



FREE TRADE AND FAIR TRADE.

PERHAPS the greatest error of Political Economists in every department has been that of overlooking a part of the question, and of laying down as true without qualification, or with too little qualification, propositions that in reality hold good only within certain limits of time, place, and circumstance. In no branch of the subject, however, has this feature been so conspicuous as in that which relates to International Trade, where the rival theories having been adopted by opposite political factions, calm reasoning has often given place to impassioned invective, and arguments calculated to catch the ear of the populace have been put forward with a political object by persons who ought at least to have been aware of their defects. There are, therefore, special reasons for bringing back the Free Trade question to the region of calm, logical, and impartial inquiry. A triumph of five-and-thirty years in England is no proof of the infallibility of the system unless we are to regard the English people as infallible; for very few foreign countries have followed our example in the matter of Free Trade, though we can hardly suppose that the

leading statesmen of other nations are ignorant of the arguments in its favour, which in this country seem to be still regarded as irresistible. Why have other countries failed to adopt a system which both reason and experience have shown to be so beneficial? and why is the number of persons in this country who are dissatisfied with it again on the increase? The past history of Political Economy might suffice to suggest in answer that something had been overlooked by its advocates.

Now the first thing that occurs to an impartial reader on perusing some of the treatises in which the advantages resulting from the remission of duties on exports and imports are so largely insisted on is, that as much—or nearly as much—could be said in favour of the remission of any other kind of taxation. And the next thing that occurs to him is, that so long as we require to raise the same sum in taxation—including under that head both the national revenue and local taxes—every remission of taxation in one direction must be accompanied by increased taxation in another. It is not then sufficient for the advocate of Free Trade to prove that the country would gain by the remission of all duties on imports and exports. It would doubtless gain by the remission of any kind of taxation, provided that this remission involved nothing farther: but what must be proved is, that it would gain more by the remission of duties on exports and imports than it would lose by the imposition of the other taxes which this remission would necessitate; which, I think I may affirm, the advocates of Free Trade have not hitherto proved. Remission of



taxation is always a good thing when it can be effected, and the imposition of additional taxes is an evil when it can be avoided. But the problem of Free Trade and Fair Trade has nothing to do with the increase or diminution of taxation. It solely relates to the comparative merits of different modes of taxation, some one or other of which we are compelled by our national necessities to adopt. The general taxation of the country has, in fact, largely increased since the Free Trade principle was adopted by our legislature; and the annual revenue levied in this manner was never larger than it is under the present Liberal and Free Trade Administration. I do not say that this is the consequence of Free Trade, though there might be as good reason for saying so as for contending that the general prosperity of the country since 1845 has been the consequence of it. But this much, at least, seems clear, that the adoption of Free Trade has not hitherto diminished the general taxation of the United Kingdom, nor does there seem any reason to believe that the fuller application of the same principle would diminish it. And so long as our national expenditure continues at its present figure, what is gained in one way must be made up in another. In proportion as the Customs yield less, other taxes must be made to yield more.

Another fact which should not be lost sight of is, that our adoption of the principle of Free Trade has never been more than partial, and that it is only a few bold theorists who would even now propose to render it complete. We still raise twenty millions a year of our

national revenue by duties on imports, each of which restricts our trade with foreign countries : for all these taxed commodities would be imported more largely and sold more cheaply if the duty was remitted. And it may be added that one of the taxed articles—tea—forms a portion of the food of the greater part of the population ; for the beverage which we drink at our meals every day ought plainly to be included in the phrase “the food of the people.” So long as this is the case, it cannot be pretended that we have adopted the Free Trade principle in its entirety. And what is the reason why, notwithstanding our vaunted adoption of Free Trade, we still levy twenty millions a year in taxes on imported commodities ? Plainly, either because our Liberal and Free-Trade Chancellors of the Exchequer have failed to discover any better method of levying the amount, or else because the methods which they, in their individual capacity, would prefer would raise such a storm of opposition as to threaten the stability of any Ministry that proposed them. In fact, the remission of duties on imports would, to a large extent, involve the remission of duties on articles of home production also, or what for financial purposes comes to the same thing, to a diminished revenue from them. Take, for example, the case of alcoholic drinks. If we admitted these duty-free from foreign countries, leaving our own excise duties unaltered, the home producer would soon be driven out of the market, and the excise duties on home-made alcoholic drinks would produce an insufficient sum—to say nothing of the obvious unfairness of placing burdens on

