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SOPHISMS OF FREE-TRADE AND POPULAR POLITICAL ECONOMY EXAMINED

SOPHISMS OF FREE-TRADE AND POPULAR POLITICAL ECONOMY EXAMINED. By

SIR JOHN BARNARD BYLES, SOMETIME ONE OF THE JUSTICES OF THE COURT OF COMMON PLEAS

A NEW EDITION WITH AN INTRODUCTION AND NOTES

BY

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JOHN LANE: THE BODLEY HEAD

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INTRODUCTION

Sir John Barnard Byles was born in the year 1801, and died in the year 1884. From the year 1858 to the year 1873, he was a Puisne Judge of the Court of Common Pleas. To his contemporaries he was known chiefly as a singularly sound and sagacious lawyer, specially versed in the topics of jurisprudence connected with commercial transactions. A treatise of his on Bills of Exchange—of course, as it has passed through many editions, it has been largely altered and added to—is still the recognised text-book on that subject. One of his contemporaries, much junior to him—now a distinguished ornament of the judicial bench—describes him as "a man of singularly clear intellect, though no great advocate; a man who seemed to grasp the real lie of things." But while an eminent lawyer, Sir John Byles was more than a lawyer. His interests were by no means confined to his profession. The great

religious questions, which no thoughtful man can wholly put aside, at whatever conclusions he may arrive concerning them, were deeply pondered by him. And his volume on *The Foundations of Religion in the Heart and Mind of Man*, if it cannot be said to constitute any permanent addition to the literature of the subject, everywhere affords evidence of an excellent understanding, admirably adapted for the discussion of *principles*. That endowment appears to us conspicuously manifested in his work which we now republish. Early in life he embraced the doctrines propounded by the sect of Political Economists known as "orthodox," and by their spiritual offspring, the politicians of the Manchester School; but, as he tells us, "more mature consideration led him to the conclusion that a large portion of them are erroneous." Indeed, the longer he considered them, the less credible did they appear. At last, veiling his personality under the modest anonym of "A Barrister," he published his book, *Sophisms of Free Trade and Popular Political Economy Examined*, to which we invite the attention of our readers.

It demanded no small courage to attack

those sophisms half a century ago. The doctors of the "orthodox" Political Economy, however widely differing among themselves—and their differences were very wide — were generally revered as the evangelists of a new gospel, and a better one. And for a man to question their authority, was to expose himself to the risk of intellectual reprobation. The Utilitarian philosophy, with which this "orthodox" Political Economy was closely connected, was well-nigh everywhere dominant. The principle underlying its more practical applications — which the "orthodox" Political Economists charged themselves to supply—was that men must be guided by enlightened selfishness, by prudent calculation of their own interest; and that the particular interest must always coincide with the general interest. And it was confidently asserted that the ever-deepening apprehension of this truth would, among other happy results, make wars to cease in all the world, and bring about a universal economic brotherhood of mankind. Free Trade —what is called Free Trade, the name is extremely misleading—was vaunted as a panacea for all political evils. And Cobden was hailed as the precursor of the approaching calico

millennium. How seriously he took himself in that character, is evident upon well-nigh every page of the two volumes in which Mr. John Morley has written the life of him. "In material well-being," he declared dogmatically—and his biographer enthusiastically assents—"you have the surest foundation for a solid fabric of morality and enlightenment among your people." Dissenting from what he regarded as an effete superstition, he held that man *does* live by bread alone—even adulterated bread. And his friend, John Bright, apologised for adulteration as a form of competition—the very mainspring of the world, according to the "orthodox" Political Economists. The cheap loaf Cobden regarded as man's *summum bonum.*

It did not occur to him that the cheap loaf might be purchased too dearly: that it was possible, in the words of the Latin poet—with whom, perhaps, he was not intimately acquainted —"propter vitam vivendi perdere causas." His political ideas were those of the counter and the till. Hence his desire to give up India, to cut adrift the Colonies, to deplete the army to a shadow, to make of the navy a wreck, and to abandon all relations of life to free competition

working by the law of demand and supply. Gain was revered by him as "the Master Idol of this realm": and to it everything was to be sacrificed. That was the doctrine which Carlyle burlesqued—if indeed we may call it a burlesque—with savage irony in his celebrated *Pig-Propositions*, published a few months after Sir John Byles's book. "Moral evil is unattainability of Pig's-wash; moral good, attainability of ditto. It is the mission of universal Pighood, and the duty of all Pigs, at all times, to diminish the quantity of unattainable and increase that of attainable. All knowledge and device and effort ought to be directed thither and thither only: Pig Science, Pig Enthusiasm, and Devotion have this one aim. It is the Whole Duty of Pigs. Quarrelling is attended with frightful effusion of the general stock of Hog's-wash, and ruin to large sections of the universal Swine's trough: wherefore let quarrelling be avoided." But to the vast majority, such satire appeared sheer insanity; and the doctrine satirised the clear conclusion of reason, the direct dictate of common sense. And when Carlyle went on to preach very different ideals from the Pig-philosophical—Truth, Justice, Eternal Law—to declare

that "in the meanest mortal there lies something nobler than hope of pleasure, recompence, sugar-plums of any kind in this world or the next; that difficulty, abnegation, martyrdom are the *allurements* that act upon the heart of man"; he seemed to them a setter forth of strange gods —as indeed he was.

Sir John Byles approached the matter from another standpoint than the transcendental. He went out to encounter the Utilitarian giant with the simple sling and stone of logic and fact. He took thirty-six of the propositions presented by the popular Political Economists and Free Traders, as axiomatic, or self-evident, or clearly demonstrated; and subjected them to that close —or, as was objected to him by some critics, "microscopic"—examination, for which his professional habits so specially fitted him. His book made a stir at the time. Within two years it went through eight editions, each containing many alterations and some new matter. Then it seems to have suddenly faded away from public notice. Twenty years afterwards, the eighth edition, slightly altered, was reprinted, with his permission, but without his name, by the Manchester Reciprocity Association: it attracted, however,

little attention. In the thirty-three years between then and now, oblivion seems to have completely enshrouded it: so completely that in Mr. Palgrave's *Dictionary of Political Economy*—of which the bibliography is the strong point—there is no mention whatever of it, or its author. For ourselves, we confess that we came upon it accidentally, and marvelled that we had never heard of it before. We were greatly struck by the soundness of most of it, and by its vigour and acumen. The author's eyes were open to discern the signs of the times in which he lived: and of course this gift—a somewhat rare one—of really seeing the present, carries with it a certain power of forecasting the future. His utterances are pregnant and prophetic, and appear to us worthy of special attention just now.

We should, however, point out that with the precious wheat garnered up in Sir John Byles's volume, there is a certain admixture of chaff. Or, to change the metaphor, the study of Political Economy is beset by pitfalls; and some of these the learned writer, warily as he walked, did not escape. We speak especially of the earlier editions of his book. Thus the theory of foreign trade

originally propounded by him is certainly open to just exception. It involves the fallacy—into which Adam Smith led him—that home trade must be purely as a matter of money, several times more profitable to a country than foreign; a point upon which Lord Hobart and Mr. C. A. Bowring acutely laid stress in a *Reply* to his volume, published soon after its first appearance. Even his later editions are by no means free from this *Home Trade Fallacy*, although in some other respects he profited by the animadversions of the authors of the *Reply*. But, indeed, they leave unanswered the greater portion of his work, for the simple reason, we suppose, that they found it unanswerable: at least, it is difficult to think of any other reason. Certainly they were not deficient in courage. Thus, they calmly assume the Wages Fund Theory as self-evident: and here and there they, as calmly, lay down propositions of the most astounding kind, in the *ex cathedra* manner so much affected by the Political Economists of their sect. For example, at page 76 of their book they declare, "Providence has forbidden by a chain of laws, as certain as they are beautiful, the appropriation by the few of the gifts intended for the whole human race"—a

Pecksniffian platitude of immeasurable inanity, presented as an axiom of science.

But the wonder is, not that Sir John Byles fell into some errors, but that with the whole subject of Political Economy so darkened as it was, by words without knowledge, he saw clearly many long-obscured truths, and anticipated by half a century, opinions now surely winning their way into general assent. The revolt, indeed, against the dull dogmatism of the Smithian sect of economists, in which Sir John Byles joined, had been for some years preparing. Perhaps we should not be wrong in regarding it as initiated by Samuel Taylor Coleridge. The clear eyes of that philosopher saw through its fictions, fallacies and futilities, and he did not hesitate to condemn the doctrines of its professors *in globo* as "solemn humbug." "What they truly state," he adds, "they do not truly understand in its ultimate grounds and causes; and hence they have sometimes done more mischief by their half ignorant and half sophistical reasonings about and deductions from well founded propositions, than they would have done by the promulgation of positive errors." * But most of their propositions were

* "Table Talk," p. 205.

far from well founded. They did not go by the facts. For the most part, they moved in a purely ideal world, where the facts did not touch them.* The reader unversed in their writings may be astonished at this statement; but it is perfectly accurate. Senior's dictum, "Political Economy, is not greedy of facts; it is independent of them," expresses, with admirable succinctness, the avowed doctrine of the school to which he belongs. "True only in the abstract," is John Stuart Mill's account of their teachings. And so Professor Cairnes: "Not positive, but hypothetic truths." Their so-called "principles" were merely ideas, *a priori* conceptions of the intellect satisfying its mathematical needs, its love of order, sequence, symmetry, but remote from reality, from man as he lives, moves, and has his being in this concrete world. And on these they strictly reasoned, and presented their demonstrations as "laws," not remembering the caution admirably conveyed in Pope's verse: "It may be reason, but it is not man"; not realising that logic, even if applied to established facts—which their logic seldom was—

* To Adam Smith must be attributed the merit of being by far the most concrete writer of the school which he founded.

is by no means an all-sufficient guide of human life.

