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FIELD AND FACTORY

SIDE BY SIDE;

OR,

HOW TO ESTABLISH AND DEVELOPE NATIVE INDUSTRIES.

BY

J. BEAUFORT HURLBERT, M.A., LL.D., K.C.T.,

Author of "Britain and her Colonies," "Forests of Canada," &c.

"It is precisely because British farmers have their customers—the British manufacturers—almost at their doors, and that other corn producing countries have not any manufacturers, that British agriculture is rich and thriving."—*How to farm profitably, by Alderman Meeki, 1864.*

"The increase and riches of commercial and manufacturing towns contribute to the improvement and cultivation of the countries to which they belong in three ways—1. By affording a great and ready market for the rude produce of the country."—*Adam Smith's Wealth of Nations, B. 3, S. 4.*

Montreal:

PRINTED BY JOHN LOVELL, ST. NI. HOLAS STREET

Daily News,

\$6.00 PER ANNUM, IN ADVANCE.

Weekly Transcript,

\$2.00 PER ANNUM, IN ADVANCE.

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ST. NICHOLAS STREET,

Montreal, June, 1870.

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DEDICATED

TO THE

FARMERS AND MANUFACTURERS OF CANADA,

THE

GREAT PRODUCERS OF WEALTH.

BY THE AUTHOR.

PREFACE.

When Great Britain adopted free-trade, so called, for it is only partial, she was in a position to be, not so much a competitor, as a monopolist in the markets of the world. Exceptional circumstances—the pressure of the famine of 1845 and 1846,—gave birth to that new policy.

Under the protection of two centuries, her industrial arts had attained an extraordinary development. During a quarter of a century, under free-trade, England has gained nothing relatively, but lost rather, in the markets of the great nations, and even in her own colonies. Her mighty marine alone gives her chief control in the distant and semi-civilized parts of the earth. Year by year she imports relatively more manufactured stuffs and exports more raw material. Her artizans are thus thrown out of employment and must perish or migrate. England confounds her interests as traders—mere carriers—with her interests as producers. Co-existent with the greatest expansion in commerce is the greatest depression in the labour market. Her policy does not economize labour, but annihilates it, at home and abroad.

By giving trade an undue prominence Britain has adopted a dangerous policy. Commerce is the mistress instead of the handmaid of her other industries; and the very existence of the nation, in the vigorous language of Carlyle, depends upon her cotton being a farthing an ell cheaper than that of other countries. Want of markets, or over manufacturing, which here means the same thing, or a dearth in raw cotton, according to free-traders, caused the distress of 1862; cheaper foreign goods are annihilating her home industries in 1870; a war might do the same; and all depends upon the contingency of Britain remaining mistress of the seas.

Commerce is a treacherous and unsubstantial foundation. Agriculture alone cannot employ all profitably, and it gives the poorest returns of labour. In want of a diversity of industries we lose annually

fifty, perhaps a hundred, millions of dollars through involuntary idleness.

In 1843, under a customs duty of three shillings a quarter in favour of Colonial wheat, Great Britain had encouraged Canada to build mills to turn American wheat into flour for English markets. By the sudden adoption of free-trade the Imperial government, says Earl Gray in his Colonial Policy, caused a frightful amount of loss in Canada, where capitalists had not yet finished the mills commenced under the encouragement of the Home government.

This example ought to be a sufficient precedent—in a nation where precedent rules supreme—for us to look after our own interest.

We have to do with economic questions under circumstances very different from those of England; she suffers from a deficiency of food; we have more than enough, for which there is no market. She has vast surplus capital and unemployed labour; we want both. Manufactures would give us home markets³; capital and labour would develop our resources; still England insists upon our looking at the world from her stand-point.

We have not entered, except so far as it might relate to our definite object, upon the general question of free-trade and protection in old countries like Britain and France, with all their industrial pursuits well developed. The policy we advocate is for a young country, with boundless resources yet undeveloped, limited capital and sparse population; and it is the policy under which all great manufacturing and commercial nations have attained the highest prosperity.

A policy might perhaps be suggested which would be a bond of union to an empire scattered over the whole face of the earth, a bond which every loyal subject most ardently desires, if, indeed, loyalty has not become a term of reproach in the estimation of those in whose hands the wheel of fortune has for the hour placed the destinies of the nation. But there is no hope of this; nor of reciprocity with the United States. Canada must adopt an independent system, springing from her own interests.

Montreal, 1870.

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I.

HOW TO ESTABLISH AND DEVELOPE NATIVE INDUSTRIES.

THE most urgent want of a nation is profitable employment for the great mass of the people—work for the million. Canada has broad fields and abundant occupation for the robust, for the mere agricultural labourer ; but little for the less hardy, and for those who may prefer mechanical, manufacturing, or mercantile pursuits. Hence these classes of our population leave us, and artizans from the Old World shun our shores, as they can find no employment for their skilled labour.

In a new country, too, like Canada, essentially agricultural, one of the chief wants is markets ; and good markets mean good profits and good wages ; they stimulate production and lead to wealth. Where all are producers of an article there are no markets. If all, or most, as with us, are farmers, the products of the field find no purchasers—or but few ; profits are poor. To have good markets, we must have consumers who are not producers of what is offered for sale. We must have home markets for a hundred products of the garden and the field too bulky or perishable to bear the transit to foreign countries.

Canada has poor markets, little capital and a sparse population ; England good markets, abundance of capital and a

dense population. In Canada—the New Dominion—there are but ten souls to the square mile ; in England and Wales nearly four hundred ; in Belgium four hundred and thirty ; in Massachusetts one hundred ; and in New York ninety. Population we must have, not merely in bulk, but of all those classes necessary for a complete and independent nation, and for a full development of the resources of the country ; and capital for utilizing our vast resources.

How are we to get these ? Wait for centuries, say a modern transcendental school. You are yet young. Time is all that is wanted. But England has grown more in population and wealth in the last one hundred years than during the previous twenty centuries ; or taking the one thousand years of her history from the establishment of the Saxon Heptarchy, she has advanced more in all the materials of national prosperity in the last one hundred years than she had in the previous nine centuries. Why then should we fold our arms and wait a thousand years. Africa, Asia, and America, (until her settlement by Europeans) had remained what we know them to have been from time immemorial, under this *laissez faire* doctrine.

What gave Old and New England, Holland and Belgium, the power to outstrip all other people in the race of prosperity ; what is leading France, Russia, the German Zollverein, and the United States to the great development of their wealth, and what is now impoverishing Ireland, India, and Jamaica ? If England has added more to her wealth in fifty years than in the previous twenty times fifty, why may not we prosper in the same ratio ? A century and a-half ago England had a population little more than Canada has to-day. Now she has twenty millions, three-fourths of whom are occupied in manufactures, commerce, and other pursuits unconnected with the soil, giving good home markets, helping to bear the burdens and aid in the defence of the state. We are a young nation, it is said : but the people are the nation, and

we are individually as old as other people, and may avail ourselves of all those agencies that have given such sudden riches to other countries. These are chiefly manufactures and commerce. With them we get that illimitable power—steam—which in England alone is capable of doing more work than the ten thousand millions of fingers of the human family. With this vast creative power we can give employment to our own people who now so largely leave us, and we can draw to our shores others with capital and skill. What then are the means by which we can obtain capital, population, and skilled labour, manufactures and commerce; by which we can keep amongst us our young men and women; call to our shores a greater tide of immigration; secure that power more prolific than all others in the creation of wealth; prepare in peace, by the establishment of manufactures, for the day of trial in war.—What is the policy by which a young country in want of all these can secure them? This is the question of questions with us. An old country, overburdened with all the agencies for the creation of wealth, in active operation, can form but a faint conception of the condition, and can, therefore, be but a poor counsellor, of a young country in want of all these.

We cannot, therefore, take the *advice* of England in these matters, although we might safely be guided by her *example* running through many centuries, and before she yielded to the teachings of those whom Mr. Gladstone,—himself a free-trader,—called the philosophers of the seventh heavens. English manufactures and commerce were fostered through their whole history by the most rigorous and persistent protection. Under Charles the Second, two centuries ago, the iron, brass, silk, glass, paper and hat manufactures, were introduced from the continent; wool-dyeing from the low countries; and glass and crystal from Venice; all fostered by heavy protection, the customs chiefly, with the small excise duties, amounting to nine-tenths of the whole revenue of the kingdom. Many of

these industries, after flourishing for two centuries through protection, have perished under free-trade since 1846. This is true of the silk, woollen and lace of Ireland; and of the glove, paper and some minor manufactures of England. Other great industries, such as silk, woollen, cutlery, machinery, steam engines even, and ship-building on the Thames, have been most seriously impaired by foreign competition. In both the Indies, free-trade has wrought a similar ruin. But Russia, since her sad experience of free-trade till 1821, has persistently adhered to protection, and manufactures have sprung up and are flourishing over that vast empire. Her imports indeed have diminished, but her home products have increased immensely, her home markets improved, her people employed, wages better, and the industries of the empire rising to importance.

Belgium, the most thickly peopled country of Europe, and, for its extent, the richest, is the very paradise of protection.

France, for two hundred years, since the time of the great Colbert, has adhered rigidly to protection, under all her diversity of opinions and under all her forms of Government, whether Bourbon, Orleanists, Constitutionalists, Red Republicans, the first or second empires. Mr. Cobden's convention of 1861 can in no respect be called a free-trade treaty.

It is not free-trade; for reciprocity is inconsistent with free-trade dogmas; nor is it reciprocity, for England is to admit most French manufactures free. France is to receive English manufactures at a duty of 30 per cent., *ad valorem*, to be reduced to 25.

To get coal was, no doubt, Napoleon's object. France cannot get it from her own soil. She has ships but no coal. Sir Robert Peel, in 1842, put an export duty of 4s. per ton on coal. The French treaty will raise it in England from 15s. to 20s., and from 20s. to 25s. per ton. British coal-beds are not inexhaustible; scientific men give but 250 to 300 years, at the present rate of consumption, before they will be

exhausted ; but the consumption must increase, as also the expense of obtaining it, and with the exhaustion of this fuel must follow the wane of England's superiority in her peculiar industries and in her shipping. But Cobden was determined to have a treaty, however one-sided, and Napoleon accommodated him.

Dr. List, a distinguished continental writer on economic science, gives this account of free-trade and protection in Russia :

“ Soon after the war of 1815, there arose a teacher of the free-trade theory, a certain Storch, who taught in Russia, what Say did in France, and Dr. Smith in England ; Government gave the free-trade system a fair trial, until the chancellor of the Empire, Count Nesselrode, declared in an official circular of 1821 ‘That Russia finds herself compelled by circumstances to adopt an independent system in commerce, as the raw productions of the country find but an indifferent market abroad ; the native manufactures are becoming ruined already, money is going abroad, and the most solid mercantile houses are about to break.’ In a few weeks afterwards, the new protective tariff was issued, and the beneficial consequences soon manifested themselves. Capital, talent, and mechanical industry, soon found their way into Russia from all parts of the civilized world, and more especially from England and Germany. Nothing more was heard there of commercial crises, caused by over-trading ; the nation has grown prosperous, and the manufactures are flourishing.”*

English capitalists, too, have always invested their money in the United States under high protection rather than in Canada ; and emigration has sought the same destination often through direct British agency. Such is the recompense

* This independent system, protection, was established in 1821. In 1820, the manufactures of woollens, silks, cottons and linens, were 26,000,000 rubles in value ; in 1824, under three years' protection, they had risen to 58,000,000, and imports diminished to even a greater extent.

the freetrade manufacturing and commercial circles of the parent state mete out to us in return for low tariffs.

