cent. of the whole, and in Boston to 9 per cent. It is now again, under the tariff of 1846, rapidly reverting to foreigners.

amount of commerce, when reckoned in dollars and cents, though not in the employment of a greater amount of shipping. The great demand for shipping in the winter of 1846-'47, was owing entirely to the extraordinary scarcity of food in Europe, and can not safely be set down as a permanent rule. It would have been the same under any tariff, and under any policy, as a providential and unusual effect. The ordinary effect of the abatement or abandonment of the protective policy, as proved in the tables and other facts exhibited in our citations from Mr. Webster, is to diminish the demand and use for shipping, and to lay it up; while the continuance of that policy increases both. Such has always been the case in our commercial history. In farther confirmation of the above alternative, take the following additional facts: Under the tariff of 1842, American boot and shoe makers were protected, giving rise to large importations of hides—a heavy article—which, in 1845, amounted to near *four millions of dollars*, giving employment to American shipping, as well as to American boot and shoe makers. This one fact will illustrate scores of other like cases, which operated in the same way under the tariff of 1842, giving, at the same time, employment to American shipping, and to American labor. It is the raw material that makes freight. Manufactured goods make little. It may be well to remark, however, in this place, that our exports of boots and shoes, under the tariff of 1842, had risen, in 1845, to the amount of \$330,000, and the exports of articles of American manufactures, of the same year, to about \$12,000,000, being more than one tenth of all our exports, also augmenting foreign trade in the best way possible, by substituting exports of our own products for imports of foreign and for re-exportations of foreign.

But it is alleged that the protective policy diminishes foreign commerce. Though there may have been, for a time, larger importations in periods of low duties, or no duties in this country, there was not really more foreign trade, nor in fact so much, by a great deal, as during the periods of protective duties, take those periods, respectively, through and through. Like the well-to-do farmer, who begins to buy more than he sells, and soon gets out of money and out of credit—who does indeed for a little while trade largely, to his own ruin—so has it always been with this country in times of Free Trade. The moment duties were relaxed, importations increased, and there seemed to be a more active foreign trade. Really, however, there was no more request for navi-

gating craft—nor so much—inasmuch as the additional importations were costly manufactured goods, of little weight. As soon as the country got in debt, lost credit, and was forced to buy less, the navigating craft had less employment, and was much of it hauled off, and laid up. The foreign commerce of the country was injured and diminished. Whereas, under the protective system, in all cases, foreign commerce has been more uniform and uniformly increasing; shipping has had better and more employment, and navigation has rejoiced in its business and profits—never more than for a few years after the tariff of 1824; and never more than under the tariff of 1842. All the boasted increase of foreign trade, under low duties and no duties, has been the ruinous increase of a spendthrift, that brings debt, loss of credit, poverty, want, distress, in its train—beginning with flushed hope, and ending in disappointment.

The most important view of foreign commerce, under the two systems, respectively, of low anti-protective and protective duties, may be stated thus: that the former system leads directly and uniformly to excessive importations, or excessive buying, leaving a balance against the country, to be settled by drawing away its money, and leaving the people without a currency; and in this way embarrassing and diminishing commerce. It was so under the colonial system; the money all went to England. It was so under the confederation; the money all went abroad, chiefly to England, to settle balances, because we bought more than we sold. The states, severally, then, possessed the only power to establish a protective policy, each for itself; and being unable to do it, without collision of interests, it resulted in a system of *perfect Free Trade*, and of complete commercial ruin. It appears by Mr. Secretary Woodbury's annual report to Congress, of 1840, that the imports into the country, for the first two years after the peace of 1814, exceeded the exports by \$126,466,059. How could the country pay such a balance, already deeply in debt as it was, when, in its best estate, there was not half so much money in the country? The tariff of 1816, in its most important protective provisions, defective at best, and of a brief term, did but little toward the settlement of the immense balance that had previously accumulated against the country; and by the failure of the tariff bill of 1820, the country was doomed to run on again, under a system of low anti-protective duties, till the tariff of 1824 arrested it. According to Mr. Secretary Woodbury's report to Congress, in 1840, the

balance of foreign trade against the country for 1815, was sixty-one millions of dollars; in 1816, it was sixty-five millions; in 1817, twelve millions; in 1818, more than twenty-eight millions; in 1819, seventeen millions; in 1820, about five millions; in 1821, two millions in our favor; in 1822, eleven millions against us; in 1823, about three millions against us; and in 1824, nearly five millions.

What country could stand up against such odds? And all this in uninterrupted succession, without any chance to pay. The nation writhed and groaned under it. Its money gone abroad to pay debts; banks suspended; the circulating medium become scarce, nobody knowing what it was worth, for it was irredeemable; business of all kinds in trouble; property of every description depreciated; and labor unemployed and starving. Who that is old enough to remember those years, will not certify to Mr. Clay's picture of them, in his answer to General Hayne, in 1832, as "exhibiting a scene of the most widespread dismay and devastation"?

But, from the date of the tariff of 1824, when the protective policy was for the first time, in the history of the country, well established—and from which time it continued till the duties went down again under the Compromise act of 1833—the prosperity of the country was restored; labor found employment and reward; private and public wealth increased; the entire national debt of *one hundred and sixty millions of dollars*, left at the end of the war of 1812, was at last paid off in 1836, and *thirty-seven millions of surplus funds* in the national treasury were distributed among the states. In those years commerce spread its wings over all seas, was widely extended, greatly enlarged, and prosperous.

But, behold the contrast, as the duties under the Compromise act descended below the protective standard, and approximated toward a system of Free Trade, till finally they came down to a maximum of 20 per cent. The excessive importations commenced as soon as President Jackson began to show his hostility to the protective policy, and continued down through the administration of Mr. Van Buren, who "followed in the footsteps of his illustrious predecessor." The balance accumulated against the country in its foreign trade, in nine successive years under General Jackson and Mr. Van Buren—including three of the latter's administration—according to the records of the treasury department, was more than two hundred and fifty millions of dollars. The largest balance was in 1836, being sixty-one millions. The next largest was fifty-

nine millions, in 1839; the next in comparative magnitude, was twenty-eight millions, in 1835; twenty-three millions in 1837; twenty-two in 1834; and so on. Nor is this all. It appears, by Fisher's National Magazine, for August, 1846, p. 279, that, for fifteen years, from 1830 to 1844, inclusive, the unenumerated articles of imports amounted to *one hundred and fifty millions of dollars*, being an average of ten millions a year, which, fairly, should be added to the above balances. That these balances were real, and not fictitious, is proved from the fact, that, at the end of this disastrous period, the foreign debts of the country, actually ascertained, were found to be upward of two hundred millions of dollars, most of them public. The state debts—most of them abroad—were reported to Congress by the secretary of the treasury, in 1842, as \$200,855,793. A vast amount of other foreign debts, no small fraction of them private, and paid by bankruptcy, were unascertainable, swelling the aggregate much above the common estimate. "A Southern Planter," in his "Notes on Political Economy," estimates the foreign debt of the people and states, in 1844, at *four hundred and fifty millions*, viz., two hundred millions of state debts; two hundred millions of bank, and corporation, and national stocks; and fifty millions of private debts—all owned abroad—drawing the interest annually from the country, for all that bankruptcy and repudiation had not kept back. He says, "it is enough to weigh down our industry for the next fifty years."

Here, then, is another result of a protracted period of low, anti-protective duties—a result of stupendous magnitude, impoverishing the people, the country, and the government, till neither had credit abroad, or at home, and till all were plunged in one common ruin. Commerce, domestic and foreign, withered under it, and was blighted. Who does not know this? Who could ever forget it? And will any one arraign the assigned cause as questionable, when he always finds the same results after the same antecedents?

And behold the effects of the protective duties of the tariff of 1842. The balance of trade instantly whirls about, and is in favor of the country; twenty millions of specie return in one year in excess of the exports of it; commerce spreads its wings again, and flourishes to an unexampled extent; navigation finds full employment; private and public prosperity is revived; business and credit revive; labor everywhere finds work and meets with a satisfactory compensation; the ruin of many years is repaired in four: all are prosperous, all happy, all satisfied, and the nation is advancing with

rapid strides, in wealth, greatness, and strength. Will any one doubt what is the cause?

The following mode of proof on this point, though little required after the above, is well worth presenting as another species of demonstration—for it is nothing less:—

It appears by the treasury documents, that the aggregate of dutiable imports from 1821 to 1824, inclusive, four years of low duties, were \$264,960,000, an average of sixty-six millions annually. The average rate of duty on these articles was about 34 per cent.; and the aggregate revenue for this term of four years, was over ninety millions. By the tariff of 1824, the average duty was raised to 38 per cent.; the aggregate imports of dutiable articles for the first four years, were \$301,550,000, being an annual average of about seventy-five millions. It will be seen by these facts, that, with increased duties, there were increased importations of dutiable articles. By the tariff of 1828, the average duty was raised to about 41 per cent., and the amount of dutiable imports for the next four years was \$297,330,000, with an annual average of \$74,330,000—scarcely varying from the preceding four years. As both periods were under a protective policy, the results ought to be similar. The next nine years, from 1833 to 1841, inclusive, under the compromise tariff, was a very remarkable period of bold and excessive importations, exceeding the exports for that time by about two hundred and thirty-one millions. The population of the country, too, had increased; and it was natural enough that foreign trade, as a whole, should have been augmented during this period, when the average duty, from beginning to end, was about 31 per cent., being 3 per cent. lower than the first, 7 lower than the second, 10 lower than the third, of the abovenamed periods. But what were the facts? The aggregate of dutiable imports for this period of nine years was six hundred and thirty-one millions, giving an annual average of seventy millions against seventy-four millions, when duties were 10 per cent. higher. But this does not fully exhibit the difference in the effects of high and low duties on foreign commerce, without considering, that the exports of this period were two hundred and thirty-one millions *less* than the imports. That makes the difference in the comparative results startling. Under the tariff of 1842, it is sufficient to say, that the imports, free of duty, fell off from thirty millions in 1842, to twenty-two millions in 1845—the fall having been gradual—and those paying duty (commonly stated at an average of 40 per cent., whereas

the average duty of the tariff of 1842 was only 34.64 per cent.), rose from sixty-nine millions in 1842, to ninety-five millions in 1845; and that the revenue from duties, which had descended to less than thirteen millions in the last year of the compromise tariff, rose to an annual average of over twenty-six millions, under the tariff of 1842. The facts, that during this period, the amount of imports free of duty decreased, and those paying duty under a well-adjusted system of Protection, continued to increase in amount, relatively and positively, take the period as a whole, and doubling the revenue, are conclusive as to the effects of protective and anti-protective duties on commerce and revenue. The inference is fair, that Protection gave the people the ability to purchase the protected articles, which they got cheaper in consequence of competition between home and foreign producers, benefiting themselves as consumers, benefiting labor by giving it employment and good wages, benefiting commerce and navigation, benefiting the country, on the largest and most comprehensive scale, and benefiting the government, by paying its debts, restoring its credit, and filling its treasury.

The farmer who keeps up good fences, pastures only his own cattle, and keeps his crops from cattle that run at large, so that they can not break in, will be likely to have not only enough for home consumption, but something for market. And if he takes care to sell more than he buys, he will grow rich. If, by such economy, his annual income is greater than his expenses, it is impossible he should fall into bankruptcy; it is impossible he should not increase in wealth. He has then a substantial capital on which to trade, and if he follows up the same principles of economy, in all his business, he will be able to do more and more business, and will become richer and richer. As he grows rich, his wants increase. He will buy more, because he is able to buy, partly for taste, partly for comfort, and partly to augment the value of what he has. It was the tariff of duties which he imposed on himself and his neighbors—with no wrong to them, and certainly with great benefit to himself—it was this tariff, with which he started in life, that has made him a rich man, and able to trade largely with others; and it is the same tariff continued, that fortifies his position, still increases his wealth, and still extends his business. Such a man can never fail. It is impossible. But let him lay aside these habits of self-protection and economy; let him throw away this tariff; let him begin to buy more than he sells; let his fences go down, and all cattle running

at large feed in his pastures and on his crops—does it need a prophet to tell what will become of him ?

It is precisely the same with a nation, as reason and all experience teach. If it watches over and protects its own interests, it will grow rich, and be able to buy ; and having the means, with the multiplication of its wants, it will enlarge its commerce with foreign parts. As a man of small means will not buy the same things, nor so much, as a man of large means, so is it with a nation. A protective system will give, not only a better, but a more extended, more comprehensive, larger, and more diversified foreign commerce, than a Free-Trade system. Look to the case of the farmer, above, who takes care of his home interests. Is he not able to buy and trade more, than if he had neglected his system of economy ? Free Trade makes a nation poor—especially the United States—as has been shown. How can a poor man, or a poor nation, buy ? The protective system makes a nation rich—none more than the United States. It makes the people rich. It gives to every man the ability to purchase foreign luxuries. When a man grows rich, he has new wants, and those wants must be satisfied. When a nation grows rich, its wants will comprehend the productions of all parts of the globe, will increase in number, and in the aggregate, and in the same proportion will enlarge its foreign commerce. Go to Lowell, Massachusetts, and see what ranges, what whole streets of stores, full of foreign luxuries, and foreign products, are required to satisfy the wants of the ten thousand operatives in the manufactories of that city, and of the other population connected with them ; and let it be remembered, that they are not only able to buy them, but to grow rich on their wages. From this cause, the importations of cotton goods, of the finer sorts, paying the highest duties, were augmented, under the tariff of 1842, and for three years ranged from *ten to thirteen millions*. The operatives of Lowell support a savings-bank in that city by their deposits, and many of them become stockholders, and even corporators, in the establishments where they work. In one company, \$100,000 of the stock is owned by operatives ; in another, \$60,000 ; and so on.

Lowell, in these particulars, is but a picture of the whole country under the protective system. The people were all well off, and were able to indulge in foreign luxuries, and to gratify a thousand wants, which could only be supplied by foreign commerce.

The position of American labor relative to foreign labor, and of American interests relative to the interests of foreign nations, would

seem to have been entirely overlooked in those important and eventful transactions called *commercial and reciprocity treaties* with foreign powers ; and it is the more to be regretted, as they can not, like acts of domestic legislation, be at any time repealed, when found to operate badly ; but they must run on for the term of their stipulation, be it a greater or less number of years, till custom grows into the right of prescription, and the great interests involved become almost invincibly inclined to specific and accustomed channels. Ultimately, the claim on the part of the United States to revert to a more just state of things, when the great injustice of these arrangements shall be discovered, may be the occasion of international controversies of a serious character—perhaps of war. Foreign powers, which enjoy these immunities, will not desire to tread back ; for they are too well aware that all the benefit of such treaties is generally theirs, and all the loss ours. They will claim what they have gained as a prescriptive right, and want more.

It is not denied that a commercial treaty might be made, that would be just and beneficial to both parties, when the United States is one of them ; but we are not aware that such a treaty ever has been made. It is doubtless because the parties in negotiation assumed the principle of *reciprocity* as a basis, which necessarily involves the principle of Free Trade, and which is an unjust principle in its operation on the United States, for the reasons which have been before elaborated in this work. No matter in what mould Free Trade be cast, it will never answer for this country, but will always be injurious. It is equally bad to have it go into a commercial treaty, based on the principle of *reciprocity*, as to open our ports directly and at once to the extent of the stipulations of such a treaty ; which, as will be seen, is a mere truism, and is in fact Free Trade to the same extent. It is singular that American statesmen and diplomatists generally, if not without exception, who have hitherto been concerned in these transactions, should have been so blinded to the great principle of protection, which, in such matters, it was their duty to vindicate and maintain, but which they have sacrificed, apparently as if they did not understand its application in the premises. “RECIPROCITY” seems like a very fair word, a very just thing ; but, when it means nothing more nor less than Free Trade, as it does in all commercial treaties between the United States and other countries, it is very unfair, very unjust ; because, so far as these treaties go, in their practical operation on us as a party, it brings American labor and capital, which

together cost more than double, into a direct and open competition with foreign labor and capital. It has been seen and felt that it operated unequally, even calamitously, to the United States; the story has been often eloquently told, and the facts cited, showing how unfortunately it works; but still American statesmen and diplomatists go on, making new treaties on the basis of the same principle. And it would not perhaps be strange if, in this way, we should by-and-by find ourselves bound hand and foot to the car of Free Trade, by the irrevocable seal of commercial treaties, with all nations.* And all this for being ignorant of the fact that a *reciprocity* treaty is a *Free-Trade* treaty. Or did these agents of the country know it was Free Trade, and intend it as such? "What, then, shall we do?" it will perhaps be asked. The answer is as short as the question: Fall back on the platform of the law of nations, which is broad enough and strong enough for all our purposes, so long as other commercial nations refuse to enter into treaty stipulations that will vindicate and defend the rights of American labor and capital.

After the peace of Ghent, Great Britain adopted measures to exclude the navigation of the United States from her colonies, comprehending a trade estimated at six millions of dollars; but by a clause in the second article of the convention of London, the right of a countervailing policy was left open to the United States. On the basis of this right, an effort was made in Congress, in 1816 and 1817, to exclude from the ports of the United States all foreign vessels, British or other, trading with those British possessions from which American vessels were excluded, with a view to force Great Britain to a reciprocity, and to recover those rights of navigation for American shipping. It was partially successful. In 1818, a like attempt was more successful; in 1820, the act of 1818 was superseded by a new one; and so again in 1823—the design of each of which was to bring Great Britain to terms. Attempts at negotiation were made under the administration of Mr.

* A very grave constitutional question seems to be involved in these transactions, viz., whether the treaty-making power can lawfully be so far extended as to anticipate and bar the action of Congress in "the regulation of commerce between nations," and in the enactment of revenue-laws. The first of these powers is clearly wrested from the legislative department of the government by commercial treaties, and the effect of such treaties may seriously interfere with a revenue system, the origination of all the measures of which is committed to the house of representatives alone. It may even deprive that body of its most important ground of revenue. In this way foreign powers are constituted parties to American revenue legislation.

John Q. Adams, but the death of the British prime minister, Mr. Canning, put the question into new hands, and deferred a settlement. In 1829, Mr. Louis M'Lane was sent to London by President Jackson, with instructions on this subject; the question was claimed to have been advantageously settled, and the transaction much lauded; the practical operation of which, however, made it worse than it was before, and it has never yet been satisfactorily arranged. It was under this *reciprocity* treaty, so called, negotiated by Mr. M'Lane, that events have transpired, and a course of trade and navigation has been established, between the United States and Great Britain, narrated and described in the note below, being an extract from the National Magazine, January, 1846, communicated by the Hon. James Tallmadge.*

* "All these great questions of commerce, in all their consequences, are so immediately connected with agriculture and a market, I can not forbear to mention one other subject of great and commanding importance to the nation — I mean our numerous *RECIPROcity TREATIES*, so called. It is the misuse of the term, and the *permitted* abuse of those treaties, which calls for remark and public consideration. The injuries arising from those treaties are very great, as they are expounded and carried into effect, on us. Most of the nations of Europe have colonies in different parts of the ocean — the East or West Indies. But, to be brief, I must illustrate by a single case. Great Britain readily makes a reciprocity treaty with the United States. It bespeaks great equality and mutual kindness. The flags and ships of each other are put upon the same footing in each other's ports, and to be received without distinction or discrimination. It looks all well. In *practice*, under the treaty, an American and an English vessel load at *London* with the same goods, and come in together at one of our ports. The duties collected must be upon the goods, and no difference in which ship the goods come. This country has the right, and so has England, to lay whatever duties she thinks proper on the importation of the goods into their respective ports. England, accordingly, imposed a rate of duties on produce from the United States, so high as to be a prohibition, and a rate of duties on like articles from her own colonies, so low as to be nominal. The effect of this is, that the American and the English ships, which come out together, can neither of them take a return cargo of such articles from the United States to London, or any port, on account of the high duties. But the British ship can take the same articles from our ports, and *sail to the nearest British colony*, touch, and then proceed on to London, or any port. Her voyage is now from the colony, and she pays only the colonial duty on the very articles she took from our port. Thus she sails around the *reciprocity treaty*. The American vessel is not allowed to go from the colony to England; can make no voyage; has no market; and is left in our docks. The British vessel soon again returns with another cargo of British manufactures. Thus, in the circle of her voyages around the reciprocity treaty, she is in the sole possession of her own and our carrying trade; encouraging their ship-building and shipping interest, and employing and training their seamen and vessels in the very trade sacrificed to this country by our American negotiators.

"We have heard, to use a modern and homely phrase, of 'going the whole hog.' But what farmer's boy ever supposed, because he had bargained for the *old sow*, that he had bought the whole *litter*, not mentioned in his agreement? It is the

It can not be denied that the account given in the extract below is enough, and it would hardly be believed that we are now living

taunt of Europe, that none but American diplomatists could ever have supposed a treaty with any nation embraced their colonies, not mentioned in it.

“RECIPROCITY.

“These few articles will serve to illustrate the whole:—

Duties.	From U. States.	From British Colonies.
On boards or other timber, per load of 50 cubic feet.....	\$7 68.....	\$0 48
On oars, per 120.....	36 00.....	90
On handspikes, per 140.....	9 60.....	24
On spokes for wheels, per 1,000.....	19 20.....	48
On firewood, per load of 216 cubic feet.....	2 40.....	free.
On bacon, 112 lbs.....	1 75.....	84
Beans, bushel.....	2 26.....	75
Beef, bbl.....	3 58.....	87
Butter, 112 lbs.....	5 00.....	1 12
Cheese, do.....	2 37.....	58
Feathers, do.....	5 00.....	2 25
Flour, bbl.....	1 44.....	34
Pork, 112 lbs.....	1 87.....	44
Rice, 112 lbs.....	1 37.....	12
Spirits from grain, gallons.....	5 62.....	2 00
Oil, linseed, tun.....	30 00.....	5 00
Tallow, 112 lbs.....	79.....	06
Wheat, per bushel, on a sliding scale, prohibited unless almost famine.....		06

“The course of this trade is, for British vessels to come into our ports and take a cargo of American produce, and sail, if at the east, for Halifax or an eastern province; if at a southern port, for a West India island; and having touched thus at a British colony, the voyage is then homeward from such colony. This avoids the reciprocity treaty — secures the carrying trade of our grain, timber, &c., as also the benefit of the discriminating duties in favor of the colonies.

“The extent of the perversion and abuse, under the *reciprocity treaties*, will appear in part from a recent treasury document, stating ‘the Commerce and Navigation of the United States.’ It states the ‘clearances’ to the province of New Brunswick to be: 154 American, and 1,267 British vessels (for nine months), from 1st of October, 1842, to 1st of June, 1843. The Americans were mostly in pursuit of *plaster* for the New England states. The British vessels were in the carrying trade of our timber, lumber, and fish, and to *touch only* at New Brunswick, and thence home, paying only their colonial duties on our timber, &c., and which is prohibited to American vessels. The table of ‘entrances’ will illustrate:—

	American.	British.
Passamaquoddy.....	63.....	431
Portland.....	42.....	62
Portsmouth.....	8.....	50
Gloucester.....	2.....	31

&c., &c. These facts sufficiently show the destructive course of this business. The trade on our lakes is equally bad:—

	American.	British.
Niagara.....	24.....	224
Genesee.....	38.....	88
Oswegatchie.....	95.....	212

&c., &c.

under such a state of things, or that it has existed for nearly twenty years without redress. It is further stated in the same Magazine,

“In March, 1841, I came up the Savannah river, and there saw 11 large British vessels loading with Georgia timber — no American vessels there! This course of trade is not allowed to an American vessel. *Reciprocity in British TRADE*, means — our ports open to her commerce — her ports shut to our commerce. It is much better for her than Free Trade. In that, we should be in competition with her; in the *reciprocity trade*, we are shut out.

“But this reciprocity trade is not restricted to our country, or to our productions. The treaty extends to Brazil, to Hayti, or any part of the world where the enterprise and the voyage of an American vessel can be defeated.

“BRITISH FREE TRADE.