The truth is, that the old "orthodox" Political Economy is really a growth of the *philosophe* school which so largely influenced Adam Smith. Consciously or unconsciously, its exponents are dominated by the extreme individualism of which Rousseau became the most popular exponent. They ground themselves upon a chimerical conception of man's freedom; they regard only his material prosperity; they mistake the laws of comfort for the laws of conduct; they seek the solution of the great human problem from without, not from within. Property is their *summum bonum*. And their conception of property is purely materialistic. The central figure in their speculations is the "homo œconomicus," a dollar-hunting animal, governed by the lust of lucre. And society they regard as an arbitrary or fortuitous concourse of such animals, bound together by the tie of self-interest. But this economic man is as pure—or impure—an abstraction as is the man in a state of nature of whom Rousseau fabled. No such man exists, or ever has existed, or ever will exist, even in that calico millennium of which

Cobden dreamed. The desire of wealth is doubtless one of the passions of humanity, varying in degree almost indefinitely in individual men. But it is not the sole passion; it is rarely even the dominant passion. And a science which assumes that it is, and which makes abstraction of every other motive power in human nature, is rightly condemned as a pseudo-science.

Not in the love of money, nor in any other passion, nor in all the passions together, do we, in fact, find the influence dominating human existence. Lord Bacon has pointed out that "Custom, copulate, conjoined, and collegiate, is the principal magistrate of man's life." And the reason is, that although, for the purposes of argument, it is sometimes necessary to abstract man from the society in which he lives, yet, as a matter of fact, he is found only in society. "Unus homo, nullus homo." An extra-social being must be, as Aristotle says, either a beast or a god. Man is a political animal. And customs are the bonds of politics: they are conditions of social peace; they are an atmosphere of habit, opinion, usage, tradition, out of which we cannot move. Their root is always in

the moral law, however unethical they may have grown as time decays them. They are rules of conduct, discovered by the practical reason, and constantly adapted, so long as they are living, to the new needs of new times; but when the spirit had gone out of them, they become irrational, and weigh down the lives of men. For man is not only a political animal: he is also, we must always remember, an ethical animal, having perception—it is his distinctive attribute—of right and wrong, justice and injustice, and the like. We can no more consider him, for practical purposes, apart from the moral law—"the law of virtue that we are born under," in Butler's phrase—than we can consider him apart from the social environment in which he exists as a moral agent—that is, as a *person*. The human "I" requires for its explication the human "Thou." Personality means rights recognised by others, and duties to those others, by which the rights are conditioned. Lotze excellently observes: "If we speak of the original rights of human persons, we do not regard each man as a solitary individual, but think of him under the concept of a person; as one who is in intercourse with others; as a

member of a society all the constituents whereof, although not always acting and reacting upon each other, still have rights as regards one another only so far and so long as this reciprocal action goes on." * All this is forgotten in the materialistic individualism of the old "orthodox" Political Economists. They do not recognise man as an ethical person,† or the State as an ethical organism. The late Duke of Argyle, in his suggestive work *The Unseen Foundations of Society*, rightly contends that "the primary facts of economic science are to be found in the personality of man," ‡ and that "the sphere of economics" cannot "be cut off completely from the sphere of ethics." § "No falser note," he most admirably insists, "was ever sounded in the ears of any seekers after truth" than this—"that conceptions which are . . . purely moral, or that ideas closely connected with theology and with

* *Microcosmus*, Book VIII., c. v. s. 6.

† No doubt Adam Smith regarded his political economy as a branch of his moral philosophy. But, unfortunately, his moral philosophy is in no true sense moral. It is devoid of the idea of Right, the aboriginal idea of ethics, and is founded on self-interest—for what is the "sympathy" upon which he lays such emphasis but self-interest at one remove?—It is, in fact, an offshoot of that materialism which derives all our ideas from sensation.

‡ P. 575.

§ P. 62.

the laws of an everlasting kingdom, are all to be dismissed as irrelevant in economic science." * The fact is, that every problem of man's existence, if we investigate it far enough, lands us in metaphysics, as being indissolubly bound up with the question of the aim and end of human life. The old "orthodox" Political Economists, with few exceptions, view human life as its own end, consider material comfort its aim, and make of the next world a coffin. We *must* regard man —there is no help for it—in practice, either from the point of view of materialism, or from the point of view of transcendentalism. And Bacon's dictum is strictly true: "Qui deos esse negant, nobilitatem humani generis destruunt." Nay, they not only destroy the nobleness of the human race, but the human race itself. The Political Economy which begins in atheism ends in abortion.

"The sphere of economics cannot be cut off completely from the sphere of ethics." We may, however, go, and we should go, much further. Properly speaking, economics must be considered a branch of ethics; by ethics being meant the science of *natural* morality, indicating what

* P. 28.

action is right and what is wrong as befitting or unbefitting a *rational* being, as tending to or from the attainment of man's true end, which is moral perfection. Or, to put the matter more shortly, we may define ethics as the science of human acts, of "quidquid agunt homines." At the basis of economics lies the question, What is just? Political Economy is a chapter in the Philosophy of Right (*Rechtsphilosophie*), and in it we may follow either the synthetic method or the analytic, provided that in each case we supplement the one method by the other; that we use history as Mr. Keynes well insists we should do, to criticise theory, and theory to criticise history.* By analysis we take given legislation, actual legal right, historical institutions, and find their ethical source and their principles. But if we proceed synthetically, we cannot pretend to deduce *à priori*, from a principle alone, its various applications and ramifications. This is precisely what the old "orthodox" Political Economists, taking cognizance only of the individual, and regarding him as under the dominion of one sole motive, have attempted to do. They have applied the mathematical method

* *Scope and Method of Political Economy*, 2nd ed. p. 284.

to a concrete science, and have attempted, by means of it, to promulgate a body of inflexible and irrefutable laws. But these so-called laws are merely statements of probabilities of action by agents free to choose between motives, and imply no iron necessity. To which we may add, that in a vast number of instances the statements are of small value, or of no value at all, owing to the extremely restricted observation on which they are founded. The remote as well as the immediate causes and effects of human actions, and the interaction of cause and effect, must always be borne in mind in Political Economy.

Of these elementary verities underlying any sound doctrine of Economics, Sir John Byles saw some as through a glass darkly. Others he clearly apprehended and effectively maintained, and he is entitled to lasting honour as a witness for truth in an age given over to a strong delusion to believe a lie. It may, indeed, be said of him that in some sort he anticipated the work of Karl Knies,* published in 1853, and thus may be ranked as one of the

* *Die Politische Oekonomie vom Standpunkte der geschichtlichen Methode.*

precursors of the Historical School which had its rise in Germany. It is to this school that we chiefly owe the reaction against what they called *Smithianismus:* the general body of doctrines taught by Adam Smith and his disciples, some of whom departed—in nearly every instance for the worse—from the original positions of their master. It aims, we are told by the learned Roscher, who may perhaps be regarded as its founder, at taking men as they really are, influenced by various and withal other than economic motives and belonging to a particular nation, state, and period of history. To a member of it, Bruno Hildebrand, we owe the well-known work *Die Nationaloekonomie der Gegenwart und Zukunft*, perhaps the most trenchant criticism of the Smithian doctrine and method ever written. It is not necessary for our present purpose to catalogue the writers of this school, or to dwell upon the good work done by them, or to indicate the excesses into which some of them have fallen. It must suffice here to point out that one general issue of the movement thus begun has been to overthrow the old doctrine of *laissez-faire*, to bring out the insufficiency of personal interest as the rule of

economic action, to insist upon the truth that the State is an organism, and, what is more, an ethical organism: and to indicate its real function with regard to the commerce and industry of its subjects. And to do this was to lay the axe to the root of the old "orthodox" Political Economy.

It is no wonder that Jevons, meditating, as we suppose, on these things, heaved a sigh over what he calls "our shattered science." There are far more curious things in the long, the interminable history of human error, than the way in which the yoke of this now shattered science—pseudo-science is a more correctly descriptive term—was riveted, for the better part of a century, upon the neck of a people specially proud of its freedom. What an iron yoke it was, we, of the present generation, can hardly realise, accustomed, as we are, to the modest and hesitating language of modern economists. Occasionally, indeed, some of them imitate the dogmatic manner of their predecessors and echo their *ex cathedra* utterances: "Smithianismus locutus est; causa finita est." A surprising manifesto, lying before us as we write, published in the *Times* newspaper of the 15th August, 1903, by fourteen Professors of, and Lecturers

upon Economics, in various seats of learning, supplies a notable instance of this peculiarity. The reception given to the document relieves us, we think, from the necessity of examining it in detail. We will merely observe that these fourteen economists insist upon the hypothetical truth of their doctrine of Free Trade as though that were conclusive of the present fiscal question. We may perhaps admit—though with large reserves—its hypothetical truth. But in a hypothetical world of nations all practising Free Trade, the economic problem now before the country would not arise at all. The real case is that of a nation which alone in the actual world allows foreigners to tax her exports as they will, while she admits their exports untaxed. Free Trade—or rather Free Importation—may be a good or a bad thing for a country, according to circumstances. It is not an absolute dogma to be received unquestioningly by any nation independently of circumstance. It must be judged of, in every instance, by the facts of the case. But the fourteen economists whose "shadowy and vague language"—to borrow a recent utterance of Mr. John Morley's in the House of Commons—is on this subject,

"more dangerous than it can be on any other," do not give us facts. They are quite satisfied with their own "convictions." They take no account of our existing economic conditions: apparently, they are blind to the prospect confronting us of the yet more complete ruin of our agriculture, of the paralysis of the manufactures most vital to our welfare, of the decline of our commerce not merely relatively but absolutely. They forget that propositions which may hold good of young and developing peoples, do not hold good in lands where industries are sinking, and where competition is killed by hostile tariffs.