The same writer thus speaks of the effects of a low tariff in the United States, and the consequent influx of foreign manufactures, the contraction of native industries and the non-employment of her people :

“ There are many who impute the commercial crises of the United States to their paper and banking systems,* but there can be no doubt that the evil originated in the compromise (Free-trade) Bill (of 1832) in consequence of which America's imports soon exceeded her exports, and the United States became debtors to England for several hundred millions of dollars, which they were unable to cancel by their exports. The proof that these crises must chiefly be ascribed to the excess of imports lies in the fact that they invariably occurred in times of great influx of foreign manufactures in consequence of a reduced tariff; and that on the contrary they never took place either in time of war, when few imports could take place, or when, by the high import duties, the exports had been brought into just proportion with the imports. In 1789 the first American tariff was framed, imposing a trifling duty on the most important articles; its effect on the prosperity of the country became so manifest that Jefferson, in his message in 1801, congratulated the nation on the flourishing state of manufactures and agriculture. Congress raised, in 1804, the duties to 15 per cent., and in 1815, the manufactures of the United States employed 100,000 hands, and the annual amount of the products was \$60,000,000, while the value of land and the prices of all sorts of goods and wares rose in an extraordinary degree.” The tariff was lowered in 1818; raised in 1824; lowered in 1832; raised in 1842; lowered in 1849; raised in '61 and again in '67. A crisis or great

* The irredeemable paper money was caused by free trade. Under this policy the country was drained of specie to pay her foreign debts incurred by heavy importations, and paper money was issued to take its place; having no specie basis, it was of course depreciated. See also next page.

depression followed the lowering, and prosperity the raising the tariff in all these instances.

The history of free-trade and protection in the United States, a country having so many points of resemblance to our own, is more instructive to us as a modern example. In the language of Dr. Carey, one of their most vigorous writers:—

Protection ceased in 1818, bequeathing to free-trade a commerce that gave an *excess import* of specie, a people among whom there existed great prosperity, a large public revenue, and a rapidly diminishing public debt.

Free-trade ceased in 1824, bequeathing to protection a commerce that gave an *excess export* of specie, an impoverished people, a declining public revenue, and an increased public debt.

Protection ceased in 1834–35, bequeathing to free-trade a commerce that gave an excess import of specie, a people more prosperous than any that had ever then been known, a revenue so great that it had been rendered necessary to emancipate tea, coffee and many other commodities from duty, and a treasury free from all charge on account of public debt.

Free-trade ceased in 1842, bequeathing to protection a commerce that gave an excess export of specie, a people ruined, and their government in a state of repudiation, a treasury bankrupt, and begging everywhere her loans at the highest rate of interest, a revenue collected and disbursed in irredeemable paper money, and a very large foreign debt.

Protection ceased in 1849, bequeathing to free-trade a commerce that gave an excess import of specie, a highly prosperous people, state governments restored to credit, a rapidly-growing commerce, a large public revenue, and a declining foreign debt.

During the free-trade years that followed 1849 California supplied hundreds of millions of dollars in gold, nearly all of which was exported, or locked up in public and private hoards; the consequences of which were seen in the facts that commerce

was paralyzed ; that the price of money in commercial cities ranged for years between ten and thirty per cent., and that the indebtedness to foreign nations increased to such an amount as to require, for the payment of interest alone, a sum equal to the average export of all the countries of the world.

Northern and Central Germany, since the establishment of the Zollverein, has made rapid strides in manufactures ; and even agriculture, through improved home markets, has received a new impetus. Now from Belgium and Germany, as well as from France, come many wares to undersell Birmingham and Leeds ; from the protected countries come goods cheaper and better, to displace those of free-trade England.

While in all these countries manufactures have been established and developed by rigid protection, continued through centuries, no example can be pointed to of the reverse, of manufactures growing up without such protection.

Before the union between England and Ireland, there were not only Irish linen manufactures, but Irish wool-combers, Irish carpet manufacturers, Irish blanket manufacturers, Irish hosiers, Irish broad-silk loom-weavers, Irish calico-printers ; for there existed before the union Irish protection against English manufactures. That protection was, by the act of union, gradually withdrawn. These great industries (except the linen) are now all extinct. Ireland has certainly lost by the change and England as certainly has not gained.

There still remained protection to Irish agriculture up to 1846, and Ireland swarmed with a population of 8,000,000 of souls. Yet those eight millions of people who, seventy years before, had been the best customers of England, had become impoverished and their markets of less value than one million in Massachusetts. Free-trade in 1846 took away their protection for the farm and the dairy ; the famine of 1847 followed, and the population of that unhappy land, by famine and emigration, has been diminished by two and a-half millions. Their manufactures ruined, their land impoverished,

like all lands that export their chief products in raw material, the people, starving at home and without employment, fled in hundreds of thousands to the manufacturing towns and fields of England, offering their labour for their food. To protect England against these starving myriads, Parliament had to interfere against the new-born creed, the let-alone creed of free-traders, and by Act of Parliament force Irish landlords to retain and feed those to whom they could give no work. Thus the fatal effects of the Manchester theories, only partially put in force, must be restrained by the strong hand of government.

In Ireland, as in India, there has been ruin pure and unrelieved by any of those modifying and saving resources for the displaced labourers so surely predicted by the disciples of free-trade.* Neither in India nor in Ireland have the operatives, counted by millions, driven from their old employment, found new ones in their own land.

A member of the British Parliament and a free-trader, Dr. Bowring, gives us this picture :

“ I hold,” he says, “ in my hand the correspondence on the subject of the Dacca hand-loom weavers. It is a melancholy story of misery. Some years ago the East India Company annually received of the produce of the looms in India, six or eight millions of pieces of cotton goods. The demand gradually fell, and has now nearly ceased. (A similar result is given as to the trade of the West Indies and Portugal.) Terrible are the accounts of wretchedness of the poor India weavers, reduced to absolute starvation, and what was the sole cause? The presence of the cheaper English manufactures. Numbers of them died of hunger; the remainder were for the most part transferred (only to a limited extent as appears from the correspondence from India) to other occupations.” In this correspondence the Governor-General says :

“ European skill and machinery have superseded the pro-

duce of India. The Court declare that they are at last obliged to abandon the only remaining portion of trade in cotton manufactures in both Bengal and Madras, because the British goods have a decided advantage in quality and price. The Dacca muslins, celebrated over the whole world for their beauty and fineness, are annihilated from the same cause, and the present suffering to numerous classes in India is scarcely to be paralleled in the history of commerce."

A natural result, say free-traders. Let the Hindoos seek other employment. This they could not do; but what mattered it so long as Lancashire prospered? It would have been wiser, certainly more humane, to aid or encourage the poor Hindoos to adopt modern improvements. By impoverishing communities the English free-trader destroys his own markets. He does not economize labour; he annihilates it. He makes a desert in India and calls it free-trade. One hundred thousand well-to-do Canadians or Australians are better customers of Manchester than one hundred million Hindoos after a twenty years tutelage in the school of Cobden & Bright. The cheaper manufactures of the continent are doing for England's operatives what she did for the Deccan, Jamaica and Ireland. Her million and a-half unemployed cannot be absorbed into other business. They must go abroad or perish.

We don't ask any increase of our taxes, we merely advocate such an adjustment as to encourage those industries for which our country is well adapted, leaning always towards customs duties rather than to excise or income tax.

The most uncompromising protectionist would not advocate the imposition of discriminating duties for the purpose of building up, in the present state of the industrial arts in Canada, manufactures of articles of mere luxury, those in little demand, or requiring vast capital—such, for example, as silks, fabrics of high price, or the finer cutlery. These, besides not being bulky, are of easy and cheap transit.

The question of protection would at first arise as to wares in general use, of simple manufacture, and those for which

we have the raw material, or where it is easily obtainable. Take here but one example : We now send our wool and flax—and until recently all of it—to England, as England sent hers to Flanders two and a-half centuries ago. We pay all the costs and charges on these on land and on the ocean, and on both sides of the Atlantic, from the field to the factory. We send breadstuffs after them to feed the operatives while working up our raw materials ; and agricultural products are heavy and their transit costly. We then pay all the expenses of bringing back the fabricated wares to our doors. But if we were to protect these manufactures, we would draw the capital and labour to our own shores, as formerly Old and more recently New England did, and reap, as they have, the constantly expanding benefits arising from such new industries and increased populations.

Some of the advantages to this country from such an adjustment of our tariff as would secure the establishment of manufactures like those named may be briefly stated. It does not come within the scope of this essay to trace the origin and history of the industrial arts in those nations where they have flourished most ; but we have said enough to show that they have sprung up and grown chiefly, almost exclusively, under the ægis of protection. Successively in Holland, in Belgium, in France, in England, in Russia, in Germany, and in the United States, protection was extended, not only to their industries at home, but in their navigation laws, extremely exclusive, in fostering their commerce and shipping, as well against their own colonies, when they had any, as against foreign nations, on every coast and over every sea. But manufactures in those countries succeeded in spite of protection, not by it, say these *visionaires*, whose theories rest on no facts, but float in the mind, like the mirage in the clouds, unsubstantial and unsupported. We prefer, in questions of economic and political science, at least, to be guided by the teachings of experience, which, in the founding and develop-

ing of manufactures, is all on the side of protection, leaving the free-traders nothing but visions to build their theories upon.