the home-producer from which the foreigner was exempt, with the consequence, perhaps, of compelling the home consumer to buy, not in the cheapest but in the dearest market (since the home market might be the cheapest, if both were alike exempted from taxation). The Free Trade principle, consistently carried out, would thus involve a loss to our revenue, not of twenty millions a year, but of forty millions; for the Excise Duties should be abolished as well as the Customs. How, then, is this sum to be made good? The Free Traders have not as yet supplied a satisfactory answer. Indeed the modes in which our present system of taxation limits freedom of trade are almost endless. The very making of bargains—the essence of all trading—forms, in many cases, a subject of taxation. An agreement is of no force unless it bears a stamp. The most ordinary transfer is subject to similar duties. I pay a tax every time I withdraw money from my banker, and whenever I sell goods (beyond a very trifling amount) I am bound to give the purchaser a receipt and to pay a duty on giving it. Larger stamps must be attached to mortgages, bills of sale, bills of exchange, and other deeds and documents which are in constant use among persons engaged in trade. I cannot even forward a letter or a telegram except on terms of paying to the Government more than the cost of forwarding it—the excess being, of course, another form of taxation. I cannot insure my life, my house, or my property, without incurring similar penalties; which I must likewise pay when I take a lease of my residence or my business premises. And almost

every market is subject to tolls, which are usually applicable to local, if not to national, purposes. Are these things consistent with Free Trade? If they are, how is a duty on imported articles inconsistent with it? Why may we not impose a toll on the foreigner for the privilege of selling his goods in our market? But the question need hardly be asked when it is obvious that, as a matter of fact, we do impose it; and when, moreover, we impose it not only on the foreigner but on the home producer also. If we tax French wine and brandy and Chinese tea, we also tax English beer and Irish whiskey. There is hardly an article of drink in general use which is not taxed, if we except water; and, when we include local rates under the general head of taxation, water itself is sometimes taxed also.

I admit that when a duty is high enough to act as a prohibition, it must in general be regarded as an evil. Its tendency is to render certain articles dearer without bringing in any compensation in the shape of an increased revenue (accompanied with diminished taxation in other directions). It compels the British consumer to buy in a dearer instead of a cheaper market without any counter-balancing advantage. I am only defending duties which limit, but do not prevent, the importation of foreign commodities, and which consequently yield a revenue to the State. As regards these duties, it seems to me that the Free Traders have hitherto failed, not only to prove that they could be abolished with advantage, but even to show that they could not be increased with advantage. If the duty on foreign

wines was doubled, they would still continue to be imported. No doubt the income derived from the duty would not be doubled, because the quantity of wine imported would be diminished; but still, I think, it must be admitted that an increased duty on wine would, within certain limits, yield an increased revenue. Indeed, it might have this effect, even if the actual returns from the wine duty were not increased: for the dearness of wine would induce many persons to substitute for it home-made alcoholic drinks, which also pay high duties; and though the Customs might exhibit no increase, the effects of the enhanced duty would be manifested in an augmented return from the Excise. Now, what is the stock argument against an increase in the wine duty, or any other duty on imported articles? That if the tariffs were higher, the British consumer would have to pay a higher price for imported commodities. Of course he would; but the British consumer is also a British tax-payer, and what he lost in the former capacity might be made up to him—and more than made up to him—in the latter. An increased wine duty, which increased (whether directly or indirectly) the general revenue of the country, would lead, as a matter of course, to the remission of other taxation. Wine-drinkers would probably lose by the change; persons who do not drink wine would probably gain; but whether the English people as a whole would gain or lose remains an open question. That when tariffs are raised beyond a certain point they do not increase the revenue must be conceded. But no

financier will admit that in England this point is even approached at present. There is hardly an article of import that could not be made to augment the national revenue, either by imposing a duty or by increasing the present duty, as the case may be.