“Foreign coffees are charged 1s. 3d. per pound duty, colonial coffees only 6d., while coffees imported from the Cape of Good Hope pay 9d. Now, as the cost of sending, in an unusual and indirect way, coffees from a foreign country to the Cape of Good Hope, is only from $\frac{1}{2}$ d. to 1d. per pound; very large quantities are shipped from Brazil to the Cape, and thence *reshipped* to England.’—*Report of a Committee to Parliament, 1840.*

“Have cargoes of coffee been sent *from the United Kingdom*, and from ports of the continent of Europe, to be landed at the Cape of Good Hope, and thence to be brought back to the United Kingdom, for the purpose of supplying the necessary consumption here?

“Yes: from 26th April, 1838, to 24th March, 1840, it appears by the returns, that 81 cargoes, importing more than 21,000,000 lbs. of *foreign coffee*, had arrived in the United Kingdom, from the Cape of Good Hope. The duty on that mode of carrying coffee is 9d. per pound. If entered from a foreign country, 1s. 3d. The duty saved by the *indirect importation* would be 750,000 pounds sterling (about \$3,750,000).’—*Examination of M^rGregor, annexed to Report.*

“The intent and meaning of this is, that the American vessel can not take the coffees, to pay 1s. and 3d. sterling per pound in England. She is not allowed to go with a cargo from the English settlements at the Cape of Good Hope to an English port. The British vessel takes the coffee, touches at the Cape, and thence her voyage is home, where she pays 9d. per pound duty — with only $\frac{1}{2}$ d. or 1d. per pound for increased cost of her indirect way. Should the American vessel take a cargo, and conclude to bear the difference of duty, the English vessel would soon arrive, and with its difference of duty in her favor (being twelve cents per pound) would undersell and ruin the American voyage. Thus the American shipowner, with blighted hopes, learns that his own government has not only negotiated him out of the carrying trade of his own country, but has also turned him out of the carrying trade between all other nations and England. It is apparent that the English government negotiated for its subjects; but it is very difficult to say for whom the American government negotiated.

“Our neighbors, the Spaniards, have also learned something of this mode of commerce, and of the kindness of our government, under any outrage, in its commercial arrangements. She, too, has provided a duty on cotton, so high as to prohibit its importation in American vessels; while it is brought from her colonies in her own vessels at a nominal duty. Some few years ago, I went from New Orleans to Havana, in an American vessel, laden in part with cotton. I noticed the course of the trade. On arrival at Havana, the cotton became the *produce of Cuba*, and was then shipped, as such (with the New Orleans bags and marks upon it), in a Spanish vessel for old Spain, and paying only the colonial duty.

“These measures show the devices to gain our trade, to exclude American ves-

May, 1846, that while, in 1830, the year of the ratification of this treaty, American bottoms carried exports from this country to Great Britain, to the value of \$19,876,000, and British bottoms to the value of \$5,897,000, the British carrying-trade had increased in 1844 to \$18,716,000, against \$29,078,000 in American bottoms, showing an increase in fifteen years, in favor of British bottoms, of over 300 per cent., against an increase in American bottoms of less than 50 per cent. On the authority of the secretary of state, house document No. 163, second session, twenty-seventh Congress, it appears that the result of our treaty of 1828 with the Hanseatic towns is, that *before* that treaty, *five sevenths* of the vessels entering those ports from the United States were American; and that, in 1840, *four fifths* were Bremen, and only *one fifth* American. We

sels, to injure their carrying trade, to lessen their shipping interest and ship-building, to depress their commerce and navigation, and all in violation of the faith of a treaty professing to be *reciprocal*.

"Among the many fruits of these measures, is the growing increase, within the last few years, of foreign tonnage in the American commerce. The *entries* and *clearances* (not coasting) at some of our ports are more than three quarters foreign." Mr. Webster, as above, puts one third of our foreign trade in foreign bottoms.

We are indebted to the same authority as above, Mr. Tallmadge, for the following table, which, though not exactly in point to the subject of this chapter, is instructive, and worth citing:—

Total export of articles, the growth or produce of the United States, to England, Scotland, and Ireland, with the duties paid thereon, during the years 1838, 1839, 1840.

1838	..... Value..	\$50,481,624	Duties..	\$23,621,160	.....	.46 7-10 per cent.
1839	..... " ..	50,791,981	" ..	26,849,477	.....	.52 8-10 per cent.
1840	..... " ..	54,005,790	" ..	28,360,153	.....	.52 5-10 per cent.
Total	... " ..	155,279,395	" ..	78,830,790	Av.	50 5-10 per cent.

Of the above, the value of cotton and tobacco, and the duties paid thereon, were as follows:—

1838	{	Cotton	..... Value..	\$45,789,687	Duties..	\$2,761,612
		Tobacco	.....	" .. 2,939,706	" ..	19,860,898
1839	{	Cotton	.....	" .. 46,074,579	" ..	1,942,337
		Tobacco	.....	" .. 3,523,225	" ..	23,288,396
1840	{	Cotton	.....	" .. 41,945,334	" ..	3,247,880
		Tobacco	.....	" .. 3,380,809	" ..	22,537,205
Total	.....	" ..	143,653,340	" ..	73,638,328	

All articles other than cotton and tobacco, the growth or produce of the United States, exported to England, Scotland, and Ireland, during the same three years, amounted to \$11,626,055, or \$3,875,351 annually. Omitting cotton, Great Britain has levied an average duty of 330 per cent. on all articles the growth or produce of the United States.

The duty on raw cotton was repealed in 1845, and other duties on some of our exports to Great Britain, have been somewhat modified and relaxed; but not enough essentially to vary the result, as above stated.

have a similar arrangement with Sweden, in consequence of which, as stated by the same document, she had entered on our China trade, in the case of the Swedish ship *Albion*, and was likely to trespass further on American navigation. Nothing has proved more deceptive, or more injurious to the navigating interests and commerce of the United States, than these commercial treaties, professedly based on principles of reciprocity—a mock reciprocity. The great commercial nations, such as England, France, Russia, Sweden, Portugal, Holland, and Belgium, have loaned their craft to the flags of the small states, such as Denmark, Hamburg, Bremen, Prussia, Brazil, Tuscany, Rome, and Greece, which had nothing to lose, and everything to gain, by arrangements of this kind with the United States. Thus the larger commercial powers have *stolen* the benefit, and escaped from the obligation of reciprocity.

The importance of protecting American navigation and commerce does not end with the interests of the parties engaged in these pursuits, nor with its influence on the general wealth of the country. The commercial marine of a great maritime nation is the great and only school of training for its public marine—for its navy. For this sole purpose, it has been thought best to enact bounties for our fisheries, which are still continued. Is it consistent to tax the people for such bounties with one hand, while the other is stretched forth, in the form of commercial and reciprocity treaties, not only to rob the nation of ten, or fifty, or a hundred times of the same kind of benefit purchased by these taxes for bounties, but to tax the people indirectly, by robbing them of a navigation and commerce worth millions? That item of six millions of dollars' worth of commerce lost to our navigation by British legislation after the convention of London, in 1815, can not have been diminished, but must have greatly augmented, under the reciprocity treaty of 1830. But setting aside these interests of navigation and commerce, thus sacrificed, the consequent sacrifice to the public marine of the nation, in such a large abridgment of the only school of preparation, is no trifling consideration as it relates to public economy. In whatever point of view, therefore, these commercial and reciprocity treaties are regarded, and in all their bearings on private and public interests, they seem to have nothing in them but elements of great injury to the nation, as they have hitherto been constructed.

Foreign commerce, under a protective system, may be made to

supply all the wants of the government, in a time of peace, without taxing the people. That it may be made to supply all the wants of the government, in a time of peace, is proved by the tariff of 1824, 1828, 1832, and 1842 ; and that it will not tax the people, is proved from the fact, already established in this work, that protective duties are not only not taxes at home, but that they are a rescue from an enormous system of foreign taxation. These points being established—as they are beyond controversy—it is clear that a protective system, properly adjusted, without imposing duties on foreign articles that can not be produced at home, might be made to supply all the wants of government, in a time of peace ; and therefore without taxation, since protective duties are not taxes.

Much more than this is probably true—though it can not be asserted with so much confidence—viz., that a protective system, without imposing duties on articles which can not be produced at home—except, perhaps, some luxuries, and other articles not indispensable to the poorer classes—might be so adjusted as to liquidate a very heavy national debt, in addition to defraying the ordinary expenses of government—all, of course, without a tax upon the masses, since protective duties are not taxes. Such are the resources of the country, such the amount of its home products and home trade, and such the ingenuity, skill, industry, enterprise, and physical ability, of the people, that, under an adequate system of protection, there are no assignable limits to the possible increase of the general wealth, or to the ability of the people to consume foreign products, subject to protective duties. Protect the people, let them grow rich, and they will buy largely from abroad, to raise an indefinite amount of revenue—enough, probably, to meet any future contingent wants of the government, even though a war debt should be run up to one or two hundred millions—all, of course, for the reasons before stated, without a tax in any form, direct or indirect, since protective duties are not taxes.

CHAPTER XXIX.

THE EFFECTS OF A PROTECTIVE SYSTEM ON THE HOME TRADE.

The Home Trade the Basis of the Fortunes of the Country.—“Agriculture, Manufactures, and Commerce,” the American Coat-of Arms—Home Trade has always made the Fortunes of all great Continental Nations—Insular Nations an Exception.—The Domestic Resources of the United States incalculable.—We have all Climates deemed good, and all Physical Elements of Wealth.—The Country and the People fitted for each other.—The Country a World in Itself.—Care, Work, and Frugality, at Home, the same for a Nation as for a Private Individual.—“Far Fetched, dear Bought.”—Home Trade does not diminish, but enlarges the Amount of Commerce, as ten Miles is only Half of Twenty, and can be gone over twice for once of the latter.—The thriving Man works on his own Estate.—Difference in Results of Trade between Parties to a Nation and Nations as Parties.—The comparative Amount of Home and Foreign Trade.—Statistics.—Amount of the Products of Labor in the Country.—Amount of Internal and Coasting Trade.—Statistics.—Adam Smith on Home Trade.

OUR home trade is, and must for ever be, the basis of our fortunes. In foreign trade, we have almost always been losers, and the loss, as before seen, has been immense. Individuals have profited, at the expense of the public. Hence the seductions of foreign traffic, and the necessity of taking care of it, that the state receive no damage. The branches of foreign commerce are like the tenders of a fleet, the scouting-parties of an army, the roving agents of a great commercial house. If licensed with privileges, care should be taken that they *serve*, not *injure*, the main bodies. Every merchant in the foreign trade sails under the flag of his country. It is loaned to him, protects him, secures to him all his benefits. Besides being a merchant, wherever he goes beyond the bounds of his country, he is a public political agent.*

* Mr. Laing, an eminent British authority, says: “In every country, the home market is the great and steady basis of its prosperity. Commerce itself, if it be not founded on home consumption — if it be merely a carrying-trade between distant producers and distant consumers, has proved itself, as in the Hanse-Towns, in Genoa, Venice, and Holland, to be unstable, evanescent, and unattended with any well-being and improvement in the condition of the mass of the people. The export trade is but the overflowings of the cup of our industrial production. Its fulness is all within its own rim.”

The “Southern Planter” says: “Commerce has as deep an interest in securing the home market and supply as manufacturers can have. Commerce has no patriotism in it, when based upon foreign supplies. All its profits are incidental, and have reference to its basis and support. Like the light of a satellite, the profits of commerce are borrowed and reflected, not inherent as the centre sun of business — not creative, as the producers are.”

Having descended from a great commercial nation, the people of the United States very naturally imbibed the spirit of their ancestry; and being favorably situated for external and foreign commerce, it has always been one of their favorite and great pursuits. "Agriculture, manufactures, and commerce," have ever been the three comprehensive words which represent the interests of this country. It is too late, therefore, to raise any abstract question about the utility of foreign commerce, although much might be said of a country that is a world in itself, and that has no disjunct and remote dependencies, in favor of a policy chiefly domestic. In the history of the past, it will be found that nations which have flourished the longest, and attained to the greatest wealth and to the most imposing grandeur, eschewed foreign commerce, and chiefly devoted themselves to domestic arts and trade; and that as soon as they changed this policy, they began to decline, steadily going downward as they multiplied their commercial connexions abroad. China, Hindostan, and ancient Egypt, are of this class. The exceptions to this rule, apparently, are cities and states in an insular and confined condition, as Tyre, Venice, and Great Britain. There would at least seem to be enough in history and reason to show that the interest, or estate, or commonwealth, which is not sound and strong at home, will only be weakened and dissolved the sooner by stretching out its arms abroad. Foreign and remote connexions of a state, either commercial or political, are always interests of great delicacy and precariousness in the hands of statesmen, and require consummate wisdom and great practical tact for a care and management which shall bring profit to home interests, and equal advantages to all parties.

It can not but be seen, from the ground already gone over in this work, that the United States, from the beginning down to this time, have blundered and stumbled along, at great hazard and immense loss, and with innumerable bruises, in the management of our foreign policy and commerce. And what is our foreign commerce worth, as compared with our home interest and trade?—A due consideration of the facts to be presented in this chapter, will answer this question.

The resources of the United States are literally beyond estimate, speaking only of what they are, independent of the capabilities of the people, to which they lie in abeyance, and by which they have been in part, and are to be more fully, developed. There is no necessity of man or of society that is not to be found, or which can

not be produced, here. The United States and territories comprehend the finest belt of this western continent, stretching from ocean to ocean, and from the icy north to torrid climes. The country has all the climates that could be desired by man, and is capable of all productions of the soil necessary to man. There is scarcely a plant, or vegetable, or shrub, or tree, on the habitable earth, which is not either indigenous or capable of being cultivated here. It is not within the memory of man, nor in the records of known history, when, if, by unpropitious seasons, there was a scarcity of the necessaries of life in one or more parts of this wide domain, there was not a plenty in others, sufficient for all demands. Nature, in this field, is everywhere bounteous in her gifts, and abundantly rewards the labors of man. The bordering seas, the lakes, and rivers, teem with supplies of every fish known to the waters, and good for food. As the forests disappear before the advancing strides of civilization, the mineral world unfolds the exhaustless wealth of its bosom. The leaping streams and plunging rivers, found in every quarter, supply a power of motion that could never be used up, even if coal and steam were not likely to supersede a moiety of their purposes. The great natural bosoms, arteries, and veins, of inland trade, aided by a network of artificial communications, easily cut or built, have brought and are bringing the remotest parts of the land into one neighborhood. The soils are indefinitely capable of all imaginable productions, and the foundations of the hills and mountains are not laid deeper or broader than the mines of wealth which they contain. Much as has been already developed of the resources of this vast field of nature, by the enterprise, labor, and arts, of the people, in the brief term of their history as a nation, and much as has been realized of its prolific and deep beds of wealth, all this presents only the superficies of the profound and exhaustless treasures that lie undiscovered beneath. The United States and territories under its jurisdiction are a world which the labor and industry of a thousand generations could not fully explore, or begin to exhaust of its capabilities—a world that challenges cultivation and research, with a promise of reward not elsewhere to be found—a world which, the more it is used, the more it presents that is profitable for use, developing new sources of wealth with every stage of improvement. In a word, there is nothing wanting here to make those now tenants of these territories, and those that may come after them, *independent of all the world*—nothing but the purpose to make it so; and besides

the blessing of independence, they would gain more wealth, become more happy, and be vastly more powerful, in the execution of that purpose, than by roaming abroad to get what costs more than it comes to, and what hitherto has impeded the growth of this country more than all other causes, and neutralized the gains of domestic industry and home labor.

God made the country, and God made the people, the one fitted to the other. It is true that all things naturally adapt themselves to the influences of their position, and it matters little whether the country was made for the people, or the people for the country; or whether both were providentially designed for each other; or whether neither of these propositions were exactly true when considered apart: it is Providence at last that brings about these mutual adaptations where the two are brought together. It is true any how that the Anglo-Saxon race are not behind any other race in enterprise and in all the capabilities of making the most of their circumstances, and in putting forward society and civilization, wherever they are. They have done a great work since they made a home on this continent, and the only obstacle to their career is a looking back and hankering after "the leeks and onions of Egypt," and holding on to the apron-strings of a parent-race. This country has come to be a world in itself; and if all the rest of the world were sunk to-day, never to be found, we might feel the want of tea and coffee, and a few foreign luxuries, for a season, till substitutes should be found, or the same things be produced among ourselves; but the skill, science, art, industry, labor, enterprise, civilization, resources, and capabilities, still left behind, would amply supply the loss, and it would scarcely be felt. It would be far better than a system of Free Trade, as the world now is, holding us for ever in bondage. Let this country be put on its own resources and capabilities, and it would rise and march, with giant strides, to its own proper and legitimate destiny of unexampled wealth, greatness, and power. It requires nothing to accomplish this but an adequate system of protection.

Home trade is always best, and most productive of wealth. It is no matter in what sphere the operation of this principle be considered, the result will be the same. It will be best appreciated by viewing it on a small scale. Take any man, of any calling, in his own narrow circle. If he keeps within his own limits, is industrious and frugal (frugality is self-protection, or a tariff of duties which every man of good economy imposes on himself and his

neighbors), he is sure to prosper. It is husbanding his own affairs well at home, that makes him rich. If a farmer wants any addition to or change in his stock ; or any of the products of the manufacturer or the mechanic ; or groceries or cloths of a tradesman ; or whatever be his wants, or the wants of any other member of the community, no such person makes a long journey, or sends an agent abroad, at an unnecessary cost, if he be a man of economy. But he accommodates himself as near home as possible. Every one finds, by experience, that a home trade is the best and most profitable, and that "far-fetched" is always "dear bought." The economy of home trade is all comprehended in this simple view.

Examples of this kind illustrate all others, between persons of the same pursuits, and persons of different pursuits, running through all classes of society. The farmer wants the mechanic's products, and the mechanic wants the farmer's ; the tradesman supplies the people in his neighborhood with articles which they want, and can not get at home, and takes their surplus products to trade in where they can not trade ; and both parties are accommodated, with profit to both. The nearer home a trade is made, is both private and public economy ; and a trade made AT home, is better and more economical, than that made anywhere else. Transportation, and the pay of intermediate agents, are always a tax and a loss, which a home trade saves to one party or the other, and always to the public.

If it be said that these intermediate agents need employment, it can be obtained without living on others ; and the principle of such a reason, carried out, as will be seen, is, that men should live on each other, till nothing remains among them all. But the very object of giving employment to these agents, and multiplying other employments, is best secured on the principle of protecting and augmenting home trade ; for that is the best way to extend, enlarge, and diversify commerce. It is not proposed by advocating home trade, to restrict commerce. On the contrary, it is maintained, that, by keeping things well at home, on a small or large scale, with individual persons or communities, is the safest and surest way to branch out. But that person or that community that branches out without a good foundation at home, will be likely to get into trouble. It is by keeping everything tight and secure at home, that the extension and ramifications of trade are carried on with profit ; and the greatest part of the trade of society, of the world, is transacted in a small way, and in very limited spheres. It is these

small and limited operations of commerce which sustain large and extended transactions ; whereas probably not a thousandth part of the minor operations ever reach the larger, though they always constitute the basis. All the little trade of society, which, after all, makes its great bulk, is noiseless, everyday, commonplace, between neighbors, in the never-ceasing exchanges which they carry on with one another, for mutual advantage and profit. The thriving man is he who is always found working at home, and the nearer his customers are, so much the better for him ; and the nearer he is to those with whom he trades, so much the better for them. Their business is compact, firm, prosperous. This is the way a man, a community, a nation gets rich ; and being rich, becomes a better customer, the man to his neighbors, the community to adjoining communities, and the nation to other nations ; and under such a system, all these parties are mutual helps to each other. It is because there is a home foundation, created at home, to trade upon. Without this, they could not trade at all, honestly, and with profit. It is not good economy to employ intermediate agents in trade, for the sake of employing them. In that way men become a burden to each other. But the better way is, to work and thrive at home, and thereby create occasions for a trade that shall set these agents in motion, and make them necessary ; and the greater the home thrift, so much more numerous and extensive will be the ramifications of trade which it calls into action, beginning at home, and branching out over the nation, and over the world.

All engaged in home trade, are parties to the nation ; but in the case of imports and exports, the nation is a party. It must be seen that a home trade can not but be beneficial to the nation ; and the more of it, the better. All engaged in it are parties to the same commonwealth. Some lose, and some gain ; but the commonwealth is always a gainer in domestic trade. In the commerce of the world, the world is the commonwealth, and as a whole is made richer. In the same manner as individual persons are parties to the nation, in a home trade, nations are parties to the world's commonwealth, in the world's trade ; and in the same manner as some of the parties to a nation become rich, and others poor, in a home trade, one gaining and another losing, according to their respective systems of private economy, so in the world's trade, between nations as parties, one is benefited and another injured, one gains and another loses, according to their respective systems of public economy. In all foreign commerce, the nation is a party, and the

negotiator the agent. If all the agents together sell more than they buy, the nation, so far as these transactions are concerned, is a gainer, and adds to its capital. But if the agents buy more than they sell, the nation, on the same conditions, is a loser, and parts with capital. Although these two propositions are incontrovertible, in the form in which they are stated, yet, many things are to be considered, to determine, whether, in the case of the first, it would not have been still better for the nation, if a part of this trade had been done at home ; while it is manifest, in the case of the second, that it would have been better for the nation, if so much of this trade had been done at home, as to have prevented the balance against it. In order to determine on what conditions, in the case of the first proposition, it would have been better for the nation, if a part of this trade had been done at home, and what part of it, it may be observed, it would be precisely that portion of the imports which could have been produced at home, under a system of protection, and in their production made to consume what was sent abroad to buy them. In that case, all the profits of these transactions, in consumption of raw materials, in production, and in the home trade concerned in it, in all its stages, would have become a part of the permanent capital of the nation, besides the additional employment for subsistence which it would have given to the parties engaged in it. As the Southern Planter, cited elsewhere, says, "Figures can't calculate the difference. It outstrips every-thing but the human imagination" in its results.

This position of a nation, as a party, in all its foreign commerce, seems to have been entirely overlooked by the Free-Trade economists. Yet, who can deny that it is so, for all the purposes of public economy? We do not say that the nation, as such, does the business ; nor, that the agents are not parties, to the extent of their own transactions, as much and as truly as if they were engaged in the home trade. But we do say, that, for all purposes of public economy, the nation is not only a party, but **THE** party, when the entire amount of these transactions of its foreign commerce is considered ; and the nation may be a loser, when the merchants, who have occasioned this loss, have made their fortunes, as shown in a former chapter. Nor can the nation lose without dividing the loss among the people. The principle that the nation is a party in its foreign commerce, considered as a whole, is that which controls this question, and determines when, and how far it has need of a protective system.

As remarked in the opening of this chapter, the branches of foreign commerce are like the tenders of a fleet, the scouting parties of an army, the roving agents of a great commercial house. They are not the fleet, nor the army, nor the trading company. They are mere sprigs of a tree, offshoots of a trunk, accidents of a system; and if the nation be a great and powerful one, of abundant territories and resources, and without foreign dependencies, these sprigs may be cut off, and these accidents dropped, without any very sensible effect, possibly with benefit to the main body. This latter contingency, to wit, a possible benefit, depends on others, which it is unnecessary here to consider, inasmuch as it is not proposed to abandon the foreign commerce of the United States, and inasmuch as it is granted, that, under proper regulations, it may be beneficial. But, it is one of the greatest imaginable mistakes, to assume, that it is beneficial, in any case, and without a well-considered and discreet regulation. A world of facts has been presented, in the progress of this work, to show, and which conclusively prove, that the foreign commerce of this country has hitherto, for want of proper regulation, been one of the most formidable obstacles to the general prosperity, and an insuperable impediment to the march of this great commonwealth in that career of improvement, greatness, and power, the elements of which have been planted in its bosom by Providence, and which are inherent parts of the republic. It is also a very common and great mistake to put our foreign commerce before our home trade, in the estimate of its comparative importance; nor is it less common to overestimate its comparative amount.