A cursory glance at the development of one of England's great industries will sufficiently illustrate this point. Now, nearly two centuries ago, in 1679, Parliament first imposed a duty of ten shillings a ton on foreign iron; eleven years after the duty was increased to £2 1s. 6d. per ton in English vessels, and £2 10s. in foreign; thus giving a double protection to her interests on land and sea. The duties on foreign iron were increased fifteen times over the long period of 150 years; and in 1819 amounted to £6 10s. in British, and £7 18s. 6d. in foreign ships; iron, less than three-fourths of an inch square, paying £20 per ton. The result of this experiment, with the duties increased fourteen-fold, and in every instance specific, was the reduction in the price of English iron to £10 per ton; while in France it was £25 10s.; in Belgium and Germany £16 14s.; and in Sweden and Russia £13 13s. This long protection gave security to capital invested in the iron works, and it gave time for new generations of operatives to grow up with those facile habits—that second nature—which only long practice can impart, and which had given the British iron workers such pre-eminence over their fellow-artizans in other countries. Then, and not till then, was the cry of free-trade heard. And what is the result in one quarter of a century of this new policy upon the manufactures which the wisdom of our fathers had raised to an excellence and reduced to a cheapness that drove all competitors out of the market? Let the late English papers and periodicals answer the question. Two facts stated tell the whole tale: The Custom-house officers along the Thames, says a writer (a free-trader, too, be it understood,) in *Blackwood*, (Dec., 1869,) will tell you as they told me, that England has become, in the main, a country which exports raw materials, and that the bulk of

manufactured goods consumed by the people of England is of foreign production. The second statement is a necessary consequence of this, that never, within the memory of living men, were there so many of the working classes out of employment. "Sir," was the remark of the Custom-house officer, "we are going down hill as fast as we can. The foreigner not only beats us in the cheapness of his articles, but he imitates our trade marks, and sells in England many a bale of his own cotton cloth." The tale is a very simple and natural one. The foreigner can manufacture cheaper than the Englishman. Free-trade England exports the raw material, imports the manufactured stuffs, ruins her industries, throws her artizans out of employment, and then supports them by alms or drives them abroad. Recent numbers of the London *Times* give accounts of the most heartrending destitution in Manchester, in that great centre of free-trade; as many are now receiving alms as in the worst period of the Lancashire distress during the American war. The ship-building trade,—we quote from *Blackwood*, (Dec., 1869)—once so flourishing on the Thames has almost entirely deserted its banks. Machine-making, both in London and elsewhere, which used to keep so many hearths warm, is passing rapidly to the continent; and in all the iron districts many furnaces are extinguished. In Lancashire the factories are closed, or work at half time; Spitalfields, Coventry and Machlefield swarm with paupers. The great industries of Ireland, linen excepted, have perished under this free-trade policy; for there once flourished in that now unhappy land, not only linen manufacturers, but carpet manufacturers, blanket manufacturers, hosiers, broad-silk loom weavers, calico printers, wool-combers, &c. Free-trade with England gave the first blow to these; but on the inauguration of England's new policy of 1846, the Island teemed with a population of more than eight millions. In less than a quarter of a century it has fallen to a little over five, and that Island, once the

best customer of Britain, has become a pauper, dependent upon English alms.

While referring to the decline of many manufactures in England we do not attempt to prove the failure of free-trade by its history in such a country in twenty-five years. But having quoted it as an example of rigid protection for two centuries, we have but glanced at the effects of the counter policy (and that but partial) for a quarter of a century. If anywhere, free-trade ought to succeed in Britain. She had the start of all the world, 1. In the superiority of her iron trade which had attained such excellence under protection; 2. In her steam power and machinery; 3. In her mercantile marine; and in her coal beds, iron mines and vast surplus capital. But our business is chiefly with the establishment of manufactures in a new country like Canada.

What are some of the benefits, which protection, such as we have indicated, might be supposed to bestow upon this as it has upon other countries?

1. It would secure the necessary capital and labour for these new industries. Food being abundant and cheap, taxes light, the raw materials at hand or easily obtainable, and unlimited water power, point to Canada as possessing facilities to make her one of the best manufacturing countries.

2. Competition amongst ourselves is sure to bring prices here, as it has elsewhere, to as low and probably to a lower figure than they were before. Some farmers in Canada were supposed, a few years since, to be making money by growing hops, and hundred of others at once planted hop-yards, to their injury no doubt. As just stated in the case of the iron manufactures in England, the price was constantly falling through a period of 150 years, with gradually increasing duties, and duties multiplied fourteen-fold. So at the present day in France, Belgium and Germany, under protection, mostly high and increasing, prices of a great variety of articles have fallen so low that they can bear the expense of

transit and undersell England in her own markets. The multiplication of factories must necessarily reduce prices. If two bales of goods are brought into a market where there was but one before, prices must fall. In a new country, where there are no home industries, the competition is solely amongst the importers, and they are chary of over-importation. But native workshops, when well established, supply the wants of the community, in whole or in part, and then commences a sharp contest amongst the manufacturers, and between them and the importers, which invariably brings down prices. The cry of the free-trader, that protection is a monopoly—the taxing of the many for the good of the few—finds no support here, for the many are in the end benefited in the reduction of prices. And this is but one of the many advantages flowing from the establishment of native industries. (*See note (a), page 26.*)

3. The existence of manufactures in the country would keep amongst us those of the population (never an inconsiderable portion) who, through inclination or in defect of physical strength for more hardy occupations, enter upon manufacturing and commercial pursuits. Every year we lose a large population, mostly young men and women, who cannot find employment in a purely agricultural country ; a population, too, more valuable to us than recent immigrants.

4. These manufactures would bring to our shores some portion of the tens of thousands of skilled mechanics who now go to the Republic. If we could estimate the value of such skilled artizans to a new country, we might form some near conception of our irreparable loss. Why is it that our Government and emigrant agents send through Europe every year the warning voice that none should come to Canada but agricultural labourers ? In obedience to Manchester, we legislate to keep down manufactures, or at all events we do not encourage them, and then, in obedience to our own suicidal policy, we are forced to warn off those workers, those chief creators

of a nation's wealth ; while our neighbours protect these industries, and then herald the invitation in every country and town and hamlet of Europe for artizans and skilled labour. The result is that the fifty colonies of Britain get but two out of five of the emigrants from even the British Islands, the others going to the United States ; that during the last seven years three millions of immigrants have landed in New York alone—a number equal to the entire population of Canada before Confederation. These three millions, all of whom bring more or less capital, make a nation in themselves, equalling any one of the forty out of the fifty kingdoms of Europe. This vast increase, and their industry, go to swell the population and wealth of that country instead of being added to the British Provinces. English capital, too, follows her emigrants.

5. Such an increase of population, the result of manufactures, creates local markets for much produce of the garden and field now not saleable. Why are there so few gardens in the country ? Near all large towns, near all great workshops, garden produce commands good prices, twice or thrice higher in Old and New England than in Canada. Gardens in even rocky New England have been known to yield \$176 per acre. A century and a-half ago there was not a town in Britain, London excepted, with a population of 30,000. Manchester had but 6,000 ; Birmingham, Liverpool, Leeds and Glasgow not more than 4,000. Now London has 3,000,000 ; Manchester, Liverpool and Glasgow, nearly half a million each ; thirteen other cities have each from 100,000 to 220,000 ; and twenty-three others, 40,000 to 100,000. The eight millions of people in these forty cities, and the additional millions in the one hundred large towns throughout the kingdom, are consumers and not producers of agricultural products, and the country for miles around is turned into gardens for their supply, very inadequately indeed, for countries beyond the seas are put under contribution, and even we, 4,000 miles away, feel the pressure of want

from those millions of mouths. In want of these hives of industry, our products of the farm and the garden, which are heavy and costly of transit or perishable, have no markets.*

6. With markets better and steadier than before for our now unsaleable products, we could adopt the most approved systems of farming in the rotation of crops. By confining ourselves at first to wheat, which will alone pay for transit abroad, and then to a few of the coarse grains, we rapidly exhaust our soil. Indeed, the great wheat-growing regions of this Continent, have, within twenty or thirty years of their settlement, been, from this cause, rendered useless for the production of that cereal. With markets for roots, vegetables and the coarser grains, such as manufacturing populations would give, we might restore our impoverished soil and do much to save our now virgin lands from a like fate. The average yield of wheat has fallen with us from 40 to 15 bushels per acre, in Britain it has risen. The total amount of waste in the mineral constituents of our grain exported instead of being consumed in the country cannot be less than one hundred million bushels annually. This one beneficial result would be worth countless millions to Canada; and yet it is only a collateral advantage flowing from the introduction of these home industries.

7. The establishment of a few or even of one manufacture would give rise to others, for the efficient working of one industry demands and creates new ones. These act mutually and favourably upon each other. The beginning is half the battle.

8. They work up much raw material which in this country is thrown away. We can here but indicate the kind of waste we refer to. In Canada gas is from 15s to 30s per thousand cubic feet; in England 4s. From the great demand for dyes in her manufactures, gas companies there extract colouring

* Washington, Jefferson, Monroe and other great men in the early history of the United States, were farmers and never manufacturers, but encouraged manufactures by bounties and protection.

matter from the refuse of the coal, which here is thrown away. We don't of course forget the higher price of coal in Canada ; but the chief cause of the difference in the price of gas is that just stated. In a purely agricultural community materials are allowed to perish, which, in manufacturing countries, are turned into fabrics and wares worth, or sold for, millions. What vast wealth or elements of wealth perish every year in the devastation, in the barbarous hewing and hacking, of our noble forests. Look at the mighty water power throughout the length and breadth of the Dominion, spent for ever for want of the mill and the wheel to turn it to use. The riches of our mines and forests, of flood and field, are wasted or lie dormant through ignorance of our true interests.

9. Manufactures add another population to the agricultural ; and these again give rise to commerce and shipping with their kindred industries, and thus superadd another population. These several classes re-act favourably upon and support each other. These again create and support other classes, professional men, bankers, literary men, miners, brokers, clerks, &c., &c. As England, with her numerous industries, has five men to support and defend the state where, as an agricultural country, she would have but one, so might Canada have five where she now has but one. For England, purely agricultural, could not maintain more than four millions ; but by the favourable re-action of the other classes five millions may live by agriculture. Now England, agricultural, manufacturing and commercial, swarms with twenty millions of people. British America has now but four millions ; but British America with all those industries, agricultural, manufacturing, mining and commercial, would easily support twenty millions of people.

10. In estimating the productive power of a country we are not to take into the account the population merely. That of England is but twenty millions ; yet her machinery is capable of doing more work than the one thousand millions of the

human family. Its expansion, its creative power, is practically illimitable. This vast power is the growth of the last half century, and the great wealth of England has been created chiefly within that period. By being mere producers of the raw material, we remain the hewers of wood and the drawers of water to the work-shops of wiser communities. With this vast motive power, fifty years hence might see us equal in population and wealth to the England of to-day. Our vast material resources, our forests and peat beds, the coal of Nova Scotia, New Brunswick and Prince Edward Island, the fertility of our soil, the salubrity of our climate, the vigour and activity of our people, give us all the natural advantages we could wish. It is for us to improve them.

11. We have only to point to the great prosperity of the United States to show the enormous gains accruing to a young country from the labour and machinery introduced under high protection. This example in a country having so many points of resemblance to our own should have the greater weight with us. If it be said that this prosperity has been at the expense of the West and South, we reply : 1st. That of the positive increase of wealth in the nation there can be no question. 2nd. That from the introduction of free-trade in England, in 1846, to the American Revolution in 1860, the growth in material prosperity and the expansion of trade, were greater in the Republic under protection, high and stringent as it was, than in England under free-trade. 3rd. That the West and South have grown wonderfully in wealth during that period, and at no time have suffered under protection, as Ireland and various parts of England under free-trade have, and do, even at this day.

12. Manufactures would give us the employment of four capitals where now we have but two. We produce, for example, some ten million pounds of wool annually. One capital is expended in the purchase of the pasture, in stock, etc., and every year after in labour ; another capital changes

hands on the sale of the wool, which at 2s. per lb. would be £1,000,000. Without manufactures the expenditure of capital ends here—with them we have a third in machinery, in labour, etc., say £1,000,000; and fourthly the receipts from the sale of these fabrics. We would have similar results in the growth and manufacture of flax and timber, in iron, copper, lead, gold, silver, marble, slate, salt, coal, oil, leather, sugar, glass, etc. From any one of these raw materials in which our country abounds, there would spring several industries, in all of which similar capital and labour would be expended. Here would be at least fifty industries, with £1,000,000 invested in each, thus throwing upon the community £50,000,000 annually, changing hands within, and not going out of the country. When these materials are sent abroad we are deprived, in the first place, of the population engaged in those fifty kinds of industries; secondly, we lose the benefit of two out of four capitals in each, which would be spent in a foreign country; thirdly, we must pay 100,000 middlemen, in brokers, boatmen, labourers, etc., in the transit of our raw products, for this expense comes out of us; fourthly, our land is thus impoverished, and in return we get only the lowest benefit—that from the first rude labour; fifthly, we get none of the other collateral benefits, arising from working up the raw material on our own soil. We lose the series of markets growing out of these arts. The manufacturer pays to his artizans, machinists, etc., say £1,000,000; these again disburse it to the baker, butcher, gardener, farmer, draper, hosier, hatter, etc. After running these rounds it gets back to the manufacturer, and through him again to the producer of the raw material.