I have hitherto assumed that everything that increases the aggregate wealth of the nation should be regarded as beneficial, and that everything that diminishes it should be considered as injurious; and I have merely contended that it has not been shown either that the further reduction of our import duties would increase the national wealth or that their augmentation would diminish it. But Political Economy treats of the distribution as well as of the production of wealth, and it will, I think, be generally admitted by thoughtful men that under certain circumstances an improved distribution of wealth may afford a full equivalent for a diminished production or accumulation. If, for instance, the tendency of Free Trade was to amass wealth in the hands of a comparatively small number of persons leaving the masses poorer than before, the fact that it increased the aggregate wealth of the nation would hardly afford a sufficient reason for its adoption. It is, therefore, worthy of notice that protective duties would alter very materially the distribution of wealth in the country, and that consequently the Protectionist is not refuted by proving that his system tends to reduce the aggregate wealth of the nation. To take a simple instance, let us consider the effect of imposing a duty on imported corn, whether prohibitive or merely pro-

ductive of a revenue. In either case, the importation of foreign corn would be lessened, and we should in consequence raise more corn at home. This would involve the conversion of pasture lands into tillage with an additional demand for agricultural labour; and this additional demand for agricultural labour would soon extend to all other branches of unskilled labour. No man who could earn half-a-crown a day as an agricultural labourer would continue to work in a factory for two shillings. That this increased value of unskilled labour would be real, and not merely nominal, becomes evident when we consider that it would result from an increased demand. The labourer would, no doubt, have to pay higher for his food; but that his wages would be increased in more than the same proportion is implied in the very notion of an increased demand for labour. And that there would be an increased demand for labour—or rather for unskilled labour—is on Free Trade principles manifest. No doubt corn-producing countries, like Russia and America, would purchase less of the manufactures which we now give them in exchange for corn, and this would probably lead to the closing of some of our factories and to a diminished demand for factory hands. But the very essence of the Free Trade argument is, that a larger number of labourers would be required to raise the requisite additional amount of corn in England than to produce the manufactures which we now exchange for the imported corn; whence it necessarily follows that there would be an increased demand for unskilled



labour accompanied by a real increase in wages. The farmers would also gain by the change in the first instance, and the landlords would gain by it ultimately. Millers and corn-buyers would participate in the gain. Other classes of the community, on the other hand, would lose. The manufacturers, with a contracted market and higher wages, would have to be contented with smaller gains. Merchants would, in many instances, lose by the falling off in foreign trade ; and as there is little opening for skilled labour in agriculture, skilled labourers would probably suffer, while their unskilled brethren would gain. Persons with fixed incomes, or incomes derived from fees which are determined by law or custom, would likewise lose by the enhanced price of provisions. This redistribution of wealth might be advantageous or the reverse, but it must be taken into account in endeavouring to form a fair estimate of the effects of Free Trade and Protection. When we have said that the imposition of a duty on imported corn would lessen the aggregate wealth of the country, we have stated the truth perhaps, but not by any means the whole truth—not everything that should be considered before deciding whether the tax in question would prove beneficial or injurious to the country. Two further oversights, however, are involved in the argument which I am now considering. The first of these consists in not observing that a non-prohibitory duty on imported corn may confer a larger benefit on the community by the remission of other taxes than it takes from them by increasing the price of corn. It may not, therefore,

diminish the aggregate national wealth at all, and may, in fact, even increase it. The second oversight consists in not considering the effect of our Poor Laws, owing to which it may sometimes be of advantage to the nation to employ labour in what would otherwise be unremunerative work. Thus, if an able-bodied pauper costs the country eightpence a-day while he is being supported in idleness, it will be of advantage to the nation to pay him a shilling a-day for doing sixpence worth of work, provided that this employment enables him to support himself. The public works or private works supported by Government loans, which have often been resorted to in Ireland when famine was impending, have hardly ever proved remunerative. They were only defensible on the ground that the loss to the country would have been greater if all the paupers were supported by the Poor Rates. It was better to employ labour on works, the annual return from which, when completed, did not exceed 2 per cent. of the outlay, than to maintain the labouring classes in idleness at the public expense. The proposition that it is best for the country that every commodity should be produced where it can be produced most cheaply only possesses absolute truth where there is no pauperism, or rather no able-bodied paupers. In other cases it may be better to employ paupers in unremunerative labour than to support them and leave them unemployed. The labour of our convicts probably never suffices to pay for their maintenance; but, even in a pecuniary point of view, it is better to compel them to work than to leave them