The average annual aggregate of our imports and exports, in a healthful state of foreign trade, does not ordinarily much exceed two hundred millions of dollars, or one hundred millions of each. But what is this, compared with the aggregate amount of our home trade? It is a very inconsiderable fraction, as the facts stated in the note below will show.*

* By the "statistics of products and condition of certain branches of industry of Massachusetts, for the year ending April, 1845"—official documents—it appears, that the products of the industry and labor of that state, for the aforesaid year, amounted to \$124,735,264; that the capital invested, as the basis of this producing power, was \$59,145,767; and the hands or persons employed in these productions, were 152,766. The average annual export of the products of the United States, of all kinds, for the last twenty years, has been about \$80,000,000. It appears, therefore, that the annual product of the industry and labor of the single state of Massachusetts, is full 50 per cent. in excess of all the exports of the whole United States.

If foreign trade, as before seen, may and will injure the country, if not carefully guarded by a protective system. Domestic trade can

There does not appear to be an agreement among our statistical authorities, as to the annual product of the industry and labor of the United States. On the basis of the census of 1840, Professor Tucker rates it at \$1,045,134,736. But it must be seen, by the above official statement for Massachusetts, in 1845, that there is probably some defect in Professor Tucker's statement, which is partly accounted for in his classification, embracing only, as quoted in the National Magazine, November, 1846, p. 561, agriculture, fisheries, forests, mines, manufactures, and commerce. But, in senate document, 340, 2d session, 27th Congress, a report from the committee on manufactures of that body, submitted by Mr. Simmons, it is said: "We present a statement of the amount of the market value of the annual products of several branches of industry, as exhibited by the returns of the last census [1840]: The value of the annual products—

Of the fisheries, was.....	\$15,204,142
Of the forest.....	21,269,032
Of mines.....	48,658,108
Of manufactures and mechanical trades.....	457,875,238
Of agriculture.....	1,252,682,223
	<hr/>
	1,795,688,743
Omissions estimated at.....	204,311,257

"Total.....\$2,000,000,000."

This statement of the annual product of the labor, industry, and arts of the country, is probably quite as large as facts would justify, though the secretary of the treasury, in his annual report for December, 1847, has raised it to \$3,000,000,000. But this is extravagant, and without foundation, like many other things in that dreamy and unscrupulous document, the errors of which could scarcely be told, as repeatedly demonstrated on the floor of Congress, without disproof, or even contradiction, on the part of the secretary, whose position, in such a case, demanded a reply and vindication, if one could be made.

Among the many proofs brought forward in Congress, of the errors of this report, those presented in the speech of the Hon. Andrew Stewart, January 11, 1848, and in that of the Hon. John A. Rockwell, March 1, 1848, are very impressive, not to say astounding — sufficient to discredit the document entirely as a reliable source of information, not simply in his assumptions in defence of Free Trade, but in matters of finance indifferent to all parties. It was this latter class of errors which brought back the Hon. Albert Gallatin from the borders of the grave, to show, in his pamphlet on the subject, how glaring and alarming they were.

When it is considered what a variety and amount of the products of the country and how many classes must necessarily escape the notice of the official agents of government, the estimate for omissions, in the senate document above referred to, may be regarded as moderate; and considering the authority of the document, as well as its approximation to the harmony of proportion, when compared with the official report of Massachusetts — not to speak of the growth of the country and the increase of its annual products since 1840 — this statement may, perhaps, safely be regarded as not too large. We may receive it, then, as the exponent of the present annual value of the products of the industry and labor of the people of the United States. If, then, the aggregate annual products of the Union, of all kinds, be estimated at \$2,000,000,000, and if the average annual export of the same be \$100,000,000, it will be seen, that only about *one twentieth* of the entire product leaves the country, and that the rest is consumed or used at home. As

never injure, is always beneficial. The more of it, and the more active, so much the better. Foreign trade, as a whole, for a nation, is always a delicate operation, and for the benefit of any country, should be so regulated, as not to import more than is exported, taking all that goes and comes into consideration; and the exports ought to be something in excess. Whether they can be too much in excess, is perhaps a question. There is a natural limit. In Great Britain, the average annual balance in favor of home, is usually some tens of millions of dollars. This does not all appear from the usual display of her exports and imports. It comes in other ways; and if it comes, it is no matter how. Great Britain is the great capitalist of the world — owes nobody but herself, and everybody owes her, and must at least pay interest, as we do — *except what we repudiate*. Shame on this delinquency! It is the subsidies of Great Britain, and her compensations, extorted from vanquished nations, which constitute one great item of her income. For the last fifty years she has been perpetually draining the heretofore richest portion of the world — the East — where gold was piled up in heaps, and silver was as stones. Was not China beaten, and forced to pay? — the Seikhs, and forced to pay? The national debt of Great Britain, all owned at home, is no otherwise a difficulty with the government, than the financial task of raising more money to pay interest. The nation, as a whole, is no poorer on that account. In the United States, under the tariff of 1842, there are no certain data by which to determine what portion of this is the subject of home trade, it may, perhaps, be safely put at \$1,000,000,000, less or more. The amount, then — allowing \$200,000,000 for imports and exports — is ten to one of that which is the subject of foreign trade. Its comparative importance, however, is indefinitely, but vastly greater, than would be represented by this difference. That which is exported, is the subject of one commercial transaction, but ever after dead to the country: whereas, a large portion of that which remains, enters into the substantial capital of the country, and becomes reproductive, in endless progression, and by a ratio not exceeded by the geometrical.

The same is true of other countries. The internal industry of France, for 1842, was estimated at 8,000,000,000 francs, and her exports at 1,065,400,000 — the exports being less than one eighth of the productive industry of the country. And in relation to Great Britain, the great commercial nation of the world, whose manufactures have been nurtured for centuries, and whose commercial marine is by far the greatest of all other nations, the Hon. Edward Everett, while our minister at the court of London, stated, at an agricultural meeting in Derby, England, in 1843, Earl Spencer in the chair, that, although the commerce between Great Britain and the United States was twice as great as between England and any other country, yet the whole of the products passing to and fro, was not worth so much as the oats and beans raised in Great Britain, as proved by their own agricultural statistics; and that the entire value of the products employing British navigation, all the world over, was not equal to that of the grass grown in Great Britain.

balance in our favor had got to be some six or seven millions average—just enough to save us from commercial bankruptcy in foreign trade. But in domestic trade, there is no such delicacy—no such danger. The more work there is done on an estate, the better; and the United States is only a large freehold.

The coasting trade, as appears from official documents, employs about half the tonnage of the country. And when the short and frequent voyages of this part of our commercial craft are considered, as compared with the part engaged in foreign commerce, the business it does in the home trade must be many times greater than the foreign.*

* From the official records of Massachusetts, it appears, as stated by Mr. Hudson, in his speech in Congress, June 29, 1846, that—

“The number of vessels which entered the port of Boston alone, in 1845, from other ports of the United States, beyond the bounds of Massachusetts—not counting fishing-craft, nor the wood, lumber, and hay coasters, from Maine—was 5,481, with an aggregate of 900,620 tons, or nine tenths of all the registered tonnage of the country. Of these, 170 were from New Orleans, 39 from Mobile, and 35 from Florida—making 244 from the gulf of Mexico. These 244 vessels, with a register of 118,600 tons, brought into the city of Boston, from the quarters mentioned, cotton, flour, corn, hemp, hides, feathers, lead, beef, pork, ham, lard, sugar, molasses, staves, tallow, wood, and tobacco, to the amount of \$9,500,000—not to speak of grass-seed, castor-oil, linseed-oil, beeswax, furs, peltry, beans, peas, wheat, corn-meal, whiskey, buffalo-ropes, copper, iron, leather, butter, and a great variety of other articles of domestic growth, amounting to millions. This includes only the freight from the gulf to Boston. If we add the freight from Boston to the gulf, and all the foreign products which were transported both ways, which are not included in the above estimate, it would amount to more than one fourth of our whole export to all foreign parts. The internal trade which comes to the Atlantic through the Hudson river, is equal to nearly half of our foreign commerce. The freight brought to the Hudson, in 1845, by the Erie and Champlain canals, was valued at \$45,454,000, and the amount which entered these canals, at Albany and Troy, amounted to \$55,454,000—showing a total of \$100,908,000, being more than all exports to foreign nations, for the same year, of the growth or produce of the United States. The transportation on the New York canals, in 1845, was 1,977,565 tons, being but 3 per cent. less than the whole amount of American tonnage which entered our ports the same year, from all foreign ports.”

The following extract from an article in Fisher's National Magazine, September, 1846, by Lot Clark, Esq., of Lockport, on the New York canals, is pertinent here:—

“The tons of products and merchandise moved on the canals the past year, were 1,977,565; the total tonnage clearing from all the ports of the United States, coasters and all, in the year 1844, as appears from the report of the secretary of the treasury, was 2,010,924 tons; the difference only 43,359 tons. The tonnage entering all the ports of the United States, was 1,977,438 tons, being twenty-seven tons less than the tons of movement on the canals. If we compare values, the contrast is not less striking. The value of all the products and merchandise carried on the canals the year past, as appears from the trade and tonnage report of the commissioners of the canal fund, was \$100,629,859; the whole amount of all the exports of products and merchandise from the United States, as appears by the sec-

To have a just idea of the short-route trade, constantly going on, one has only to observe the active movement of the people throughout the country, on errands of business. Nearly all this activity is trade. Bargains, or exchanges, all which are trade, are constantly going on between neighbors, for reciprocal benefit. It is stated in the National Magazine, that "on the Erie canal, for a number of years after it was finished, for the whole distance between Albany and Buffalo, the amount of merchandise carried *through*, was only about $2\frac{1}{7}$ per cent. of the whole; that about $\frac{3}{40}$ ths of the receipts were for goods or persons going but a portion of the distance, and retary's report for the year 1844, was \$99,715,179; difference in favor of canal commerce, \$914,680. Again, if we compare the tons moved on the canals with the tonnage entering and arriving at the port of New York, from and to all parts, we find how much greater is the canal navigation: In 1844, the tonnage cleared from New York, foreign and domestic, was 498,254 tons; and of all that entered that port was 576,480 tons; total, 1,074,734 tons; being in all, 902,831 tons less than was carried on the canals. Again, the total value of all the exports from the city of New York, clearing from that port in 1844, to all places, was \$32,891,540, while the value of the products carried to the tidewater on the canals the past year, was \$45,452,321; so that whatever comparison you institute, you find that this internal navigation is by far the greatest interest of the state."

It appears by Executive Doc., No. 19, 30th Congress, that the enrolled and licensed tonnage of the lakes, for 1841, was 56,252 tons; for 1846, 106,836 tons; and that the money value of the lake commerce, for 1841, imports and exports, was \$65,826,022, and for 1846, \$123,829,821; being an annual average increase of 17 98-100 per cent. The total amount of merchandise, in tons, for 1841, was 2,071,802, and for 1846, 3,861,088 tons; being an annual average increase of 17 27-100 per cent. The British tonnage on the lakes is about half that of the American. To the above should be added the passenger trade, which Mr. Barton, of Buffalo, says, was not less than 250,000 persons, to and fro, in 1846, amounting, at \$5 for each passenger, to \$1,250,000. The lake commerce, increasing for ten years subsequent to 1846, as for five years preceding, at 17 per cent., will amount, in 1857, to upward of \$170,000,000, net, or to \$340,000,000 for imports and exports. It should be observed, that sixteen of the lake ports are not included in the estimates for the above results, not being known.

By the same document as above, it appears, that the steamboat tonnage for the Mississippi and its tributaries, for 1842, was 126,278 tons; and for 1846, 249,055 tons. A Cincinnati memorial to Congress, of 1842, supposes there are 4,000 boats of other kinds (not steamboats) on these waters, with an average of 75 tons each, amounting to 300,000 tons. These are the flat-boat craft, which do not return; but it is supposed that two series of these boats are used in a year, raising their tonnage to 600,000, as stated by the document before us. The average of the steamboat running is put down at ten trips a year, which makes their joint freights 1,262,780 tons; which, added to the above 600,000 tons by other kinds of boats, amounts to 1,862,780 tons for 1842. The yearly expense of this craft, building and repairing, is stated, for 1846, at upward of \$20,000,000. The average annual increase of tonnage on these waters, from 1842 to 1846, was 24 3-10 per cent. The net money value of this trade, for 1846, through, way, passenger, and all, is stated at \$183,609,725; or exports and imports between places, \$367,219,450. The latter is the true expression of the movement.

either received or discharged at intermediate points between Albany and Buffalo; and that, although there is a new world open at the west since that time, and the amount of intercourse and business has become immense with the seaboard, yet, it is true at this moment, that the local business is still superior to the *through* business on that canal." The same, or like, is alleged of the passenger trade on the Hudson. From every point of the United States, where there are people, more start on business for five miles than for ten; more for ten than for twenty; more for twenty than fifty; and so on. This shows, that the great amount of home trade is imperceptible and incalculable.

It can not but be seen, that this internal and coasting trade—of which the facts cited in the note are only very limited and restricted examples—running on lines which cross each other at all points, making a complete network of the whole land, to facilitate exchanges, must be vastly comprehensive, and not less important.*

* It will be observed, that we have said little of our *sea*-coasting trade, except in the case of Massachusetts. We have not the sources of information at hand. But it is a great trade—many times to one of all our foreign commerce, as evinced by the daily arrivals and departures of coasting craft in our ports. They come and go in clouds.

Adam Smith has well said on this subject: "An inland country, naturally fertile and easily cultivated, produces a great surplus of provisions beyond what is necessary to maintain the cultivators. Abundance renders provisions cheap, and encourages a great number of workmen [artisans] to settle in the neighborhood, who find that their industry can there procure them more of the necessaries and conveniences of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or what is the same thing, the price of it, for more materials and provisions. They give a new value to the surplus part of the rude produce, by saving the expense of carrying it to the water side, or to some distant market; and they furnish the cultivators with something in exchange for it, that is either useful or agreeable to them, upon easier terms than they could have obtained before. The cultivators get a better price for their surplus produce, and can purchase cheaper other conveniences which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce, by a better improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, so the progress of the manufacture reacts upon the land, and increases still further its fertility. The manufacturers first supply the neighborhood, and afterward, as their work improves and refines, more distant markets." In this way he goes on to account for the growth of all the manufacturing towns of England. Is not this remarkable doctrine for one who is relied upon for a system of economy directly the opposite of this?

But again he says: "The inland, or home trade, the most important of all—the trade in which an equal capital affords the greatest revenue, and creates the greatest employment to the people of the country," &c. — "A capital employed in the home trade, will sometimes make twelve operations, before a capital employed in the foreign trade has made one. If the capitals are equal, therefore, the one

The Hon. Abbott Lawrence, in a letter to the Hon. William C. Rives, of Virginia, dated Boston, January 16, 1846, says: "We [of Massachusetts], previous to the war of 1812, were an agricultural and navigating people. The American system [the protective policy] was forced upon us, and was adopted for the purpose of creating a home market for the products of the soil of the south and west. We resisted the adoption of a system, which, we honestly believed, would greatly injure our navigation, and drive us from our accustomed employments, into a business we did not understand. We came into it, however, reluctantly, and soon learned, that, with the transfer of our capital, we acquired skill and knowledge in the use of it; and that, so far from our foreign commerce being diminished, it was increased; and that our domestic tonnage and commerce were very soon more than QUADRUPLED."

will give four-and-twenty times more encouragement and support to the industry of the country than the other."

And yet again: "The greatest and most important branch of the commerce of every nation, it has already been observed [this is a great point in his work], is that which is carried on between the inhabitants of the town and those of the country. The inhabitants of the town draw from the country the rude produce which constitutes both the materials of their work and the fund of their subsistence; and they pay for this produce by sending back to the country a certain portion of it manufactured and prepared for immediate use. The trade which is carried on between these two sets of people, consists ultimately in a certain quantity of rude produce exchanged for a certain quantity of manufactured produce. . . *Whatever tends to diminish, in ANY country, the number of artificers and manufacturers, TENDS TO DIMINISH THE HOME MARKET, THE MOST IMPORTANT OF ALL MARKETS, for the rude produce of the land, and thereby still further to discourage agriculture.* Those systems, therefore, which, preferring agriculture to all other employments, in order to promote it, *impose restraints upon manufactures, and foreign trade, act contrary to the very end which they propose, and indirectly discourage that very species of industry which they mean to produce.*"

This, as can not be denied, is pretty strong and decided. It is always safe to leave the argument for Protection in Adam Smith's hands, when he is going on in his natural way. He can not help speaking the truth, and the whole truth; though he does not seem to have felt himself in court, and under oath, to speak nothing but the truth. He had masters to serve, who fed and clothed him, as shown in another chapter, and for their great political designs, he was occasionally compelled, as may be believed, to violate his conscience, not less than his principles.

CHAPTER XXX.

THE EFFECTS OF A PROTECTIVE SYSTEM ON THE COTTON-GROWING INTEREST.

The Reasoning of a Secretary of the Treasury, on the Cotton-Growing Interest, considered.—The Importance of this Interest as compared with others.—The "Forty-Bale Theory."—A Variety of instructive Statistics on the Cotton and other Interests of the Country.—The Claims of the Cotton Interest, as being one of superior Political importance, examined.—The Profits of Cotton Growers and Manufacturers compared.—The Evidence of Mr. Clay and the "Southern Planter" on this Point.—Table of Prices of Cotton from 1790 to 1844.—A Protective System more important to the Cotton-Growing Interest than to any other.—A remarkable and decisive Mode of Proof.—Action of a Convention of Mississippi Cotton Planters on the Subject.

THE secretary of the treasury, in his annual report of December, 1845, said, "The cotton-planting interest suffers from the tariff [of 1842] in the double capacity of *consumer and exporter*." This theory will be easily apprehended by a perusal of the following extracts from a speech of Mr. CLAY, in the senate, February, 1832 :—

"It is alleged that the import duty is equivalent to an export duty, and falls on cotton. The framers of our constitution, by granting the power to Congress to lay imposts, and prohibiting that of laying an export duty, manifested that they did not regard them as equivalent. Nor does the common sense of mankind. An export duty fastens upon, and incorporates itself with, the article on which it is laid. But an import duty on a foreign article leaves the exporter of the domestic article free—first, to import specie; secondly, goods which are free from the protecting duty; or thirdly, such goods as, being chargeable with the protecting duty, he can sell at home."

Again: "The case has been put in debate, and again and again in conversation, of the South-Carolina planter, who exports one hundred bales of cotton to Liverpool, exchanges them for one hundred bales of merchandise, and when he brings them home, being compelled to leave at the customhouse forty bales in the form of duties. The arrangement is founded on the *assumption* that a duty of 40 per centum amounts to a *subtraction* of forty from the one hundred bales of merchandise. The first answer to it is, that it supposes a case of *barter*, which never occurs. If it be replied,

that it nevertheless occurs in the operations of commerce, the answer would be, that, since the export of Carolina cotton is chiefly made by New York or foreign merchants, the loss stated, if it really occurred, would fall upon them, and not upon the planters.

“But, to test the correctness of the hypothetical case, let us suppose that the duty, instead of 40 per centum, should be 150, which is asserted to be the duty in some cases. Then, the planter would not only lose the whole hundred bales of merchandise, which he had gotten for his hundred bales of cotton, but he would have to purchase, with other means, an additional fifty bales, in order to enable him to pay the duty accruing on the proceeds of the cotton! Another answer is, that if the producer of cotton in America exchanged against English fabrics, pays the duty, the producer of the fabrics also pays it, and then it is twice paid. Such must be the consequence, unless the principle is true on one side of the Atlantic, and false on the other. The true answer is, that the exporter of an article, if he invests his proceeds in a foreign market, takes care to make the investment in such merchandise as, when brought home, he can sell with a fair profit.”

When a doctrine or theory—for this is nothing but a theory—is proved *absurd*, as above, that is enough. No reasoning can stand before a plain, palpable absurdity, like this. The cotton-planter usually sells his cotton, out and out, to a New-York broker, or to a merchant somewhere, at the market price, puts the money in his pocket, *and there it is*. But this theory supposes *it is not there*. Or, that, by some unaccountable process, 40 per cent. of it is afterward abstracted. If the planter, having the money for his cotton once in his own desk, lets a part of it go, it must be his own fault. There is no such thing as *barter* in these transactions. The exporter of cotton pays the cotton-grower cash, and if he imports merchandise with its proceeds, instead of cash, it is because he expects more cash in the end, by profits on his imports, duties or no duties.

But admitting the truth and validity of the “forty-bale theory,” or of what the secretary of the treasury calls “cotton suffering in the double capacity of consumer and exporter”—it would be hard to *believe* it—but *admitting* it, it has been demonstrated in another part of this work that protective duties in this country are not taxes, in the operation of the system, to any party or person; that protected articles of manufacture are generally cheaper—in the aggregate always cheaper; and that the system relieves the people

from a heavy burden of foreign taxation. Then where is this "suffering," this loss to be found? It has vanished; it is turned into a positive gain, in all cases, and with all parties in the country—producers, consumers, buyers, sellers, exporters, and importers. And thus the whole theory falls to the ground.

It was on the basis of this theory that nullification rose in 1832—disturbed the repose, and menaced the integrity of the Union. The South-Carolinians were made to believe that they were taxed millions a year, "in the double capacity of consumers and exporters." Mr. Clay, in his reply to General Hayne, in February, 1832, proved very satisfactorily, that, on their own principle, their tax, as a state, could not exceed \$333,000, which was only about one third of their fair proportion of the public burden, when the revenue from customs was twenty-five millions. But even this burden is removed by the proof that protective duties are not taxes.

That the cotton-growing interest is one of great importance, both to the country and to the world, is evident enough; and those things which make it important to the world, all contribute to make it valuable to those concerned in it. But the following statement of the secretary of the treasury on this point, in his annual report for December, 1845, deserves a qualification and some abatement, in several particulars:—

"Cotton is the great basis of our foreign exchange, furnishing most of the means to purchase imports and supply the revenue. It is thus the source of two thirds of the revenue, and of our foreign freight and commerce, upholding our commercial marine and maritime power. It is also a bond of peace with foreign nations, constituting a stronger preventive of war than armies or navies, forts or armaments. At present prices, our cotton-crop will yield an annual product of \$72,000,000, and the manufactured fabric \$504,000,000, furnishing profits abroad to thousands of capitalists, and wages to hundreds of thousands of the working classes, all of whom would be deeply injured by any disturbance, growing out of a war, to the direct and adequate supply of the raw material. If our manufacturers consume 400,000 bales, it would cost them \$12,000,000, while selling the manufactured fabric for \$84,000,000; and they should be the last to unite in imposing heavy taxes on that great interest, which supplies them with the raw material, out of which they realize such large profits."

The most impressive feature of the above passage, from the report of the secretary of the treasury, is the sympathy and concern

which he seems to manifest for British capitalists and laborers, as contrasted with his feelings toward American capitalists and laborers. To the former he is more than courteous; to the latter, here and throughout the report, he is somewhat severely censorious. It is not a little remarkable that he should be able so clearly to see the dependence of these "hundreds of thousands" of British "working classes" on their position, in connexion with their employers, and that he should so feelingly deprecate "any disturbance" of that position, by which they might be "deeply injured;" and yet not be able to see the importance of not disturbing the same position of American laborers. The secretary seems to have great satisfaction in contemplating the growing wealth of British capitalists, and is apparently ready to vindicate their utmost prerogative. The slightest exposure of the British "working classes" to injury, very sensibly affects him. This does not appear to be the charity that begins at home, but that which roams abroad for beneficiaries.

Could he not think what would be the benefit to American labor—without injury but a benefit to the cotton-growing interest, as shown in another part of this chapter—if 50 per cent. of the raw cotton exported were manufactured in this country, thereby retaining the six additional values bestowed upon it, not less than \$200,000,000, instead of retaining only the \$84,000,000?—The market or demand, for both the raw cotton and its fabrics, would still be the same—even greater. As to the "heavy taxes on this great interest," which the secretary deprecates, it has been many times answered in this work. If such a monomania were not a calamity to more parties than one, it would be ludicrous enough.

In the next place, the value of the cotton-crop in this statement is hypothetical, and too high. According to the secretary's own tables, the export of that year was only \$51,739,643; and the average annual export from 1841 to 1845, inclusive, was only \$51,000,000. Add \$12,000,000 for home consumption, according to his statement, and it would be only \$63,000,000, instead of \$72,000,000.