But it may be said—nay, we hear it on all sides—"At all events, England has grown prosperous upon the doctrines of the 'orthodox' Political Economy and under that 'Free Trade' system which is its outcome." Let us examine this assertion a little. The word "prosperous," indeed, requires consideration. For the moment, let us take prosperity in the sense which it bears for those who use the language just quoted; that is, as meaning the influx of wealth into the country and the accumulation thereof. Now we freely concede that during the second half of the nineteenth century much

money came to England, and large fortunes were made. But we cannot isolate that half century from the times preceding it. Before the introduction of Free Trade, the State and its resources were identified with English industry. It is matter of historical fact that Protection built up our commercial greatness long before Cobden arose. Under the system of Free Trade, our material progress no doubt continued—for a time. But that does not prove that it would not have continued just as much—or more—under a system of Protection. Still less does it prove that our material progress will now continue under a continuance of Free Trade, which, as we must never forget, merely means free imports. In the quarter of a century which followed the introduction of Free Trade, the commercial supremacy of England was unquestioned: and for a nation which is in that condition free importation may work well as a wealth-producing arrangement. It must be remarked, too, that this was the period when railways and steam shipping came into existence, and that England took the lead in the new and quick transit by land and sea. Moreover, there was practically no foreign competition. The United

States of America and Germany had not then begun to develop their strictly protected industries, which are now our formidable rivals. Then, the English manufacturer commanded foreign markets. Now, the principal of them are practically closed against him, while in the British market he is largely undersold by the foreigner. For the foreigner is often able and willing to sell more cheaply, not in his home markets, but in British markets. Secured from without by protection, from within by combination, he can produce on a large scale and uninterruptedly, thereby gaining the full advantage of what economists have called the law of increasing returns. For if the home demand slacken, he need not lower his prices nor lessen his production, but can dispose of his surplus in the British markets by selling it, if necessary, at less than cost price.

It is not surprising then that in the year 1902 we sold to the Continent, apart from our primary raw material, coal—an exception the significance of which need not be pointed out—very little more than we sold twenty-three years before, although our population had increased, in that period, by twenty per cent., and

our productive power had been vastly enhanced by improved machinery. Our readers will do well to ponder the following figures :—*

TOTAL BRITISH EXPORTS TO ALL EUROPEAN COUNTRIES (IN YEARS OF MAXIMUM AND MINIMUM TRADE) COMPARED WITH EXPORTS OF COAL 1872–1902.

Years of Maximum and Minimum Trade.	Total Exports. Millions sterling.	Coal. Millions sterling.	Exports minus coal. Millions sterling.
1872 (maximum year)	108	7·2	100·8
1879 (minimum ,,	79·5	5·3	74·2
1882 (maximum ,,	85·3	7·1	78·2
1886 (minimum ,,	74·0	7·4	66·6
1890 (maximum ,,	92·4	14·2	78·2
1894 (minimum ,,	83·4	13·1	70·3
1896 (maximum ,,	87·3	12·0	75·3
1898	93·2	14·1	79·1
1899	103·6	18·3	85·3
1900 (maximum year)	115·2	30·7	84·5
1901	98·7	22·9	75·8
1902	96·1	20·4	75·7

So far as we are paying for our imports by exporting our coal, we are practically living on our capital. Nor is that all. As the very able writer to whom we are indebted for this table observes :—"If a more detailed analysis of the

* * For which we are indebted to the *Daily Telegraph* of the 16th of June, 1903.

thirty years' figures were made, we should find that another momentous change had occurred. We have been exporting less textile goods, and more machines for making them. We have been building ships to compete with our own for ocean freights. We have been equipping the mills and extending the transport service of our competitors. We have been arming them, above all, in times of inflation, for the better struggle against us in times of depression." Nor is it true, as he goes on to point out, that the apparent stagnation of our European trade is a mere case of decline in values, because the decline in values has affected every nation's exports equally.

The present economic position of this country may be summed up in nine words. It is *a struggle of isolated free imports against universal protection.* Can we hope to be successful in the struggle? Surely the common sense of mankind—even if we shut our eyes to the teachings of history—returns a negative answer. We say nothing of those gigantic industrial combinations which are so terrible a menace, not merely to our industrial supremacy, but even to our industrial existence; combinations

which indeed are no new thing, though on a new scale of vastness, but which, in former ages, the skill and sagacity and strenuousness of our rulers broke down. Surely it is time that we unlearnt the "mealy-mouthed philanthropies" of Cobdenism, with its spurious cosmopolitanism, and realised the fact that in commerce there is and must be a struggle for existence. Surely it is time for us to learn the unwisdom of freely opening our ports to nations who close theirs against us by protective tariffs: the unwisdom of not placing ourselves in a better position than foreigners in respect of the markets of our own Colonies—eagerly desirous of closer fiscal union with us—to which nearly half our exported manufactures now go. Is it not clear that to the Colonies we should look for the preservation, yes, and for the development, of our commerce? Is the vision vain and fantastical of a Greater Britain commanding the waterways of the world and actually self-sustaining? Whatever may be the answer to these questions, certain it is that this country, which in the quarter of a century immediately following its adoption of Free Trade was the workshop of the world, is now "the dumping

ground" of the workshops of Germany and the United States. English manufacturers are steadily losing the trade, we are told, even in English markets—and if the fact is so, it cannot be too strongly emphasised—at the rate of three millions a year. How long is this process to continue? That it is the duty of the State to protect the lives of its subjects no one doubts. Is it not as much its duty to protect the industries by which they live?

Lord Harris, speaking in the House of Lords on the 29th of June, 1903, observed that while much had been heard from certain noble lords about the unparalleled prosperity of the country under a system of free imports, no word had been said about those industries which had been nearly ruined by that policy. He added, by way of instance, that he had just come back after five years' absence at his Government of Bombay, to find the race of tenant farmers practically swept out of existence. That indeed is a curious token of prosperity: for agriculture, beyond all question, is the first and most important of national industries; it is the very backbone of a country. We shall return to that subject presently. Let us here dwell for a moment upon the word

"prosperity." We took it just now in the sense of the influx of wealth into a country and the accumulation thereof. But is that the true criterion of a nation's prosperity? Is the amount of the wealth stored up in the country the right test of its progress? "Progress *and* Poverty," Henry George would have replied, and with too good reason. Certain it is—apart from Henry George's theories—that the ampler the abundance in our cities, the direr, too often, is the destitution. Sir John Byles observes, with great sagacity, that the only sort of abundance by which a nation really profits is "an abundance at once absolute and accessible; when there is as much as the masses want, combined with accessibility; when there is enough for the multitude, and the multitude *can get at it* (the italics are our own), and enjoy it," and that "this is the sort of plenty at which Governments should aim." No; it is a monstrous and deadly error to suppose that the mere accumulation of wealth in a country is the criterion of its prosperity. A country may be "magnas inter opes inops"; nay, the greater its riches are, the poorer it may be. The most prosperous nation is not the nation which has the

largest manufactures, the most extensive commerce, the most bloated millionaires. The most prosperous nation is the nation which has the least pauperism; the nation in which the men and women who compose it are able to procure, with moderate toil, what is necessary for living *human* lives; lives of frugal, rational and assured comfort.

Carlyle has summed the matter up in less than two score of words. "A fair day's wage for a fair day's work is as just a demand as governed men ever made of governors: it is the everlasting right of man." The recognition of this right, the satisfaction of this demand, is essential to a well-ordered polity; it is the very condition of true civilisation. But who among the party politicians that have governed us, has seriously addressed himself to it? Here, as in the matter of national defence, they have preferred not to face the facts; to cry Peace, Peace, when there is no peace. And the consequence is that we have in this country some million odd paupers. We have also, Sir Henry Campbell-Bannerman has been recently telling us, twelve millions "underfed and on the verge of hunger." No doubt exact arithmetic is difficult on such

a subject. Sir Henry Campbell-Bannerman's figures may be, as some have alleged, a sentimental exaggeration, though that is not a fault of which we should have suspected him. But, assuredly, the late Professor Huxley, who was no sentimentalist, was well warranted when he wrote: "Among a large and increasing portion of the population . . . . the prospect of even steady and honest industry is—a life of unsuccessful battling with hunger, rounded by a pauper's grave." Is this the *Pax Britannica*?

"Is it peace or war? Civil war, as I think, and that of a kind
The viler, as underhand, not openly bearing the sword."

So much in general as to the condition of England. But there is one particular, referred to by Lord Harris in the speech from which we just now quoted, of such vital importance that we must not pass it over in silence. A fact of most ominous significance, staring us in the face, is the ruin of English agriculture. The evidence on this subject is overwhelming. Even now, while we are writing, a bitter cry is going up throughout England at the disappearance, not

merely of the tenant farmer, but of the agricultural labourer. We cannot here enter into detail: our space is too limited. But the reader who desires detail will find it, in sad abundance, if he will turn to the *Labour Gazette*, and read the story which the Agricultural Correspondent of the Board of Trade has to tell. The English peasantry, once deemed the finest in the world, have left the soil of England. They have flocked to the great cities. Our villages are half populated. And what a population—consisting chiefly of the maimed and the halt and the blind, the rheumatic, the paralytic, and the moribund. The vampire of Free Trade has sucked the very life blood of the nation. This, surely, is a matter of transcendent importance. In it are involved issues of life and death for us. It means, in no very far off future, hopeless decay within, unless a remedy be found: just—we may observe in passing—as the inadequacy of our military and naval defences means hopeless defeat without, unless a remedy be found. We already depend upon foreign countries, almost entirely, for our food supply. We depend upon them largely for the manning of our mercantile marine. Apparently

we shall soon have to depend upon them for military recruits.

Surely these things ought not so to be. They are known to our statesmen, of course. But not one serious step has been taken towards the initiation of a wise agricultural policy, which in other countries—in Denmark for example—has healed, or largely mitigated, this gigantic evil. Gigantic indeed: for it does not end with the depopulation of our villages. The exodus from the country districts has resulted in the physical deterioration of our breed of men. The healthy peasants, on leaving the fields for the slums and rookeries of our great cities, rapidly degenerate and decay themselves, and give to the world a more vitiated progeny. This is the effect of unwholesome food, of adulterated liquor, of contaminated air, of unsanitary dwellings, of work at high pressure, of unhealthy recreation. No one who carefully studies, let us say, the volumes of Mr. Charles Booth on the *Labour and Life of the People* in London, will accuse us of exaggeration.