idle. But though the nation might sometimes gain by the employment of unremunerative labour (by which I mean labour which produces less than the labourer consumes), it does not follow that all classes of the community would gain. The persons who would lose by an increase in the price of corn for the most part contribute very little towards the Poor Rate, and their private charities are not very extensive. They would not, therefore, feel the advantages resulting from the diminution of pauperism, and would, no doubt, cry out against the increased price of corn as an unmixed evil. But it is plain that, whether the evil or the good would preponderate, the character of an unmixed evil does not belong to it.

And, moreover, though the advocates of Free Trade usually overlook the distribution of wealth altogether in their reasonings, there is one instance in which they fully recognise its importance. In the case which I have been considering—that of a duty on imported corn—they seem to think it a sufficient answer to the Protectionist to say that the benefit derived from the increased value of the land would ultimately be absorbed by the landlords. But if the only question to be considered is the effect of the proposed enactment on the aggregate wealth of the community, is not a shilling in the pocket of the landlord of equal value with a shilling in the pocket of the labourer, or (to come nearer to the truth) with a shilling in the pocket of the merchant or manufacturer? Moreover, if this is the only argument against the re-enactment of the Corn Laws, it is

evident that the evil might be remedied by the adoption of a different system of land tenure, as has indeed been done in Ireland. Formerly in that country (Ulster, perhaps, excepted) the rent was supposed to represent the full letting value of the land, though some landlords allowed their tenants to hold it at a somewhat lower rate.* But now the tenant's interest in the land is assumed to have in all instances a saleable value, independent of any improvements which he or his predecessors may have made, so that in fact the landlord and tenant are co-owners of the soil. The proportion in which any future augmentation of value is to be divided between them will depend on the unguided decision of a tribunal the composition of which will always be largely influenced by political motives; and as the tenants possess more political power than the landlord, it is probable that the Government of the day will seek on all occasions to give the occupier the whole benefit of the 'un-earned increment of the land.' †

* Some of the statements made on this subject in treatises on Political Economy are, however, incorrect. It never was the practice, within my recollection, to fix a rent which the tenant could not possibly pay. Such a system might, indeed, have the two-fold advantage (to the landlord) of enabling him to extract the utmost penny in good years as well as in bad ones, and of enabling him to get rid of his tenant when he chose to do so. But to take such a case as is related by Mr. Mill, of land worth £50 a-year being let for £350, it is evident that such a letting could not be more beneficial to the landlord than a letting at £80 or £100. Such extremely extravagant bidding could only suggest doubts as to the sanity or solvency of the tenant. If the competition was really of this character the highest bidder would probably be the least desirable tenant of the entire number. For my own part (although Mr. Mill cites his authority), I disbelieve the story altogether.

† Many speakers and writers, in considering the effect of the decisions under the Irish Land Act, have forgotten that formerly the landlord was

Another serious oversight on the part of the Free Traders consists in descanting on the advantages of universal Free Trade without observing that it is not in our power to render Free Trade universal. International trade or barter consists in the interchange of two commodities, one of which is produced in each country. As this interchange can only take place with the consent of both countries, each of them possess the right of imposing a tax or duty as a condition of permitting it to take place. It might be better for both countries to forego this right, and to allow the interchange to take place freely; but the practical question is, whether it is for our advantage to permit it to take place freely, so far as we are concerned, though the other country insists upon taxing it. For that neither our arguments nor our example will induce other countries to forego their right of taxation has been proved by the experience of more than thirty-five years. The question, then, is as follows:—Is one-sided Free Trade advantageous to this country when complete freedom of trade—freedom at both ends—is impracticable? The advocates of Free Trade contend that it is; but much of the plausibility

entitled to exact the full competition-rent, whereas the judicial rent under the Land Act is fixed on the assumption that the holding—when held at *that* rent—has in all cases a saleable value which the Commission fixes whenever it is required to do so. Thus, if the full competition-rent is £10 a-year, and the saleable value of the holding is fixed at £50, the Land Court (taking the value of money at 5 per cent.) will fix the judicial rent at £7 10s. The tenant can (if the Court has fixed the amount correctly) on the next day either sublet at £10 a-year, or sell his interest for £50. Yet the landlords have been charged with oppression and robbery merely because the judicial rent is less than that previously paid.

of their case results from confounding universal Free Trade with a trade which is free on one side only.