But this is here presented by the secretary as a great interest. There are several agricultural products of the country of greater value than that of cotton. That of hay, in 1844, by the patent-office report, was upward of 17,000,000 tons, which, at \$10, would be \$170,000,000. Indian corn, in 1844, was 422,000,000 bushels; in 1843, it was 494,000,000; and in 1846, probably over 500,000,000: which, at 50 cents a bushel, would be \$250,000,000.

Neat cattle, in 1840, numbered 15,000,000 ; now (1847) not less, probably, than 20,000,000 : at \$10 a head, \$200,000,000. Swine in 1840, 26,000,000 ; say 30,000,000 now : at \$4 a head, \$120,000,000. Horses and mules are estimated at \$170,000,000. Oats, 172,000,000 bushels : at 25 cents, \$63,000,000. Hemp and flax, \$20,000,000 ; products of the dairy, \$34,000,000, &c., &c. The Hon. Mr. Stewart, of Pennsylvania, has estimated the annual agricultural products of the country at \$1,000,000,000, which the above items, being only a few of all, though the largest, would seem to justify ; and a senate document, cited in another chapter, based on the census of 1840, estimates the entire annual product of the industry and labor of the country at \$2,000,000,000. It is easy to see what proportion the annual product of cotton—average say \$60,000,000—bears to that of the entire labor of the country ; or to the aggregate of agricultural products ; or to either of the above items for a single branch of agriculture, six of which are larger, and some very much larger, than that of cotton. Why did not the secretary name some of these as *great* interests ? And why should the smallest interest, even of a single man, in the general aggregate, be overlooked ? That is the best government which has a care for all.

But the secretary ascribes some very pretending *political* attributes to the cotton interest, for which he seems to think it merits the special care of the government. "Cotton is the great basis of our foreign exchanges, furnishing most of the means to purchase imports, and supply the revenue. It is thus the source of two thirds of the revenue, and of our foreign freight and commerce, upholding our commercial and maritime power. It is also a bond of peace with foreign nations, constituting a stronger preventive of war than armies or navies, forts or armaments."

It can not be denied that this is a high pretension, an extraordinary claim, put forward on the basis of eminent political considerations ; and these, apparently, are some of the reasons why the secretary thinks that all other interests of the country should give way to that of cotton, and that the public policy should be shaped for this. Believing in these facts, as he has stated them, his course as a public officer may be easily explained. How could he do otherwise ?

But if, after all, it shall appear that the position of this interest of \$72,000,000, so far as its claims to protection are concerned, is purely a commercial one ; that it is an interest of so many dol-

lars, and no more, in the pockets of the growers of cotton ; that so far as it has any political importance, it is so much additional commercial value to those concerned in it, and therefore can only be regarded as a basis of commercial speculation—and a very strong one it is ; then what becomes of these high and superior claims set up for it ?

As to the political importance of the cotton interest, in maintaining peace, whatever of truth there is in it—and there is doubtless a good deal—nevertheless, it all redounds to the commercial advantage of that interest, rendering it always more secure, more available, more productive. As to the credit claimed for the cotton interest, in affording the basis for two thirds of the public revenue, the fact is not apparent. England must have the cotton, and the planter is glad to sell it. *These* are facts. But why does the exporter of the cotton bring back merchandise ? Because the people want it, and because he can double his profits by the operation. It is the wants of the people, then, that constitute the basis of the public revenue, and not cotton. If it should be said, the cotton pays for the merchandise, to the extent specified, this fact is not inconsistent with another contingent one, to wit, that in the absence of cotton, something else would be found to pay for it. As to the aid of cotton in providing a maritime force, by employing a commercial marine, that, too, rests on a similar foundation to the other pretension ; and if it should be granted, would it not be fair to balance the account, and bring the cotton interest in debt to the country, by charging back upon it five or six millions a year for the expense of a navy to protect it on its passage to market ?

No doubt cotton is a great interest. Nor is it intended to disparage its fair relative importance, though not the greatest of the Union. But it can hardly be allowed to claim that every other interest of the country should make obeisance to that, crouch to it, be its slave, be sacrificed to its advantage. Unfortunately, the course of public policy proposed for the benefit of the cotton-growing interest is as bad for that as for any other, not to say worse. All are to be injured by a mistake of the advocates of this single interest, they suffering with the rest.

The president of the United States, in his annual message of 1845, as before cited for another purpose, said : “ While it [the tariff of 1842] protects the capital of the wealthy manufacturer, and increases his profits, it does not benefit the operatives or laborers in his employment, whose wages have not been increased by

it." How far the last part of this proposition is true, has been before considered. The secretary of the treasury, in his annual report of the same year, said: "The profit of capital invested in manufactures is augmented by the protective tariff." It may be so, ought to be, doubtless is, as one object of the tariff is to encourage and sustain manufactures. But the secretary maintains that this is done at the expense of laborers and the poor.

So serious an allegation as this, involving so important a question, and emanating from such a quarter, should have been substantiated by the evidence of *facts*. There can be no apology for this defect of duty, inasmuch as it was perfectly in the power of the secretary to prove it, if it was true. He did, in fact, open a correspondence in all quarters for that purpose; and yet, not a single fact to the point is forthcoming. He complains that the manufacturers would not give evidence to convict themselves. But there were thousands of disinterested and well-qualified persons whom he might have put under oath. Their certificates would have been influential, for or against the secretary. The fact that he did not produce them, is the strongest evidence that they could not be obtained for *his purpose*.

The secretary does indeed say: "It seems strange, that while the profit of agriculture varies from 1 to 8 per cent., that of manufactures is more than double." This, certainly, is a very equivocal mode of expression, unexplained. If he means that the profit of manufactures is more than double of 1, that is not saying much. Or if he means that it is more than double of the medium between 1 and 8, that is, of 4—it is perhaps fair to conclude this was his meaning—even that is not very extravagant, and is probably about what he meant to allow for agriculture. But whatever he meant, is unsupported by evidence.

Assertion is at least as good on one side as the other, and when, in replication, it happens to correspond with known facts, it is simply a reference to the most valid evidence—is evidence. It will not be denied that more capital has been sunk, entirely and for ever lost to the original stockholders, in starting manufactories in the United States, than in any other business whatsoever. Nearly all that was invested during the war of 1812, and under the tariff of 1816, down to 1824, was sacrificed: and the amount was very great. Hundreds, not to say thousands, of families, who were rich before their all was thus hazarded, were for ever ruined by these misfortunes. It is not less true that, in the history of manufactur-

ing in the United States, down to this time, frequent failures, some for great amounts, have been constantly taking place. On these ruins, others following, and taking the same establishments, at a large discount on the cost—50 or 75 per cent., sometimes more, sometimes less—have, for a season, been able to make large dividends, not on the first cost, but on the last. What was their good luck, had been the ruin of others. In the same manner, handsome profits have sometimes been realized by the first establishments in a new business, till other capital, waiting for employment, rushed into it, and reduced the profits to an unsatisfactory level, as is generally the result in all such cases, till one reaction after another brings it to a moderate and fair business.

The Hon. Mr. Evans, of Maine, whose scrupulosity and accuracy of statement in such matters were never questioned by his opponents in the senate of the United States or elsewhere—much less are his statements often disturbed—replied to Mr. M'Duffie, of South Carolina, on this point, in a speech delivered January 23, 1844. His conclusion was: "I venture to affirm that the profits of capital invested in cotton manufactures [these are the most profitable] from the commencement to this time, have not averaged 6 per cent." Mr. M'Duffie asked, "What are they now?"—"I can not certainly inform the senator," said Mr. Evans; "but I am assured that, altogether, they will not average 12 per cent." It has been since proved that they did not average so much; and it is doubtless true that "they have not averaged 6 per cent. from the commencement." No others have done so well, and some have suffered great disasters.

The Lowell factories have, undoubtedly, done better than the average of cotton-mills in the country. The Hon. Nathan Appleton states that, of the nine companies there, five made no dividend during the year 1842, and that the average of the dividends of all the Lowell companies, for the years 1842, 1843, 1844, and 1845, of the net profits, was $10\frac{1}{2}$ per cent. per annum. These statements are, of course, open to verification, and if they could be proved incorrect, it would have been done, as there was no want of disposition.

"I am very sure," said Mr. Evans, "that in other branches of manufacture much less [profit] still has been derived. How is it with woollens? The profits there, we know, have been very low; great losses have been sustained; and the stock has been, generally, far under par. In the iron business, the senator from Pennsylva-

nia [Mr. Buchanan] has told us that many of the furnaces have ceased to operate. . . With plain and conclusive facts like these," said Mr. Evans, "with what justice or propriety can the act of 1842 be stigmatized as an act to legalize plunder and oppression [so Mr. M'Duffie called it], or the policy, as a policy to enrich the manufacturer and capitalist at the expense of the laborer? These are charges, sir, easily made; but they are not sustained, and can not be sustained by any proof drawn from experience, or the practical operation of the system."

But what are the profits of the cotton-growers? In Mr. Clay's reply to General Hayne, in February, 1832, he said:—

"The cotton-planters of the valley of the Mississippi with whom I am acquainted, generally expend about one third of their income in the support of their families and plantations. On this subject I hold in my hand a statement from a friend of mine, of great accuracy, and a member of the senate. According to this statement, in a crop of \$10,000, the expenses may fluctuate between \$2,800 and \$3,200." Again: "If cotton-planting is less profitable than it was, that is the result of increased production. But I believe it to be still the most profitable investment of capital of any branch of business in the United States; and if a committee were raised, with power to send for persons and papers, I take it upon myself to say, that such would be the result of the inquiry. In Kentucky, I know many individuals who have their cotton plantations below, and retain their residence in that state, where they remain during the sickly season; and they are all, I believe, without exception, doing well. Others, tempted by their success, are constantly engaging in the business, while scarcely any come from the cotton region to engage in western agriculture. A friend, now in my eye, a member of this body, upon a capital of less than \$70,000, invested in a plantation and slaves, made, the year before last, \$16,000. A member of the other house, I understand, who, without removing himself, sent some of his slaves to Mississippi, made, last year, about 20 per cent. Two friends of mine, in the latter state, whose annual income is from \$30,000 to \$60,000, being desirous to curtail their business, have offered [cotton] estates for sale, which they are ready to show by regular vouchers of receipts and disbursements, yield 18 per cent. per annum. One of my most opulent acquaintances, in the county adjoining that in which I reside, having married in Georgia, has derived a large portion of his wealth from a cotton estate there situated."

The Richmond (Va.) Enquirer, of Nov. 13, 1846, says: "Our negroes are going by hundreds, yea, thousands, to the southwest. The domestic can not compete with the southwestern demand for them, for the plain reason, that the tobacco-grower can not make one half of one per cent. per annum upon slave labor, while the cotton and sugar planters make, perhaps, from fifteen to twenty per cent."

So far as this evidence goes—and it is large and comprehensive—it proves a great deal; proves what agrees with common report and observation, viz., that cotton-planting has been one of the most lucrative, money-making pursuits in the United States; that fortunes have been made quick and easy by it; that it has been uniformly profitable; that vast estates have been amassed in this calling; that men have grown so suddenly and greatly rich as to be satisfied, and willing to sell out, when the business was worth 18 per cent.; that it is a business which is not liable to fluctuation, and never fails; that the average profit can hardly be less than 20 per cent. on the capital invested, when it has, probably a long time and extensively, been very much better than that; that, if prices have fallen from the enormous profits of former years, it has been owing to the natural tendency of capital where so much money could be made, resulting in over-production; and that the business is still one of the best in the whole country. All but the last of these statements are verified by Mr. Clay's evidence; and for the last, to wit, that this business is still the best, it is now proposed to introduce a witness whose evidence, considering the quarter from which it comes, as well as for its forcible and convincing character, will, perhaps, be somewhat surprising.

In 1844, Leavitt, Trow, & Co., New York, published a book entitled, "NOTES ON POLITICAL ECONOMY, AS APPLICABLE TO THE UNITED STATES, BY A SOUTHRN PLANTER." Among the many instructive things contained in it (it was written by a master-hand), are the following:—

"Let us now calculate what cotton can be grown for when prices get down to mere support for master and slave. With the proper economy, by the owner living on his place, deriving his household and table expenses from it, and clothing and feeding his own slaves, his annual expenses, consisting of salt, iron, medicine, taxes, wrapping for his cotton, and overseer's wages, do not exceed 2 cents a pound on the product or crop. All over that is a profit in their sense, that is, over and above annual expenses. I will give the

details to make this clear. A plantation of fifty hands makes the average of seven bales to the hand, weighing four hundred and fifty pounds. This is three hundred and fifty bales. Suppose 2 cents for expenses. This amounts to \$3,150 on the crop. This crop, say, sells for 4 cents a pound, net, and, clear of charges for transportation, insurance, and commission for selling, leaves \$3,150 profit for the luxuries of the owner, who gets his necessaries out of the plantation by living on it. This is a very pretty sum; and half of it would be ample for him, which would reduce cotton to three cents. As to insurance, unfortunately, the slaves not only insure themselves, but give a large increase, which grows up with the owner's children, and furnishes them with outfits by the time they need them. Now, I will go into a calculation to show that two cents a pound cover the annual expenses. Here follow the items, taking a plantation of fifty hands as a basis: For overseer, \$500; for salt, \$20; iron, \$30; medicines, \$20; doctor's bill, \$100, for you can contract by the year, and it is often done, at \$2 a head; bagging and rope to wrap it at 12½ cents for the one, and 5 cents for the other, amounts to \$300; taxes, \$100; sundry small things, \$100; all told. The writer speaks from experience, for he is a planter of cotton, and owns slaves. All this amounts to \$1,170, much below the allowance of 2 cents a pound, amounting, as we have seen, to \$3,150. I only wish to show, that we can grow cotton *for 3 cents a pound, and have a living profit.* . . The cotton culture, then, is sure to go on in this country, at any price, from 3 cents up, that the market warrants, and with increased energies. These facts warrant us in asserting, which we do broadly and unqualifiedly, that we can grow cotton cheaper than any other people on earth, not even excepting the Hindoos. The consequence of this will be, that we will take the market of the world, and keep it supplied with cotton. . . I am not speaking hypothetically, when I say the United States can grow all the cotton wanted—have slaves and land enough to do it, and even overdo it. [This was written before there was any serious expectation of the annexation of Texas.] This country can raise 3,000,000 of bales, when that much is wanted, and then keep ahead of the consumption far enough to *prevent any advance in the price.* . . If we keep cotton down, not to its minimum price, but to five or six cents, it will cease to come around the cape of Good Hope, and the United States will have the market of the world, just as certainly as at three cents. . . England can not decline taking our cotton, because it is

cheapest, and because she has built up her manufactories on the minimum price of the raw material, and buys it wherever cheapest, and has conformed all prices of labor and goods to that principle. She has, in France and Germany, as well as in us, rivals to her cotton manufactures, and such skilful rivals, too, that she dare not pay more for the raw materials than they do. If she were to pay two cents a pound more for cotton than we do, or than the continent of Europe does, she would lose her hold on the cotton manufacture, and her opponents would take her markets. *The half-penny-a-pound duty now levied in England will have to give way to insure her success.* [This duty was taken off in 1845, the next year after this remarkable prediction was uttered.] . . . According to the opinions of our most deserving and most skilful commission merchants and factors, our own [American] spinners are now worth fully *two cents a pound* to the cotton market, each and every year, by the competition they create with the Europeans. . . . Fears have been expressed that, should we get under way by the stimulus of a protective tariff, we would not only pass the dead point, but go ahead beyond our own consumption, so as to aim at supplying the whole world with manufactures. Such arguments cut like two-edged swords, and show how much might be done under protection."

The above extracts are a little more comprehensive than what is strictly pertinent to the point of the comparative profits of manufacturing and cotton-growing. Nevertheless, they exhibit some practical suggestions of great importance relative to the subject. One of them is a maximum price of cotton, five to six cents, that will be best for the country, though not, perhaps, for individual growers, except as it might prove to be their interest thus to command the market of all the world. It is clear that the prices can not be kept up as high as they have been, so long as the business is so profitable, and so attractive to capital. It may, therefore, be better for each, as it would be better for the aggregate interest, that prices should come down to that point, which will secure an exclusive market in all quarters. The idea suggested by this writer, that, in such a case, it would be policy to *prevent* the rise of prices above that point, is doubtless repugnant to the complaint, that they have already fallen too low. But it will be hard to disturb his reasoning. The clearness with which he has set forth the position of England, in her absolute dependence on American cotton, will be appreciated. It will be seen that it disposes of the argument

that England would purchase less of American cotton under an American protective system, and proves that she would rather be forced to purchase more, to keep her own markets, which would be exposed to American and other competition. In any case, these rival interests would necessarily enlarge the field of demand for manufactured cottons, and the world *must* be supplied, which necessarily increases the demand for the raw material. With those who wish to sustain and raise the price of American cotton, the *two-cents-a-pound* sustaining power, imparted to it by American spinners — admitting the fact — could hardly be unwelcome to them; and it will be difficult to avoid the conclusion, that the fact is so.

With the facts afforded by the “Southern Planter,” as to the expense of raising cotton, it is only necessary to find what have been the prices of cotton, during the history of its production in the United States, down to the present time, and its price now, to have a just idea of the profits of the business. In a variety of instructive and useful statistics on cotton, published in the “National Intelligencer,” Sept. 8, 1846, which had been prepared with great care by a Virginia gentleman, is a column of the average price of cotton per pound, for each year, from 1790 to 1838, as follows in the note below.*

* Years.	Cents.	Years.	Cents.	Years.	Cents.
1790.....	14½	1807.....	21½	1823.....	10 and 12
1791.....	26	1808.....	19	1824.....	15
1792.....	29	1809.....	16	1825.....	21
1793.....	32	1810.....	16	1826.....	11
1794.....	33	1811.....	15½	1827.....	9½
1795.....	36½	1812.....	10½	1828.....	10½
1796.....	36½	1813.....	12	1829.....	10
1797.....	34	1814.....	15	1830.....	10
1798.....	39	1815.....	21	1831.....	9½
1799.....	44	1816.....	29½	1832.....	10
1800.....	28	1817.....	26½	1833.....	11
1801.....	44	1818.....	34	1834.....	13
1802.....	19	1819.....	24	1835.....	16½
1803.....	19	1820.....	17	1836.....	16½
1804.....	20	1821.....	16	1837.....	14½
1805.....	23	1822.....	16½	1838.....	10½
1806.....	22				

By a table in the report of the secretary of the treasury, 1845, on page 612, these average prices are brought down to 1844, inclusive. It begins with 1833:—

Years.	Cents.	Years.	Cents.	Years.	Cents.
1833.....	11	1837.....	14	1841.....	10
1834.....	12	1838.....	10	1842.....	8
1835.....	16	1839.....	14	1843.....	6
1836.....	16	1840.....	8	1844.....	8

The slight variation in six concurrent years, from 1833 to 1838, inclusive, in

There is enough in all this, to show, in connexion with the evidence of Mr. Clay, and the practical statements of the "Southern Planter," first, that cotton-growing in the United States, has been not only a very profitable business, down to this time, but by far the most profitable of any in the country; secondly, that it has never seen a day of adversity; and thirdly, that it occupies a commercial position, in relation to the wants of mankind, and to the rest of the world, which, for an indefinite future period, apparently for ever, is very sure to command uninterrupted prosperity and great profits.

And this is the interest which complains of the profits of manufacturing, when the latter, in its best days, never did so well as cotton-growing in its poorest days; when cotton-growing never failed—can't fail, except as the crop fails, and then the price, ordinarily, will make it up—whereas, manufacturing has broken down many times—has sunk more money, and ruined more fortunes, than has happened to any other interest in the land.

But to show how a protective system operates on the cotton-growing interest of the United States, we beg leave to call attention to a method of proof and argument of a very remarkable character, and which, we think, will conclude all controversy on the question. It is contained in "a speech of Mr. Simmons, of Rhode Island, upon the resolutions to postpone the bill introduced by Mr. M'Duffie, of South Carolina, to reduce the duties on imports, delivered in United States senate, March 27, 1844," and will be found in the note below.*

these two authorities, establishes at least the fidelity of the first, if it should suggest that there may have been a motive in the second (it was sent to the secretary from South Carolina, in answer to one of his circulars), for making the price as low as fairness would allow. Both are doubtless worthy of confidence, and in any case are accurate enough for the present purpose.

It is proper to remark, that the higher prices of former years do not determine the question of comparative profits in the business at different times. The advantages of experience and sundry improvements, might make the prices of latter years more profitable than those of the former. The right of using Whitney's cotton-gin, was open to all in 1800. It will be seen that the prices have never yet come down to the maximum, five to six, which the "Southern Planter" thinks would be best for the interest, and that, for the last twenty of these years, from 1825 to 1844, inclusive, they amount to an average of 11 1-5 cents (taking the secretary's prices as far as they go), leaving nearly four times a living profit, which is three cents. The average prices of the first thirty-five years, from 1790 to 1824, inclusive, were twenty-four cents, or eight times the living profit of the present period.

*"I will," said Mr. Simmons, "give a statement of the results of an exchange of one hundred bales of cotton in each country for heavy sheetings—the cheapest article in his long list, substance considered:—

We proceed to observe, that a protective system increases the demand for raw cotton, sustains, and tends to raise, its prices.

Comparative Statement of the Effect of exchanging one hundred Bales of Cotton for brown Sheetings in England and the United States, at the ruling Prices in both Countries for Sheetings one Year ago, as quoted by Mr. M'Duffie's Tables, and for fair Cotton as quoted in Liverpool and American Price Currents at the same time:—

Amount of sales in Liverpool of 100 bales of cotton.....	42,000 lbs.
Draught 1 pound per bale, is 100 pounds.....	100
Tare 4 pounds per cwt. on 375 cwt. is.....	1,500—1,600
	<u>40,400 lbs.</u>

At 4½d. per pound=8½ cents..... \$3,535 00

Charges in the United States and Liverpool:—

Bagging, twine, mending, and marking.....	\$14 50
Wharfage, \$4; cartage, \$10; storage \$8.....	22 00
Fire insurance, \$3.81; postage, &c., \$3.50.....	7 31
Marine insurance, 1 per cent. on \$3,578.81.....	35 79
Policy.....	1 25—\$80 85
Dock dues, £4 0s. 6d.; town dues, 16s. 8d.=£4 17s. 2d.....	23 32
Duty 35d. per cwt. on 360 cwt., 2 qrs., 24 lbs.....	252 50
Cartage, portorage, and weighing, £3 14s. 1d.....	17 78
Canvass, twine, and mending, £2 9s.....	11 76
Warehouse rent, 1d. per week for 12 weeks, £5.....	24 00
Postages and small charges, 10s. 6d.....	2 52
Brokerage, ¼d. per ct.; insurance, ½d. per ct.; 3 mos. 10 ds. interest discount 1¼d.=1½d. on £731 9s. 2d. is £13 16s. 1d..	66 26
Freight, at ¾d. per pound, on 40,400 lbs., is £84 3s. 4d.....	404 00
Five per cent. primage on freight, £4 4s. 2d.....	20 20
Commis'n and guaranty, 3 pr ct. on £736 9s. 2d., is £22 1s. 10½d.	106 05
Three months' interest on cash charges, \$974.70.....	14 62—1,023 86

Net amount of proceeds, in Liverpool, of 100 bales cotton \$2,511 14

This amount of proceeds invested in best stout English sheeting, as quoted in Mr. M'Duffie's tables, at 3¼d.=7½ cts.—per yard, is 30,859 yards.....\$2,391 57

Commission for purchasing, freight from Manchester to Liverpool, dock dues, &c., 5 per cent..... 119 57—\$2,511 14

The proceeds of 100 bales of cotton, invested in sheeting for planter's account, amounting as above to..... 30,859 yds.

Deduct amount for freight, insurance, interest on the goods during voyage from Manchester to the United States; also, interest on cotton to Liverpool, and time it remained unsold there, and other charges of importation—10 per cent..... 3,086 yds.

Quantity of sheetings returned to the planter..... 27,733 yds.

“Proceeds of the same quantity of cotton sold in the United States and invested in sheetings:—

100 bales of cotton—42,000 pounds—at 6½ cents, is..... \$2,730 00

Bill of 43,750 yards of sheeting, at 6½ cents, is..... \$2,843 75

Deduct 8 months' interest for cash..... 113 75—\$2,730 00

And this must be evident from the foregoing facts and reasonings, though, as shown by the "Southern Planter," above cited, it may

RESULT.