Look now at Ireland since the introduction of free-trade in 1846, at Lancashire since 1862-3, and at most English industries of the present day, in which the English free-trader finds his ground cut from under him by the Gaul and German protectionists. Markets abroad are taken from him through

the too sharp competition of foreigners ; there are no home ones to fall back upon—these had already failed. The manufacturer puts his men on short time ; then closes his shop. His artizans have not the millions for the tailor, the butcher, the gardener, &c. ; the series of markets are broken up ; the shopkeeper is ruined ; less demand comes back for the manufacturer. He, too, must close. A brief struggle with want and fitful charity ensues ; then thousands, if not millions, must flee from their homes and native land.

13. These factories would be cheap industrial schools for the education of our youth. They would keep the idlers from our streets and make them good members of society. For every child should be taught some trade or calling. The state should require this, and save our youth from becoming vagabonds. This would do much to crowd idleness, then crime, out of our streets. Every hour's work makes man a better being and better member of society. We instinctively admire the genuine hard worker. All the energies of mind and body are bent, if not always on a noble, never on a bad end. Government is bound on national grounds to see that every member of the body politic is educated to take care of itself. Every man's property would be worth more by it. The nation would be better and stronger.

14. But another consideration, not well defined nor even expressed, is often present to the minds of the historian and the statesman. War may come to us, as it comes to all countries. Scarcely a generation passes without leaving traces of its devastating effects. War may come to us in our infancy and in our helplessness, as it did to the thirteen old colonies and to the Southern confederation. We might suddenly find ourselves involved in a life and death struggle with a powerful enemy. Shut out from the sea, without factories to create the materials of war, and without clothing for our soldiers and people in a Canadian winter, labouring at the same time to organize an army and to equip them, to support

our people and defend our soil. Suppose it were true, as theoretical free-traders teach, that our attempts to establish manufactures would take money from our productive industries, how small an evil would this be in comparison with what we would suffer in such a war without the manufactures necessary for the emergency. The spinning-jenny carried England through the wars with Napoleon. The factories of the North conquered the South. The weavers and blacksmiths of England would now be invincible in any war. They furnish the sinews.

Note p. 19.

(a) Until recently the gas-tips, non-corroding, so generally used, were imported into the States from Germany at \$6 to \$8 per gross. A deposit of talc having been found in Tennessee, a manufacture of these tips was established, and the Germans put theirs down at once to \$2 per gross.

So long as America depended upon England for Bessemer steel, they paid \$150 a ton. Two manufactories of this steel having been established in the States, the steel fell to \$130, and then to \$100 a ton upon the addition of four more of these factories.

Whether in these two cases, foreigners put down prices to retain the market, to crush native industries, or whether competition brought them down, the result to the purchaser is a cheaper article.

Messrs. Evans and Askins, of Birmingham, largely engaged in the nickel trade, wrote in 1868 to their agent in the States that "if the duties on refined nickel are largely raised we shall at once erect a nickel refinery in the States." Capital and skilled workmen go from the free-trade to the protected countries.

If we were in a position to put the utmost labour upon the raw materials with which our country abounds, before parting with them, we would receive 100 to 1000 per cent. instead of 10—in other words \$100 to \$1,000 millions instead of \$10 millions for our products; for labour is the great source of wealth.

II.

ENGLISH FREE-TRADE ; THEORY AND PRACTICE ; SOURCES OF
REVENUE.

England raises more than one-third of her immense revenue by customs duties ; two-thirds by customs and excise, and only one-eighth by direct taxation—namely, the property tax and assessed taxes ; yet England pretends to have adopted the principles of free-trade, while she obtains by customs £23,000,000 to £24,000,000 of her £67,000,000 revenue.*

If we take the *practice* of England as our guide, a country may clog foreign produce with a tax of twenty-three and twenty-four millions before she allows it to be exposed for sale on her markets, and yet be a “free-trade” country.

* The sums obtained from the different sources of revenue, vary a little from year to year, but the chief reliance is on customs. The following is the income and expenditure of Great Britain and Ireland for the year ending 31st December, 1867:—

Customs yielded.....	£22,630,000.		
Excise.....	19,955,000.		
Stamps.....	9,597,000.		
Taxes (land and assessed) }	3,484,000.	} 8½	million
Property tax }	5,266,000.		
Post Office.....	4,630,000.		
Crown lands (net).....	337,000.		
Miscellaneous.....	2,764,515	4	11
		<hr/>	
Total.....	68,663,515	4	11
Deficiency.....	1,265,540	12	0
Expenditure on account of interest of national debt, (annuities, bonds and bills). £26,565,353		2	6
Charges on consolidated fund	1,803,235	13	9
Supply services (army, navy, government, &c.....	41,560,467	0	8
		<hr/>	
	£69,929,055	16	11.

If we take the *opinions* of theoretical free-traders as our guide, then all customs and excise duties are inconsistent with the principles of free-trade. Revenue must come from direct taxation alone. On this ground one of their leading advocates, John Bright, once proposed an income tax of half a crown in the pound—one-eighth of every man's income—as a substitute for customs. Hence also the Financial Association of Liverpool, driven by the logic of their own theories, called Mr. Gladstone, the then Chancellor of the Exchequer and a free-trader, to account for taking a penny off the income tax and retaining the duties on corn, although he admitted that the corn duties were impolitic. The Free-trade Association asserted that the corn duties were a protection duty amounting to £4,000,000 sterling, while they were supposed to have got entirely rid of protection. Mr. Gladstone in reply said :

“ Direct taxation, I admit, if we were to proceed upon *abstract* principles, is a sound principle. But, gentlemen, have some compassion upon those whose first necessity it is to provide for the maintenance of the public credit, to provide for the defences of the country, to provide in every department for the full efficiency of the public service. I wish I could teach every political philosopher and every financial reformer to extend some indulgence to those who would ascend along with them, if they could, into the seventh heaven of speculation, but who have weights and clogs tied to their feet, which bind them down to earth. Let no Government be induced under the notion of *abstract*, extensive, sudden, sweeping reforms, to endanger the vital principles of public credit or to risk throwing the finances of the country into confusion.” (*Gladstone's speech at Liverpool, 13th October, 1864.*)

Here the issue is put fairly and broadly by free-traders themselves, and their theories admitted to be utterly impracticable, even in England, for the benefit of which they were

formed. A Financial Association composed of leading free-traders, asks the Chancellor of the Exchequer, an out-and-out free-trader in *theory*, to retain the penny just remitted on the income-tax and take off the duties on corn. Mr. Gladstone, as a free-trader, has to admit the "soundness" of the "abstract principle" here pressed upon him, but exclaims in terror of the consequences of putting in practice the "sound principles:"

Gentlemen, have compassion on me while a Minister of the Crown, and after that I will go with you strong on the *abstract* principle, although utterly impracticable in the affairs of terrestrial kingdoms. I warn any government against adopting free-trade.

If all free-traders were as harmless as Mr. Gladstone, and would leave their theories in their books or in the seventh heavens, we should not object to them. Free-trade confined to the closet and protection in *practice*, would suit us. In strict accordance with the position here taken by this free-trade Chancellor of the Exchequer has been his own practice, and that of every Finance Minister of England, since the adoption of the so-called free-trade policy in 1846; that revenue must be derived chiefly from customs duties.

Mr. Laing, M.P., recent Finance Minister of India, and sent there as a thorough free-trader, gives the preference, after his India experience, very decidedly to customs over all other systems or means of raising a revenue. It is, he says, a most simple, productive, and in the main, equitable mode of raising the necessary revenue, and I believe little more remains to be done in the way of adjustment of taxation. *The greater substitution of direct for indirect taxation may be a favourite theme with theorists, but it will not stand the test of practice.* Direct taxation is open to the fatal objection, that, if uncertain, it leads to fraud and vexation, and if limited to certain incomes and objects it involves glaring inequality, by omitting others as real though not so easily ascertainable. An income tax,

in the condition in which he found India, Mr. Laing proceeds to say, is the worst possible tax.*

Accordingly Mr. Laing, who was sent to India as a free-trader, and who sums up his politics in the two compound words, free-trade and non-intervention, established customs duties as almost the sole source of revenue; and England, which adopted "free-trade" only theoretically, however, "as the policy of the Empire," following the dictation of Mr. Laing, surrounded India with a cordon of custom houses as soon as that vast Peninsula became a part of the Empire.

The *London Times*, too, the unreasoning advocate of free-trade amongst all people, in all parts of the world, under all circumstances, and which calls "free-trade" the noblest truth that has dawned on political science (September 4, 1864), while condemning in no very mild terms the Colonies for not abolishing their custom houses, (which England will not do,) and for not relying on direct taxation, which England can do to only an eighth of her revenue, puts in this strong plea for indirect over direct taxation, (August 13, 1864):

"Before they acquire a lengthened prescription, may we venture to ask whether the annoyance they impose, and the sort of bodily fear under which they put every man of property or in trust, are not to be an element in the question between direct and indirect taxation? That indirect taxes are collected easily and paid most readily completes the case in favour of indirect taxes over direct. You need never use an article unless you choose." And again "the false returns† (in the income tax) are made

* Mr. Laing on the trade and finance of the British Empire for 1863.

† The number of persons assessed in Great Britain in 1863 was 293,468; in Ireland 17,000; total 310,468, or one in a hundred. (With an assessment law in Canada the same as in England—incomes of £100 and upwards assessed—there would be only 31,000 persons assessed here; 13,000 on incomes above £150, and 847 on incomes of £1,000 and upwards, even admitting that there was as much wealth per head here as there).

Sixty-seven persons in Great Britain, and three in Ireland, were assess-

by the lesser merchants, professional men and tradesmen, a class in fact having at present most interest at elections, and whose opinions determine the policy of the nation. There is no argument against the continuance of the income tax so potent as the deterioration of the political morality it begets in the lower classes. Politicians would be justified by this consideration in abolishing it were there any hope of achieving such a result."

If England and India with the hoarded wealth of ages cannot dispense with customs, how could a country like Canada with her sparse agricultural population and little accumulated capital? The machinery for the collection of an income tax would cost more than the net proceeds.

It is thus established by the practice of Britain at home and in India, under the administration of free-traders themselves and admitted by those disciples of this purely theoretical school who have had experience in the finances of those countries, that revenue must be collected mainly by indirect taxes, and chiefly on imports. This, too, has been our own practice, and the practice of every nation of Europe and America whose trade renders such a source sufficiently remunerative.

