

accumulate no wealth, but simply that they would accumulate it much faster if they abandoned the protective system. If a property being badly managed yields an income of £1,000 per annum, whereas under good management it would yield £1,500, it does not follow that the owner is utterly ruined by his bad management, but it does follow that, through it, his income is £500 per annum less than it might be. Neither does it follow that, because a badly-managed property yields a comfortable income, "therefore bad management is a benefit." The owner is prosperous not because of, but in spite of, his bad management. By adopting a better system, he might add 50 per cent. to his income.

The mere fact of a nation's comparative prosperity is surely no bar to improvements that may render that nation more prosperous still. It will be time enough to scout improvements and arrest progress, when we have reached (if ever we shall reach) the extreme limits of human perfectibility. Till then it is irrational to say, "We are prospering, and we therefore decline entertaining any scheme for the increase of our prosperity." To allege that the Free Trade scheme will not conduce to such increase of prosperity, affords a fair and legitimate subject for discussion. We contend that it will, and have adduced our reasons for coming to that conclusion. But to contend that Free Trade is an evil merely because a certain amount of prosperity has attended the opposite system, is an obviously inconclusive inference, since it does not exclude the probability that a much greater amount of prosperity

might have attended the Free Trade system; in which case, Free Trade would have been a benefit. No argument against Free Trade is deducible from such a style of reasoning. Nations progressed at a certain rate before the application of steam to locomotion by sea or land, but after that improvement the rate of their progress was greatly accelerated. So do we say that nations may prosper to a certain extent before the application of Free Trade to their international relations, but that when so applied that prosperity will increase in a greatly accelerated ratio.

The Protectionist proposition is a mere statement of opinion, unaccompanied by any proof, and therefore our contradiction of it must partake of similar vagueness. The truth or fallacy of either opinion must be reasoned out on other grounds. Indeed, the issues raised have been fully discussed by us in other shapes. Mere assertion can only be met by counter-assertion, and therefore, to sum up, the truth is that SOME PROTECTED NATIONS ARE PROSPEROUS; BUT THEY WOULD BE FAR MORE PROSPEROUS STILL UNDER FREE TRADE; THEREFORE PROTECTION IS AN EVIL.

CHAPTER XVII.

11. As to dependence on foreigners—12. Free Trade a boon to a nation, whether others adopt it or not—13. As knowledge spreads so will Free Trade.

11. *Protection renders a country independent of foreigners.* This is only another form of that principle of isolation which, if fully carried out,

would convert the various nations of the world into so many hostile tribes. In what possible way could mankind be benefited if each country were really to be commercially independent of every other? The evils and privations which all would suffer from such mutual estrangement are too obvious to require pointing out, but what would be the counterbalancing advantages? We can see but this solitary one—that, in case of war, the country that had no commercial intercourse with other countries would be free from any inconvenience that might be caused by hostile interference with such intercourse. This might, perhaps, have some weight if every nation were perpetually at war with every other nation. But such a state of things never did and never could exist. Even under the present very imperfect system of international relations, wars are only occasional, and are never universal. Where, then, is the wisdom of a nation voluntarily inflicting on itself for all time the evils and inconveniences of isolation merely to avoid their possible temporary infliction by an enemy in case of war at some future uncertain period? It is thus that the coward commits suicide from fear of death. Is a man to deny himself all present enjoyments because he may some day or other be deprived of them by illness or misfortune? Are you never to carry about you in the streets a watch, or a purse, or a handkerchief, because it is possible that, sooner or later, they may be purloined by a pickpocket? If the mere fear of some future war is to divest us for ever of the benefits of commercial intercourse with other nations, it is one more to be added to the

long train of evils which the war system inflicts on mankind.

Moreover, it is to be noted that full and free commercial intercourse does not imply the dependence of one country on the rest—it implies the mutual and equal interdependence upon each other of all countries. Interchanges presuppose benefit to both parties, or they would not be entered into. In the same way, the interruption which war would cause to such interchanges would prove equally injurious to both parties—to one just as much as to the other. The stronger the ties of mutual interest and the more numerous the points of pleasant and profitable contact, the greater will be the interdependence of nations upon each other. But that mutual interdependence does not place any one of them at special disadvantage as compared with the rest. If there be any disadvantage when war supervenes, it will be common to all. They will occupy in this respect the same relative positions which they would have occupied if they all had, during the time that they were at peace, deprived themselves of the advantages of foreign trade. It is true that the more nations are knit together by the ties of mutual interest, the greater will be the reluctance to break through them, and the more they will each of them lose by substituting hostile collision for peaceful commerce. But the reluctance will be felt, and the loss will be shared alike by all of them.