"The one hundred bales of cotton pays for 43,750 yards of sheetings—cotton sold and sheetings bought in the *United States*.

"The same cotton pays for 27,773 yards of sheetings—cotton sold and sheetings bought in *England*; or, in other words, it is 57 per cent. in favor of the American trade, if the goods are imported *free*.

"It thus appears that the planter can get for his one hundred bales of cotton, in this country, a much larger amount (57 per cent. more) of equal goods than in England, without duty.

"To see how it would affect the planter and the country, if the trade were increased as the senator proposes, foreigners made its agents in everything to aid them to purchase our cotton, and our manufactures abolished, I will consider the whole cotton crop sold in England, the proceeds converted into cotton goods for our consumption, and these imported free of duty in this country, and also at his proposed duty of 20 per cent.

"This I illustrate by an example of one hundred bales, and also by one embracing a crop of two millions of bales:—

Sales of one hundred Bales of Cotton in Liverpool, at Prices of February 3, 1844, and Proceeds invested in best English Sheetting at the English Prices, as per Tables of Mr. M^cDuffie, of January 31, 1843, and sold at the Prices of last Spring (1843), also per Tables of Mr. M^cDuffie, with an Addition of 25 per cent. for the Advance in Price of such Goods during the past Year.

SALES OF 100 BALES COTTON.	
100 bales of cotton.....	42,000 lbs.
Draught, 1 lb. per bale, 100 lbs.; tare, 4 lbs. per cwt. on 375 cwt. 1,500	1,600 lbs.
	40,400 lbs.
At 5¼d.=11½ cents	\$4,646 00
Deduct charges in United States and Liverpool, as per statement No. 1, annexed.....	1,023 86
Net.....	\$3,622 14

PURCHASE OF SHEETING.

Invested in English sheeting at prices of 1843, with an advance of 25 per cent. for rise since:—	
36,656½ yds. of sheeting, called in England "stouts or domestics," 2½ yards to the pound, at 3¼d.=7½ cents per yard..	\$2,840 90
Charges:—	
Commission for purchasing, freight from Manchester to Liverpool, dock dues, &c., 2 per cent.....	56 82
	\$2,897 72
Add 25 per cent. for advance in price in English market since January, 1843.....	724 43—3,622 15

SALES OF SHEETING IN THE UNITED STATES.

36,656½ yards (at the same price of American, and of same quality, weighing 2½ yds. to the lb., Laurence C, as per table, for spring prices of 1843), 6½ cents.....	\$2,382 69
Add 2 cents per yard on 36,656½ yards for rise in price since January, 1843, as per table.....	733 14
	\$3,115 83

be doubtful whether this is best for the interest. If it should be thought best to push the growth of cotton in the United States, till

Charges:—

Expenses of importation, 7½ per cent. on \$3,622 15, cost on shipboard	\$271 65
Labor, cartage, storage, advertising, fire insurance, &c., 1 pr.ct.	31 22
Interest for 9 months (sold on 8 months' credit, 1 month after receipt), 4½ per cent. on \$2,959 20.....	133 16
Commiss'n and guaranty on gross sales, \$3,115 83, at 5 pr. ct.	155 79 —
	<u>\$591 82</u>

Net proceeds..... \$2,524 01
for the 100 bales shipped to Liverpool and invested in sheeting, and sold in New York at prices of 1844, being a rise of 31 per cent. from prices of 1843.

“ Now suppose the 100 bales of cotton to have been sold in this country at the prices of February 3, 1844, it would have been sold at 9½ cents.

100 bales of cotton, 42,000 pounds, at 9½ cents.....	\$4,095 00
Saving— 1 month in voyage to Liverpool; 2 months while on hand there; and 1 month for return voyage=4 mos. interest, 2 per cent....	81 90
	<u>\$4,176 90</u>

Deduct amount of sales of sheeting..... 2,524 01

Difference saved in selling cotton in the United States \$1,652 89

“ The cotton yielding 66 per cent. more by selling in the United States, than by shipping to Liverpool and importing sheetings and selling them in the United States—AND THIS, TOO, WITHOUT DUTY IN THIS COUNTRY.

“ The price of fair cotton is taken from Wilmer & Smith's Price Current of February 3, 1844. The price of best English sheeting, and best American (Laurence C) of same quality is taken from Mr. M'Duffie's table accompanying his speech.

“ In this example, if a duty of 20 per cent. ad valorem had been computed on the goods imported, it would have amounted to \$724 42, and the 100 bales of cotton would have net but \$1,799 59; and it would have produced 132 per cent. more, if sold in this country at prices in New York at the same time (February 3, 1844), deducting one cent per pound for charges for freight from southern ports, commissions, &c.

Statement of the Account of two million Bales of Cotton sold in Liverpool, and the Proceeds invested in best English Sheetting (that being the cheapest article according to substance), and the Sheetting sold in the United States for Account of Planters.

2,000,000 bales, 420 pounds each.....	840,000,000 lbs.
Draught, 1 pound per bale.....	2,000,000 lbs.
Tare, 4 lbs. per cwt. on 7,500,000 cwt.....	30,000,000 lbs. —
	<u>32,000,000 lbs.</u>
	<u>808,000,000 lbs.</u>

At 5½d.=11½ cents per pound, is..... \$92,920,000 00

Deduct charges in United States and Liverpool, as per statement No 1, annexed..... 20,477,200 00

\$72,442,800 00

Purchase of sheeting:—

Invested in English sheeting at prices of 1843, as per Mr. M'Duffie's table, with an advance of 25 per cent. for rise since— 733,133,966 yards of sheet-

its prices shall be reduced to the maximum that would command the market of the world, the way is open; and it is possible that

ing, called in England "stouts or domestics," weighing 2½ yards to the pound, at 3¼d.=7½ cents per yard, is.....	\$56,817,882 36
Commission for purchasing, freight from Manchester to Liverpool, dock duty, &c., 2 per cent.....	1,136,357 64
	<u>\$57,954,240 00</u>
Add 25 per cent for advance in price in English market since January, 1843.....	14,488,560 00—\$72,442,800 00
Sales of sheeting in the United States:—	
733,133,966 yards (at the same price of American, and of same quality, weighing 2½ yards to the pound, Laurence C, as quoted in Mr. M'Duffie's tables for spring prices of 1843), at 6½ cents per yard	\$47,653,707 77
Add 2 cents per yard on 733,133,966 yards, for rise since January, 1843, as per Mr. M'Duffie's table.....	14,662,679 32
Charges:—	<u>\$62,316,387 09</u>
Expenses of importation, 7½ per cent. on \$72,442,800, cost on ship board, is.....	\$5,433,210 00
Labor, cartage, storage, advertising, insurance against fire, 1 per cent.....	623,163 87
Interest 9 months (sold on 8 months' credit 1 month after receipt), 4½ per cent. on \$59,200,567 64....	2,664,025 54
Commission and guaranty on gross sales, 5 per cent. on \$62,316,387 09.....	3,115,819 45—11,836,218 86
Net proceeds, without duty.....	<u>\$50,480,168 23</u>
With a duty of 20 per cent. on foreign cost, \$72,442,800, is.....	14,488,560 00
	<u>\$35,991,608 23</u>
Explanation of the result of this impolitic routine of business:—	
Paid to English manufacturers for goods more than the same article could be purchased for in this country.....	\$10,126,412 91
Expenses paid on importing and selling the goods.....	11,836,218 86
Loss to planters without duty.....	<u>\$21,962,631 77</u>
Duty paid in this country, 20 per cent.....	14,488,560 00
Loss with 20 per cent. duty.....	<u>\$36,451,191 77</u>

"To have sold the cotton in the United States for cash at 9¼ cents, the price of February 3, 1844, it would have netted \$46,268,398 more, or 130 per cent., than if exchanged for coarse sheeting in England and sold in this country at prices of January, 1843, with two cents a yard addition for rise since. The consumption of the United States of cotton goods requires, say three sixths coarse sheeting, drilling, &c., two sixths prints, and one sixth bleached shirting, &c. If such goods, and in these proportions, had been imported (instead of all coarse sheetings), the two million bales of cotton would have netted \$37,474,728, instead of \$35,991,608, a difference of \$1,483,120, or about 4 per cent. more.

"Since February 3, 1844, the time when the estimates were made of the price of cotton in both countries, it has receded 1½ cents per pound. If we estimate at present prices for the crop, it would yield in the United States \$69,360,000. As the return in cotton goods, of the most favorable descriptions (brown sheeting, prints, and bleached shirting), for the crop sold in Europe, yields \$37,474,728, the

this may be the natural result of competition. But, in any case, the protective policy is favorable to prices. The more the United States difference between selling and investing in England, and selling here, would be but \$31,885,272, or about 85 per cent. more, by selling in the United States.

“ Let us contrast the effect of this foreign plan, as presented in the foregoing table, with the result of the American system of trade and commerce upon the same crop of cotton :—

“ Of a crop of 2,000,000 bales, say one fourth is consumed in this country, and three fourths in foreign countries :—

500,000 bales, 210,000,000 pounds, worth in the northern markets February 1, 1844, at 10½ cents.....	\$22,875,000
Expenses—freights and shipments, coastwise, secured by law to Americans, and labor, &c., at 1 cent per pound.....	2,100,000
	<hr/>
In southern ports — for planters.....	20,275,000
1,500,000 bales sent to foreign countries, and sold at the same prices at which it ruled February 3, 1844, 5½d. = 11½ cents, on 606,000,000, is.....	\$69,690,000
Paid American shipowners, merchants, &c., for freight and commission.....	\$10,114,800
Paid foreign duties, dock dues, &c.....	5,243,100 — 15,357,900
	<hr/>
	54,332,100
Net amount to planters for crop.....	71,607,100
Deduct amount of same crop received when disposed of upon foreign system.....	37,474,728
	<hr/>
Difference in favor of planters of the American over the foreign system	37,132,372

“ Let us present the effect upon the whole country :—

“ The 1,500,000 bales sold in Europe, including freight, &c., paid to Americans (if invested) in such merchandise as is required in the United States, will sell for enough to pay cost and charges, as follows :—

Sales of cotton abroad.....	\$69,690,000
Less amount paid foreigners, duties, dock dues, &c.....	5,243,100
	<hr/>
	\$64,446,900
Add charges abroad for purchasing, 2 per cent.....	1,288,936
	<hr/>
	65,735,836
Add freight and charges to United States, 7½ per cent.....	4,930,187
	<hr/>
	70,666,023
Of this amount, say two thirds are dutiable goods, at 30 per cent. on \$47,111,032, is.....	14,133,324
	<hr/>
	84,799,947
Interest, and profit, and small charges, 10 per cent.....	8,479,994
	<hr/>
The value of the goods in the United States.....	93,279,941
Of which there would be to pay planters for net sales abroad.....	54,332,100
	<hr/>
	38,947,841
Deduct for charges in England.....	1,288,936
	<hr/>
Leaving to distribute between the government, shipowners, laborers, merchants, &c.....	37,767,905

States go into the manufacture of cotton, so much more will it be necessary for the British manufacturers to push their work, and ply their commerce, to hold their own markets, and gain others. Their salvation and that of the British empire, depend on this. The competition between the British and American manufacturers, under a good system of Protection for the latter, can not be worth less, as shown by the "Southern Planter," than one to two cents a pound to cotton; and the quantity in demand will be constantly increased and increasing, on account of this competition. It is amazing that the cotton-growers should not have discovered this

The 500,000 bales, manufactured in this country, would produce three times the value of the raw cotton.....	\$67,125,000
To pay planters in southern shipping ports.....	<u>20,275,000</u>
Leaving to distribute among laborers, mechanics, manufacturers, merchants, shipowners, and farmers.....	46,850,000
"The entire value of the cotton crop, according to the American system, to wit:	
500,000 bales manufactured.....	\$67,125,000
1,500,000 bales shipped abroad, freights, duties, &c.....	<u>93,279,941</u>
	\$160,404,941

Of which the cotton planter would receive for sales in the United States.....	\$20,275,000	
Sales in foreign countries.....	54,323,100	\$74,598,100
The merchants, manufacturers, mechanics, shipowners, farmers, and laborers, for that part manufactured in this country.....	\$46,800,000	
For that part shipped abroad, \$37,767,905		
Foreigners.....	<u>1,288,936—38,956,841</u>	85,806,841
		<u>160,404,941</u>
By American system—		
Planters receive.....	\$74,598,100	Other Americans.... \$84,517,905
By foreign system—		
Planters receive.....	<u>37,474,428</u>	Other Americans.... <u>1,463,163</u>
Difference in favor of American system, to planters.....	37,123,672	To other Americans.. 83,053,742
By American system—Planters and other Americans receive, in total,	\$159,116,005	
By foreign system—Planters and other Americans receive, in total,	<u>38,937,591</u>	
Total difference in favor of American system to planters and others,	\$120,178,414	

"If business had been encouraged, so that the increase of manufactures had kept pace with the production of cotton, we would now manufacture nearly or quite the whole crop, and produce an annual amount of \$268,500,000 of these manufactures.

"This business would not only have secured a certain market for our crop of raw cotton, but would have created a demand for agricultural productions for double the amount of all which we now export to all nations."

before ; but the following facts will show that they are beginning to see it now. A convention of one hundred and four cotton-planters in Mississippi, in 1845, passed a series of resolutions in favor of the protective policy, of which the following are extracts : " That they are in favor of the tariff of 1842, because it affords, as they believe, adequate protection to all kinds of domestic labor, and renders it independent, not only in name, but in fact ; because it will induce, at the north, large investments of capital, and the employment of a large number of laborers, in the manufacture of cotton goods ; that it will extend the consumption of manufactured articles, and thereby increase the demand for the raw material ; that it will give the growers of cotton two markets, instead of one, and one of these a home market ; because it protects indirectly the growers of small grain, and gives them a home market ; because it protects indirectly the hemp-growers, and keeps the large amount of capital now invested in that business from being employed in the culture of cotton ; because it protects indirectly the breeders of hogs, horses, and mules, and gives them a home market ; because it protects the producer of sugar, gives him a home market, and prevents the vast amount of capital and labor invested in the culture of cane from being directed to the already redundant production of cotton ; because all experience proves that its ultimate tendency is to reduce the price of manufactured goods, and thereby benefit consumers of all classes ; because no one great interest of the country can be adequately protected, without in some degree extending protection to all other interests, and that none derive more essential benefit from the general prosperity of other pursuits than the cotton-grower ; because the interests of the manufacturers of cotton goods at the north are identified with the interest of the grower of cotton at the south, and that, as strength is added to these two great interests, the one at the north and the other at the south, so will strength be added to the bands which bind this glorious Union together."

It is not to be supposed, with all the natural advantages for manufacturing which the south possesses, especially Georgia, that she will be long without being prepared to manufacture her own great staple, cotton, in the regions of its growth. She has already begun the work, and is advancing. Such a system will be an incalculable saving and gain to the south. But whether manufacturing is done there, or at the north, the south is benefited ; but she will be more benefited when it is done at home, for the same reason that it is better to do it in the United States than to have it done abroad

CHAPTER XXXI.

THE PRINCIPLES OF A TARIFF AS THEY RESPECT THE OBJECTS OF DUTIES AND THE MODES OF COLLECTING THEM.

An American Economist of the present Time exposed to the Charge of Political Partisanship.—He is obliged to examine public Measures as Facts.—The Principles of the "Revenue Standard" examined.—A Tariff not a Revenue Measure, except incidentally.—The Customhouse System inconsistent with Free Trade.—Direct Taxation and Free Trade go together.—No such Thing as Incidental Protection.—Minimum Duties and their Effects.—Specific Duties.—Ad Valorem Duties.—History and Effects of these Different Modes of Duties.—Proofs in Point.

WE are compelled, in many parts of our argument, to run the risk of being called a political partisan, though we have no interest in anything but truth. It is evident enough that public economy can not be separated from politics, when its very purpose is to establish a creed for statesmen. There is not a question that falls within its range that is not a question of state. It is also more pertinent to our argument, and more forcible, to notice things done, than to suppose things done; and the more recent they are, so much better are they known to all. The reader of the Free-Trade economists will always find *hypotheses* of facts as the instrument and ground of reasoning, which are framed to suit their purposes; but rarely does he meet with facts in those authorities as the basis of a theory. On the contrary, we resort to facts as the only ground of reliable deduction. Hence we are often forced into the midst of political events and agitations. Some of the more recent parts of the political history of the United States furnish facts for the economist, which it is impossible to overlook; or which, being overlooked, would be a great defect in his work. The questions which we have in hand imperatively demand, among other things, that we should review the measures and examine the doctrines of the administration which commenced its career on the 4th of March, 1845, so far as they relate to a protective system. In doing this, it becomes necessary to notice their official documents, and some of the acts passed at their recommendation, as we have several times done, but which we are obliged to do more at large in this chapter and the next following. The tangible points which they present, and the facts with which they are connected, antecedent and sub-

sequent, relating to a protective system, which, as opposed to Free Trade, is the leading and main topic of this work, present themselves in the foreground of that wide field which is the subject of our investigation.

And here it is pertinent to remark, that, as matters go on, in the administration of the government of the United States, the utterances of the secretary of the treasury, in his report on the finances, are of course to be regarded as the echoes of the mind and will of the president; though, by the constitution and laws, the secretary is an agent of Congress, accountable to that body alone, should act in harmony with his legitimate masters, and in obedience to their instructions. This incongruity was established in 1833, when the president took charge of the treasury. As the report of the secretary of the treasury, of December 3, 1845, was made the basis of the tariff of 1846, in accordance with the views of the president (it is an echo of the message), an examination of the principles of the report will determine those of the new law.

We proceed to consider what is called the "*revenue standard*," in the formation of a tariff. The secretary of the treasury of the United States, in his annual communication to Congress, December 3, 1845, seems to have made a discovery, to wit, that imposts laid for any other purpose than revenue are unconstitutional. He says: "The whole power to collect taxes, whether direct or indirect, is conferred by the same clause of the constitution. The words are: 'The Congress shall have power to lay and collect taxes, duties, imposts, and excises.'" Assuming, first, that "taxes" are identical with "duties and imposts;" next, that all duties are taxes; thirdly, that protective duties are either partially or entirely prohibitory; fourthly, that power is identical with duty, that is, a "power to collect" means *shall* collect; and fifthly, that a tariff of duties on imports is a mode of taxation for revenue *prescribed* by the constitution;—with such a string of assumptions, the secretary arrives, with self-plumed honors on, to the logical achievement that protective duties are unconstitutional. First, because protection is not authorized by that instrument. Next, because, if it were, when the duty amounts to prohibition, as it sometimes does, the duty can not be *collected*; or to a partial prohibition, as at least it must, a *part* of it can not be collected. Hence, none but duties imposed expressly and only for revenue can be constitutional.

Unfortunately for the secretary, the first of the above-named as-

sumptions requires proof, and is open to disproof; the second is disproved; the third is of no consequence; the fourth is an absurdity; and the fifth also requires proof.

To assume that "duties and imposts" are identical with "taxes," or that the same thing is meant by the former as by the latter, amounts to an accusation of superfluity of language in the constitution, made for and held to be a concise and comprehensive document. The constitution manifestly names "duties and imposts" as a different sort of thing from "taxes"—as occupying their own peculiar position, and as discharging their own appropriate functions, as in fact they do, in public economy. They may be taxes; they may not be; they certainly are not always. It has been proved that protective duties are rarely taxes—never as a whole; and that, as a system, they operate quite the other way. If it be asked, "Why, then, are the two words, 'duties and imposts,' used here?"—the answer is, because they do not always mean the same thing. Though duties are imposts, prohibitory imposts are not duties, in the strict meaning of terms, because, in such a case, there being no entries, there can be no duties to discharge.

The second assumption is answered by the evidence in a former chapter, that protective duties are not taxes. The third is granted, but is of no consequence, while the others fail. It need not be said, that the fourth is a manifest absurdity. As to the fifth, it may be remarked that a tariff is *not prescribed* in the constitution as a mode of raising revenue; next, that the design of a tariff, in all nations, and in all cases, is to regulate foreign commerce so as to protect the interests of the state and of the people in foreign trade; thirdly, and consequently, that the revenue functions of a tariff are *incidental*, not primary, or necessarily inherent. If, in accomplishing the original and main design of a tariff, revenue can be raised, it is well; but it is *incidental*. If a sufficient revenue can be raised, and direct taxation avoided, so much the better. Still, this incidental result does not change the original design and character of the measure. No one will pretend that drawbacks and bounties are any part of a revenue measure, though they may be a very important part of a tariff. The whole of the secretary's argument on this point, therefore, is a total failure.

This erroneous idea, that a tariff is a revenue measure, except incidentally, is of some importance to be corrected, not simply in answer to the secretary's reasoning, who seems never to have thought of the original and true design of a tariff; but for the sake

of showing what that design is. This is the first time, in the history of tariffs, that an attempt has been made to prove a tariff a revenue measure, in the theory of law and the constitution. In doing that, the honest way would be to drop the name, which has ever been held to signify a different thing, and which was devised for a different purpose. Honesty, indeed, would require more than this. For, if all the original and long-continued objects of a tariff are to be abandoned; and if it be indeed true, as Free Trade asserts, that all duties are taxes up to their specific amount, it is a very great injustice to the people to add to these taxes the immense tax of the customhouse system, by sustaining all its machinery and offices. If the doctrines of Free Trade be true, every customhouse in the land should be closed as soon as possible, and the system should be forthwith abandoned. It is a very expensive system, if there is no power in it—as the protective policy avers there is—to sustain itself. According to the theory of Free Trade, the people ought to be relieved from this burden, and a system of direct taxation, to support the government, and supply its wants, ought to be substituted. If the people can have an intelligent belief in Free Trade, it is impossible they should not also see that it will be much lighter, and much more just to all parties, for every one to be fairly assessed on his property for all the requirements of the public treasury. The chief burden of supporting the government would then fall where it ought—on the rich. There can be no apology, according to the doctrines of Free Trade, for continuing a tariff, as a mere revenue measure; for no system of taxation could be more unjust in itself, besides the injustice of imposing on the people the superfluous, heavy, and oppressive expenses of the customhouse system.

But it has been proved in this work, over and again, in a variety of forms, that protective duties are not taxes; and that, if properly adjusted, they will not only support the government, in a time of peace, and defray all the expenses of the customhouse system, which is a part of government; but that it will rescue us from a grievous system of foreign taxation; be of incalculable benefit to all sections and to all parties, rich and poor, of the country; sustain the currency and make it abundant; give employment and good wages to all kinds of labor; and contribute to the wealth of the nation, in a manner and degree that can not be easily estimated: while Free Trade, as all our experience, also abundantly cited in this work, proves, would produce directly the contrary effects in

all these particulars. The original and legitimate object of a tariff, especially in the United States, is "to regulate commerce with foreign nations"—an express authority of the constitution—so as best to secure the interests of the country and of the people, as above specified—especially the interests of labor, which is the soul and body of all wealth; whereas, the object of obtaining revenue by a tariff was originally, has ever been till now, secondary and purely incidental. If the protective principle is to be abandoned, it is obvious that the only honest course is to abandon with it, altogether, the customhouse system. Without protection, it is a useless expense, and a heavy additional tax.

Nothing could exceed the confusion and derangement which the principle of this "revenue-standard" theory, reduced to practice, would occasion to the interests and business of the country, because that rate of duty on a specific article which would raise the most revenue, when imposed, would, almost invariably, by its operation, require to be changed every year—often every six months—to accomplish the same object. It would, indeed, if carried thoroughly into execution, in a very short time, most seriously derange, if not break up a vast many of the most important interests of the country, besides the injurious effects it must have on all others, by an indissoluble connexion and sympathy.