Collection of revenue by customs is the most equitable and general, every one paying in proportion to his purchases; the rich heavily on his costly luxuries, but the poor lightly, and little by little through the year as he receives his daily wages. All taxes are oppressive and annoying; but those by customs

ed at or above £50,000; 8,000 in Great Britain and 400 in Ireland at £600 to £1,000. More than one-half, say 160,000, pay on incomes below £150; 130,000 on incomes at £150 to £600; (this would give 13,000 for Canada) 8,470 on £1,000 and above; 18,070 on and above £600; incomes in Great Britain assessed at £93,322,864; in Ireland at £4,677,000 (as £4 in Great Britain to 14s in Ireland or as 5.72 to 1). The income tax was imposed in 1842 for three years only, but has continued till the present and been increased this year to meet the expenses of the Abyssinian war. In 1860 Mr. Gladstone registered a solemn vow that it should die in 1861.

are least oppressive, and least annoying—the amount being drawn imperceptibly in the form of purchase money. The income and property taxes are the oldest and rudest forms of taxation. They are blood-letting by the hatchet and tomahawk. Under the name of custom dues taxes are drawn, as under the influence of chloroform. *Ceteris paribus*, men's feelings ought to be considered. The property and income tax is the old rude form of seizing one-tenth of a man's crops in the field—the “stand and deliver” *modus operandi*. It has been left for commerce, if not for Christianity, to devise a more equitable and refined system.

This tax, says Thiers, the distinguished French statesman and writer, is paid insensibly by slow degrees, so that the tax-payer, who generally has little foresight, pays his share of the public charges, while paying his daily expenses. He can retrench his expenditure if he thinks he cannot meet it. This tax is a most equitable one, for the rich pays the greater share.

Having then to rely mainly on customs for revenue, the question of chief importance for us is, *shall we so adjust those duties as to encourage the establishment of manufactures in the country and foster them in their infancy, or shall we legislate solely for the collection of revenue without any reference to those industrial pursuits so prolific of wealth?*

The present tendency of our legislation is rather to discourage our manufactures, so anxious are some of our very amiable finance ministers to show English free-traders that we are more desirous of pleasing them than of benefiting ourselves.

Nor could Canada, if so disposed, give up customs duties. She has built gigantic works at a cost of \$60,000,000 (sixty millions) to facilitate her own trade and that of foreign states passing through her country. On her canals, which admit vessels of 600 tons, to the head of Lake Ontario, 1,000 miles, and of 400 tons to Lake Superior, a distance of 2,000 miles from the ocean, she has expended \$20,000,000 and more; on her 2,000 miles of railway, an equal sum; and \$10,000,000 to the municipalities, chiefly invested in railways. These,

with the expenditure for the improvement of navigation, light-houses, public roads, &c., swell her debt, for works facilitating travel and transit, to \$60,000,000. To this must be added \$15,000,000 for the Maritime Provinces. Whence is a young country, thinly settled and with little accumulated wealth, to get the means of paying this debt except by duties on imports? Those works, too, are of immense advantage to the English manufacturer. Through them his wares are carried thousands of miles to the very heart of the Continent, to parts which otherwise they never could reach; thence also are brought the vast surplus products of those fertile regions, cheapening the food, and consequently feeding better the millions of the sons and daughters of toil in the Old World. As a mere commercial speculation those canals and railways, with our customs duties doubled and trebled even, would be of priceless value to the English manufacturer; for if he had not those facilities, his goods, even supposing they could reach those distant markets, would pay a thousand-fold in transit dues more than they now do in customs.

Mr. Gladstone with others has found fault with the tariff laws of Canada. Why did he not here, as in his own case, apply his "simple test," whether his proposal "would have had success;" for as an experienced minister he had, of course, a substitute for the policy which he so strongly condemned.

In his speech on the *Budget* of 1865 this same free-trade financier labours to prove that the malt tax of seven millions and a half falls on the *consumer*; and the *Times* (April 29th, 1865) says that Mr. Gladstone has *conclusively proved* that the malt tax falls on the consumer and not on the producer. Why then are not Canadian duties, so much complained of, a tax on the Canadian consumer and not on the English producer? Cottons and woollens are as necessary for the Canadian as beer for the Englishman. The farmer who may have

£10 to spend for his family would buy no more by first putting aside £1 for the income tax and then paying the £9 for his goods than by giving the £10 for his fabrics.

Note p. 42. (*b*) The depressed state of the woollen trade at Bradford in England and its flourishing condition at Roubaïs in France under high protection, has attracted the attention of that great interest in England, and large meetings in the woollen centres have discussed this anomaly in free-trade. Apart from all theories, every body can understand the immense advantage the French possess in having the English market as well as their own; while the English have access to France only under a heavy tariff. The Americans, too, have their own and English and Canadian markets—two to our one—and they will never give us reciprocity while they possess this advantage.

III.

FREE-TRADE SOPHISMS.

I.

That free-trade is a truth and not a policy to be adopted, modified or rejected, according to circumstances, is a dogma of the Manchester school.

The London *Times* once called free-trade the “ noblest truth that had ever dawned on political science ; ” and in a recent number of the *Saturday Review* (London) the “ unsound writers (protectionists) on economic questions ” are called “ crazy, or muddled, like those who propound objections to the established principles of mathematics, astronomy, optics or gravitation.” “ If political economy be a science,” the *Review* continues, “ it is as impossible for a competent economist to believe in profitable protection as for a mathematician to believe in any short-hand method of squaring the circle, &c.”

If free-trade, as propounded by the great movers and leaders of this school, were, indeed, a truth or established principle, then it should be universally adopted and every where acted upon, as men act upon the law of “ gravitation,” and, by so acting, give the best proof of their belief in it. The Newtonian apple fell to the ground under the influence of that law which draws all bodies to the centre of gravitation. Money at interest begets money. But this Manchester idea—bred of the loom and the spindle of an exceptional and artificial state of society—is not a truth ; it is a mere policy, wise or unwise, according to circumstances, but still a policy smelling of the shop alone, to be adopted or not as interest may dictate ; a policy of local and precarious application.

Free-trade is the progeny of two unpropitious summers. In 1845 the harvest in England was bad ; in 1846 still worse. Bread-stuffs being dear, people spent more for food and less for manufactures. The remedy seemed obvious ; the repeal of the corn-laws would give cheaper food ; the opening of foreign markets greater demand for English wares ; and both an increase of trade. And what was true of Manchester, so it appeared to them, was true of all the world. England thought then that she could beat the world in manufactures, and therefore she could safely throw open her ports to unrestricted competition. With all the advantages with which she began the race, one quarter of a century has sobered her ; she is to-day undersold by foreigners in her own markets and in her own specialties ; and that which appeared a *truth* in 1846, is in 1870 becoming a *policy* to be modified or rejected.

But England has never, herself, adopted free-trade. She imposes £22,000,000 to £24,000,000 sterling annually, at British ports, upon foreign products, before she will admit them to British markets. And as soon as India became a part of the empire, to be ruled from Westminster, it was surrounded by custom houses, and even British goods had to pay duty at its ports. This *policy* was adopted, too, by a free-trader (Mr. Laing) who was sent there as its finance minister, because he was an advanced disciple of this school. But the necessities of the India Exchequer obliged him to lay aside this "great truth," and to collect, as he informs us, his revenue from customs dues. But the free-trader will tell us that this setting aside his principles in India and in England, from the necessities of the Exchequer, is not a negation or repudiation of his favourite truth ; it is merely modifying or keeping it in abeyance because of a pressing necessity. Why, then, call it free-trade ? It is by this confession admitted to be not a truth, but a policy to be ignored or modified as interest or convenience may dictate. And if free-trade has never been acted upon—and it cannot

be shown that it is possible for any nation but the barbarous or the poor to adopt it—on what ground can it be called a truth, much less the noblest truth that has dawned on political science? England, perhaps, does not now legislate to favour her manufactures, yet her laws and customs do this in one way or another to a hundred industries, and her trade is as far from being free as that of Russia and the United States.

When Mr. Gladstone, an out-and-out free-trader in *theory*, was called upon, while finance minister, by the free-traders of Liverpool, to throw off the shilling duty on corn instead of reducing the income tax,—for, they said, to retain the duty on corn was inconsistent with free-trade, which they were supposed to have adopted—his answer was a very remarkable one for a scholar of Cobden and Bright, though it would have been perfectly natural had he been a protectionist, or, like ourselves, a believer in free-trade and protection, not as immutable truths, but as policies, wise or unwise, according to circumstances. Gentlemen, said Mr. Gladstone, free-trade in *theory*, no doubt, is right, but have mercy upon us while in office.

Here, as in India, the finance ministers, free-traders in both cases, ignore the very existence of those beautiful truths of their theory, because they must have a certain sum of money, and can get it in no other way. When foreign products go upon British markets burdened by British legislation with one hundred and twenty millions of dollars annually, it would be an insult to tell us that her trade is free; if it be free there so is it the world over. But the one hundred and twenty millions of dollars collected at her ports on the products of foreign hands are not merely customs dues; they are a protection to her fields, forests and factories. The shilling a quarter on corn, producing from five to twenty million dollars—and a part of it Canadian corn; the one million five hundred thousand dollars on timber—and one

million of this on Canadian timber; the seventeen shillings and sixpence per pound on jewellery—and this falls on Australian jewellery; these have protected British fields and forests and workshops against even their own colonies, while they have been magnifying their policy as liberal and condemning ours. If British statesmen would merit the generous name they covet, let them first do the deed which would entitle them to it. At present they place this burden of one hundred and twenty millions of dollars on foreign industry where it suits their own interests. They don't remove it; and if trade be free there, so is it the world over.

If protection to the looms and mills of Holland against the surrounding states of Europe made her the great hive of industry, made her prosperous and wealthy; if a similar policy produced similar effects successively in Old and New England, so, we believe, would it work the same change in Canada. The free-trader must admit this much—that these countries have, under high protection, outstripped their neighbours in the race of prosperity.

The Australian colonies have given us the best comment, by practical men, upon free-trade and protection as policies and not truths. In New Zealand and Tasmania, each under a single government having command of the entire coast, the revenues are made up chiefly by customs. There could here be no rival trade, and no loss of trade as there would be in England, by any burden on the imports. In South Australia, also, the chief port being isolated, and not capable of being used as an *entrepôt* of trade with other parts of Australia, *ad valorem* duties are imposed. The case of New South Wales is entirely different.* Sydney, the chief port, possesses a large trade with the interior, for which there is a sharp competition. Sydney has also a coasting trade, to

* While these pages are going through the press, it is announced from Australia that this province has also adopted protection. Free-trade does not now exist in any of the great colonies.

which the same remark applies. Business men saw that a tariff and protection would bring diminished trade, and they voted against them. In Victoria, again, protection is as popular as free-trade is in the sister colony. In these countries free-trade and protection are treated as policies and not truths.

England is in the same condition as New South Wales. Her ports are *emporia*, store-houses of goods *in transitu* for all the world. Customs, and, indeed, any restrictions, would cause diminished trade; and is not trade the sole interest of a nation, according to this theoretical school? Hence, these ports are, or ought to be, free ports.