If there be a shade of difference between them, it may perhaps consist in this. The more largely and closely a nation is in connection with the rest

of the world, the more independent will that nation be, supposing that its foreign commerce were partially disturbed by war with one or more other countries. That commerce would still continue, and would be carried on partly through its old and partly through fresh channels. What articles it might no longer procure from its enemies would, through its organised intercourse with neutrals, be abundantly poured in by the latter. Either from them or through them its wants would be supplied; and either by them or through them its productions would be taken in exchange.

In reference to this subject, we may quote a speech delivered by Macaulay in 1842. In answer to the argument that England ought only casually to be dependent on other countries for food supply, he said that he "preferred constant to casual dependence, for constant dependence became mutual dependence. . . . As to war interrupting our supplies, a striking instance of the fallacy of that assumption was furnished in 1810, during the height of the continental system, when all Europe was against us, directed by a chief who sought to destroy us through our trade and commerce. In that year (1810) there were 1,600,000 quarters of corn imported, one-half of which came from France itself." Napoleon's Berlin decrees were far more oppressive and intolerable to the continental nations from which they nominally emanated than they were to England, against whom they were directed.

Thus that "independence of foreigners," on which Protectionists lay such stress, is a privilege

acquired at an immense sacrifice of annual wealth, and which, when war supervenes to test its value, is found to be worthless. To secure it we are, according to this doctrine, to do without foreign trade during peace in order to teach us to do without it during war. We are to forego it when we can reap its benefits in order to inure us to the privation when we cannot. To sum up, the truth is that INDEPENDENCE OF FOREIGNERS REALLY MEANS COMMERCIAL ISOLATION, WHICH NULLIFIES INTERNATIONAL DIVISION OF LABOUR, DISCOURAGES PRODUCTION, AND FOMENTS A HOSTILE SPIRIT AMONG NATIONS.

12. *Free Trade would be a special boon to England if all nations adopted it; but till then it is a disadvantage to that country.* We maintain, on the contrary, (1) that if all nations adopted Free Trade it would be, not a special boon to England, but a general and equal boon to all mankind; and (2) that meanwhile, till other nations adopt Free Trade, it is a special boon to England. Let us examine these propositions.

(1) Free Trade simply means unrestricted, and therefore far more frequent and extensive, commercial interchanges than exist at present, between the various populations that tenant this globe of ours. Now, all such interchanges, whether they be few or many, are quite voluntary. None need either buy or sell unless he reaps, or hopes to reap, some benefit from the transaction. Self-interest guides both parties in every commercial dealing. Both expect and believe that they are gainers by it. To forbid, or to curtail, or to discourage com-

O

mercial interchanges is to deprive both the parties (not one of them only) of the advantages which they would, if let alone, reap from them. To remove all impediments to such interchanges between the people of all countries, and to leave to the parties dealing together full and free scope for their operations, is to allow both these parties (not one of them only) to reap the advantages which such operations afford. How, then, can this latter policy be said to be a special boon to any one country? We know that such a notion does exist, but it is none the less an absurd, misleading, and pernicious error. England can only share with other nations, and not one jot more than other nations, the benefits which these extended interchanges would confer.

It may be said that, if Free Trade were universally adopted, England would export more goods to the world at large. Very true; but the world at large would at the same time export more goods to England. For what could England take in return for her increased exports? Gold? Certainly not. It has been demonstrated over and over again that specie only migrates from country to country in homœopathic quantities as compared with the amount of commercial dealings. It would be goods, then, that England would take in exchange. In that case the foreign producers, sellers, and exporters of those goods would reap at least as much profit from them as the English would from the goods for which they would be exchanged. Where is the special boon to England? A policy by which all parties benefit

equally is a universal boon to all—not a special boon to any one of them.

