

of their salaries should be settled by the council and not by the legislature, over the heads of the local lawmakers.

He hinted pleasantly but with enough emphasis to be clearly understood by the delegation that the officers who went to Columbus to lobby for the bill against his advice could not look for favors from the head of the city government.—Plain Dealer of February 4.

#### DANIEL WEBSTER ON THE BALANCE OF TRADE.

An extract from a speech on the tariff delivered by Daniel Webster in the House of Representatives, April 1 and 2, 1824, as printed in "State Papers and Speeches on the Tariff," published by Harvard University, 1892.

Some days ago—I believe it was when we were settling the controversy between the oil merchants and the tallow-chandlers—the balance of trade made its appearance in debate, and I must confess, sir, that I spoke of it, or rather spoke to it, somewhat freely and irreverently. I believe I used the hard names which have been imputed to me; and I did it simply for the purpose of laying the specter and driving it back to its tomb. Certainly, sir, when I called the old notion on this subject nonsense, I did not suppose that I should offend anyone, unless the dead should happen to hear me. All the living generation, I took it for granted, would think the term very properly applied. In this, however, I was mistaken. The dead and the living rise up together to call me to account, and I must defend myself as well as I am able.

Let us inquire, then, sir, what is meant by an unfavorable balance of trade, and what the argument is, drawn from that source. By an unfavorable balance of trade, I understand, is meant that state of things in which importation exceeds exportation. To apply it to our own case, if the value of goods imported exceed the value of those exported, then the balance of trade is said to be against us, inasmuch as we have run in debt to the amount of this difference. Therefore it is said that if a nation continue long in a commerce like this, it must be rendered absolutely bankrupt. It is in the condition of a man that buys more than he sells; and how can such a traffic be maintained without ruin? Now, sir, the whole fallacy of this argument consists in supposing that, whenever the value of imports exceeds that of exports, a debt is necessarily created to the extent of the difference; whereas, ordi-

narly, the import is no more than the result of the export, augmented in value by the labor of transportation. The excess of imports over exports, in truth, usually shows the gains, not the losses, of trade; or, in a country that not only buys and sells goods, but employs ships in carrying goods also, it shows the profits of commerce and the earnings of navigation. Nothing is more certain than that in the usual course of things, and taking a series of years together, the value of our imports is the aggregate of our exports and our freights. If the value of commodities imported in a given case did not exceed the value of the outward cargo, with which they were purchased, then it would be clear to every man's common sense that the voyage had not been profitable. If such commodities fell far short in value of the cost of the outward cargo, then the voyage would be a very losing one; and yet it would present exactly that state of things which, according to the notion of a balance of trade, can alone indicate a prosperous commerce. On the other hand, if the return cargo were found to be worth much more than the outward cargo, while the merchant having paid for the goods exported, and all the expenses of the voyage, finds a handsome sum yet in his hands which he calls profits, the balance of trade is still against him, and, whatever he may think of it, he is in a very bad way. Although one individual or all individuals gain, the nation loses; while all its citizens grow rich, the country grows poor. This is the doctrine of the balance of trade. Allow me, sir, to give an instance tending to show how unaccountably individuals deceive themselves and imagine themselves to be somewhat rapidly mending their condition, while they ought to be persuaded that, by that infallible standard, the balance of trade, they are on the high road to ruin. Some years ago, in better times than the present, a ship left one of the towns of New England with 70,000 specie dollars. She proceeded to Mocha, on the Red sea, and there laid out these dollars in coffee, drugs, spices and other articles procured in that market. With this new cargo she proceeded to Europe; two-thirds of it were sold in Holland for \$130,000, which the ship brought back and placed in the same bank from the vaults of which she had taken her original outfit. The other third was sent to the ports of the Mediterranean, and produced a return of \$25,000 in specie and \$15,000 in Italian merchandise. These sums together make

\$170,000 imported, which is \$100,000 more than was exported, and is therefore proof of an unfavorable balance of trade, to that amount, in this adventure. We should find no great difficulty, sir, in paying off our balances if this were the nature of them all.

The truth is, Mr. Chairman, that all these obsolete and exploded notions had their origin in very mistaken ideas of the true nature of commerce. Commerce is not a gambling among nations for a stake, to be won by some and lost by others. It has not the tendency necessarily to impoverish one of the parties to it, while it enriches the other; all parties gain, all parties make profits, all parties grow rich, by the operations of just and liberal commerce. If the world had but one clime and but one soil; if all men had the same wants and the same means on the spot of their existence to gratify those wants,—then, indeed, what one obtained from the other by exchange would injure one party in the same degree that it benefited the other; then, indeed, there would be some foundation for the balance of trade. But Providence has disposed our lot much more kindly. We inhabit a various earth. We have reciprocal wants, and reciprocal means for gratifying one another's wants. This is the true origin of commerce, which is nothing more than an exchange of equivalents, and from the rude barter of its primitive state to the refined and complex condition in which we see it, its principle is uniformly the same; its only object being, in every stage, to produce that exchange of commodities between individuals and between nations which shall conduce to the advantage and to the happiness of both. Commerce between nations has the same essential character as commerce between individuals, or between parts of the same nation. Cannot two individuals make an interchange of commodities which shall prove beneficial to both, or in which the balance of trade shall be in favor of both? If not, the tailor and the shoemaker, the farmer and the smith have hitherto very much misunderstood their own interest. And with regard to the internal trade of a country, in which the same rule would apply as between nations, do we ever speak of such an intercourse being prejudicial to one side because it is useful to the other? Do we ever hear that, because the intercourse between New York and Albany is advantageous to one of those places, it must therefore be ruinous to the other?