What remedy will be found for this state of things? For the moment let us remember that a moderate duty on foreign corn, or a

moderate bounty, during a few years, on corn grown in the British Isles, would revive cultivation at home; that a preferential duty in favour of colonial corn would vastly stimulate its growth, especially in Canada; that import duties are not necessarily paid by the consumer; that the one shilling registration duty of 1902 did not raise the price of bread, and that even a four shilling duty on imported corn most probably would not raise it, or would not raise it for long. Let a start be once given to English agriculture, and we might make the benefit permanent by the measures suggested in a very able letter, signed "Tariff Reformer," which *The Times* printed on 27 August, 1903, namely, reduction of taxes on farming land; differentiation in favour of agricultural as against pasture land; high taxation of land used only as private pleasure ground; a system of cheap and easy transfer of land in small parcels; an organisation of cheap and easy transport of agricultural produce. To these, as it seems to us, might well be added the more effectual restraint of usurers, the promotion of rural co-operation, and a reasonable system of agricultural education. Such reforms would renew the face of the earth

in this land of England, and would go far towards healing the most festering sore in the body politic.

W. S^r L.
C. S. D.

September 14, 1903.

We reprint the text of the eighth edition of Sir John Byles's work unaltered, except by the correction of a few trifling errors of the press, but to each Chapter we append Notes, enclosed in brackets and signed Eds.

Our thanks are due to the proprietors of the Quarterly *and* Fortnightly Reviews, *and of the* Nineteenth Century, *for permission to incorporate in our Introduction and Notes portions of articles contributed, from time to time, by Mr. Lilly to those Magazines. In our Note to Chapter XVIII. we have made free use of the Third and Fourth Chapters of Mr. Lilly's work,* First Principles in Politics.

PREFACE TO THE EIGHTH EDITION

SOME who do not agree with the general views of National Economy here submitted to their better judgment, may yet perhaps coincide with much that is said on the following subjects:—"The Cases proper for Government Interference,"—"Colonies,"—"Capital,"—"The Effect of Government Expenditure,"—"Ireland,"—"The Currency,"—The Theory of Population,"—"The Theory of Rent,"—"Pauperism,"—"The National Debt,"—"Absenteeism,"—"The Wages of Labour, and Strikes,"—"Emigration and Colonization,"—"The Practical Means of more widely diffusing the Ownership of Land among the People,"—and "Joint Stock Companies." If, in the judgment of such candid readers, the writer has any where been betrayed into too strong language against the recent revolution in the agricultural, colonial, commercial, and maritime policy of this Great Empire, he craves all just allowances for a humble, but deep and earnest conviction, however mistaken. Any aspersions on the motives of the authors of that momentous change would be unjust, and none such have ever been found in these pages. The welfare of our native land, all her true sons have at heart, however much they may differ as to the means of promoting it.

Those who have honoured with a perusal, any one of the former editions, will find in nearly every chapter of the present edition, emendations or additions. Several new chapters, and an Index have been added.

Besides numerous strictures in periodical publications and newspapers, two "Answers" to these sheets, have appeared, and one of them has reached a second edition. The author of this little book has endeavoured to make the true and best use of hostile criticism. Where errors or obscurities have been pointed out, instead of defending, he has endeavoured to correct them: where he remains unconvinced by the statements or arguments of his opponents, he has left the book to speak for itself.

The all-important and decisive question of the comparative value of home and foreign trade, had so little attracted the attention of the public, and been so little understood, that the most opposite and mutually destructive attacks have been made on the chapters dealing with that subject. Some writers who have honoured this book with their animadversions, perceiving that the maxim examined in the fourth chapter is incorrect, have boldly asserted that it has never been propounded by political economists at all. Others, well knowing that it has been often propounded, and that it is a favourite doctrine with nearly all of them, have maintained not only that it is correct, but so clearly right, that the most obvious truism might as well be disputed. Pressed, however, by the difficulties that are shewn to attend it, some of these writers have endeavoured to evade them, by reasoning as if in the places where this book speaks

of a loss to a nation by a *change of policy*, in substituting foreign for home production, it had spoken of a loss in the *particular transaction*. But that has never been stated. What is stated is this—that there is a loss to the nation by the change of policy, and that the greater cheapness of the foreign product is no compensation.

The fact is, that the maxim at the head of the fourth chapter, is at first sight, apparently true, and therefore has misled many writers; but when examined, it turns out to be demonstrably false.

Experience has shewn the necessity of scrutinizing it at length, which to many readers will appear quite unnecessary, and of presenting it in three distinct points of view, as is attempted in the fourth, fifth, and twenty-eighth chapters.

By the unexpected and undeserved favour of the public in calling for several thousand copies, this book has gradually grown into what it never was intended, and never presumed to be, a sort of popular treatise on Political Economy. Very different, it must be conceded, from other treatises which have a better title to be so considered. The writer cannot plead ignorance, that the views it ventures to submit are at irreconcileable variance with opinions generally received in this country. Time was, when he entertained those more fashionable opinions himself. Upwards of twenty-five years ago he wrote for his own use an abridgement of the late Mr. Ricardo's 'Principles of Political Economy,' —seduced by the subtilty and clear style of that ingenious author. More mature reflection, however, long since led to the conclusion that a large portion of Mr.

Ricardo's doctrines are erroneous. Indeed many of them have since been attacked and refuted by writers of Mr. Ricardo's own school. Such a change of opinion is not singular: it has been experienced by others.

The Hon. Willard Phillips, of Cambridge, Massachusetts, is a gentleman well known to members of the legal profession, both in England and America, by his profound and masterly treatise on the Law of Marine Insurance. He has lately published another book on Political Economy, well deserving to be extensively circulated in this country.*

In the preface he declares that being early imbued with the free-trade theory, he had occasion to attempt its vindication against its impugners, but on entering anew on an investigation for this purpose, his views became unexpectedly and entirely changed. His book

* "*Propositions concerning Protection and Free-trade*," by Willard Phillips, Boston, 1850. The author much regrets that he had not seen this book, till after the seventh edition of his own book had appeared. In the present edition, however, he has in more than one place been under obligations to Mr. Phillips. The passage alluded to in the text is as follows:—"I should be happy to believe that there is little at stake, and that the doctrines of free-trade do not tend directly to the distress, decay and political subordination and degradation of this country, and the too great entanglement of its industry and interests with those of other nations. But it has not happened to me in thus devoting my attention, more particularly to these inquiries, as it did some thirty years ago. Being then imbued with that economical creed, which is taught in our public seminaries, I had occasion to attempt its vindication against the aggressions then supposed to be made on commerce and the useful arts, through protective legislation; and I had the good fortune or misfortune on investigating the subject anew, to convert myself to the opinions I had undertaken to combat. I came out with the thorough conviction, that the science which seemed so luminous to those at the feet of the Gamaliels, consisted very much of groundless postulates and sophistry."

gives the results of this re-investigation, and what appear to the majority of his enlightened countrymen, the unanswerable reasons.

The opinions of his distinguished and all accomplished fellow-citizen, Daniel Webster, have undergone a similar revolution. After long experience, not only in the House of Representatives and in the Senate, but in high office, he is now a decided protectionist.

Few persons have been the means of conferring greater happiness on millions, than the distinguished German, who was at once the author of the "National System of Political Economy," the father of the Zollverein, and the projector of the network of railways that envelopes Germany. But the celebrated Dr. List was not brought up in his system. It was the result of years of free inquiry, founded on actual observation in America, Germany, and France. Nay, those who accurately know what has been the political economy in fashion in England for the last thirty years, and who have attentively perused the most recent writings of Mr. McCulloch and Mr. Mill, cannot fail to detect in both those distinguished authors, indications of profound scepticism, if not of a revolution of opinion on some doctrines theretofore considered unassailable.

All must agree, that THE MORE A COUNTRY PRODUCES, THE RICHER IT IS. The question therefore is, what course of policy will effectually develop the producing forces of a nation? Modern free-traders assert that unregulated exchanges, and universal cheapness, no matter how attained, will do it. We venture to submit, that this *let-alone* policy will never do it; but that there are wise regulations which will do it certainly and soon,

and do it in the British Empire more effectually than anywhere else.

What are the natural producing forces of a country? The men, the land, the coals, the iron, the stone, the clay, the rivers, the ports, the water power. The artificial producing forces are steam-engines, railways, power-looms, blast-furnaces, rolling-mills.

In Ireland, there are, and have long been, unregulated exchanges and free-trade with the richest of nations. There is now, and has for some time been, a cheapness never before known. Are the producing forces of Ireland developed or smothered by it? The MEN of Ireland, the human organization, the most precious and productive of machines, the most fertilizing of animals, without whom land is worth nothing, (as will soon be discovered when the depopulation * has proceeded a little further,) can find no employment—are idle, starved, or expatriated. Next comes the LAND. Square leagues, capable of becoming the richest land under heaven, and the granary of Great Britain, are unproductive and uncultivated. The coals, the iron, the stone, the clay, unworked—almost unknown. The rivers, the ports, the water power, unused. Steam engines, railways, power-looms, blast-furnaces, rolling mills, scarcely exist in Ireland.

Look at the West Indies under the same "cheapest

* "I shall believe," says Milton, "there cannot be a more ill-boding sign to a nation, (God turn the omen from us) than when the inhabitants, to avoid insufferable grievances at home, are forced by heaps to forsake their native country." And what is taking place in Ireland is beginning in Scotland, Wales, and England too, and will go on, unless a wiser legislation interposes. The observations in pages 49 and 50 were written two years ago, long before any alarm had been felt at depopulation.

market" policy. The industry of the white man stopped, the blacks idle and relapsing into paganism and barbarism, the very dykes that fence against the sea going to ruin, sugar plantations abandoned, the land uncultivated, the roads obliterated. A planter, we are told, can now hardly find his own house in the rank jungle.