The principal argument in favour of this one-sided Free Trade is in substance as follows :—Even if we cannot induce other countries to buy our products on fair terms, we should try to buy their products as cheaply as we can. But all taxes on foreign products will raise their price. If we tax them, we shall have to pay more for them. In retaliation for being compelled to sell at a low price, are we to resolve to buy at a high one? It would be best for us indeed if we were free both to buy and to sell—to buy in the cheapest market and to sell in the dearest; but if that cannot be, freedom of purchase alone is an important advantage. Let us buy in the cheapest market, even if we cannot sell our goods to as much advantage as we had reason to expect.

Now, it seems to me that in this reasoning the distinction between the cost of imported commodities to the British public and their cost to the individual British consumer is entirely overlooked. Assuming that the duty is not prohibitive—that the foreign commodity continues to be imported, and that the duty on importation is paid—the cost to the country is less than the cost to the consumer by the whole amount of the net revenue which the duty produces; and as the consumer is almost always a tax-payer he obtains, as already observed, in that capacity a benefit at least equal to the loss he sustains in his capacity of consumer. If we imposed a duty on American corn, not high enough to act

as a prohibition, does anyone imagine that the price received by the American producer would be increased? But if not, the increased price which the English consumer would pay for American corn simply represents taxation, every penny of which would be paid into our national treasury to the relief of our tax-payers.* But the fact is, that under ordinary circumstances the American farmer would have to sell his corn at a lower price, and consequently England would purchase it at a reduced cost. For the increased price paid by the consumer would lessen the demand, and the diminution of the demand would lead to a fall in the price, meaning of course the price received by the foreign producer. In the particular case of corn there would be a counter-vailing disadvantage. Its increased price would lead to raising an additional quantity of corn in this country at a greater cost than that for which (in the absence of the duty) we could have purchased American corn. Whether we would gain or lose on the whole by this change would depend on special circumstances; but the argument is at all events wholly inapplicable to manufactures, where increased production at home does not imply a proportionally larger expenditure of labour. Buy in the cheapest market is undoubtedly a good principle, but it is subject to two qualifications. The first is,

* I need not except the expenses of collection. We could remit other taxes, and thus obtain an equivalent reduction in the cost of collecting *them*. Possibly, however, an opponent would say that a portion of the increased price represents not taxation but rent. Be it so. The rent goes into the pockets of British subjects, and adds to the general wealth of the country.

that we must regard the cheapness to the nation which buys and not the cheapness to the individual consumer. The second is that, by the cheapest market, we must understand that which is naturally the cheapest, not that which has been rendered the cheapest by artificial means, such as the imposition or remission of duties, or the granting of bounties. Supposing that, when free of toll, potatoes could be sold for fourpence per pound in Galway, and for fivepence per pound in Dublin, we may render Galway the dearer market by imposing a duty of twopence per pound on all potatoes sold there; but, for economical purposes, Galway must still be regarded as the cheaper market—as that in which, apart from our own artificial regulations, it would be most advantageous to buy potatoes. And when we speak of being able to purchase corn or any other commodity more cheaply in the foreign market, we should consider whether this greater cheapness may not be owing to the rates and taxes which the home producer has to bear, and whether by a remission of some of the existing burdens on land the English farmer might not be enabled to compete with, and even to undersell, the foreigner. There is, however, another patent defect in the argument which I am now examining. Did anyone ever urge the cheapness of a market as a reason for exempting it from tolls? Or is it not evident that it is the cheapest market which is capable of bearing the heaviest tolls? If so, the cheapness of the foreign market is no reason for exempting foreign commodities from duty, but rather affords evidence that they are capable of bearing higher