A common error, both of the secretary and of the president, in carrying out their "revenue-standard" theory, seems to have been in assuming, that every duty on articles of desired home production, is protection. This is an important practical error, and has given rise to the false notion of "*incidental* protection," when, in fact, there can be no such thing as *incidental*, that is not *positive*, protection. On this point, the president says, in his message of Dec. 2, 1845: "If Congress levy a duty for revenue, of one per cent., on a given article, it will produce a given amount of money to the treasury, and will *incidentally* and *necessarily* afford protection or advantage to the amount of one per cent., to the home manufacturer of a similar or like article, over the importer." The entire fallacy of this doctrine of "*incidental* protection" will be seen at once, when it is considered that the ability of the home-producer to *begin* and to *sustain* himself against foreign competition, depends altogether on his having *adequate* and *positive* protection, which is rarely, if ever, as low as one per cent.; may be five, or twenty, or fifty, or one hundred, or two hundred per cent. But he can never begin, and can never sustain himself, till he has a *positive* protec-

tion, equal to the ability of the foreign producer to undersell him in his own market. This idea, therefore, of "incidental protection," is a perfect fallacy—a *positive deception*. There never was—there never can be any such thing, measured out in the way the president proposes, as if it could be effective for the degree specified, when it fails to be adequate. And yet—strange to say—this phantom is the only basis on which the president and secretary build their scheme of protection for the people. It is the only protection that is proffered to their hopes in the tariff of 1846. The Pennsylvanians are favored with an "incidental protection," not of *one*, but of *thirty* per cent., on iron and coal. Is that protection? So of a vast many interests of the country—an "incidental protection" to their ruin. Just enough to *miss* it.

The rule of *minimum* duties is, that a given kind of goods, or merchandise, valued at or below a given price, shall be assessed with a specific duty at that price; as for example: "Manufactures of cotton, not dyed, colored, printed, or stained, not exceeding in value 20 cents per square yard, shall be valued at 20 cents per square yard," for the assessment of an ad-valorem duty of 30 per cent., as under the tariff of 1842.

There has been a most inexcusable ignorance or dishonesty, in the reasonings of the advocates of Free Trade, on the effect of minimum duties. With some, it seems to have been ignorance; and charity would lead us to suppose it has been so with most. The secretary of the treasury, in his annual report of December, 1845, says: "If any discrimination should be made, it should be the reverse of the minimum principle, by establishing a maximum standard, above which value the duties on the finer article should be higher, and below which they should be lower on the cheaper article." He argues that by the minimum rule, the rich are favored at the expense of the poor; or that there is a partiality in favor of the former, and against the latter; and at first sight, as an *ad-cap-tandum* argument, it would seem plausible. But it is demolished by proof of the fact that these protected articles of manufacture are cheapened by protection. The secretary, through either ignorance or design, fails to consider how this minimum rule operates on prices of the articles, in consideration of the different state of the manufacturing arts in this country and in Europe, when the rule was established, and that as soon as the minimum duty becomes prohibitory, the consumer here is rescued from a system of foreign taxation, and has all the benefit of a vigorous home competition,

that gives him these articles, which are covered by the minimum duties, cheaper than he could have got them from abroad, if the home producer had not been encouraged to provide them by protection. It is on the lower degrees of the scale of prices, that American arts, under adequate protection, first overtake and outstrip the European arts; and the system of minimum duties, gradually ascending the scale, enables American arts to rise with them, and as fast as they rise, in perfection and vigor, they cheapen prices; so that the poorer classes have the first and largest benefit of this influence; and they have it chiefly because and when the minimum duties become prohibitory.

There is a most inexcusable statement in the same report of the secretary on this subject, which is the more important, as it constitutes one of the chief elements of his reasoning, and that of others of his school. In the same manner as British factors were introduced into a committee-room of Congress, in the winter of 1845-'6, and invited to display their goods, in order to show how much better it would be for the American people to buy than to make them, so Mr. M'Kay, chairman of the committee of ways and means, in framing his report (house document, No. 306, 1st session, 28th Congress); thought proper to fortify one of his positions by citing a price current published in Manchester, England, by Stewart, Thompson, and Lay, January 31, 1843. The price of "stouts or domestics," an imitation of a species of American cotton goods, was there given, with the additional statement, that they had to pay 100 per cent. duty in entering the United States, under the minimum rule. The secretary of the treasury, eagerly catching at this information found in Mr. M'Kay's report of the preceding Congress, as it suited his purpose, and taking for granted that these goods were actually imported under that duty, made the following statement: "This difference is founded on *actual importation*, and shows an average discrimination *against* the poor, on cotton imports, of 82 per cent. beyond what the tax would be, if assessed upon the actual value." The secretary hastily—it is presumed not reluctantly—adopted the conclusion, that trade was then going on in that way; whereas, this very species of goods was actually selling lower in Boston and New York, at the time this Manchester price current was published, than the prices there quoted for the English market. It was because the minimum duty was prohibitory, and gave the widest scope for home competition.

It is very well known to those who understand the subject, and

who are acquainted with the facts, that the effect of minimum duties, is to lower the prices of low-priced goods, chiefly used by the poor, and to pull down prices at higher points of the scale, in proportion as American manufacturing skill improves. And yet, the secretary has made a bugbear of minimums, to frighten the poor. Did he himself understand the subject? If so, he is open to a more grave impeachment than that of ignorance.

It is on this false principle, and false statement of facts—of which it is charitably supposed the secretary was ignorant—that he arrives at the following false conclusions, first, *generally*, that “minimums and specific duties render the tax [which is no tax at all] upon the real value much higher upon the *cheaper* than upon the *finer* article;” secondly, and *specifically*, that, “by estimates founded on the *same document* [Mr. M’Kay’s report], the discriminations against the cheaper article [under the tariff of 1842] must amount to a *tax* of \$5,108,422, *exacted* by minimums and specific duties *annually* from the poorer classes.” And yet, *as a matter of fact*, the true proposition on the point, is, in both particulars, directly the *reverse* of this. Is it possible the secretary should have been ignorant in this case?*

* Minimum duties were first introduced by southern statesmen, Messrs. Calhoun and Lowndes, in the tariff of 1816. It will be found, by an examination of senate document, No. 109, second session, 28th Congress (a document from the secretary of the treasury), that the application of the minimum principle to *wool-lens*, puts the tax (if indeed it were one, but it is not) on the costly goods worn by the rich, and is all in favor of the cheaper goods worn by the poor. The annual revenue from this source, under the tariff of 1842 (see same document), was over two millions of dollars. By the same authority, it appears that the application of the minimum principle to cottons yielded annually to the revenue, under the tariff of 1842, upward of four millions of dollars, the chief burden of which (if burden it was, but it was not) falls on the finer goods worn by the rich. Even these are cheapened, such of them as are rivalled at home by the action of domestic against foreign competition; and those not rivalled at home are the finest and most costly, not used except by those who indulge in luxuries. That the low-priced cotton goods are greatly cheapened, is not only proved by the prices current, but is demonstrated beyond all contradiction by the facts that they go forth into the widest field of competition, in all parts of the world, with British goods of the same description, and that the British government was forced to enact differential duties for their dependencies, in favor of British products, to keep out American.

The revenue raised in one year, under the tariff of 1842, by the application of the minimum principle, on cotton goods, as stated in the abovenamed document, was as follows: \$1,121,000 from goods costing above the minimum, at a duty of 30 per cent.; \$2,574,000 from printed and colored goods, at 9 cents square yard, or 43 per cent. duty; \$544,000 from plain goods, at 6 cents square yard, or 45½ per cent. duty; and \$34,000 from velvets, &c., at 10½ cents square yard, or 35 per

A *specific duty* is assessed by measure, as so much per yard, per gallon, per cwt., per caldron, &c., the instrument of measure being such as the nature of the article requires. An *ad-valorem duty* is assumed to be an assessment according to the value of the article, and the rule of valuation is the foreign invoice, with legal provisions to guard against fraud. Of what effect these provisions are, will be seen by-and-by. Specific duties are not imposed without regard to value; but it is obvious, that this rule applied to any article which has a wide range of values for a given measure, as cloths, wines, tea, coffee, &c., must operate with inequality, when this term is not used in the sense of injustice, which could not easily be proved in such a case, as it is rather a question of discretion and expediency than of right and wrong. One of the objects of specific duties is to abate this inequality, and come nearer to the real values. The *ad-valorem* mode is also attended with its difficulties, especially when, as in the case of the American law, the rule of valuation is the foreign invoice, the temptations to fraud being so strong, and its means so easily employed, with great chances, usually with a certainty, of impunity. The experience of all governments, down to this time, has decided in favor of the specific mode, as being on the whole most convenient, most secure of the ends aimed at, and especially as being a preventive of immorality and crime. But notwithstanding these reasons of experience, the new American tariff of 1846, on the recommendation of the president, was constructed on the *ad-valorem* principle, re-

cent. duty; in all, \$4,273,000, with an average duty of 38 per cent. If this minimum duty were a tax, it must be seen how it falls chiefly on those who bought the high-priced goods; and that the small amount collected on the low-priced goods was not a tax, is evident, as well from the positive reduction of prices, as from the fact that they are sold against the same description of British goods in all parts of the world. But it has been shown elsewhere, that none of these duties, imposed for protection, are taxes.

But one of the most stupendous effects of the application of the minimum principle of duty, is the opening of a vast market for American cotton fabrics—of course for the raw material—in eastern Asia, whence the same kind of goods formerly came to Europe and America. The cheap labor of China and the far east, has been *undersold* by the high-priced labor of America, in the application of superior skill and economy of production, and a channel for an annual export of some millions, from the United States, has been opened by this course, destined to increase, almost without limit, under the same system.

South Carolina, in establishing the cotton minimums of 1816, laid the foundation for thus turning back upon Asia the most essential production of the Southern states. It is among the strangest things of things strange, that this immense mistake, this fatal blunder, above considered in the text, should have been made by the very parties so vitally injured by it.

jecting the specific. It is proposed to examine these two modes. See note.*

* If one could not be surprised, in the midst of so many new things, one might yet be so, in view of a reason given by the secretary of the treasury for the adoption of ad-valorem as a substitute for specific duties. He says: "Experience proves, that, as a general rule, a duty of 20 per cent. ad valorem will yield the largest revenue." Now, it happens, that all experience leads to the opposite conclusion, and that statesmen, heretofore, in all countries, wishing to raise the largest revenue, by imposts, have preferred the form of specifics. Great Britain has had, and still has, occasion for the highest possible revenue on certain articles, and she invariably, when it is practicable, having that object in view, adopts the specific form, as on teas, the duties on which are at least 200 per cent., and produced, in 1842, upward of \$19,000,000. Her duty on sugar, for the same year, specific, produced upward of \$24,500,000. The subsequent reduction of duty on sugar, was for relief, not for revenue. Her duties on wines and tobacco are specific, varying from 300 to 900 per cent., and produce a revenue of about \$40,000,000. It is unnecessary to go farther for the experience of England. Our revenue for the year 1831, under the high tariff of 1828, the duties having been made specific, as far as possible, was \$30,312,851 net, at rates of duty averaging 41 per cent. on dutiable articles. Our lowest tariff was in the last year of the compromise, 1842, with an average duty of less than 24 per cent. — commonly supposed to be 20 — on dutiable imports, and the net revenue for the year was \$12,780,173. Is it *such* experience which the secretary appeals to? Or where is it? Mr. Polk said, in a speech at Madison, Tennessee, in 1843, while canvassing for the office of governor: "It [the tariff of 1842] will not produce annually half the amount of revenue which would have been produced by the lower rates of the compromise act;" that is, by the tariff that was in operation when that of 1842 went into effect. This less than *HALF*, as will be seen, would have been less than \$6,390,036 annual revenue for the tariff of 1842. But it actually produced an average of over \$26,000,000 net. Was *this the experience* on which the secretary came to his conclusion? *Twenty per cent.* was the commonly alleged maximum, at the time, which produced a revenue of *twelve millions and a half*.

The experience of our own, and of other governments, has, from the beginning, prompted the greatest possible pains to apply specific duties wherever practicable in the nature of the article; and in accordance with this experience, the list of specific duties had been increased, and that of ad-valorems diminished, in all these quarters, at every new modification of the tariff, almost from time immemorial. England has always been aiming at this; many of the continental tariffs, the famous Zoll-Verein in particular, are wholly specific. Mr. Gallatin, when at the head of the treasury, earnestly recommended more specific duties; so Mr. Dallas (Alexander J.); so Mr. Crawford; and under each of these secretaries, as well as under others, much had been done to accomplish the end — chiefly, indeed, to prevent frauds on the revenue, at the same time that specific duties have always been regarded as the best mode of increasing the revenue, if required.

But, though the amount of revenue can not be a trifling consideration, at a time when the public expenditures are running up to between fifty and a hundred millions a year, yet the universal experience of frequent and great frauds, under a system of ad-valorem duties — frauds on the revenue, and frauds on American citizens and interests — presents considerations, which ought to bring every good man to a pause, before he should consent to open such a door to immorality and crime — to legalize fraud, and offer the most seductive advantages to perjury. What does a European factor of merchandise care for a customhouse oath, who has been bred in a school which teaches, that the evasions of imposts, by whatever means,

As the modes of assessing duties had never been made a party question in the United States, one can hardly account for this is equally a virtue and a duty, and who will glory in it, when beyond the reach of punishment? Such, notoriously, is the state of morals in Europe, on this subject. The writer of these pages has seen and heard it there, as openly proclaimed and boasted of, as the proudest achievements. Nor is this the worst of it. Customhouse officers can be bribed, as abundant experience demonstrates. The temptation to share in the spoils — and such spoils — is equally great to them, as to foreign factors, who, for the consideration they expect to realize, have been judicially proved to have sworn in their false invoices, with as much indifference as if they were making a fair trade. It puts the government, the people, and the interests of the country, on a stupendous scale, in the power of unprincipled villains of the blackest character.

A report of the secretary of the treasury, 1843 (Senate Doc. No. 83, 3d session, 27th Congress), is replete with melancholy instruction on this subject, showing, by the action of the United States court, in the investigation of such cases, that frauds and perjuries, for a term of years, under ad-valorem duties, were habitually and systematically committed by foreign factors, with connivance of customhouse officers, involving great amounts of value; and as but one crime in many is usually detected, the inference is fair, that, aggravated and great as these frauds were, as proved in court, they comprehended but a small fraction of those which were successfully carried on, simultaneously with these, and escaped punishment. In the case of one British importer, "John Taylor, jr.," aided by a deputy collector of New York, whose name is given as "Campbell," the frauds committed, in the course of twenty-one months, amounted to \$200,000. This was but one of many cases brought before the court, and each of the many was doubtless but one of many more that escaped exposure. Such is the system of duties adopted by the tariff of 1846, and such, inevitably, must be the consequences, in this country, or any other, while man remains the same. It was to avoid these crimes, as far as possible, that great pains have been taken, for generations, by all governments, to substitute specific for ad-valorem duties, without regard to the amount of revenue — though it appears, that specific duties are more favorable to that.

The law supposes that ad-valorem duties are assessed on the true value, and that is the intention. But when honest witnesses in court differ so widely, and scarcely any two ever agree, how shall an interested importer be controlled, or ordinarily convicted of his frauds? When the importer can afford to purchase the connivance and aid of a deputy-collector, with a consideration, five, or ten, or twenty times as much as the officer's salary, the door to crime is wide open, and the temptations, with such chances of impunity, are irresistible. The greatest evil is not the robbery of the national treasury. That is one of the smallest, though the amount, in the aggregate, is very great. There is crime, corrupting the administrators of the law, and poisoning the fountains of commercial integrity. Neither American merchants, nor American manufacturers, can stand before such a torrent of iniquity. The former are supplanted, and the latter are ruined. The very foreigner, who, in his own market, has sold a New York merchant goods at one price, comes here, under the screen of his false invoices, and undersells him in the very same articles. How can the American merchant stand, or the American manufacturer live?

The following is an extract from a memorial to the senate of the United States, signed by 48 firms, or houses, comprehending all the importing drygood merchants, of Boston:—

"To the honorable Senate of the United States:

"The undersigned, your memorialists, would respectfully represent, that they are

stupendous mistake of the administration of March 4, 1845. Let the note below, and other facts and reasonings of this chapter, be importers of foreign goods into the city of Boston, and as such they have examined with alarm and consternation, the bill recently passed by the house of representatives [the act of 1846], to change, in a great measure, our system of collecting duties on imports. Should the bill referred to become a law of the land, we are fully convinced that we shall be compelled to abandon our business into the hands of unscrupulous foreigners, who have little or no regard to our customhouse oaths. From long experience, we are fully satisfied, that we can not compete with this class, when duties are based merely on the ad-valorem principle."

The Hon. Wm. H. Crawford, secretary of the treasury, said, in 1818: "The certainty with which SPECIFIC duties are collected give them a *decided* advantage over duties laid upon the VALUE of the article. It is probable that the most *important change* which can be made in the SYSTEM will be the *substitution of SPECIFIC* for *ad-valorem* duties upon all articles *susceptible* of that change."

The Hon. James Buchanan, of Pennsylvania, said, in the senate, in 1842: "Our ad-valorem system has produced great frauds upon the revenue, while it has driven the regular American merchant from the business of importing, and placed it almost exclusively in the hands of the agents of British manufacturers. The American importer produces his invoice to the collector, containing the actual price at which the imports were collected abroad, and he pays the fair and regular duty upon this invoice. Not so the British agent. The foreign manufacturer, in his invoice, reduces the price of the articles which he intends to import into our country to the lowest possible standard which he thinks will enable them to pass through the customhouse without being seized for fraud. And the business has been hitherto managed with so much ingenuity as generally to escape detection. The consequence is, that the British agent passes the goods of his employer through the customhouse, on the payment of a much lower duty than the fair American merchant is compelled to pay. In this manner he is undersold in the market by the foreigner, and thus is driven from the competition, while the public revenue is fraudulently reduced."

The Hon. Mr. Evans, in a speech in the senate, 1846, adduced "hundreds of instances" of fraud on the revenue, for under-valuation by foreign invoices.

The following is an extract from a letter to the Hon. Daniel Webster, 1846: "A merchant orders goods to be shipped from France and entered at New Orleans, for the western trade, with the understanding that he is to have them at the foreign cost, with the duties and charges added.

A shipment was made with and forwarded to the purchaser amounting to	6,829.93 francs.
At the same time the invoice forwarded with the goods to New Orleans was	5,258.00 francs.
Difference	1,571.93 francs.
Or, \$316.94 out of \$1,300.94.	

"The goods were valued, therefore, in the entry, at \$316.94 less than they were to the purchaser; and the purchaser was actually charged for the duty on this \$316.94 as paid to the government, amounting to \$95.10. Both the government and the purchaser were, therefore, cheated out of that sum.

"This transaction occurred in the spring of 1846, and I send you a copy of the correspondence in which these facts are stated, and not denied; but the French house attempts a round-about justification for putting the foreign cost to the purchasers at a greater amount than the entry invoice. J. D."

well considered. They involve too grave, too momentous a question, to be lightly passed over. The principles of a tariff, as they

Again, another letter to Mr. Webster:—

“BOSTON, July 17, 1846.

“DEAR SIR: I am informed that a respectable house in this city received an invoice of European goods from a foreign house, the amount of which was about \$2,000, and that, after entering the goods at the customhouse by the invoices, they received another invoice valuing the same goods at about \$8,000, with a letter, stating that the first invoice was to levy duties by, and the second to sell by.

“The consignee here, who is also an importer, not being willing to be a party to the fraud, deposited both invoices at the customhouse, where they were yesterday.

“I have no doubt of the authority from which I received this information, but I do not wish to be quoted for it.

“I have thought that you might be pleased to know this fact, as the fraud is so great, and the perpetrator beyond the reach of any penal statutes of this country.

“Your most obedient servant,

HON. D. WEBSTER, Washington.

“P. S. I hear that Mr. Lamson is the consignee.”

“Sir,” said Mr. Webster, in the speech in the senate, in which he produced the above letters, July 25, 1846: “Sir, one case more. A highly respectable firm in Boston (Messrs. George H. Gray and Co.) have been dealers many years in hardware, and in the habit of making importations of certain articles from the north. In these articles they found themselves constantly undersold by the dealers in New York. They could not understand the reason of this for a long time; but last spring the secret came to light. They had ordered a small amount of hardware to be sent to them, and in due time the goods came, and two invoices came with them. In *one* invoice, the cost was stated at 958 thalers; in the *other*, at 1,402. And the letter accompanying these invoices says: ‘You find herewith duplicate invoices of the greatest part of your order, &c. The original I send by Havre packet. You also find herewith an invoice made up in the manner like [that which] the most importers of your country require; perhaps to save some duty.’

“Now, sir, these original invoices, the false and the true, and the original letter which I have read, are now in my hand; and any gentleman, who may feel disposed, may look at them. Of course, Messrs. Gray & Co. carried *both* invoices to the customhouse, because they were honorable merchants; and the duties were assessed on the higher invoice. And by this time these gentlemen were no longer at a loss to account for the low price, at which this description of merchandise had been selling in the city of New York.

“But now, sir, take not a single case, but the results of long experience. I am about to read a letter, not addressed to me, but placed in my hands, from a gentleman well known, I presume, to both the senators of New York, and to other members. This letter, I think, will startle the honorable chairman. [The Hon. Dixon H. Lewis, who had said, he “did not believe that a case of fraudulent under-valuation had ever been made out.”] It must open to his mind quite a new view of things.

“TROY, July 14, 1846.

“LE GRAND CANNON, Esq.—SIR: Agreeably to your wish, I avail myself of this opportunity to give you the benefit of my experience in mercantile and manufacturing business, hoping it may tend to an improvement of the bill, now pending in the senate, for the collection of duties. I hope members of Congress will have the same views of the probable results which I anticipate; which are, that the system of ad-valorem duties does give the foreign importer and manufacturer a very undue advantage over the American importer. This will be apparent from my

respect the objects of duties and the modes of collecting them, involve the most important subjects of American legislation, and it would be well for the country if the American statesman who does not understand them, should resign his pretensions, and go home to school.

own experience, which I give you annexed. My brother and myself were brought up in the town of Manchester, and well acquainted with the manufacturers and manufacturing. At the age of twenty years it appeared very evident to me that we could finish goods and import goods into New York about ten per cent. lower than the American merchant; and with this conviction I agreed to come out to New York and dispose of the goods, and leave my brother to finish and forward the goods.

“The result was equal to our expectations. We imported our goods ten per cent. cheaper than our competitors, and by the ad-valorem duties we paid nearly five per cent less duties; so that, in twenty-two years, we made nearly a million of dollars, while nearly all the American merchants failed. Now, I reason, what has been will be; and, should the present tariff bill pass, it will give the foreign manufacturer a decided advantage, and tend to reduce the rate of duties lower than is anticipated. And I can not avoid expressing my decided opinion in favor of specific duties, as then the foreign manufacturer would pay the same duties as the American importer.

BENJ. MARSHALL.’

“Can any man gainsay the truth of all this? Is there a merchant, foreign or American, in the United States, who will express any contrariety of opinion? Is there a man, high or low, who denies it? I know of none; I have heard of none. Sir, it has been the experience of this government, always, that the *ad-valorem* system is open to innumerable frauds. What is the case with England? In her new notions, favorable to Free Trade, has she rushed, madly, into a scheme of *ad-valorem* duties? Sir, a system of *ad-valorem* duties is not Free Trade, but *fraudulent* trade. Has England countenanced this? Not at all; not at all. Sir, on the contrary, on every occasion of a revision of the tariff of England, a constant effort has been made, and progress attained in every case, to augment the number of specific duties, and reduce the number of *ad-valorem* duties. A gentleman in the other house [Mr. Seaman] has taken pains — which I have taken also, though, I believe, not quite so thoroughly as he has — to go through the items of the British tariff, and see what proportion of duties in that tariff are *ad valorem*, and what are specific. Now, sir, the result of that examination shows, that at this day, in this British tariff, out of 714 articles, 608 are subject to specific duties. Everything that from its nature could be made specific, is made specific; nothing is placed in the list of *ad-valorem* duties but such as seem to be incapable of assessment in any other form. Well, sir, how do we stand, then? We have the experience of our own government; we have the judgment of those most distinguished in the administration of our affairs; we have the production of proof, on this most important point, in hundreds and hundreds of instances, of the danger of the *ad-valorem* mode of assessing duties. What is produced in its favor? Every importer of the United States, without exception, is against it.”