The United States and the German Zollverein have free-trade within, but protection against the outer world. They so adjust their tariff that, with a revenue, they protect their home industries. Here is a double policy, protection and free-trade, and not the adoption of either as a truth. The United States, we believe, are neutralizing the good effects of their protection to home industries by taxing the raw material and putting an excise duty on the manufactured article in a thousand forms. But this is their folly, and is a corollary of free-trade sophisms, for they tell us trade should be free and revenue raised from a property and income tax. We say revenue should come chiefly from customs.

A military camp which allows freedom of motion within, throws around it a cordon of posts and puts restrictions upon ingress from without. The motive is obvious. There are other and greater interests at stake than freedom of motion into and out of the camp. So in a nation—trade, although the one idea of a free-trader, is not the only thing of importance. There are other and greater interests which protection fosters. We have shown how the finance ministers of England and India, themselves free-traders of the first water, failed in their attempts to act upon their theories when brought face to face with the great living wants of a nation.

Their sophism, beautiful to these transcendental philosophers, would not stand the test of experience. Like the crystal-line spheres of the ancient king-philosopher, they were dashed to pieces in the humdrum of every day life. These finance ministers, with their heads cleared of the fogs of Birmingham and Manchester, found that there were other and higher interests in a state, than those of the shop, to which their dogmas must bend—interests affecting the very foundations of the state, and which those impracticable theories would speedily undermine. But the free-trader will listen to none of these things. To be spinners and weavers for mankind is, in his opinion, the great mission of a nation. Trade is the one idea that fills the mind, the sixpence near the eye which shuts out the light of the sun. He sees nothing beyond his own narrow horizon. The integrity of the empire and the very existence of the government may stand in uncompromising opposition to his theories ; he yields nothing—so much the worse for those mighty interests—*tant pis pour les faits*—if they oppose his theories.

II.

Another sophism of free-trade is that *protected manufactures are sickly*. This is a corollary of the Manchester School, and not a deduction from facts, but is so frequently and so constantly reiterated that we may here condense the references to the facts which we have adduced as a complete refutation of it.

The condition of manufactures in England under free-trade and on the Continent under protection, not only confutes this dogma, but establishes the reverse, that manufactures under free-trade are sickly, and under protection healthy. The most important industries of England are, as we have shown, some sickly and some dead, while those on the Continent under high protection are healthy and vigorous to such an extent as to supplant those to the north of the Channel. Those manufactures

introduced into England two centuries ago, and fostered through their entire history by the most rigorous and persistent protection, got a firm footing upon the soil, and flourished under that policy, but have withered under free-trade. As we have pointed out, the great iron works of England, machine making, ship-building on the Thames, the cotton of Manchester, the silk and lace of Spitalfields and Coventry, the glove, and paper, many of these the greatest glory of English industry, are now either living a sickly life under the blighting air of free-trade or have silently withdrawn to find a home under protection. The manufactures of Ireland had already run a similar course—healthy under protection but perishing under free-trade. In Belgium, in France, in Germany, in Russia, those same interests, so far from being sickly, have attained an excellence and a cheapness which enable them to bear the transit to England and break down some of the great industries of that country.

The condition of manufactures in the United States, since their war, is often referred to in support of this sophism. Under high protection, it is said, many of their industries are depressed. But the state of matters there is altogether exceptional, different from what it was before the war, and from what it is in Canada. Their heavy taxes on raw materials, on machinery, on everything, in fact, in every form in which it appears, and under every species of taxation—excise, income and personal, more than balance the good effects of customs duties; and besides, we think these duties quite too high. But even under all these adverse circumstances, manufactures there are not so depressed as in England under free-trade.

This is one of those high-sounding platitudes so pompously enunciated by this theoretical school. They have no proof to support their dogma; nor would it be consistent with their entire proceedings if they relied on facts. Bold assertion won the battle in 1846. By a parity of reasoning we could prove that Canada would produce the finest palms and figs.

It is true they never grew here ; but this is just the reason that it is a fair field for a free-trader's logic. Reasoning would end if we had the facts ; the skill of these theorists is shown where the facts are against them. (Note *b* p. 34.)

III.

Each country should confine itself to what it can produce best is another free-trade sophism so stated as to give us but half the truth. How are we to know what we can produce best without experiment ? Manufactures are of no climate. They do not exist naturally in any country. Protection has been their foster-mother in all countries. It was only by experiment that we found out that we could grow wheat or any of the cereals, grains or grasses, or root crops, or flax or hemp ; that the sheep, the ox, and the horse would thrive here ; that we had oil and salt springs, peat beds and valuable minerals.

It may be true that neither Canada nor England ought to attempt to compete with Italy in growing oranges, or with the Indies in spices, nor the Indies with Canada in producing ice. Here nature would be against them. This let alone, this *laissez faire* doctrine, would have left England and Scotland without any of their great industries, and even without their most valuable agricultural products. It is only about one hundred years since a wheat field was an object of great curiosity north of the Tweed. All plants in England, says Forbes, are German. Certainly most cultivable ones are. Their spread in the British Islands is due to great care and superior cultivation. Up to 1770, says Whitley in his prize essay, (R. Ag. So.,) very little wheat was grown at Edinburgh ; now it grows north to Murray Frith, (lat. 58°). These plants were fostered there, and not let alone ; just as Indian corn in America has by care adapted itself to the shortened summers of high latitudes. England, by care and

not by *laissez faire*, has been made what she is. Egypt, a barren waste one part of the year, and a muddy estuary or covered with water the other, was more than 3,000 years ago by care turned into a fruitful garden, while most of the rest of Africa, by this *laissez faire* doctrine, has remained what it then was, and what America would have been to this day if let alone. Holland, by the same policy, would still have been at the bottom of the German Ocean—where the Manchester School ought to be—but, by care and protection, has long been one of the most fertile, populous, and wealthy countries of Europe. Her manufactures, as those of every country of the Old and New World, grew up under protection. It has not been by letting alone but by taking care, by protecting where necessary, that every industry, every product of the field and factory, and every domestic animal, have become what they are and been introduced and established in every civilized country. The infant may become a giant if protected in its helplessness, but protection it must have.

And what a pity that England was ignorant of this new-born philosophy in the days of the Plantagenets or even down to the last of the Stuarts, for she might have continued to “confine herself to what she could then do best,” and have been still tillers of the soil, importing her manufactured wares from the Continent and sending her raw materials thither. Holland and the low countries, Gaul and Germany, if they had had a Cobden and a Bright to teach them, might have brought all their fabrics from Italy and the Mediterranean, as these countries had theirs from Greece, and Greece from Phœnicia and Egypt, long before Hellenic heroes constructed the wooden horse under the walls of Troy. God made man upright, and had he not since found out many inventions Europe might, at this day, be in the primitive state in which she doubtless was when Tubal-Cain, or some other ancient “cunning worker,” was making his first wicked inventions; and America might still have been a vast hunting

ground. But our practical forefathers planted the seeds of manufactures and fostered them by protection, and the tree has spreads far and wide her fruitful branches.

How unfortunate for England that a century and a-half ago some unreasoning Cobden of unadorned eloquence, or some declamatory Bright innocent of history, had not arisen to teach her this doctrine ; she might have remained what she then was. How sad the change ! Macaulay says that the mass of the wealth in the shops and warehouses of London exceeds five hundred fold that which the whole Island contained in the days of the Plantagenets.

At the beginning of the 18th century the value of the products of the farm in England far exceeded the value of all other fruits of human industry. Yet agriculture was in a rude and imperfect state, only one half of the land was cultivated, the remainder being moor, forest, and fen. Something of the state of England may be inferred from the fact that Queen Anne, at the beginning of the 18th century, saw 500 wild deer on her way from London to Portsmouth, and this in the best cultivated part of the kingdom. The whole quantity of wheat, rye, barley, oats and beans, was then less than 10,000,000 quarters ; the annual produce of wheat was not more than 2,000,000 quarters. Now it is seven times that. Yet, with the vast improvement in agriculture and the additional one-half of the land brought under tillage, the soil is now the least of the three great sources of wealth, so marvelous has been the development of manufactures and commerce. Within the period not exceeding two long lives, the revenues of the kingdom have increased from £1,400,000 to £70,000,000, fifty fold. (See Macaulay's Hist. Eng. vol. 1.)

IV.

Buy in the cheapest market. Free-traders never ask what is the cheapest market for a nation. If every man were born with £500 a year ; if we produced gold and nothing

but gold, or if every product of the garden and field could be readily turned into gold at the highest price, we would, no doubt, buy where we could get the greatest amount of the required commodity for the least quantity of gold ; but even then it would be wiser to support our own industries.

But gold is not our staple, nor can we get it for a great majority of the products of our fields. If a pedlar were to pass through the agricultural parts of Canada with fabrics or wares of the loom or factory for sale, he would be met in nine cases out of ten with the statement : we cannot buy, we have no money. But were he to reply, I will take your cabbages at 10 cents a head, or potatoes at 2s. 6d., or beets and carrots at 2s., or turnips at 1s. 3d. per bushel, or lettuce or green pease or beans, &c., or if, were he to add, not expecting a demand for these articles, you have none this year, I will take them next year, the pedlar would find a ready market ; for to exchange such products for manufactures would be the cheapest for the farmer, although too dear for him if the purchase were to be in gold. Now, let factories, with their thousand mouths to feed, take the place of the pedlar near the farm, and create a market for the gardener and the agriculturist ; these latter will then have the power to buy in what to them would be the cheapest market, although it might in gold be the dearest.

The time has been in the early settlements of Canada when wheat was a York shilling a bushel at the head of Lake Ontario. Manufactures give not only home but steady markets. Every farmer feels the necessity of these, and knows their vast importance. Foreign markets are uncertain ; home markets are more steady.

“ Buy in the cheapest market.” If every body had a fortune in ready money, this might be a correct way of stating the case. But under the circumstances in which 999 out of 1,000 are placed, these words express a meaningless platitude. The moneyed man who goes abroad to buy is in

the same position as the absentee landlord. He walks around his struggling countrymen, to a foreign market, leaving them to bear the burdens of their country. Here the free-trader states but half the question and states it falsely; for men who state it thus are thinking of the gold value of what they buy. What then is our cheapest market, or rather how can we get a market where we can buy the greatest quantity of the needed articles for the least amount of our products? Inland, I find a farmer with 10,000 heads of cabbages, 1,000 bushels of turnips, 1,000 of beets, and carrots, celery, lettuce, and other products, too cumbersome or too perishable to be sent to a foreign market. What will he do with them? If he had a Manchester or Birmingham near him he could get high prices for all his stuffs. As it is he gets nothing. To him the cheapest market would be the one which would give him the greatest quantity of the required goods in exchange for his products. Manufactures would create that demand at his own door. This would give him the power to purchase the necessaries and even luxuries which he cannot produce. The free-trader's cheap market does not exist for our farmers. We must first give him good value for his products, and we thus give him the power to buy.

We have vast forests of the most valuable wood, which in England or on the continent would be of immense value. With us, especially in the new districts, it is a nuisance, and millions of cords are burned to get rid of it. Give the possessors of this timber a market, by establishing manufactures, and you give them the power to buy. That market, where they could exchange their wood to supply their wants, would be the cheapest for them. Suppose manufactures were established in every township in Canada, or furnaces opened for smelting the metals with which our country abounds, the wood now an encumbrance would have a good market value, of at least from \$20 to \$40 an acre.