duties than our home-made articles. Again, it is said that all our imports must be paid for in exports, and that therefore the countries which supply us with imports must take our exports in exchange, no matter how high their tariffs may be. True, we cannot procure imports without paying for them; but is it therefore of no consequence to us what price we have to pay? If a foreign country, by imposing a duty on English cloth, compels us to give ten yards of cloth in exchange for the same amount of corn that we formerly purchased for nine yards, is the exchange as advantageous to us as before? It may be said, indeed, that if the trade was not of some advantage to us it would not go on; for traffic will only take place when both parties are gainers, although one party may gain more by it than the other. But the question is not whether the trade is advantageous, but whether it is more advantageous to us than it would be if we imposed a duty on it. That, in most cases, we could impose a duty without stopping the trade altogether must be admitted; and to say that the trade as it exists is beneficial to us is no answer to the question whether it could not be rendered more beneficial by the imposition of a duty. The argument, moreover, is often gravely put forward as if the price which we received for our goods was of no consequence so long as we succeeded in selling them. I may add that the existence of a trade does not in reality prove that the country gains anything by it. It only proves that certain classes do so; for if we allow the interchange to take place freely it will go on so long as any class of

the community profits by it.* Those who make a profit by buying corn in Russia or America, and selling it here, seldom bear any portion of the loss occasioned by throwing our agricultural labourers out of employment. The existence of the Slave Trade will hardly be relied on as affording evidence that the trade is beneficial to the country which supplies the slaves, or even to the country which purchases them. It is beneficial to one powerful class, and that in the absence of legal restrictions is sufficient to insure its continuance. But it is said that if we increase our tariffs other countries will do the same, and we shall eventually lose more by the increase of their tariffs than we shall gain by the increase of our own. Seeing, however, that other countries have not followed our example in lowering our tariffs, they are hardly likely to follow it in increasing them; nor could they regard the increase on our part as an act of hostility towards them without confessing that they had previously been guilty of similar acts of hostility towards us. But assuming that other countries did enter into such a contest with us, need we fear the issue? I think not.

In the first place, the value of our imports largely exceeds that of our exports, and consequently, unless

* In stock-jobbing (which is so largely practised by persons who are not stock-brokers), it is plain that taken together the buyer and seller must in the long run be at the loss of the stock-broker's fees. An extensive interchange is thus carried on at a net loss to the parties engaged in it. The same observation applies to all kinds of betting agencies. And speculative purchases of foreign commodities are by no means unfrequent. Men often engage in speculations which must on the aggregate involve a loss to those engaged in them, because individuals may gain.

these proportions were considerably altered by the rival impositions, we would have the power of taxing an amount of foreign products much larger than the amount of our products which could be taxed by foreigners. In the second place, our present duties being unusually moderate, would bear more augmentation (without stopping the trade) than those of other countries. In the third place, our very extensive colonies afford us means both of procuring the required imports, and of disposing of our exports, which other countries do not possess. There is, in fact, hardly an article of general consumption in this country which cannot be produced at no very extravagant rate either in Great Britain or in some of her colonies. Lastly, in such a contest the superior wealth of this country could hardly fail to tell. Ultimately, both parties would probably agree to a simultaneous reduction of their tariffs, but the reduction on the part of the foreigners would be much larger than ours. We would be in the position of the successful party in a strike or lock-out, and could recompense ourselves for our losses in the contest by increased gains after its termination. But in order to lead to this result, the rise in our tariff should be general. If we abstained from taxing 'the food of the people'—foreign corn—or the raw materials of our manufactures, we should be fighting with one hand tied behind our back. A temporary increase in the price of food and of most articles of manufacture should be submitted to, while the market for the latter would be temporarily contracted with considerable loss to our manufacturers and merchants.

Every strike and lock-out involves a present loss to the parties engaged in it ; and to this rule an international commercial contest would undoubtedly prove no exception. But as long as our tariff is not higher than those of other countries, we shall have done nothing to provoke such a contest, while if we should be forced into it, the prospects of success would be in our favour.*

Another stock argument in favour of Free Trade is the great prosperity which the country has enjoyed under it. That other countries have prospered under the systems of Fair Trade, and even of Protection, is sufficiently obvious ; but I think the true answer to this argument is—Ireland. Not that, in a certain sense, Ireland has not prospered under the system of Free Trade ; for, by getting rid of her surplus population, increased comforts have been secured to those that remain ; and of late years the smaller tenant-farmers have been enriched at the cost of the Church and of the landlords. But the state of Ireland under the system of Free Trade presents a striking contrast to that of Great Britain under the same system. Her population has diminished by at least three millions, or more than one-third of the whole. Almost every branch of industry and manufac-