The same paralysis of producing forces, but not to the same extent, is apparent in Canada, New Brunswick and Nova Scotia. On the Canadian side of the boundary line between Canada and the United States, are unregulated imports (improperly called free-trade); on the side of the United States, is protection and its consequence—domestic industry. We are told that land one minute south of this imaginary line, is more than double the value of land one minute north of it.*

It is true these fatal symptoms are in the extremities, not the heart of the Empire: just as the deadly palsy first seizes the arms or hands.

But what is the most important interest in the heart of the three kingdoms?— unquestionably, Agriculture. No other branch of industry employs a fifth of the capital. The value of its productions transcends all other industries put together. This vast aggregate value is the result of agricultural capital applied to the land.

The agricultural capital on which this development of the greatest of all producing forces depends, is in a

* "Every colony of England would gladly separate from her, feeling that connection with her is synonymous with deterioration of condition." *Harmony of Interests, Agricultural, Manufacturing, and Commercial.* By Henry C. Carey, Philadelphia, 1851. This is a valuable book, replete with practical information as to the statistics of the Great Western world.

state of consumption and decay, throughout the three kingdoms. Reader, if you are an actual grower of wheat, barley, or oats, and can speak from personal knowledge and experience, you know too well that this startling assertion is the sad and bitter truth. Yet is it a truth so unacceptable and unpalatable, that while men can shut their eyes to it, they will obstinately do so; especially those who are enjoying a short-lived prosperity springing from your losses, and those whose cherished theories, or sanguine anticipations, this sad truth disturbs.

And all this depopulation, distress, and loss throughout the Empire, happens at a time when, from the invention, and extended application of the steam-engine, of railways, and steam-ships, the most astonishing prosperity was to have been expected. Indeed, it is the countervailing influence of great discoveries in physical science, that mitigates the pressure of evils otherwise intolerable.

One lamentable and indisputable fact at least, is now before the eyes of all men. The agricultural and manufacturing bodies of the same country, are marshalled against each other, in hostile, not to say battle array. It is certain that some new arrangement of their differences, must be the result. What the details of that arrangement will be, no one can foresee. Yet it may safely be predicted, that it will be founded in justice: for any other arrangement will be but a short and feverish truce. What is the justice of the case?

A controversy has arisen, whether the agriculturists (who, in addition to their share of all other national

burthens, in effect maintain the Church,) sustain a heavier load than the manufacturers. Most impartial persons think they sustain a much heavier one. But this is not the true comparison. The English cultivator is undersold, not by the English manufacturer, but by the foreign grower. The true comparison, therefore, is between the burthens of the English farmer, and the burthens of the cultivator of the rich and virgin soils of the South of Russia, or of the States of Wisconsin, or Michigan, where wheat is worth on the spot, less than two shillings a bushel, and is given to the pigs. Countries, which, by the aid of steam, are every year coming nearer. The English cultivator says, "I am willing to enter the lists, and will endeavour to keep up the cultivation of England against better climates, and richer and virgin soils. I will do my best to cultivate an inferior soil, in an ungenial and capricious climate. But over and above all this, you now call on me to bear national and parochial burthens, from which my new competitors, more favoured by nature, are entirely free. Tax me, if you must. But if you do, you must in justice tax my giant competitor too."

"I bear my share of the public burthens," says the Manchester man, "why should not you?" "You do not," says the agriculturist; "But suppose you did, What then? I am not favoured by nature, you are. You have iron, coal, labour, and machinery, all in your favour. Natural and uncontrollable circumstances are at present, *with* you, and *against* me. I say at present, for I can imagine a situation for you—and peradventure, ere long, it will not be an imaginary one—that will be a nearer parallel to mine. You now want your cotton from India, and are making a railway across the isthmus of

Suez, to get at it. But suppose, that instead of the raw Indian cotton coming to England, that railway, and the East Indian railways, with which it is to be in correspondence, should transport to India, and distribute in Hindostan, English machinery, and instruction, to spin, and weave, and print the cotton on the spot where it is grown. A fine climate reduces to very little the wants of a teeming, multitudinous, and highly ingenious, but rice-fed population, adapted by nature herself to the light industry of the cotton manufacture. Here are inexhaustible supplies of labour cheaper than cold, rainy, high-feeding Manchester can ever furnish. Adieu to the difficulty of transporting Indian cotton to England. It will come, but in the compendious shape of calicoes, shirting, sheeting, towelling, muslins, cheaper than ever were heard of. Do not suppose all this to be a mere illustration. It is actually happening at this hour in the United States. The cheap slave-labour and genial climate of the Southern and cotton growing States is unexpectedly, but effectually, superseding the dear free-labour of the North, and the expensive double transit of the material thither and back, by manufacturing the cotton on the spot where it is grown. Nay, in the case of India, the manufacture even of the very finest muslins would be but returning to its original and natural abode. As our greater cheapness once smothered the indigenous industry of British India, so its yet greater cheapness may now smother our artificial industry. The great cotton manufacturies, the new Manchesters, Salfords, Stockports, are henceforth, as they have been before, in Bengal, in the Mysore, the Carnatic, or the Deccan. Now old Manchester is in my present con-

dition. In the presence of fearful natural odds against her, she now complains of the burthen of taxation direct and indirect, from which her Indian competitors are free, and cries for relief, or else a proportionate protection. Is it any solid answer to her just complaints, to say, "You bear no more than the Birmingham or Sheffield people do? Certainly not. Their situation is entirely different."

The genuine Political Economist indeed, cuts short this strife between agriculturists and manufacturers, by an appeal to what he calls principle. According to him, if agriculture can be carried on cheaper elsewhere, than in the United Kingdom, let agriculture migrate thither: if manufactures can, let them go too. But a cosmopolitan policy which would turn England into a desert, is not the policy which either the Crown or the people will eventually adopt.

The GREAT EXHIBITION, and some other recent incidents have disclosed the mortifying truth, that in some things, where we fondly imagined ourselves far before foreigners, we are really far behind them. While we have been standing still, and complacently contemplating our attainments, they have been inquiring, doubting, examining, correcting, improving, inventing. So it is in Political Economy. Economical positions here considered elementary and above dispute, have abroad been doubted, attacked, sifted, and canvassed with a freedom and fulness of discussion and illustration, unknown in England. The result is, that the immense majority of educated men, as well as senators and statesmen in France, Germany, and the United

States, are on the side of protection to domestic industry. In different degrees, it is true,—but still they are for protection. They have come round to the opinion of President Jefferson, that mutual vicinity is essential to the producing power of agriculture and manufactures: that they must be laid side by side. And in the United Kingdom itself, if all the educated men, who have formed any opinion at all of their own, could be polled, it is very doubtful on which side the majority would even here be found. There is, indeed, a large class able to judge for themselves, but too indifferent, too lazy, or too busy to undertake the investigation. These last, content to swim with the stream, have given, and will give, the sanction of their indolent acquiescence to the economical faith for the time in fashion, whatever it be.

But there are moreover vast multitudes of practical men opposed to the new Policy. Many are discouraged and dissatisfied that their political chiefs shew, as they think, little disposition to attack it.

It sounds indeed, like heartless mockery, to exhort to patience broken-hearted men, who without any fault of their own, are drifting every year nearer to irretrievable ruin. But what seems to them a long time, is in the life of a nation, nothing. Those statesmen who in the event of a change, would be responsible for the tranquillity of the country and the safety of property, well know, that a safe and permanent change of policy cannot be brought about by a single class, but must come from the majority of the nation. Those who want statesmen in this country to act, must confer on them the power of acting. That power can

come now from one quarter only—public opinion. The events of the last twenty-five years have here laid all other power prostrate in the dust. It is therefore the duty of every man, even the humblest, who entertains strong opinions on such momentous topics, to profess them openly, and to do everything in his power to diffuse them. This is the excuse which the writer has to offer for devoting his intervals of leisure from a laborious and engrossing profession to such a book as this. He did not indeed presume to obtrude his name on the public, till the anonymous continuance of the publication might seem to savour of affectation, or to betray a doubt of doctrines that he firmly believes.

Ere long it will be plain, that public opinion has veered about. A storm of disappointment and vexation will follow. It will then be easy enough to change our recent policy, indeed impossible to resist a change, but not so easy to repair the ruin that will have been occasioned.

Inner Temple, Nov. 1, 1851.

PREFACE TO THE FIRST EDITION

WHOEVER contempletes, on the one hand, the enormous powers of production in the United Kingdom; and on the other the misery, which nevertheless grinds down masses of the population, will necessarily conclude, that the circumstances which ensure or promote the due distribution of wealth, are yet unknown or mistaken. He will see the science which assumes to teach these things, discredited, helpless, and utterly at fault. There must be something fearfully wrong, or essentially deficient in the prevailing system. There must necessarily be some *error in theory*. No adequate practical measures of relief can be devised, till it is discovered.

The following sheets are not written to aid a party, but to assist, if possible, in reaching the truth on a very complex and difficult subject. Protectionists will find no defence of a high price of subsistence, and free-traders no acquiescence in their recommendation of unlimited and indiscriminate imports.

If any one who profess the doctrines of modern English Political Economy, should condescend to cast their eye on these pages, they will, no doubt, dissent from nearly all that is said on free-trade, population, pauperism, wages and currency. But, among Political Economists, as well as among their opponents, in Eng-

land, France, Germany and America, are to be found those who cherish the true spirit of scientific inquiry. That spirit is a simple devotion to THE TRUTH, whatever it shall turn out to be, and an entire indifference to the results of inquiry, so that they be but TRUE.* Criticism and correction by such is not deprecated, it is respectfully and earnestly invited.

The vulgar, however, on both sides, are incapable of independent judgment, take their opinions on trust, and mix up abstract and scientific truth with strong party feelings and predilections. They begin to read with a secret but irresistible wish before-hand, that a particular doctrine should prove true. The discovery of truth is not given to such a disposition. On complex and really disputable subjects, what a man earnestly wishes to be true, he will find true. Reading and inquiry only serve to entrench him in his notions. Whether those notions be truth or error, is the result, not of really free and unprejudiced inquiry, but of previous accident.