(2) While other nations are debarring themselves from the advantages of Free Trade, those advantages are being specially enjoyed by us Englishmen. From a number of such advantages thus accruing to us, we shall content ourselves with specifying three. (a) Cheapness of living to our people, who, while they earn higher wages than their continental comrades, have their wants supplied at a cheaper rate. (b) Cheapness of production; for as all the materials which we work upon or work with come to us untaxed, we can undersell our rivals in neutral markets, and thus secure all but a monopoly in these. (c) Cheapness in naval construction and equipment, which gives to us almost another monopoly of the lucrative ocean-carrying trade. Lack of space prevents us from detailing the numerous other direct and indirect advantages which we enjoy through our present monopoly of Free Trade. Indeed, some able men have argued that we derive greater advantages from being the only Free Trade country than we should enjoy if all other nations were also to become Free Traders. While dissenting from this view, it is undeniable that, under the present system of Free Trade here and Protection everywhere else, we have secured an unexampled pre-eminence in international commerce. Our foreign trade (combined imports and exports) now forms no less than one-fourth of the total foreign trade of the world at large. To sum up, the truth is that FREE TRADE WOULD BE A

GENERAL BOON TO ALL NATIONS IF THEY DID ADOPT IT; AND MEANWHILE IT IS A SPECIAL BOON TO ENGLAND, THAT HAS ADOPTED IT.

13. *Other countries are too wise to follow the example of England, and adopt Free Trade.* We submit that for the words "too wise," we ought to substitute "not wise enough." But, indeed, "wisdom" has had little to do with the discussion of the subject abroad. The great bulk of the people composing civilised nations have never studied, never considered, and perhaps hardly ever heard the name of, Free Trade; and yet it is the great bulk of the people who are most interested in it, and to whose welfare it would most conduce. Of the wealthier and more leisured classes, part are the capitalists who have embarked their fortunes in, and identified their interests with, the protected industries, and all their influence is directed against any change; while the rest are, for the most part, indifferent to the subject, absorbed in other pursuits, and averse to trouble themselves with dry questions of political economy. As to the governing classes, they chiefly devote their attention to those topics which more immediately press on them—such as party triumphs or defeats, foreign politics, financial devices, religious contentions, dynastic intrigues, and other matters of statecraft. As to whether the people they govern would prosper better under Free Trade than under Protection, why should they trouble themselves about that, since the people, who are the greatest sufferers, do not move in it? Why should they lose votes, and perhaps power, to

introduce changes which the many whom these changes would benefit do not ask for, and the few whom they would inconvenience loudly cry against?

Nevertheless, from all these various social strata there come forth in every nation a certain number of thoughtful, truth-seeking men who do study the subject, and whom that study has made Free Traders. These men, whose convictions are founded on research, are by no means inactive in promulgating the truth. But they are as yet comparatively few, and their voice only reaches a small part of the multitude whose earnings are being clipped and pared by protective taxes. Gradually and steadily, however, nations are becoming leavened by Free Trade doctrines. A small but increasing number of active politicians in every country are clustering into a compact Free Trade party, and their labours in the cause are entitled to our warmest appreciation and sympathy. They have up-hill work before them. In their endeavours to benefit their countrymen they meet with obloquy on the part of those interested in the abuse which they wish to correct, with indifference on the part of the many whom that abuse injures, and with neglect on the part of the rulers whose policy they wish to influence. All honour to their glorious efforts! This passing tribute is amply due from us Englishmen, who have gone through the struggle, to our brother Free Traders in protective countries who are going through it. That they will succeed in breaking through the barriers of ignorant indifference and

interested opposition, no one who sees how irresistibly the wave of progress is rolling onward throughout the world, can for a moment doubt. To sum up, the truth is that THE MOMENT THE MASS OF THE PEOPLE IN ALL COUNTRIES SHALL BECOME AWARE THAT PROTECTION TAXES THE MANY FOR THE BENEFIT OF THE FEW, FREE TRADE WILL BECOME UNIVERSAL.