“This letter [Mr. Marshall’s], I think, will startle the honorable gentleman.” It is, undeniably, a startling document. It is only wonderful, that a person, who had been a *particeps criminis*, in this business, could have made the disclosure. He, doubtless, as all foreign factors do, when the laws of the United States open the door, considered the game a fair one; and the country is at least under one obligation to him, viz., for the excellent advice of this letter.

CHAPTER XXXII.

THE TARIFF OF 1846.

The Tariff of 1846 a Surrender and Abandonment of the Principles of Protection.—Popular Instincts on this Subject.—It takes Years for the Proof of a new Tariff Policy.—Probable Result of the Tariff of 1846.—A Table showing the Effects of the Tariff of 1846 on American Labor and Arts.—Remarks upon this Table.—The Effect of Auction-Sales of Imports on American Labor and Trade.—Importance of harmonious Legislation between Federal and State Authorities for Auction of Imports.—The Discriminations of the Tariff of 1846 against American Industry and Labor.—Tables in Proof.—Object of the Anti-Corn Law League of England.—False Reasonings of Free Trade on the Effects of the Famine in Ireland and of the short Crops of Europe.

As the principles of the tariff of 1846 are opposed to those of this work, and being now, in 1848, in actual operation as the law of the land, it is regarded not only as suitable, but necessary, for the complete elucidation of our principles, to take some further notice of it than is done in the preceding chapter, and elsewhere by incidental allusions, or in the discussion of abstract principles. As our aim from the beginning, and throughout, is to show what plan of public economy is best adapted to the United States, an actual system in operation, which we regard as ill adapted and injurious, could not with propriety be left unnoticed.

The tariff of 1846 is a surrender and an abandonment of the principle of protection. This is not only understood, but the object is avowed in the messages of the president and in the reports of the secretary of the treasury. In these documents the question is argued, and there is no concealment of the design; although, to obtain the necessary revenue, which is the principle of the measure, some degree of protection, in some quarters, remains, not as an object, but as a result which could not be altogether prevented. This is an event of no inconsiderable importance in the political history of the country.

We have elsewhere had something to say of the instincts of the American people on this subject; and it may not be amiss to enlarge upon that point a little in this place. Reason is fallible; but instinct never errs. The instincts of animal tribes are the guidance of the Divinity within them. Man, too, is endowed with instinct, but in an imperfect degree, compared with animals. Reason, a

higher and nobler attribute, was given him, to preside over instinct; but reason is often unfortunate in its dictations.

If the convicts of all the state-prisons in the United States were put to making shoes, and the state should throw them into market at a small advance on the cost of the materials and the subsistence of the convicts, would it be necessary for the free laborers engaged in this pursuit to study and understand public economy, before they could appreciate the effects of this measure on themselves? Their *instincts* would leap to the conclusion with the speed of lightning. They would be excited, alarmed. The riotous disposition manifested in the city of New York, a few years ago, for using the Sing-Sing marble, quarried and dressed by the convicts, and called the "state-prison monopoly," which was sold at prices to paralyze the arm of free laborers, is directly in point. In the same manner, all the free laborers of the United States know that Europe is but a prison-house for labor, forcing it to toil for bare subsistence, and that it is equally unfair and wrong to force them into a competition with such a power as to force shoemakers or stonemasons to compete with the convicts of state-prisons. And all the business pursuits of the country sympathize with each other. One can not be wronged, but all are injured; and if labor, the great power of the country, on which all depend, is depressed, all feel it. Any measure of the government that begins to *look* like an invasion of the rights of labor, startles the wide community, and people are alarmed. Nor is there any mistake in it; what all see, is truth; it is impossible that such instincts should err.

This is what is called a PANIC. It is an error to say it is *got up*. Trade never commits suicide; it never does that willingly which is injurious to itself; but it will keep off a panic as long as possible. Nor can a few interested persons, like the bears in Wall street, make a general panic. If they succeed in depressing stocks a little one day, they will rise the next. Such a thing as a general panic was never known, in any country, without cause. It is the quick operation, the infallible foresight, the premonition of the instincts of the wide community.

In this manner, the inaugural address of President Polk, on the 4th of March, 1845, distinctly foreshadowing the downfall of the protective system, as one of the great aims of his administration, startled the country. The people were enjoying great blessings under the tariff of 1842. Labor everywhere found employment and reward, and the nation had risen from a long period of suffer-

ing and calamity, produced by the reign of Free-Trade principles, to an unexampled and rejoicing career of prosperity. To have such a condition menaced, from such a quarter, was alarming. Nevertheless, a sanguine people will still hope on, and though timid from instinctive dread, they waited for the message of December 2, 1845, from which time till the passage of the tariff of July 30, 1846, the commercial business of the whole country was paralyzed with apprehension. It was the operation of the public instincts. Ships in large numbers, ready, or nearly ready, or preparing, to sail, freighted with wealth, were stopped; voyages were delayed; orders for goods were countermanded, and others kept back; many, and some vast, schemes of domestic enterprise, with a corresponding capital ready to be invested for the employment of labor, were arrested; and all these great transactions, connected by a thousand channels and a thousand links with all the other great and minor interests of the country, were held in suspense for eight long and tedious months, waiting for the blow that was so seriously apprehended, the falling of which only demonstrated that these instincts of the people were infallibly just. One hundred millions of dollars would not, probably, fully indemnify the people of the United States for all the injury done to their vast and complicated interests during this agitation, till the consummation of the scheme which it proposed to fasten upon the country. What, then, must be the sequel?

The sequel is yet in the future. It takes years for a great and comprehensive measure of this kind, to be fully proved; and the natural results, in their proper and full measure, will be staved off, till the crops of Europe and other foreign parts, shall yield their customary abundance; or possibly now, till the extraordinary events opened in Europe, beginning at Paris, February, 1848, shall have assumed a more settled state. If the want of confidence in European institutions, at such a time of general agitation, should induce European capitalists, in any considerable extent, to transfer their funds to the United States, it will of course defer the natural effects and full proof of the tariff of 1846 to a still later period, by the supply of specie which such transfer of capital would bring to the United States, in the same manner as the late failure of the European crops did. Nothing but extraordinary events like these, tending to bring specie to this country for the time of their continuance, can put off the commercial disasters which the tariff of 1846 is necessarily destined to inflict on the country; and the

longer they are deferred, the more heavy will be their fall. Enough, indeed, has already transpired, in connexion with the experience of former years, under the two antagonist systems of protective and anti-protective duties, to prognosticate, with a sufficient degree of certainty, the coming results. Not less, probably, than a hundred millions of capital, waiting for the decision of this great question, and ready to be invested in a great variety of enterprises for the employment of labor, and for the increased production of private, public, and national wealth, have already been locked up, or turned to employments not productive of the general good. "Capital," says the Southern Planter, "when not permanently invested, merely seeking interest annually, is almost sure to do more harm than good, because those branches most depressed and in debt are the first to come forward to take offered loans, to pay their old debts, under the hope that business will revive so as to justify the transaction. Alas! soon they become convinced, that the capitalist will absorb all, and end in a break-up for both." Such, all know, was the result of the great revulsion of 1836-'7. While there was no encouragement for the investment of capital in those establishments, and in enterprises, manufacturing and other, which employ labor and promote the general good, it turned itself to secure mortgages on the distressed, and made vastly more profits in the end than it could have done in any other way, in the ruin of the thousands that asked its aid. Here is disclosed a great principle, apparently not discerned by those who have sought, by legislation, to depress capital, and impair its position relative to other interests. They only elevate and strengthen it, positively in some cases, relatively in all. They create the very monopoly, the very power, of which they complain. Before, it was no monopoly—no undue influence, as shown in these pages. But under the tariff of 1846, the strong manufacturing establishments which are able to stand, will be strengthened by the breaking down of the weak, and the consequent greater business they will have. Lowell will not suffer, except, perhaps, in its printing establishments and woolen factories. Lowell will stand in spite of the world, and rise and flourish on the ruins of all around; and the greater the general ruin, so much greater at least its *relative* strength, and so much firmer its *relative* position. It is the weak that will be stricken down by the tariff of 1846; it is the labor of the country that will suffer first and most. Capital will always take care of itself. Some of it, being so invested as to be assailed by legislation, may

suffer, but it will make shifts, and live; while that which is ready to take advantage of the change, will double, or triple, or quadruple itself, in a short period of general distress. But labor can not take care of itself; it is dependent on employment; it will fall before the first rude blast of the storm. He who has contributed, by legislation, to silence the music of the hammer, the noise of the shuttle, the whistle of the ploughman, the song of the boatman and sailor, and the varied harmony of industry, has taken away the bread of dependent wives and children, clothed them in rags, left them to shiver in winter's cold, and drag out a life of sorrow and pain.

All classes of the people are afloat in one ship, and though tossed and pelted by a merciless tempest, they will try hard to bring the vessel into port again. They will endeavor to accommodate themselves to their position. The weak will fall, and the laborer will find it hard to get bread. The great improvements and enterprises of the country will be checked for years. The nation, probably, will not go backward; neither will it go forward. All classes will be obliged to stand it as well as they can. This country, thank God, has too many resources, for the people to be reduced to absolute want, to starvation, before they will see the cause of their misfortunes, and be able to apply a remedy. But why should such a country suffer such misfortunes, if government was not instituted to prove how much the people can endure? They have gone through it all once, and but recently. Why should they be compelled to go through it all again?

The fall in the prices of labor, under the tariff of 1846, will not probably be so early, or so great at an early period, as some have apprehended; but the final result can not be avoided under such a system. It has not been easy, down to this time, to obtain a full supply of labor for the manufactures of the country, because the demand calls laborers off from other pursuits, and requires an apprenticeship. All those manufacturers, therefore, who have any hope of standing, or who are obliged for the present to continue, will also be obliged to keep up the wages of labor as long and as high as they can—even after their business may have become a losing one—in hope of a favorable change. The disastrous effects of the new tariff will fall first, and continuously, on the weak, to make them weaker, and on the poor, to make them poorer; while the strong will grow stronger—at least relatively, in some cases positively—and the rich richer.

When weak manufacturers, and other employers of labor who

are comparatively weak, are obliged to suspend their business, there will then be a surplus of labor seeking employment; and as in every other case of surplus, no matter what, prices will fall. They may fall rapidly and greatly. Such will unavoidably be the effect, when there is much labor out of employment. It is in such a state of things, when the weak break down, and the poor are suffering for want of something to do, that the rich grow richer, and the strong stronger, because they are able to take advantage of cheap commodities, cheap labor, and of the necessities of those who are trying to get along by borrowing money at exorbitant rates, most of whose estates fall at last into the hands of their creditors. Such, precisely, as before described, and as most people remember, to their sorrow, was the state of things, before the tariff of 1842 came to the rescue and relief of the country.

To show how the tariff of 1846 will operate on the labor of the country, and the interests which sustain labor, the table in the note below was prepared by the Hon. Mr. Stewart, of Pennsylvania, while the tariff of '46 was under debate, and requires no alteration, as the bill as to these items, passed precisely as it stood then, and is now part of the law.*

* "The operation of this bill," said Mr. Stewart, "upon the national industry, will be seen from the following examples, assuming that the reduction of wages will always be in proportion to the reduction of protection, and that as home consumption can not be increased, home production must be diminished to the extent of the increased importations:—

Employments, &c.	Importations under the Tariff of 1842.	Est. increase imports under Tariff of '46.	Duties of Tariff of '42, as per Mr. Walker's report.	Duties of Tariff of '46.
Shoemakers.....	\$42,250	\$45,000	46 per ct.	30 per ct.
Tailors.....	1,173,028	200,000	50 "	30 "
Blacksmiths.....	—	200,000	61 "	30 "
Hatters.....	16,646	110,000	49 "	30 "
Tanners.....	128,277	100,000	40 "	20 "
Iron-makers.....	4,489,553	1,185,000	75 "	30 "
Miners of coal.....	223,919	5,150,000	67 "	30 "
Glass-makers.....	106,905	100,000	90 "	25 "
Paper-makers.....	51,724	150,000	75 "	30 "
Hemp, cordage, &c.....	355,875	275,000	65 "	25 "
Lead.....	—	—	92 "	20 "
Pins.....	45,078	50,000	70 "	20 "
Nails and spikes.....	—	—	66 "	20 "
Manufactures of wool.....	10,057,875	2,000,000	40 "	30 "
Manufactures of cotton.....	—	—	90 "	25 "
Manufactures of silk.....	—	—	42 "	25 "
Salt.....	898,663	1,000,000	76 "	20 "
Sugar.....	4,780,555	630,000	75 "	30 "
Brandy and spirits distilled from grain, &c.	—	—	180 "	100 "
Wool.....	1,689,794	200,000	40 "	30 "
Blankets.....	—	—	30 "	20 "
Potatoes.....	58,949	150,000	36 "	20 "

It is clear, that the tariff of 1846 must ultimately either fail of its object as a revenue measure, or cripple the labor of the country

This table might be extended much farther; but it is sufficient to exhibit the practical operation of the new tariff on labor, so long as that measure answers any purpose for revenue; and on labor and the currency, when the revenue shall fail; for the act, as a revenue measure, will not fail entirely, till, and only because, labor and the currency are both broken down.

The various branches of American labor named in the above table, will of course see the amounts, respectively, by which their occupations are to be curtailed, in the operations of the new tariff. They read their doom in the second column. That is the amount of business of which they are to be deprived. They are the secretary's own figures. He openly proposed, in his report, to *substitute* the products of European labor for those of American; and this is the way and the measure of doing it. Mr. Stewart says:—

“The question, then, is distinctly presented to all these mechanics, manufacturers, and farmers, whether they are prepared to submit to these reductions in their prices and wages, or give up the market to foreigners? One or the other they must do—and why? The secretary says, to increase the revenue; but this is manifestly not true; for when you take all the increase of imports the secretary himself estimates, and assess on these the proposed reduced duties, there will be, on his own showing, a loss instead of a gain of revenue. Then why the proposed reduction? To substitute *foreign* for *American* fabrics, as declared in the secretary's report. To favor *foreigners* by breaking down *American mechanics, manufacturers, and farmers.*”

The following authenticated facts which have already transpired, in relation to some other items of American industry and art, not mentioned in the preceding table, are sad monitions of the fate in store for American labor, under this unfortunate measure. Under the tariff of 1842, the imports into the United States from England of plain calicoes, were, for 1844, 9,661,820 yards; for 1845, 12,412,908 yards; for 1846, 10,640,215 yards. But behold the effect of the tariff of 1846. These same imports in 1847, from England, amounted to 41,519,224 yards, being an excess of about 30,000,000 of yards a year over the average imports under the tariff of 1842; or an increase of nearly 300 per cent. There was also for 1847 just about the same excess of imports of printed and dyed calicoes, over those under the tariff of '42. The following items mark these excesses of imports, severally, for 1847, over the average of the years under the former tariff.

Calico, yards.....	30,879,029
Lace, yards.....	4,669,340
Cambrics and muslins, yards.....	1,048,654
Cotton and linen, yards.....	518,381
Cords, velveteens, &c., yards.....	200,082
Calicoes, printed and dyed, yards.....	30,868,508
Total yards increase.....	68,183,904
Threads, lbs.....	419,945

All this has in one year been snatched from the hand of American industry and art, by the tariff of 1846, and given to foreign artisans and factors; that is, enough to give three yards, and more, to every man, woman, and child, in the United States. And what is more, the price of each of these articles, which had the promise of being reduced by the new tariff, is quoted higher in the British market for 1847, than for either of the three preceding years. But this is only the beginning of the end. When we shall have the full account of all those excesses of

and destroy its currency. It will undoubtedly do the last, and to a great extent accomplish the first. That it will do the last, is proved from experience. No system of low, anti-protective duties, has ever been in operation in this country, without these results, as has been abundantly demonstrated in these pages. Importations, in all such cases, flood the country, as long as there is money to pay for them; and when that is gone, to the breaking point of credit. Of course, and uniformly, the money being gone, and credit failing, the currency fails, and labor is prostrate, first on account of low wages, and next for want of employment. Cheap foreign labor has done that which American labor ought to have done—has superseded the latter, by being imported in the shape of manufactured goods—has surfeited the market, and produced universal stagnation. When trade languishes, for want of money and credit, labor is the first and chief sufferer.

The tariff of 1846 is doubtless sufficient to accomplish these objects, in its experiment as a new revenue system; and before it shall have half done it, it will itself fail for purposes of revenue. When duties were on the same scale, in the last year of the compromise act, called the fiscal year of 1842, the revenue from customs ran down to about twelve millions and a half, which is less than half the average product of the tariff of 1842. There is little reason to suppose that the tariff of 1846 will do better than this in the end; for how can the country afford to buy so much any length of time? These excesses of imports may fill the treasury for a year or two; but the money of a spendthrift is soon gone.

There is one mode, some time in use, in disposing of surplus accumulations of manufactured goods in England and Europe—and it applies to all kinds of manufactures—which is not commonly observed, and which is the worst of all for American interests of manufacture, trade, and labor, besides being extremely difficult to control. These surpluses are constantly accumulating in Europe, not only by regular production, in the hands of manufacturers, but by bankruptcies. They are dead property at home, and must be disposed of in some foreign market, *at whatever sacrifice*. The inquiry in all such cases is, "What market is the best?" And the uniform answer is, "The United States—New York;" and imports under the tariff of 1846, over those under the tariff of 1842, in manner as above—excesses which have raised thirty millions of revenue under the reduced duties—it will be yet a sadder tale for American labor, though this evil will doubtless be abated, in no inconsiderable degree, by the previous large imports of specie for American breadstuffs sent to supply the wants occasioned by famine.

hither they are shipped and consigned, with orders to be sold by private negotiation or by auction. Sold they must be and will be, *at whatever price they will bring*, generally at a sacrifice on the cost of production in Europe. A house in New York received a large consignment of goods in this way, in 1846, and sold them at an average of less than 50 per cent. of the original cost of production. This business, as is known to the merchants of New York, is done on a large scale. It is *forcing* off the goods. Nor is this mode of sale limited, either as to quantity or time, but unlimited. It is a regular, uninterrupted, systematic trade, carried on for more than twenty years, to dispose of surpluses on hand in Europe. As the sources are inexhaustible, embracing all kinds of manufactures, without the application of a legislative remedy, the flood is destined apparently to increase, and to overwhelm the labor and manufacturing interests of the country, together with American importing merchants. It will naturally be vastly augmented by the low duties of the tariff of 1846. Nor can any remedy be found, short of a union of state and federal legislation. So long as the laws of the state of New York impose but $1\frac{1}{2}$ per cent. duties on foreign goods sold at auction, the practice can never be arrested. In this way, all the regular manufacturing and importing business of the country is endangered, and American labor is doomed to fall with it, necessarily and unavoidably; for, in such a case, American labor has to compete, not with the low-priced labor of Europe at par, but at a discount, sometimes of 50 per cent.; that is, with the pauper labor of Europe at half price, the average of which is about one sixth, or 17 per cent. of the average price of American labor. American merchants and manufacturers are first injured; but it all ends in depriving American labor of its rights.

It may perhaps be said that this is all for the benefit of consumers. But it does not operate so. It is the sole benefit, first, of those holders of these surpluses in Europe, who can not otherwise dispose of them; next, of the jobbers, who make the first purchase, and thirdly, of the retailers. Before they get into the hands of consumers, the prices are up to the ordinary level. The whole tendency of the operation is to injure the regular trade and the labor of the country.

A few words are due on the discriminations of the tariff of 1846 against labor, manufactures, and the arts. It has been pretended that England and the United States are marching, with equal strides, toward the goal of Free Trade. It is elsewhere shown in this work,

that the recent alterations of the British tariff, alleged to be of this character, have been made on the principle of Protection, generally or specifically. When the Manchester and other British manufacturers ask for what is there called Free Trade, they ask it to fortify their own position in relation to the rest of the world, hoping their example will be followed by other nations, and believing themselves strong enough, for the most part, to defy and break down competition on this pretended basis of free ports. It is remarkable, however, that they do not ask for the remission of the differential duties in their favor, in supplying the wants of British dependencies. Mr. Edwin Williams, than whom a more reliable authority in such matters could not be cited, in an article in Fisher's National Magazine for September, 1846, has clearly shown, that the late abatements of duty in the British tariff, vaunted so loudly as Free-Trade reductions, if so nominally, are quite the other way in their practical operation. He has proved, in the first place, that the revenue sacrificed is trivial, and that they gain on that score more than they lose. But secondly, the most important point established is, that these numerous changes, except that of the abolition of the corn laws, have been made directly—abolition of corn laws indirectly—for the protection of British manufactures and arts, by the abolition of duties on raw materials, and partially manufactured articles imported for their perfection by British skill and labor. Whereas, the American tariff of 1846 has imposed duties in these very quarters where the British tariff has taken them off, not only withdrawing protection from American skill and labor, but taxing them, as the following comparative table, prepared by Mr. Williams, and representing, in these particulars, the tariffs of 1846 and 1842, with the British tariff for the same, will show. It will be found in the note below.*

	Tariff of 1846.	Tariff of 1842.	British Tariff.
* Coarse wool.....	30 per cent.....	5 per cent.....	free.
Raw hides and skins.....	5 “	5 “	free.
Wood, mahogany, &c.....	20 “	15 “	free.
other kinds, except timber.	30 “	free.	free.
Antimony, crude.....	20 “	free.	free.
Barilla.....	10 “	free.	free.
Bark of the cork-tree.....	15 “	free.	free.
Berries used for dying.....	5 “	free.	free.
Brimstone, or sulphur.....	20 “	free.	free.
Dyewoods.....	5 “	free.	free.
Ebony.....	20 “	free.	free.
Cochineal.....	10 “	free.	free.
Crude saltpetre.....	5 “	free.	free.
Barr stones, unwrought.....	10 “	free.	free.

The effects of the famine in Ireland, and of the scarcity of bread-stuffs in Europe, in 1846 and 1847, making a market for American bread-stuffs to an unprecedented amount, have been held up by the advocates of Free Trade in this quarter as the fruit of the tariff of 1846. What, then, has produced the cessation of that demand, under the same tariff? Such a reason would rather make the tariff

	Tariff of 1846.	Tariff of 1842.	British Tariff.
Brass, old.....	5 per cent.	free.	
Gum Arabic.....	10 “	free.	free.
India rubber.....	10 “	free.	
Kelp.....	10 “	free.	
Kermes.....	5 “	free.	
Precious stones.....	10 “	7 per cent.	free.
Pearl, mother of.....	5 “	free.	free.
Ivory, unmanufactured.....	5 “	free.	free.
Madder.....	5 “	free.	free.
Palm leaf, unmanufactured... 10	“	free.	free.
Ratans and reeds, do..... 10	“	free.	free.
Shellac.....	5 “	free.	free.
Sumac.....	5 “	free.	free.
Weld.....	5 “	free.	free.
Tin, in sheets or plates..... 15	“	2½ per cent.	
Tin, in pigs, bars, or blocks... 5	“	1 “	
Tortoise shell.....	5 “	5 “	free.

“ We might extend this list,” says Mr. Williams, “ but enough is given to show the comparative legislation of the American and British governments, with regard to raw materials and other articles essential for the use of manufactures and in the arts. While the British parliament are removing all duties on articles required for the use of their manufacturers, our American Congress have increased the burdens of our manufacturers, by additional duties on the raw materials imported for their use; at the same time that they have reduced the protective duties. Was there ever a parallel case of injustice in the history of legislation in any country ?

“ Several classes of articles used in manufactures, which pay small specific rates of duties by the tariff of 1842, have been changed by the new tariff [of 1846], and on most of them the ad-valorem rates will be higher than the specific rates now paid. The following will serve as specimens, taking the duties actually paid on the last importations, by the report of the secretary of the treasury :—

	Rates of Tariff of 1842.	Equal to.	Rates of Tariff of 1846.
Indigo.....	5 cents per pound.....	6½ per cent.	10 per cent.
Bristles.....	1 cent do.	2 “	5 “
Flax.....	\$20 per ton.....	10 “	15 “
Paper rags.....	.25 cents per 100 lbs....	6½ “	5 “

“ On all the previously-named articles, it will be observed, the duties are increased, except rags, on which there is a small apparent reduction on those of the quality imported last year.