An apology is due from a lawyer who presumes to meddle with subjects out of his own profession. He is, it is said, a man of narrow mind, and necessarily limited information. It is not for him to say, (perhaps he could not say) that the imputation is unjust. But, by way of compensation, he has, on a subject of this nature, some advantages over others. That narrow and microscopic vision with which he is charged, does not altogether unfit him for the minute and steady exami-

* "To be indifferent which of two opinions is true, is the right temper of the mind, that preserves it from being imposed on, and disposes it to examine. This is the only direct and safe way to TRUTH."—Locke.

nation of the abstract *theories* of Political Economy. He has no interest, except in the general welfare. And living, as a mere lawyer does, retired from the world and general politics, he has a chance of being in a measure, exempt from the prejudices of party, and from that fanaticism, which in politics and Political Economy, as well as in other things, sometimes, like an epidemic, seizes the people, high and low.

In France, Germany, Holland, and the United States, the general opinion of educated men on these subjects is very different from that which yet reigns here. Indeed, until lately, no Englishman, who should have ventured to dispute the passionate persuasion of the public, could have hoped for a fair and candid hearing. It was necessary to wait. As a brilliant Frenchman once said of fanaticism of a different sort: "Il faut attendre que l'air soit purifié."

No one is more conscious of the defects to be found in these pages, than the writer. He is sensible that a more popular tone has been adopted, than is, perhaps, quite appropriate to the severity of such inquiries. But it was necessary. A mere dry dissertation, in the better style of political economists, about yards of cloth, and quarters of corn, would never have had even a chance of being read. He trusts, however, that he has not been betrayed into any disrespectful or uncandid language towards those who think differently, and who are, perhaps, better informed.

London, October 31, 1849.

CONTENTS

POSITIONS EXAMINED.

CHAPTER I.

PAGE

"*Political economy is a science*" 1

CHAPTER II.

"*Legislate on sound principles*" 7

CHAPTER III.

"*Let things alone—Laissez faire, laissez passer*" . 11

CHAPTER IV.

"*Foreign commodities are always paid for by British commodities, THEREFORE the purchase of foreign commodities encourages British industry as much as the purchase of British commodities*" 18

CHAPTER V.

"*Buy in the cheapest market*" 39

CHAPTER VI.

"*If all countries practised free-trade, all countries would be gainers*" 58

CHAPTER VII.

PAGE
"*Protected manufactures are sickly*" 73

CHAPTER VIII.

"*Pas trop gouverner—Don't over-govern*" . . 84

CHAPTER IX.

"*What is the good of Colonies?*" 99

CHAPTER X.

"*Protection would destroy external trade*" . . 115

CHAPTER XI.

"*The distress of the country is owing to taxes, and the expenditure of government*" 123

CHAPTER XII.

"*Increase of exports and imports is the index of national prosperity*" 131

CHAPTER XIII.

"*All commodities should be rendered as cheap as possible*" 135

CHAPTER XIV.

"*Free importation is the source of plenty; protection, of scarcity*" 144

CHAPTER XV.

PAGE

"*England has a greater capital than any other country*" 147

CHAPTER XVI.

"*The evils of Ireland will work their own cure*" . 153

CHAPTER XVII.

"*The currency should vary, as it should vary, if it were entirely metallic*" 171

CHAPTER XVIII.

"*It is preposterous to interfere with a man's management of his own property*" 186

CHAPTER XIX.

"*Free-trade is good for Ireland*" . . . 198

CHAPTER XX.

"*Higher wages will but increase population*" . 209

CHAPTER XXI.

"*Beware of having recourse to inferior soils*" . 216

CHAPTER XXII.

"*Don't undertake to employ the able-bodied pauper productively*" 228

CHAPTER XXIII.

PAGE

"*Don't attempt to reduce the capital of the national debt. Let the taxes rather fructify in the pockets of the people*" 238

CHAPTER XXIV.

"*Absenteeism is no evil*" 246

CHAPTER XXV.

"*Other nations will follow our example of free-trade*" 250

CHAPTER XXVI.

"*A return to the protective policy will never be*" . 253

CHAPTER XXVII.

"*To raise the wages of labour is to impair the fund out of which wages are paid*" . . . 257

CHAPTER XXVIII.

"*Don't tax the nation for the benefit of a producing class. Take care of the consumer, and let the producer take care of himself*" . . . 274

CHAPTER XXIX.

"*Individuals know their own interests, and may and should be left to take care of them in their own way; for the interests of individuals, and the interest of the public, which is but an aggregation of individuals, coincide*" . . . 280

CHAPTER XXX.

PAGE

"England may be made the work-shop of the world" 282

CHAPTER XXXI.

"War and invasion are but dangers of by-gone ages" 292

CHAPTER XXXII.

"The Navigation Laws were useless and injurious". 304

CHAPTER XXXIII.

"Labour should be left to flow in its own natural channels" 336

CHAPTER XXXIV.

"The value of every thing must now be settled by universal and unregulated competition". . 347

CHAPTER XXXV.

"Farming should be carried on like any other trade" 352

CHAPTER XXXVI.

"Repeal the Bubble Act" 378

SOPHISMS OF FREE-TRADE

SOPHISMS OF FREE-TRADE AND POPULAR POLITICAL ECONOMY EXAMINED.

CHAPTER I.

"*Political economy is a science.*"

THE fallacy seems to lie in using the present tense, instead of the future tense. Political economy *will be* a science. The political economy of Munn, and Gee, in 1750, was very different from the political economy of M'Culloch and Mill in 1850. But it was not more different, than the political economy of M'Culloch and Mill now is, from what will be the political economy of 1950.

If by a science be meant a collection of truths ascertained by experiment, and on which all well-informed men are agreed, then political economy is manifestly not yet a science.

If by a science be meant a subject on which some little has gradually become known, but the great body of solid knowledge yet remains to be discovered by experience and observation, then, indeed, in this lower sense, political economy is a science.

But if political economy claim to be a science at

all, she must abate much of her pretensions, much of her dogmatism, descend to a lower rank, and adopt a more modest and inquiring tone. She must learn to tolerate doubt, to endure contradiction If she aspire to learn in the book of experience, she must expect as she turns over the leaves to meet with problems wholly unexpected, and ultimate solutions at variance with all preconceived notions. She must make up her mind to see theory after theory, supported by great names and confidently propounded, yet after all rebuked and exposed by experiment. She must remember that there are twenty wrong courses of public policy to one right one, and that all the erroneous ones are often tried, before the right one can be demonstrated by experience to be right.

A slow, painful, humiliating road to knowledge—but the only true one. Other paths may lead to conjecture or opinion more or less plausible; this alone to certain and demonstrable knowledge. But what we want is, not to conjecture but to *know;* in the forcible language of the father of experimental philosophy, "haud belle et probabiliter opinari, sed certo et ostensive scire."

What experimental science is there in which the whole truth was discovered at once, or in the course of a few years? Much less are we to suppose that we have been favoured with sudden and preternatural illumination on a subject so complex and difficult as political economy.

If we would form a just estimate of our modern English notions on this matter, we must look backwards, look around us, and look forward; or we shall

resemble the rustic, whose history and geography are circumscribed by his own life in his own parish.

We must look backward into times past.

When modern political economists are spoken of as if nobody knew anything before them, and as if nobody will discover anything of moment after them, we may be sure that we hear the language of empiricism, not of science. "Vixere fortes ante Agamemnona." There are many writers before Adam Smith, of whom posterity will form an estimate more favourable than is now entertained. Bacon, Montesquieu, Fenelon, Petty, Swift and Voltaire, will not hereafter be less esteemed, because they did not use the parade of scientific terms, and were not embarrassed by modern and doubtful theories.

The need of a political economy, very different from the inert and barren system now in fashion, is but too apparent to any one who looks around him. Modern society presents to the serious observer, as the consequences of past and present systems of political economy, practical results by no means flattering. The immense progress of physical science has multiplied a thousand-fold the means of producing wealth. There is in the overflowing and exhaustless bounty of nature, not only enough, but a superfluity for every one of the children of men. Yet some mysterious and invisible, but impassable barrier impedes its distribution, and shuts out the masses from the promised land. Portentous and gigantic social evils, present and approaching, mock the wisdom of the wise.

Political economists! Look at England's boundless wealth and hopeless poverty. At Ireland's starving myriads. At her dearest children escaping for their

lives, like Lot from the cities of the plain! At the periodical alternations of manufacturing prosperity and manufacturing depression and starvation! At the expanse of untilled lands, spread abroad amidst a starving, idle and congested population! At your own differences and disagreements about rent, population, currency, wages, profits! At the theories opposed to yours, not only in fashion and in power, in France, Germany, Russia and America, but supported by the most original thinkers and greatest writers. Some of these writers have been unjust to you. They affirm that instead of a science, solid and practical, you are but the authors of a literature, unsatisfactory, obscure, presumptuous, and which would be dangerous, were it not eminently tedious.

But we must also look forward with courage and confidence. The imperfect and rudimentary condition of the science of political economy while it accounts for present evils, is for that very reason the sure ground of hope for the future. It is manifest that we have not yet hit on the true theory. But in the mean time, the tools and implements with which the new and true political economy is destined to work, are beginning to multiply around us. The Steam-engine, Steam-navigation, Railways, Mechanical Inventions, the Electric Telegraph, Modern Chemistry, have not appeared for nothing. A science of political economy will yet dawn, that shall perform as well as promise. A science that will rain the riches of nature into the laps of the starving poor. Men do not even yet dream of the prosperity which is in store for all orders of the people.

As in other sciences, so in political economy, each accession of knowledge will not only be a step to further, but to greater acquisitions. True and solid knowledge will not only advance, but advance in a continually increasing ratio. The world now presents a variety of communities far advanced in civilisation; the field of experience is enlarged and diversified. But besides ordinary experience, there is an artificial experience, which is called *experiment*. At this moment the anxious and vigilant attention of theoretical and practical men is invited to vast *experiments* now in progress. It were to be wished that some other community, and not the noble British Empire, had been selected as the *vile corpus* of experiment. We shall suffer much, and what is worse, the innocent will be the sufferers. We shall probably lose a large portion of our possessions. But we shall be wiser. We shall finally adopt the true policy, and after much tribulation enter into a better state of things.