Many a man in Canada has copper, or lead, or iron, or

carbonate, sulphate or phosphate of lime, or a peat bed, quarries of marble or slate, or other valuable stone. He cannot send these abroad. Population and manufactures would give value to them. He could then exchange them for manufactured goods. Here would be his cheapest and only market.

We can point out how the free-trader can buy in the cheapest market consistently with his principles. Wool and flax, wood, stone, and food, are cheap in Canada. Let him come here under protection, with his capital and labour, establish manufactures, and he can then buy his raw material in the cheapest market. He will have the advantage of the 15 to 20 per cent. protection for his fabricated wares. He has even a double advantage—buying in a cheap and selling in a dear market. He will, too, benefit us, as he will give us a market for much not now saleable.

If 50,000 needle women, and tailors, and shoemakers, and hatters, and furriers, and blacksmiths, and bakers, were thrown out of employment by our buying the products of those artizans in foreign markets, because the gold value would be less, we would find this, apparently cheap, the dearest market in the end; for we would be in the condition England is to-day, her markets supplied by foreign fabrics, because the price in gold is cheaper; her workmen out of employment—more, we are told, without work than ever known before; and instead of those hundreds of thousands creating wealth they are consuming what was hoarded up in more prosperous years.

“But,” says the free-trader,—who is ever ready with his platitudes—“let those millions of displaced artizans turn to something else.”* What will they do? Their habits qualify them only for their own specialty; besides, every industry is more or less depressed, and the operatives in them also seeking work. Let the theorist show us one instance where a

* McCulloch's Pol. econ. ch. 5.

large population turned out of one great industry has been readily absorbed into another. The destruction of Irish manufactures, by England's free-trade policy of 1846, drove from the land, or starved, two and a half millions of her people. The same policy ruined Jamaica, and decimated whole districts in India. If foreign workmen continue to gain on their English brethren during the next ten, as they have in the last ten years, many of England's great industries will have written over their graves the historic words which told the fate of Ilium. The last exhibition in Paris showed that, even in iron and wool, England could hardly compete with her neighbours. The three years which have intervened have shown the steady and rapid growth of these and other manufactures in protected countries, and their even more rapid decline in England. In one industry alone, in Lancashire, there are fifty millions sterling invested, and by it a population of two millions supported. These factories, we are now told, are working on half time or closed. If they should fail, and these two millions of people and fifty million pounds of capital, with the one hundred millions that are yearly changing hands, should pass to the continent, it would all be for the good of England, so those free-traders teach. Britain could then supply herself with cottons cheaper than she can manufacture them. This might be followed by the workers in iron, copper and wool; and those ponderous works—such as those of Dawlais in South Wales—heretofore alive with fourteen thousand workmen, with their glowing furnaces and streams of molten metal, might, in a few years, remain but as monuments of their great industries, and be remembered only as the mouldering ruins of a Palmyra or a Babylon. If Macaulay's New Zealander should ever appear to sketch the ruins of old England, he will come as the spectre of this specious and fallacious but art-destroying philosophy.

That trade—the mere movement of goods,—*is the chief interest or industry of a nation*, is assumed by nearly every English writer on this subject. “See,” say they, “our vast imports and exports, how prosperous we are.”

The celebrated petition of the merchants of London to parliament, adopted as the clearest embodiment of free-trade doctrine, states :

1. “That foreign commerce is eminently conducive to the wealth and prosperity of the country.

2. “That freedom from restraint is calculated to give the utmost extension to foreign trade.”

To be carriers, traders pure and simple, is the one idea here advanced.

Mr. Bright, in a letter to the *Chicago Tribune* in 1867, in answer to a request for his views on free-trade, for publication in America, says :

“I do not recollect any paper bearing on the question of wages. The fallacy was made great use of in our movement for the repeal of the corn laws. The real argument against it is this: Free-trade always means great trade, and great trade means a great demand for labour, and this always means and necessitates a high rate of wages. At this moment wages are higher than at any period, at least, within our recollection. It is so through all our manufacturing districts. It is so with our farm labourers. *The workmen’s safety and success depend upon the extent of trade.* All the countries of Europe are tending to freedom of trade.” “Give your decisions, but never your reasons,” was the advice of an English statesman to a judge, and no man stands more in need of this caution than the great English declaimer.

“All the countries of Europe are tending” to greater restriction in their tariffs rather than to the relaxing of them; and even the little favour got of France in the

Cobden treaty is sure to be lost, if we can judge from the general objections by the French workmen and French politicians to its renewal. The "workman's safety depends upon the extent of the trade," Mr. Bright says, and yet we find that coincident with the greatest expansion of the trade is the greatest depression in the labour market.* Never, we are told, within the memory of living men have so many been out of employment in England. The cause is manifest. Home industries have failed, or are declining. Even if England had the whole carrying trade of the world, the mere passage of goods upon the ocean, or their touching at British ports, could not supply labour to the artizans and working men in her great industries. A Birmingham jeweller, in a recent letter, says of the jewellery sent from the southern ports of England, that most of it is German and French, merely transhipped there in British vessels. This swells the trade of England, but does not give employment to artizans in that industry, now so greatly depressed through the vast importations of continental jewellery. Colonel Beresford, in an address a few weeks since, at Southwark, pointed to St. Thomas's Hospital, now in course of erection, as a proof of what was done abroad: "The whole of the carpenter work of that great building was being made in Sweden and sent to England ready to be fixed into its proper place." Here is increased trade, but at the expense of the carpenters. The importation of iron, woollens, cottons, silks, and wares of all kinds from the Continent increases trade, but throws the English workmen out of employment. Hence the great distress in most English industries. Mr. Bright refers to the increase of wages in England as the result of free-trade. Had he looked abroad, on the Continent of Europe or to America, he would have found as great, and in most cases, a greater, increase of wages in countries under high protection. The truth is, the great impulse given to industry, and the demand for labour

* See note 1, p. 61.

throughout the world, which followed the discoveries of gold in California and Australia, were the chief causes of the higher wages, as they were also of the expansion of trade not merely in England, as contended by free-traders, but in all the great manufacturing countries of the Old and New World. Every statement, therefore, of Mr. Bright, quoted above, is proved by existing circumstances to be the reverse of the truth, or else is credited to free-trade, when it is due to other causes.

Free trade means great trade, and great trade great demand for labour.—This dogma is founded upon a one-sided and partial experience. The trade of Great Britain has risen from £145,000,000, imports and exports, in 1848, to £522,000,000 in 1868—20 years. Yet never, we are told, from every part of England, have there been so many out of employment—one million and a-half. We know that a large proportion of the trade of England is simply a carrying trade ; and the demand for labour is at the ports and in the channels of trade : it is the labour of middlemen and carriers, and not of producers. Suppose ten million lbs. of wool and ten million bushels of wheat to be carried to England. Here is “ great trade and great demand for labour,” much greater than there would be if the wool were manufactured here and the wheat retained to feed the manufacturers. If the field and factory were side by side, there would be less exported products, less “ demand for labour in trade,” and consequently greater profit to both producers—the grower and the manufacturer. The raw material and fabricated article would approach each other in price ; less being spent on middlemen in trade, the article would bring the producer a better price and reach the consumer cheaper. Illinois corn, when 63 cents per bushel in New York, has cost 54 cents in freight from Chicago, thus leaving but 9 cents to the producer. Here it takes the price of six bushels to carry one to market. Suppose the loom to be placed by the side of the plough in Illinois, where it would

cost but one cent per bushel to cart the corn to the factory, the grower would get 62 cents per bushel instead of losing 54 in freight; trade would be less but profits greater. The price of one bushel would get 63 to market. Hence by placing the field and the factory side by side we diminish the profits to middlemen and increase them to producers of both the field and factory.

Mr. Gladstone referred, in a late speech on the *Budget*, to the increase in the imports and exports of the United Kingdom as the result of free-trade. The press and public men of England reiterated this sophism, not only in proof of the truth of their own theories, and of their own greater wisdom, but of the stupidity of their fathers and of their neighbours. No argument could be more fallacious. Expansion of trade had followed the adoption of their free-trade policy, therefore it had been caused by it! *Cum hoc, vel post hoc, ergo propter hoc*—one occurrence follows another, and therefore is caused by it. The trade of France and of the United States increased more rapidly from 1848 to 1860 under protection than that of England under free-trade; therefore protection caused that expansion. It increased most rapidly in the United States under the highest protection, therefore, the higher the protection the more rapid the expansion of trade, according to free-trade logic.

The corn laws were repealed in 1846, but we have taken the years from 1848 to 1860 for comparison, because during the first three years (from 1846-8) there was little change in the trade of Britain; the exports actually diminishing and the imports increasing only seventeen millions during those three years as they had in the three years preceding, and, therefore, to begin the comparison with 1846, would give a result the more unfavourable to England. After 1860 the American Civil War so disturbed the trade of the States as to preclude the possibility of a fair comparison. So in France, we take the period from 1849 to 1861, because, in 1848, the

year of the French revolution, the imports being small, the increase to 1860 would show a result too favourable for France. We have thrown out every element which might appear unfair to free-trade England.

The imports of Great Britain in 1848 were £93,000,000, in 1860, £210,000,000; exports in the former year, £52,000,000, in the latter, £135,000,000. For the United States the figures would stand in the same years, imports, £30,000,000 and £75,000,000; exports, £28,000,000 and £83,000,000. France, imports, (1849) £45,000,000, in 1861, £123,000,000; exports, £56,000,000 and £128,000,000. (See p. 61, note 2.)

The increase on both imports and exports would thus stand:

For Britain.....	4.85.
For France....	4.96.
For United States.....	4.98.

Here the increase in the trade does not differ much in these three great nations, yet is greater in the protected countries. Greater trade, instead of being a proof of prosperity, may be the reverse. If English crops were to fail, and she were to import £50,000,000 worth of breadstuffs, this would add fifty millions to her trade; but would be proof of fifty millions deficiency in her ordinary productions. It would not be an index of her prosperity, but of her want. Again, the Continent can undersell England in many of her great industries. Hence we are informed that England is becoming an exporting country for the raw material. In woollens, silks, lace, and iron, from the fine cutlery to the ponderous railway engines; in jewellery, in paper, in glass, in carpenters' work for her ordinary buildings, &c., the foreigner undersells the Englishman in his own market. Now, while the raw material is being sent abroad to be manufactured, with the coal to

blow the furnaces and the breadstuffs to feed the operatives, there would be a vast increase of trade, and a proof, not of England's prosperity, but of the annihilation of hundreds of millions in productive industry, the ruin of some of her chief sources of wealth, and with these the ruin or expatriation of millions of her people.

The two great elements in the expansion of trade are the discoveries of gold in 1848 (the very year that the trade of England began to expand most,) and the vast, almost illimitable, development of steam power. England's protection to her industries and shipping prior to 1846 was almost a virtual exclusion of all rivals; and her superiority since, till a recent date, has been as effectual an exclusion of competition as her old protection. English trade expands. She has the run of the business. A nation as a trader in this advanced position has the advantage of her rivals. The Manchester cosmopolitan philosophy is the philosophy of the tyrant traders of the earth. It is the necessary creed of a nation holding the almost universal dominion in trade. She had become not so much a competitor as a monopolist. Circumstances are modifying that philosophy as to England's home industries. It may be a wise policy for her commerce while she possesses the carrying trade of the world; indeed, with her vast mercantile marine and her surplus capital, freedom in trade, at all events, is a necessity to her.