14. *England, which alone has adopted Free Trade, has not prospered under it, and is living on her former capital.* Both statements are the reverse of true. As to the first, the marvellous expansion of England's prosperity and wealth within the last thirty years is so notorious, and has been so clearly, amply, and conclusively shown by statistical records, that it is mere waste of time to dwell upon it. The great wonder to us is that any man should be found so blind as not to recognise, or so bold as to deny, the fact. As to the second, the only ground on which the statement is based is the permanent excess of our imports over our exports—a fact which, far from proving, effectually disproves the statement that England "is living on her former capital." For, as we have before put it, how can receiving a hundred millions per annum more from abroad than we send away be a cause of impoverishment? Or, rather, how can it be other than a splendid and continuous accession to our wealth and capital?

It is said that this excess of imports has been partly paid for by the redemption of American Government bonds, and that consequently the indebtedness of the world to England is to that

extent less. Let us examine this assertion. It is quite true that the United States have paid off a portion of their national debt, some of which was held in England; and all honour be to them for it! But how can the creditable liquidation of their debts prove a source of impoverishment and diminution of capital to us? "They now owe us less," is your feeble moan. Why not? How can it be a loss and a grievance to you that a high-minded debtor should take the earliest opportunity of repaying what he owes you? If it be an injury to you to have solvent debtors, then long live the Turks and Egyptians! As regards them, you will ever be free from the nuisance of having the world's indebtedness to you diminished. But how the repayment of a loan can injure a creditor passes conception. Because our Anglo-Saxon brethren in the other hemisphere have repaid a portion of their national debt, does it follow that the aggregate indebtedness of the world to you (on which you lay such stress) has diminished? Not at all. Both in financial circles and on the Stock Exchange (the best and indeed the only authorities on the subject) the verdict is (1) that a larger sum than has been repaid to us by the United States in one form has, during the same period, been invested by us in other American securities, and (2) that, in addition, England has been year by year making fresh loans to and large investments in other countries (chiefly her own colonies). The result is—and it will relieve the fears of our timorous friends to know it—that the present indebtedness to England of the world at large is greater than it has ever

been before. Paying us off is a very rare operation; borrowing from us a very frequent one.

There are also other proofs patent to every one who looks around him that, far from England's living on her capital, that capital is yearly increasing at a rapid rate; for it is accumulating before his eyes. Every year the fixed capital of the country is, visibly and tangibly, receiving a vast accession by the construction of new dwelling-houses, new ships, new factories, new railways, new harbours, new docks, new warehouses, &c., &c., of which the aggregate value is enormous. Every year vast sums are invested in new commercial enterprises, both at home and abroad. Every year our population increases at the rate of about 1,000 a day; while food, clothing, lodging, &c., are more easily and abundantly supplied to them than ever, for pauperism has decreased 19 per cent. since 1870. And it is in the face of these facts that we are told that England is living on her capital! Out of what fund, then, if not from our annual savings (excess of income over expenditure), does the money come to provide these enormous annual additions to our national wealth? To sum up, the truth is that UNDER FREE TRADE ENGLAND HAS ACCUMULATED WEALTH WITH UNPRECEDENTED RAPIDITY, AND IS YEARLY MAKING VERY LARGE ADDITIONS TO HER CAPITAL.

We might indefinitely prolong this list of Protectionist fallacies, but we will rest content with those given as being the most important, the most plausible, and the most frequently used. These once clearly understood, refuted, and put on one

side, with the label "errors for the avoidance of mankind" affixed thereto, the remaining numerous but minute fry of Protectionist mistakes will lose their significance and wither away, as leaves do when the branch that bears them is lopped off. Truth alone is undecaying and eternal.

CHAPTER XVIII.

Why Free Trade is not yet universally adopted—Ignorance and Immorality—Their connection with Poverty.

WE have now said enough to show how grievous an impediment to the process of wealth-creation is that "commercial isolation" which the theory of protection recommends, and which its practice enforces. We do not contend that, by such isolation, production is totally arrested, but only that it is seriously checked—just as we do not contend that grain cannot be threshed by a flail, but only that it will be far more quickly and thoroughly threshed by a machine. But this check to production, arising as it does from the mis-direction (and therefore waste) of human energies, largely curtails the creation, and therefore the distribution among us all, of those "objects of human desire as are obtained or produced by human exertions" which we call wealth. Man's productive energies properly directed, or, what is the same thing, self-directed, achieve their *maximum* results; whereas, when state-directed