Is it more correct to say that political economy *is* already *a* science, or that it *will be* one?

[Byles's position is unassailable from the point of view of the mid-nineteenth century that science is "a collection of truths ascertained by experiment," and taking Political Economy as it then was. And whatever principles a writer of our own time may hold on philosophy and science, he would assuredly agree with Byles that Political Economy did not come into existence

with Adam Smith; while the famous passage in Mill's *Principles of Political Economy*—already published when Byles wrote—pronouncing *ex cathedra:* "There is nothing in the laws of Value which remains for the present or any future writer to clear up" (Bk. III., Ch. I., § 1), is notable not as a summary of science, but as a classic example of a great writer, "most ignorant of what he's most assured."—EDS.]

CHAPTER II.

"Legislate on sound principles."

WHICH, being interpretated, means, "SURRENDER YOURSELF TO THE SPIRIT OF SYSTEM."—"CARRY OUT YOUR THEORIES."

The SPIRIT OF SYSTEM, a fertile source of error, fertile in most sciences, is peculiarly so in political economy. It is a foe to solid knowledge, the more insidious and fatal, because it usually accompanies superior mental capacity, being very nearly allied to that love and relish of truth which distinguishes minds of a superior order.* The spirit of system consists in a tendency to reduce all phenomena to a few general rules, and to find a greater degree of order, symmetry and simplicity, in the natural, moral, or political world, than really exists or can exist. Instead of expanding the mind to the rich

* History shews, that it is not the learned only, whom the spirit of system fascinates and misleads. It is sometimes an epidemic passion or fever maddening all ranks down to the very populace.

Republican government has the charm of simplicity. The English and French nations have accordingly been seized by turns with a fanaticism for it. Straightway property was sacrificed, and blood poured out like water for a mere political theory.

So a year or two ago England was fascinated with the specious theory of free-trade. The agricultural interest, the colonies, the shipping interest, the whole kingdom of Ireland were dust in the balance. The enthusiasm is beginning to evaporate, and men will soon marvel how they ever came to be under its influence.

and endless variety and subtilty * of nature or art, it would contract that variety to the narrow limits of the human understanding. It finds ready acceptance with all men; for it flatters both the pride and the indolence of human nature. It is much easier to comprehend and apply a few general rules, than to understand the complicated structure and regulations of human society. Any man may make a parade of knowledge by dogmatizing about imaginary general principles, but to master facts and details, is a long, toilsome, and humbling occupation.

Men are not often undeceived who worship a few general principles, however erroneous. When a man has grown grey in the honest assertion of doctrines which he believes to be right—has spent, in the endeavour to disseminate them his best years, depends on them for his reputation and self-approval,—what a cruel fate, to be undeceived,—to discover that they are not only erroneous, but mischievous! Accordingly we find that erroneous general principles last for a generation: that to expect an inveterate theorist to abandon his theories, is as reasonable as to expect him to slay his children. The seed of truth must be sown in the fresh and grateful soil of a new generation.

Lord Bacon † warns us of this tendency of the

* Subtilitas naturæ subtilitatem sensûs et intellectûs multis partibus superat. (Nov. Org.)

† The following observations of Professor Playfair seem especially to deserve the attention of political economists.

"The idols of the *tribe*, or of the race, are causes of error founded on human nature in general, or on principles common to all mankind. 'The mind,' Lord Bacon observes, is not like a plain mirror which reflects the image of things exactly as they are; it is like a mirror of uneven surface, which combines its own figure with the figures of the objects it represents.

"Among the idols of this class we may reckon the propensity

human mind to expect a greater degree of order, regularity, and conformity with general rules, than really exists.* He calls it, in his poetical but most appropriate language, an idol, and charges mankind in general, and philosophers especially, with gross idolatry at its shrine. Without saying of modern political economy, as of the city of old, that it is wholly given to idolatry, it may, without any breach of charity, be doubted,

which there is in all men to find in nature a greater degree of order, simplicity, and regularity, than is actually indicated by observation. Thus, as soon as men perceived the orbits of the planets to return into themselves, they immediately supposed them to be perfect circles, and the motion in those circles to be uniform; and to these hypotheses, so rashly and gratuitously assumed, the astronomers and mathematicians of all antiquity laboured incessantly to reconcile their observations.

"The propensity which Bacon has here characterized so well, is the same that has been, since his time, known by the name of the *spirit of system*. The prediction that the sources of error would return, and were likely to infest science in its most flourishing condition, has been fully verified, with respect to this illusion, in the case of sciences which had no existence at the time when Bacon wrote. When it was ascertained by observation that a considerable part of the earth's surface consists of minerals disposed in horizontal strata, it was immediately concluded that the whole exterior crust of the earth is composed, or has been composed, of such strata continued all round without interruption; and on this, as on a certain and general fact, entire theories of the earth have been constructed.

"There is no greater enemy which science has to struggle with than this propensity of the mind; and it is a struggle from which science is never likely to be entirely relieved,—because, unfortunately, the illusion is founded on the same principle from which our love of knowledge takes its rise."

* Intellectus humanus ex proprietate sûa facile supponit majorem ordinem et æqualitatem in rebus quàm invenit. Et cum multa sint in naturâ monodica, et plena imparitatis, tamen affingit parallela, et correspondentia, et relativa, quæ non sunt. (Nov. Org.)

whether the worship of idols is any where more prevalent, or the sacrifices more costly.

Reader! will you accompany me on a pilgrimage to the shrines? Let us essay to visit them, not on the one hand as blind devotees, nor on the other as reckless scoffers and iconoclasts, but as unprejudiced and candid inquirers.

As in all such cases, we shall be overwhelmed with obloquy. Our understanding and our motives will both be called in question. If we should be tempted to recriminate, we will endeavour to resist the temptation.

[Byles here anticipates the historical and realistic spirit which was soon to be applied to Political Economy in Germany, though twenty-five years elapsed before it made itself felt in England. We may well admire his courage who, face to face with a generation taught to admire "the beautiful laws" of rent, of population, of wages, and other like laws—or "unlaws"—of pseudo-science, bade them leave these "idols" and master "facts and details."—EDS.]

CHAPTER III.

"Let things alone—Laissez faire, laissez passer."

ONE of the most common and invincible fallacies is this—that things are good by nature and spoilt by art. So said Rousseau of man as an individual; so many still say of human society. It is a common error; most young men fall into it, and are only undeceived by bitter experience. It is invincible, for, having its root deep in human nature, it springs again with every fresh generation.

But it is nevertheless an error. Every thing may be improved by culture. Nothing is so natural as art. The indigenous sloes and crabs and weeds of England, when cultivated and improved in orchards and gardens, are plums and apples and flowers. Man without artificial culture, without intellectual, moral, religious education, is a stupid, sensual, ferocious, and disgusting savage. Such is natural uncultivated man, not as poets paint him, or philosophers imagine him, but as travellers actually see him. The same human creature, subjected to early culture, instructed, disciplined, christianized, is but a little lower than the angels.

Nor is artificial regulation less necessary to man in the aggregate than to man individually. Life, personal liberty and inviolability, family, property, repu-

tation, are guarded by laws, complex and artificial, in proportion to the advanced stage of society. Personal injuries, if not entirely prevented, are nearly extirpated, by an artificial system of penal sanctions, and further diminished in number and intensity by the compensation which in most cases the injured party is entitled to exact from the aggressor. The jealous and despotic supervision and enforcement of the marriage contract by the state, is the artificial source of the endearing and humanizing relationships of father and child, brother and sister, of family duties, family education, family restraints. Withdraw the interference of the law, leave things alone, and families no longer exist, society relapses into barbarism. The institution of property, the spring of all industry and improvement, leans entirely on an artificial system of laws, civil and criminal, defining its limits, protecting its enjoyment, and securing its peaceable and certain transmission.

The vulgar eye, surveying the surface and admiring the achievements of modern society, penetrates not to its anatomy,—to its secret, but complex mechanism. Much, that is due to art, is attributed to nature.

But a still deeper and steadier insight into the constitution of society, will disclose not only artificial political arrangements, but commercial and fiscal ones, tending to the virtue, the happiness, the wealth, the power, the grandeur and the duration of states. The possibility of such artificial regulations is agreeable to analogy and comformable to experience. But both analogy and experience forbid the expectation, that increase of wealth and its fair and equitable distribution, by the full, various, and permanent employment of the people, will flow from the *let alone* system. On the

contrary, there is too much reason to apprehend that the natural course of things will here, as elsewhere, be a vicious one; that the sum of national wealth will not increase, as it might be made to increase; that its distribution will be imperfect; that land will be but half cultivated; that employment will be precarious and wages scanty.

Let us incline ourselves before the teachings of history.

What triumphs has the *let alone* system to shew, since the world began? On the other hand, history is full of the marvellous achievements of industry forced into artificial channels, by the foresight and power of wise governments.

Ancient and modern history each present examples of mankind, by an artificial direction of their industry, not only assailing and subduing the apparently invincible infecundity of the soil, but compelling it ever after, to feed generations and sustain the power of mighty kingdoms.

What was Egypt by nature? a sterile and moving sand. It has been well observed that its pestiferous river full of black mud, too filthy to slake the thirst or wash the person, was of little use, except to the rats, the insects, and the hideous reptiles.

Immense labours at length achieved a dominion over it. Canals, reservoirs, and multiform contrivances for irrigation, led it at length to every door—the minister of health, cleanliness, and fertility. Now there was, and ever since has been corn in Egypt. Ever since, in spite of bad government under the Pharaohs, the

Persians, the Ptolemys, the Romans, the Caliphs, the Mamelukes, and the Pachas, it has been the land of plenty. What would it have been all this while, if from the slime of the Nile, three thousand years ago, had crawled forth not crocodiles, but political economists.