Traffic, commerce, is the passion of the age. Our farming youth leave the ancestral fields for the more exciting pursuits of trade. The boy drops his hoe and hies to the nearest town. From retail to wholesale; from inland trade to ocean commerce; to buy and sell on 'change; to do business on the great waters; to make and lose fortunes in a day; are more exhilarating than the humdrum of the field or the factory. So with nations. England has run mad with trade. This to her seems the great source of wealth. Every other

interest must bend to it. The more expanded the commerce the more exciting; foreign more than domestic; ocean more than inland.

So thought Tyre, Carthage, Alexandria, Venice, and Genoa, and when adverse winds or wars swept their commerce away they had no home industries to fall back upon; they were like the house built upon the shifting sands; or if these antiquated examples have lost their force, Portugal and Spain, in their brilliant yet short-lived empires, teach the same lesson. They trusted too exclusively to commerce; their fortunes were on the seas, and they sank as they rose. England, that grew rich by agriculture and manufactures, now concentrates her energies upon commerce, and neglects too much her home industries. All her calculations are built upon the sea, upon the assumptions that lured those renowned maritime states to ruin—that they would still be mistress of the seas; or upon the delusive hope of the peace-at-any-price party, that nations will know war no more. Her energies are wasted in being mere carriers instead of producers. Trade has become the mistress when it should be but the handmaid of the nation. It is the god of Britain. It has an undue, an unhealthy prominence, and is, we believe, one of the active causes of the wide-spread distress there now, and a danger of national calamity in future. We say a cause of the present distress, for by her great facilities for transit she can, and does, bring to her own shores the cheaper goods from countries where the artificers live at a lower standard, in other words, sink nearer to barbarism, and swamps her own manufactures by an avalanche of foreign products, thus annihilating her own industries. She is fostering a monster commerce at the expense of those home interests which, although less alluring and less exciting, give more employment to the masses, and are surer foundations of permanent prosperity. This is one of those vicious principles at the foundation of a national policy which, sooner or later, is sure to work a

national calamity. The symptoms are already felt ; they have shaken the fabric, but are unheeded.

VI.

Protection is a monopoly to benefit the few at the expense of the many.

If others refuse to buy of you, do you mend matters by refusing to buy of them?

We place these two sophisms together, as the same facts will serve as an answer to both.

“Protection a monopoly.” No ; for none are restrained from entering upon any pursuit. A monopoly is the sole power of dealing with a country or market, or in any species of goods. This word, therefore, used in reference to our manufactures, is a misnomer. The Hudson Bay and East India Companies were monopolies. The navigation laws of England of 1651 and 1763 gave her the monopoly of trade even against her own colonies. The government alone can carry the mail. A patent or copyright gives to the authors an *exclusive* right. These are monopolies, the one to companies or persons, the other to a government.

We ask protection to our industries from the injuries inflicted by job goods, from the desperate necessities of foreign traders, who must, at times, get rid of their wares at any price, and from the premeditated designs of older and stronger manufacturers of one country to crush the infant and weaker ones of another.

Duties which would protect us against such wrongs, cannot be called a monopoly, nor retaliation, nor the refusing to buy of those who put prohibitory duties on our products. Our low tariff or none at all, smoothes their road in working us this wrong.

The free-trader here forgets that every penny collected at the ports is a penny lifted from direct taxes. The burden is

taken off our home industries and put upon the foreign. The native mill moves easier. There is less friction in the factory, for a great weight in direct taxes has been removed. Every product in the land, and the land itself, is worth more. The tax, too, is paid so much easier. It has not to be given in the lump; and the great mass of the people have little forethought to lay up for pay-day. With customs, pay-day is every day in the year. It is given in pennies and half-pennies as each little purchase is made.

A printer and publisher in Canada, was, a few years since, asked by the trade here to issue a school book at a lower price than the American publisher, \$7.50 per dozen. He promised to give it for \$5.00, and struck off 10,000 copies upon the assurance that they would be taken. The American publisher, on being informed of this, immediately flooded the market with his books for \$4.00 per dozen. The Canadian house would have been ruined had it not been able to hold on to the copies. Finally, the American, finding that he could get better prices in the States, stopped his sales here, and the Canadian house has since issued some 200,000, or more, copies at the reduced price. Had this home industry been destroyed, the foreigner would have had control of the market, and put his books again at \$7.50 per dozen, or higher. Instead of an advantage, according to free-trade dogmatists, to this country, from the introduction of these books, either free or at a low tariff, there would have been the reverse—ruin to a most important business, and the capital, artizan, and labourers engaged in it, driven from the country.

Again a manufacturer, in one of the many branches of the iron trade in Canada, informed us that, meeting with commercial travellers from south of the lines taking orders on terms which appeared to be ruinous, he inquired of them how they could put their wares so low; they told him that they could not afford it, but hoped, by driving out competition, to have the market again all to themselves. By a sufficient duty,

which need not be immoderate, such schemes would be frustrated and this illegitimate trade checked.

Our policy is even more suicidal in such new undeveloped works as salt and oil. Here great investments of capital are necessary, and long delays before returns are realized. In the salt works, borings, a thousand feet, are required, and success is not then certain. Salt is admitted free into Canada, but pays at United States ports 70 cents per barrel—half its price—and more when not in bulk. The result is that we imported during the last fiscal year, 23,186,300 lbs. from that country. It was sold, too, in Canada, cheaper than at the American salt works.

In coal oil matters are, if possible, even worse. Duties on the north of the line are 15 per cent., on the south 40, or the same as if we allowed it to come in free, while the Americans put on a duty of 25 per cent. This is bad enough in itself, but our government have imposed an excise duty of five cents per gallon on the refined oil (say 20 per cent.) and 25 cents per barrel for the inspection.

Again, vegetables are brought into Canada free, while we must pay 10 per cent. at United States ports. Along the frontiers where there are no towns, on the American side, the farmers from south of the St. Lawrence and lakes have access to our markets free; but our farmers cannot go into theirs without paying a duty, which, on products so bulky, is a great burden. This is true of nearly every thing we have for sale from field, forest, flood and mine—animals, fish, grain of all kinds, hay, hops, flax, timber, fruit trees, machinery, paper, type, iron in various forms, beans, eggs, &c. In every thing the American, by our blundering, has command of two markets, and our tillers of the soil and toilers in the factory, in the mines, in the forests, on our lakes and rivers, have but one. Is this fair to our own people? They must pay their taxes and bear the burdens of state; yet we who have the ready money pass them by and make our purchases in foreign markets.

We have fully shown in other parts of this essay that protection, where it has been steadily adhered to, has cheapened products, introduced capital, multiplied production, opened up home markets, and by the many other benefits to the entire community, following in the train of manufactures and commerce, so far from being a monopoly, in the sophistical language of free-traders, to benefit the few at the expense of the many, is a most simple and powerful means of developing the resources and multiplying the productive agencies of the country; of cheapening, by increasing supplies, while it adds to the ability of the purchaser to buy. It is Minerva presiding over and patronizing the arts. It is by protection, by care, that every fruit of the field has been made what it is, and every art, fine and industrial, has attained excellence.

In the discussion on the tariff April 1870, Mr. Lawrence of Ohio quoted the prices at which woollen goods were sold in 1859-60 under comparative free-trade and in 1869-70 under protection. They show that woollens are cheaper today under high protection duties, than they were ten years ago under low *revenue* duties.

“ Before the war, says Mr. L., our tariff on wool was so low that wool-growing was almost abandoned. The importers, having a monopoly of the market, controlled prices. But the great demand for army goods during the war stimulated the production of wool; and in 1867 our flocks had enormously increased. To prevent the destruction of this great branch of industry, the wool tariff of 1867 was enacted. The result is, we are furnishing to the people of this country cheap woollen goods. If the tariff were removed two effects would follow, 1st, we would annihilate the wool-growing interest of our country, producing more than \$60,000,000 worth of wool yearly; 2nd, we should give the foreign producer the control of the market. We should export \$60,000,000 in gold to buy wool which we ought to produce.”

Here are cheap goods with home industries encouraged. Our finance ministers are afraid to even say that they would favour any of the industrial pursuits of the country.

VII.

Why should not agriculture require protection as well as manufactures? The country is adapted to it. Then let all engage in farming and keep out of manufacturing.

Freights on the products of the farm are a prohibitory tariff. The Illinois and Iowa farmer gives six bushels of corn to get one to the New York market. New York and New England do not require protection against the corn of the west, superior as that country is for the production of this cereal. And it is just because the west has no manufactures that she sacrifices six bushels in freight to get one to market. Here is great trade and little profit. I think it is Horace Greeley who tells this story of western markets: I visited, he says, a few years ago, Iowa City, lying about fifty miles from the Mississippi, with which it was connected by rail. The streets were thronged with farmers, each with a waggon load of corn, which he was trying to sell for fifteen cents per bushel (shelled), the pay the vilest shimplasters ever fabricated. Corn was then worth six times this in New York and more in old England. But the cost of transit by rail would have eaten up the gross proceeds.

But the manufacturers of England and France can send to Montreal twenty shillings' worth of their fine fabrics for sixpence. The average cost is ten or twelve per cent. on the price, and less if in sailing vessels, in which we send our heavy products. We cannot ship to Europe in return any of our coarse grains or root crops. If it takes the price of six bushels of corn to get one from Illinois to New York, how many heads of cabbages, or bushels of mangel-wurzels, or beets or carrots, &c., would the farmer have to give to pay the freight of one to Manchester? and it is water all the way, the cheapest transit. Hence the shallow logic of English free-traders, that because they admit our products free (which they don't) therefore we should admit theirs free.

The reason the Canadian farmer requires little protection is the same that a limestone quarry and clay for bricks do not need it—the cost of transit; because, also, farming does not demand much capital to begin with, but manufactures require both heavy capital and skilled labour. Our land will be occupied, for it requires only a strong arm, and it is just because we wish to give the farmer the best return for his labour that we advocate the establishing of manufactures. We wish to see Canadian farmers situated like the English, with the factory in their midst, with 15,000,000 mouths to feed, to hear the ring of the anvil, and the busy hum of the mill, and see the smoke of the glowing furnace. The English farmer has now an immense advantage over the Canadian. 1st. In his market being by his side; ours 4,000 miles away. The only reason that we export so much to the States is that it will not bear the transit to Europe. 2nd. He can supply his various wants at the lowest price from the work shops around him; we must pay, in addition, all the costs and charges thither. The English free-trader would keep us in this position, reaping only the profits of the rudest labour.

Note 1, page 50. Trade was never so low in United States nor wages higher; $\frac{1}{3}$ higher than in England.

2 (p. 53). It may be objected here that the increase of trade is greater in Britain though less in percentage as that p. c. is upon a larger principal so to call it: We may merely reply that the increase of the trade of Britain is now even greater in percentage on a great than it was on a small commerce. This principle is found true in the accumulation of private fortunes; a millionaire's percentage is greater than when he was a poor man. Nothing succeeds like success.

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