* With a higher tariff, too, we should be in a more favourable position for negotiating commercial treaties with other countries. If the revenues which England and France derived from the trade between them were nearly equal in amount, an agreement to surrender both would not be improbable. But so long as one country derives a larger revenue from the trade than the other, the former will not be willing to forego its advantage. Our position as regards commercial treaties is not a strong one, for the simple reason that we have too little to give up in return for the concessions which we ask from the other side.

ture has advanced in Great Britain, and the Free Traders claim the credit of the improvement; but where is the branch of industry or manufacture in Ireland that has not declined during the very same interval? Her exports of whiskey and porter have indeed increased, but it so happens that these exceptional articles are highly taxed, which the declining manufactures are not. Thousands of acres of tillage have been converted into pasture every year, and yet the population remains as purely agricultural as ever. If a Liberal Ministry declared by its Land Act of 1860 that the relation of landlord and tenant should thenceforward be deemed to depend not on tenure but on the contract of the parties, it has found itself compelled to retract this principle (which was not consistently carried out even in the Act of 1860) in detail, until freedom of contract as regards land has almost vanished, and the contract of tenancy is no longer made by the interested parties, but partly by Act of Parliament and partly by a body of Government officials. If Free Trade is rightly credited with the increased population of England and Scotland, with the growth of arts and manufactures and of every branch of trade, and with the general accumulation of wealth in those countries, how is it that almost everything is reversed in Ireland under the very same system? It is idle to speak of oppressive laws, of an alien Church, of rack-renting, or of absenteeism. These evils, so far as they exist at all, existed in a much more aggravated form before the Repeal of the Corn Laws; and we ought, on the Free Trade theory, to find in Ireland since then, not

only the progress due to Free Trade, but the further progress due to the removal or mitigation of those evils. Add to this, too, that since the Repeal of the Corn Laws there has been no inconsiderable influx of capital into Ireland—not only of English and Scotch capital, but of the earnings of Irish settlers in America and Australia, and of Irish labourers on the other side of the Channel. Why then are the vaunted benefits of Free Trade totally invisible in Ireland? If any satisfactory answer can be given to this question, it will be one not complimentary to recent Liberal legislation. The true answer, however, I apprehend is, that the prosperity of England and Scotland has been as little due to Free Trade as the misfortunes of Ireland have been; and that, had Protection continued in force, the condition of both countries would be pretty much as at present—perhaps a little better, perhaps a little worse.

One more argument may be glanced at in conclusion. It is, that taxes on imported goods increase the price by more than the amount of the tax, since the merchant who pays the duty will not sell except at a price that leaves him a profit on the duty as well as on the original purchase-money. If the merchant is a British subject, it is evident that the aggregate wealth of the country is unaffected by this increased price, and the argument, moreover, is as applicable to taxes on home-made commodities as to taxes on imported goods. But the argument involves a further fallacy. If the merchant can sell the goods as soon as he pays the tax, he will not require any profit on it. He only requires a profit

because he has to wait for some time before he is able to sell, or rather to obtain payment. The ultimate purchaser then pays more than the tax undoubtedly, but he does not pay it until long after the tax has been levied—until after he has enjoyed the protection which the tax procured, and even perhaps received a part of the tax himself as interest on funded capital, or in payment of his salary as a Government official. A deferred payment must always be greater when it is made, but many a tax-payer would prefer to pay the tax with interest added at the end of a year, rather than to pay it without interest now. Take the simple case of a keg of new whiskey. If I buy it immediately after the payment of the tax, I can buy it for what may be called the natural price, with the duty added. But I prefer not to drink it until it is seven or ten years old; and instead of buying it new and storing it in my cellar until it has attained the required age, I probably choose to buy old whiskey from a grocer, and to pay him seven or ten years' interest on the duty, as well as on the natural price. I thus pay much more than the duty, but I pay it not only after the time fixed for payment, but after I have enjoyed the benefit of the tax. And that this deferred payment is, in my opinion, a full equivalent for the higher price is evident, since otherwise I would have bought new whiskey, and stored it for myself till it was ready for use.