“ The importance in amount of raw materials and other articles imported for our manufactures, is shown by the following statement of the value of part of those articles imported, for the year ending June 30, 1845 — (the last returns). Let it be borne in mind, that while our government withdraws a large proportion of the protection to our manufactures, by reducing the rates of duties on articles imported coming in direct competition with them, it taxes them with additional duties on the

of 1842 the cause, as the prices of American bread-stuffs were higher in the winter of 1845-'6, under that tariff, than in the winter of 1846-'7, under the latter tariff. The great demand arose, and the prices mounted to the highest pitch, under the former, and both have fallen off under the latter, and are tending rapidly to the old level, and peradventure will yet be less than ever. What is raw materials used; as if intentionally to deprive them of the ability of competing with the British manufacturer, who obtains the like raw materials free of duty.

Value of Articles imported, principally for the Use of Manufactures, in the year ending June 30, 1845.

ARTICLES PAYING DUTY.		Amount.
Coarse wool.....		\$1,553,789
Mahogany.....		261,292
Rose wood.....		18,912
Satin and cedar wood.....		18,878
Indigo.....		862,700
Bristles.....		172,076
Flax.....		90,509
Rags.....		421,080
Block tin and other articles, at 1 per cent. duty.....		212,975
Tin, in plates or sheets, &c., at 2½ per cent. duty.....		1,690,460
Raw hides and skins, &c., at 5 per cent. duty.....		1,975,103
		7,277,674
ARTICLES FREE OF DUTY.		
Dyewood, in sticks.....		603,408
Wood, unmanufactured.....		87,315
Burr stones, unwrought.....		32,624
Brimstone and sulphur.....		108,619
Bark of the cork-tree.....		8,812
Barilla.....		22,917
Nuts and berries, used in dyeing.....		132,490
Clay, unwrought.....		14,670
Articles not enumerated.....		2,958,563
		11,247,092

"It is within bounds to say, that the additional taxes imposed on the manufacturer by the new tariff, on raw materials alone, will amount to at least 10 per cent., or over one million of dollars, unless we suppose that the operation of this tariff should reduce or destroy, as it probably may, some branches of manufactures, and thus diminish the tax imposed on them. Compare this effect with the new British tariff, which releases the more favored manufactures of Great Britain from taxes on raw materials formerly paid, amounting to more than five millions of dollars.

"The great leading interests of national industry which will be most affected by our new tariff, are the manufactures of iron, cottons, woollens, leather, paper, machinery, lead in its various branches, glass, ready-made clothing, and cordage. Many other branches of manufactures might be mentioned, which will be affected directly or indirectly. Indeed, we apprehend all classes, who depend on their daily labor for subsistence, will suffer by this blow at our protective system; for while the great manufacturing interests we have mentioned are prostrated, the country

the cause of this? To ascribe these results to legislation, either of Great Britain or of the United States, or of both, is proving too

can not be prosperous; and if the condition of the people will not sustain the present or recent demand for articles of consumption, how can those classes of mechanics, manufacturers, and others, who seem to be protected by the new tariff, flourish, with a diminished and constantly-decreasing market for their fabrics?

"We might also notice those branches of industry which have recently sprung into existence, or have exhibited signs of life and excited hopes for the future; but which infantile manufactures must be checked or destroyed, under the operation of the new tariff. Among these, the important interest of silk should be named as the most prominent. The tariff of 1842 wisely fixed specific and other protective rates of duty on manufactures of silk, which were considered absolutely necessary to sustain this new branch of industry, and under those auspices it has been fast growing into importance, exciting the most lively interest in many parts of the Union. The new tariff repeals the specific duties on silk, and fixes a low rate of ad-valorem duties, leaving the enterprising and industrious citizens who have engaged in its cultivation and manufacture, at the mercy of foreign competition.

"Thus, then, we see that the present approaches to what is erroneously called 'Free Trade,' is in England one thing, and in the United States another. In England, it is to lay the heaviest duties on the great articles of tobacco, tea, coffee, distilled spirits, sugars, and wines, not one of which is produced in the realm, but which are largely imported, and which pay two thirds of the whole customs revenue, and to remove the duty from every species of material that enters into manufactures of any kind, thus sustaining the industry of her working classes. While in the United States, what is called 'Free Trade,' or an approach to it, is to reduce the duty on all manufactured goods, and to increase it to the destruction of the working classes, on many raw materials, as we have already shown.

"Does not this establish, beyond all dispute or cavil, that no such thing as 'Free Trade' now exists, or can exist? and that while England, our great rival, is doing everything she can to foster and sustain her superiority in manufacturing, our present rulers are playing most completely into her hands, and rendering us more and more tributary to her, while lessening our ability to pay for every foreign production imported into this country?

"The plain truth is, and it is folly to attempt to conceal it, that the worst evil, the skill, capital, and labor of this country have to contend with, is its own present government, who, not content with demanding specie in all payments made to them by the people, have, by the enactment of the tariff of 1846, legislated *against* America, and *in favor* of England."

Though not, perhaps, directly in place, yet having been left out where it more properly belonged, it is worthy of remark, that the anti-corn law league of England originated with British manufacturers, with a view ultimately to reduce the wages of labor. The same men, manufacturers (see first annual report of poor law commissioners), who were engaged in 1834 in dragging paupers, against their will, from the south of England, 10,000 in a single group, to immure them in the manufactories of the north, professedly, as appears from their letters to the commissioners, to counteract the trades-unions and keep down the strikes — in other words, to keep down wages — were afterward enrolled among the most influential leaders of the league for the abolition of the corn laws; and Sir Robert Peel, naturally sympathizing with that system, which had been to him "the goose that laid the golden egg" (his immense fortune was made in manufacturing), and not less as a great statesman, put the finishing stroke to that great measure for the conservation and protection of the British manufacturing system. The first step was forcing the

much, as breadstuffs have been higher in England when Free Trade there said they would be lower, and as our own tariff of 1842 did better than that of 1846, in *raising* the prices of these articles, if either had any influence of this kind. But all know that legislation has had no more to do with this matter than it has with the profits of an epidemic to the medical profession, or with the want of such profits in the return of general health; and none but men of intellectual or moral obliquity would ever resort to such reasoning.

paupers of England, in 1834, into the manufactories; the next was the removal of duties on raw cotton, in 1845; and the third was the abolition of the corn laws, in 1846: all done on the principle of Protection, and to maintain the system of low wages, without which British manufactures, the soul and bulwark of the empire, must have fallen. It is now confidently expected and predicted, that, as soon as decency will permit, the wages of operatives in British manufactories will be reduced, by a measure equal to the cheapening of their bread, that the benefit of the abolition of the corn laws may accrue, not to the laborers, but to their employers; in other words, to the government; for the government support these great interests, that they may support the government. The amount of wheat used for paste in the cotton factories, is said to be equal to the supply of all the mouths of the operatives. Eight hundred thousand bushels are used annually for paste by members of the anti-corn law league, from the tax on which they are relieved by the abolition of the corn laws.

This great measure, therefore, which has been bruted far and wide, to the great astonishment of mankind, as a Free-Trade measure — or the movement of a great nation in a philanthropic career, to give the poor cheaper bread — turns out to be the movement of British manufacturers, to bar the necessity of raising the wages of their operatives, and in the end to cheapen them; and of the British government to sustain and protect the British manufacturing system, as the great bulwark of the empire. Sir Robert Peel saw, that the British corn laws, or the manufacturing system, must fall, and he wisely sealed the doom of the former, to save the latter.

It will be seen, then, what this flourish of British Free Trade amounts to, *viz.*, that at bottom, in principle, and in its ultimate practical design, it is directly the opposite of Free Trade, and that it is one of the most comprehensive and most effective measures of Protection ever devised by a statesman.

CHAPTER XXXIII.

THE CONTINGENT DESTINY OF THE UNITED STATES.

The Contingencies of Free Trade.—Review of our Commercial History, as it discloses Contingencies.—What makes a Sound Currency.—As a Man that fails frequently in Business can not get rich, so neither can a Nation.—The possible Destiny of the Country, under a Protective System, grand and glorious.—Free Trade devours all, and then eats up itself.

THAT the destiny of the United States is *contingent*, is evident enough: contingent as to whether the nation will adhere to its original principles; contingent as to whether it will continue for ever a republican empire, or degenerate into monarchy; and contingent as to whether it will maintain a protective system, or abandon it for Free Trade. It is this last-named contingency only which we propose to consider. It is believed that the preceding chapters afford sufficient *data* to run out the line which this contingency indicates.

As to the alternative of adopting the policy of Free Trade, one would suppose that we have had experience enough to render that morally impossible. But no one can tell beforehand what folly a nation will be guilty of, nor predict the misfortunes into which, by such means, it may be plunged. Since the federal administration has so recently, and for the first time in the history of the country, abandoned the policy of Protection, declared itself for Free Trade, and caused to be adopted corresponding measures, it must be confessed that such facts are not ominous of good. But as the bitter experience of past measures of the same kind can not but be again renewed ere long by the operation of these, there are many chances that the lessons of this schoolmaster, which, as one has said, "charges high wages," will avail much to rectify the views of the public mind, and bring back the nation to its senses. If the history of the past is reliable evidence of the future, that like causes will continue to produce like effects, it is not difficult to determine the destiny of the United States, under a Free-Trade policy. The commercial embarrassments of the country from 1783 to 1790, under the confederation, for want of power in the states to unite in a system of protection, constitute a formidable class of facts, shedding light on this point. The period of some five to seven years

antecedent to the tariff of 1824, is another melancholy cycle of our commercial history, replete with general distress and ruin, all for want of a protective system. And is it necessary to bring to view again the facts of like character, several times presented in this work, which so disastrously signalized the period of some half-dozen years antecedent to the tariff of 1842, and which brought the country to the brink of commercial ruin, all for want of a protective system? Can the future fail to justify the past? Is there not light enough in this history?—We have before us, then, the certain destiny of the United States, under a system of Free Trade.

Of all reasons that can be urged in favor of a protective policy, no one perhaps can be named of greater cogency than its necessity for a good and adequate currency. The currency of the country—a sound currency—does not depend on banking, or the modes of banking, or whether banking be done by a national institution, or by state corporations, or by both, or by neither, though doubtless there is a choice in modes—A BETTER WAY. There can be no sound currency where there is no money; and there never can be money enough for the currency of a country which is constantly sending off more than it brings back—unless one of its products be money, as has been the case with Mexico and some of the South American states. In that case, money is not the medium, but an article, of trade. But the United States do not produce money in any quantity sufficient to rely upon, either as an article, or basis, or medium of trade. We are obliged, therefore, to depend on getting and keeping money enough *by trade* to answer the purposes of a currency.

A man may have a very large estate, well stocked, well worked, and be making extensive improvements; but if he buys more than he sells, his money, or active capital, is all the while growing less; and unless he has a great deal of it, he will soon find himself embarrassed. When this state of things arrives, he is precisely in the condition of a nation that has been guilty of the same improvidence. Without money, neither he nor a nation can do business to advantage. AN INCOME is as necessary to a nation as to a private individual; and the income of a nation is the money it gets by selling more than it buys. While this is the case, it is impossible that the currency of a nation should be bad or inadequate. A bank here and a bank there may fail, as private individuals do, and for like reasons of mismanagement or misfortune; but there can

be no such thing as a general bank suspension when the public policy is such as to secure the coming in of more money than goes out, or when there is enough in to prevent more going out than comes in. These results, in one case or the other, are always contingent on the sufficiency or insufficiency of the protective policy.

The intimate and indissoluble relation of the protective policy to the currency of the country, commends it, therefore, as a point for consideration too important to be overlooked. No man can trade safely, and with a warrant of prosperity, except on the basis of a credit which solid capital affords, and with such means as that credit will constantly supply him. The moment his means, and with his means, his credit, fail, he is stopped. There is no use in his trying to go on; it is impossible, except by a transient career of fraud, which only makes it worse when he is found out.

It is precisely the same with a nation in its trade with the rest of the world. When, for the lack of an adequate protective policy — which is the same thing as the improvidence of a spendthrift — it is habitually buying more than it sells, and its money goes off to settle balances, its means of trade, domestic as well as foreign, are all the while growing less and less; and without a change, a reform, that nation must fail. Its insolvency is as inevitable as that of an improvident individual who conducts business on the same principles. The way in which the insolvency of a commercial nation shows itself is, first, by a scarcity of money, which everybody feels: as a consequence, a general contraction in all monetary operations, by which business is carried on, necessarily drawing along with it commercial inactivity, dulness; diffidence in all credit transactions; and at last, if no relief comes, the banks suspend. This last act is the consummation of a nation's commercial insolvency. The banks, at the moment, and during the whole time of suspension, may be sound, as the specie in their vaults is not the exponent of their capital. Being allowed by their charters to issue more paper than they have specie, the heavy commercial exchanges against the country operate directly on their vaults, to draw off the specie into foreign parts, and they are compelled to suspend, or part with the last cent. Even then they must suspend, so long as they have more paper out than specie in. It is the unfavorable state of foreign exchanges, the large commercial balances against the country, which occasion a general bank suspension. It is because there is not money enough in the country to pay its debts; and like a merchant, who finds himself in a like condition, to avoid complete and

irretrievable ruin, that would incapacitate the country for all trade, the banks stop payment, to the injury of their own credit and the credit of the country. They can not help it. They are forced into it by the effect of the policy of the government, which tempts the people to buy more than they sell, and the nation to do the same, till, after repeated and long-continued drafts on the money of the country, the pressure begins to be felt; and before the remedy can be applied—for it is too late when the effects of such improvidence have already come—the whole community is involved in the general calamity. It is only for the want of an adequate protective system. So long as an industrious and producing nation does not buy more than it sells, it is impossible it should be involved in general commercial distress—absolutely impossible in the nature of things. A nation of such resources and wealth as the United States, with such an enterprising population, can bear a great deal of loss in its foreign trade, and yet prosper. Think of seven hundred millions of loss in a half-century, as appears from the facts exhibited in chapters xxiv. and xxv. (see p. 402). This has been more than the nation could bear; and hence its frequent calamitous vicissitudes. Under an adequate and uniform protective policy, such disasters could never come. There can not be an effect without a cause. Such a country as the United States, which is a world in itself, and capable of producing everything essential to the complete and perfect independence of a nation, in articles of luxury as well as necessity, ought never, by the improvidence of legislation, to be in debt to other nations. There is no apology for it. It has sometimes been said that such a state of things comes from the fault of the people. But this will not answer, so long as the government permits the foreign factor—who is not a citizen, and who has no other interest than to make his fortune, and then carry the money away—to bring his goods and merchandise, without paying for the privilege; or, if he pays, pays nothing adequate to protect American citizens in the same business; and thus tempts jobbers, and jobbers tempt retailers, and retailers tempt the people, till the latter are in debt, which can only be discharged by a remittance through the same channels backward; and the foreign factor departs with the money of the people in his pocket. The parties concerned in all the stages of the trade, have doubtless profited by it; but the people are ruined, because their money has gone out of the country, and they have little or nothing left to pay other debts, and do business with.

It is remarkable that all the commercial troubles of the United States have occurred under a system of low, anti-protective duties, as has been several times proved in the progress of this work ; that the country has never prospered, except under a protective system ; and that it has uniformly been most prosperous under the highest protective duties. These are historical FACTS. These fluctuations, from prosperity to adversity, and from adversity to prosperity, sometimes greater and sometimes less, in the history of the country, have been fully explained on the principles of the opposing systems of a protective and anti-protective policy, as having been graduated precisely as the one or the other of these has prevailed, the facts always harmonizing with the theory, that protection is favorable to prosperity, and the want of it unfavorable.

It follows, therefore, that nothing was necessary from the beginning of our history as a nation, to have secured uninterrupted commercial prosperity, and an uninterrupted sound currency, but a uniform and adequate protective system. The state of the currency, as has been seen, always agrees with the presence or absence of protection, and the reasons have been explained. What, then, would have been the state of the country at this moment, comparatively, in wealth, greatness, and power, if it had not been so repeatedly broken down for want of protection ? The answer will be found in the history of any two men engaged in business, one of whom never failed, and the other of whom has failed many times. Look at the fortunes accumulated by Stephen Girard, of Philadelphia, by John Jacob Astor, of New York, and by many other men of the same class, who never failed. If any of them had broken down a plural number of times, as the United States have, by an impolitic change in their habits, by an experiment, as enterprising men they might still have mended their fortunes by correcting their habits, after each disaster ; but they would never have attained to great wealth. Thus might the United States have become, even by this time, the richest, greatest, most powerful nation on earth, if it had established at the beginning, and maintained throughout, an adequate and uniform protective system. That it would, at least, have become greatly rich and greatly powerful, compared with its present condition, is as certain as that John Jacob Astor was a rich man. How can a man, or a nation, always engaged in a large and prosperous business, and never coming to bankruptcy, but ever going farther from it, fail to be rich ? How can a man, or a nation, whose annual income is greater than the

expenditures, fail to accumulate? But let a man, or a nation, frequently fall into bankruptcy, by improvident habits, and that man and that nation will be always weak, always in trouble; or, if relieved by a new and more prudent start, by a like improvidence will break down again. Such, and for this reason, has been the ever-changing commercial history of the United States.

“The first duty of all good government,” says the Southern Planter, “is to look to its labor—insure it not only full occupation, but the greatest productiveness. Political economy abhors idleness worse, if possible, than Nature does a vacuum. It is worse than a vacuum, because gravity rushes forth to fill the vacuum; but idleness is a grave, where lies dead and buried the creative genius of man—the means given to him by the God of Nature to improve his condition. . . It would appear to one dropped from another world, unacquainted with all our interests and resources, that our whole Congress or national legislature were taken or subsidized by Europe to favor all their productions or operations exclusively—even to the total disregarding of those of this country. It would seem to such that Great Britain sat enthroned in all our legislative halls, and dictated all their enactments regulating industry and a tariff; and if told otherwise, could not be made to believe that some laws and most important regulations were not the results of bribes on the body politic by the superior wealth and foresight of older and wiser nations. Every idle finger will be pointed some day against those short-sighted and unpatriotic legislators who left it in sloth, and to vice and mischief, instead of stimulating it to proper action and usefulness. . . This country, like a young giant, knows not its own strength, or its resources, because it has never exerted the one, or examined the other. Nothing is wanted to bring forth all this, but a permanent policy, a certainty of protection, a security of the home market. All would then come forth and show themselves—capital, labor, raw materials, a market, wealth, comfort, elegance, taste, and independence. As soon as confidence was established, they would flash forth, as the gas-lights when touched by a match. No country is underlaid so universally with valuable minerals; and they lie in its extended fletz, or secondary formation, in horizontal strata, that can be followed into the thousands of hills and ridges, and, lying above the valleys, can be poured forth, without shafts or drainings, to the fertile plains, water-powers, and navigations, that are there found. Had this young giant, with its free limbs, hold of these mines of wealth,

in the real skilful way, he could glut and monopolize all markets, in both the raw and wrought state. These hidden treasures need a protecting tariff to uncover them—its inducement to make them available, and wiser statesmen than we yet have, to put all in train, and on the certainty of the reality. . . . When the fulcrum is furnished by Nature's God to this young Archimedes [the United States], it still fails to move the commercial world. Our commerce, if we demanded it, might double with England around the great capes of South America and Africa, and sweep the bays of Bengal and Bombay; might scour with her the West Indies; might run with her through all her various colonies; and in every port, place, colony, and in the mother-country, be a part of herself as to the facilities secured by treaty. No nation could gainsay us, for we would be in possession of all seas. No nation could war upon us, for we would be full of resources and wealth. No nation could counter-vail us, for we would control all the productions necessary to her existence. We would stand on high and enviable ground, placed there by our own wisdom, that made use of natural advantages and resources too valuable to nations to be placed on any doubtful footing. This young Hercules, that strangled not the serpent in its early grasp, will fall, like Laocoon, in the foldings of its wrath."

Never, in the history of the world, did a nation occupy such a position, or have within its reach such means of wealth and power, as the United States. But, for the alternative, substitute *Protection* for "*Degree*," in the following lines, and we have a true picture of the character, tendency, career, and end, of Free Trade:—

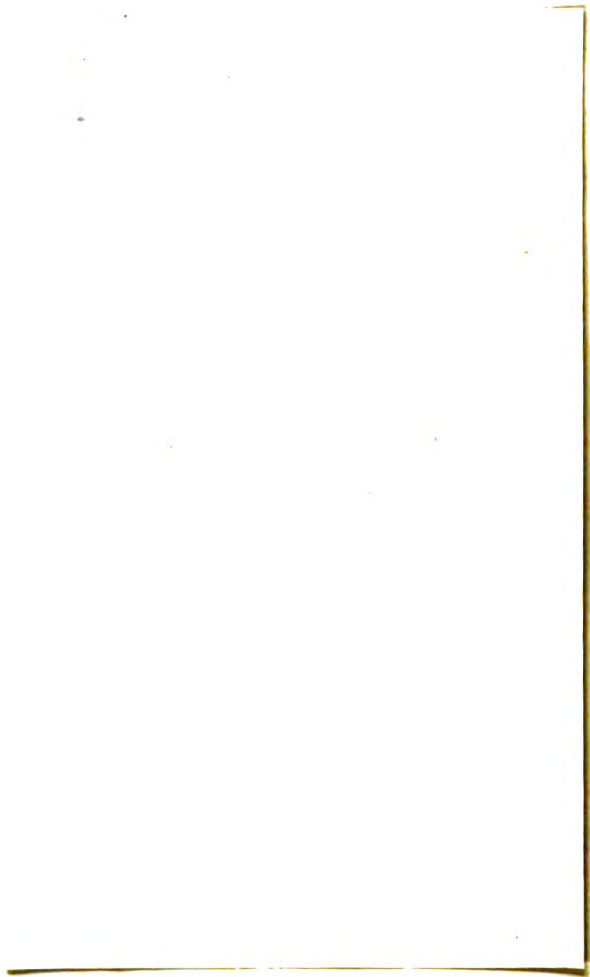
“Take but DEGREE away, untune that string,
 And hark! what discord follows! Each thing meets
 In mere oppugnancy. The bounded waters
 Should lift their bosoms higher than the shores,
 And make a sop of all this solid globe.
 Strength should be lord of imbecility,
 And the rude son should strike his father dead;
 Force should be right; or rather, right and wrong,
 Between whose endless jar Justice resides,
 Should lose their names, and so should Justice too.
 Then everything includes itself in power;
 Power into will; will into appetite;
 And appetite, a universal wolf,
 So doubly seconded with will and power,
 Must make, per force, a universal prey,
 AND LAST EAT UP ITSELF.”—SHAKSPEARE.

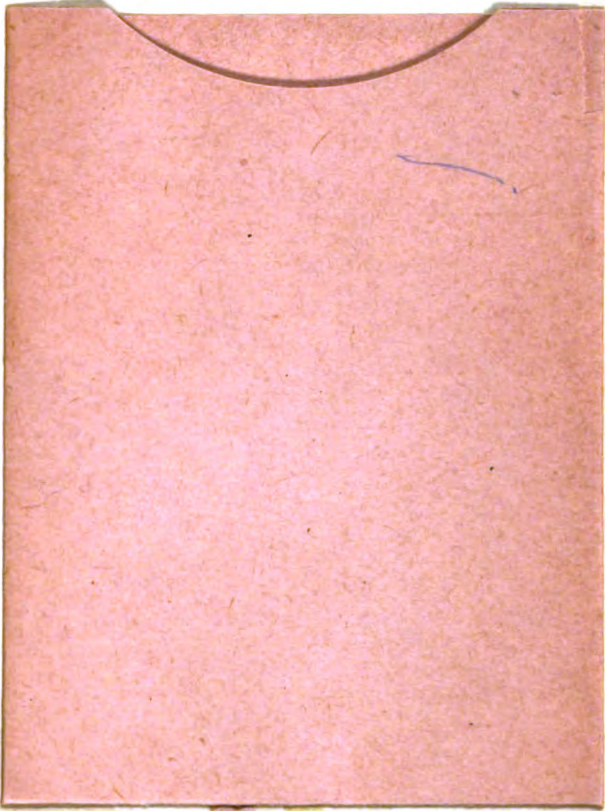
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