Their cry would have been, "Don't attempt to force labour and capital into artificial channels, and at such an expense to bring into cultivation sterile lands. Buy at a cheaper rate from your neighbours, the Arabs, the Numidians, the Carthaginians, the Syrians, the Sicilians. As for your means of purchase, let them take care of themselves. *Laissez faire, laissez passer.*"

Ancient Egypt's parallel and antitype, is modern Holland.

In Holland, below the level of the sea, and the surface of adjacent rivers and canals, have been created by human art, fat pastures teeming with flocks and herds, rich artificial garden land, nourishing the industrious and thriving population of innumerable cities, towns and villages. The very coast is a fortification against the ocean, the ancient and natural monarch of the country. Here he is defied by leagues of artificial sea banks,—there by miles of granite masonry. Rivers and canals are made to run many feet above the level of the country. Armies of indefatigable windmills are perpetually pumping and draining. Amsterdam and Rotterdam, populous, opulent, and splendid cities, rest but on piles driven into the mud. This concentration of native industry and art on the most unpromising of soils, resulted not only in agricultural but commercial prosperity. The seventeenth century saw Holland the greatest of maritime and commercial powers, under the

most enlightened of governments. When religious bigotry disgraced and depopulated alike Catholic France and Protestant England, the native country of Erasmus and Grotius became the sanctuary of religious liberty. From Holland English Puritans set sail for North America, and founded a yet greater state, where the same maxims prevail, and as every where else, with the same results. From Holland came the power which sustained in England itself, not only civil liberty and the Reformation, but a highly artificial commercial policy, enduring for a hundred and fifty years, and leading to the grandest consequences. At this day even we ourselves and our children beyond the Atlantic, are debtors to the unscientific and misdirected industry of the Seven United Provinces.

Compare this artificial legislation in ancient Egypt, and modern Holland, with the *let alone* system in Ireland—the most fertile country under heaven.

We, in the temperate zone have not the rank and luxuriant vegetation of the tropics. But our rigorous northern climate, nurtures and matures another product, in a perfection nowhere else seen.* MAN, intellectual, enterprising, indefatigable, high-spirited man. MAN, born to be the master and the tyrant, not the slave of surrounding circumstances, as the wretched and withering superstition of *laissez faire* would make him. In the days when the daring genius of Robert Stephenson can send a Railway train flying across the Menai Straits, are we to contemplate with indolent and disgraceful acquiescence not only the ruin of the Irish

* See the late Speech of M. Thiers, 'Sur le régime commercial de la France.'

aristocracy, gentry and farmers, but the depopulation of the country, partly by the expatriation of the people, partly by such human shambles as Kilrush and Skibbereen?

Well may a living French writer and statesman of incontestable ability and experience,* exclaim of the let alone system (that system which would always and everywhere leave labour and capital to their own course,) that it is a system of indifference, inaction, impotence, and folly.

But in truth the natural course of commercial affairs uninfluenced by legislation is impossible. You must have a revenue: you must have customs and excise duties. Your fiscal regulations will destroy or create, will decisively harm or help a hundred sorts of industry. Will the least harm and the most good surely spring from the least possible care? It has been well observed that you might as well say, "Shoot without taking aim, and you will be sure to hit the mark."

[A wise reminder of truths which we are constantly liable to forget, through our habit of taking for granted our political and economic surroundings, and the elaborate structure of our civilisation; a habit which leads us to think a field of wheat as "natural" as a field of thistles.

What may well strike us with amazement is that a Chapter like this, with its pertinent con-

* See the late Speech of M. Thiers, 'Sur le régime commercial de la France.'

trast of Ireland and Holland, could remain unheeded; so that forty-five years later a similar contrast had to be pointed out in the well-known *Report of the Recess Committee*, where the abdication of its duty by the British Government is emphatically contrasted with the intelligent fostering of industry and agriculture by many Continental Governments, as in Würtemburg, Bohemia, and Switzerland.—EDS.]

CHAPTER IV.

"*Foreign commodities are always paid for by British commodities, THEREFORE the purchase of foreign commodities encourages British industry as much as the purchase of British commodities.*"*

LET us assume the premises to be true, yet the conclusion does not follow. Supposing every foreign commodity imported to be paid for in British commodities, it may still be for the interest of THE NATION to buy British commodities, in preference to foreign. In other words, home trade is more advantageous than foreign trade.

On this text, hear the apostle of free-trade himself, Adam Smith.

"The capital which is employed in purchasing in "one part of the country in order to sell in another "the produce of the industry of that country, generally "replaces by such operation two distinct capitals that "had both been employed in the agriculture or manu-"facture of that country, and thereby enables them to "continue that employment. . . . . When *both* "are the produce of domestic industry, it necessarily "replaces by every such operation *two distinct capitals*, "which had *both* been employed in supporting pro-

* See M'Culloch's 'Principles of Political Economy,' p. 152.

" ductive labour, and thereby enables them to continue " that support. The capital which sends Scotch manu- " factures to London and brings back English manu- " factures and corn to Edinburgh, necessarily replaces, " by every such operation, *two British capitals*, which " had *both* been employed in the agriculture or manu- " facturers of *Great Britain*.

" The capital employed in purchasing foreign goods " for home consumption, when this purchase is made " with the produce of domestic industry, replaces too " by every such operation two distinct capitals, but *one* " *of them only* is employed in supporting domestic " industry. The capital which sends British goods to " Portugal, and brings back Portuguese goods to Great " Britain, replaces by every such operation *only one* " *British* capital. The other is a Portuguese one. " Though the returns therefore of the foreign trade of ' consumption should be as quick as those of the home " trade, the capital employed in it will give but ONE " HALF THE ENCOURAGEMENT TO THE INDUSTRY OR " PRODUCTIVE LABOUR OF THE COUNTRY. * * * A " capital, therefore, employed in the home trade, will " sometimes make twelve operations, or be sent out " and returned twelve times, before a capital employed " in the Foreign trade of consumption has made one. " IF THE CAPITALS ARE EQUAL THEREFORE, THE ONE WILL " GIVE FOUR AND TWENTY TIMES MORE ENCOURAGEMENT " AND SUPPORT TO THE INDUSTRY OF THE COUNTRY THAN " THE OTHER." *

What does Adam Smith mean by the expression—

* Adam Smith's 'Wealth of Nations,' Book II. chap. 5.

"*replace capital!*" It is an expression not to be passed over in haste, but well deserving to be attentively considered and analysed.

He means, that the whole value of a commodity is spent in its production, and yet re-appears in the shape of the new product. That in its production there is an expenditure not of the profit merely, but of the *entire value** and that *the whole of* that expenditure not only maintains landlords, tenants, tradesmen and work-people, but furnishes an effective demand and market for other productions. He means *that the clear gain, the spendable revenue, the net income of the producing nation,* is increased by the *amount of the entire value of the domestic product, and that the nation is so much the richer. For while producing, it spends, and*[1] *nevertheless after it has produced, it yet has the entire gross value.*

He then goes on and says, that if with British commodities you purchase British commodities, you replace two British capitals; but if with British commodities you purchase foreign commodities, you replace only one British capital.† That is to say, you *might have had the entire gross value at both ends to spend, and thereby also to create and sustain markets; but you are content to have the value and the market at one end only.*

These observations of Adam Smith derive additional weight from the quarter from which they come. They are the admissions of the founder of the existing school

* Say asserts the same thing, as we shall presently see.

† Say maintains the same position. "Le commerce interieur est le plus avantageux. Les envois et les retours de ce commerce sont necessairement les produits du pays. IL PROVOQUE UNE DOUBLE PRODUCTION." Liv. i. chap. 9. Vol. 2. p. 6, 4th Edition.

of Political economists, on a point of vital importance, so vital that it affects the entire theory of free-trade.

At the risk therefore of being charged with prolixity and repetition, I venture to invite the candid and serious attention of the reader to a further consideration of it.

The entire price or gross value of every *home-made* article constitutes net gain, net revenue,* net income to British subjects. Not a portion of the value, but *the whole value,* is resolvable into net gain, income, or revenue maintaining British families, and creating or sustaining British markets. Purchase British articles with British articles, and you create *two* such aggregate values, and two such markets for British industry.

Whereas, on the contrary, the entire value of every foreign article imported is net gain, or income to the foreigner, and creates and sustains foreign markets. Change your policy—purchase foreign articles with British articles, and you now create only *one* value for your own benefit instead of creating *two,* and only

* Say concurs in this view. See Traité d'Économie Politique, Liv. ii. chap. v. Vol. II. p. 69, 4th Edition. He analyses the price of a watch, and shews how the whole of it is distributed as net income or revenue among those who have contributed to its production. He then observes. "C'est de cette manière que la valeur entière des produits se distribue dans la société. *Je dis leur valeur* TOUTE ENTIÈRE." He then gives another illustration, by tracing the distribution of the value of cloth, and adds, "On ne peut concevoir AUCUNE PORTION de la valeur de ce drap, qui n'ait servi à payer UN REVENU. Sa valeur toute entière y a été employée." And subjoins in a note, "Même la portion de cette valeur qui a servi au retablissement du capital du fabricant. Il a usé ses métiers par supposition. Il les a fait réparer par un mécanicien: le prix de cette reparation fait partie du revenu du mécanicien."

one market for British industry instead of *two*. You lose by the change of policy, the power of spending the entire value on one side, which you might have had, as well as on the other, and you lose a market for British industry to the full extent of that expenditure.

It is not a small difference in price that can compensate the nation for the loss. For example, suppose England can produce an article for £100 and can import it for £99. By importing it instead of producing it, she gains £1; but though she pay for it with her own manufactures, she loses (not indeed by the exchange itself, but by not producing at both ends of the exchange) £100 of wealth which she might have had to spend by creating the value at home; that is to say, on the balance, she loses £99 which she might have had in addition, by producing both commodities at home.

Let us examine a little more in detail the position, that the *entire price* or *gross value* of every home-made commodity constitutes *net national gain or revenue*,—net income to British subjects, such revenue as a man may spend with his tradesmen, and maintain his family upon, and yet the nation grow no poorer.*

Take a quarter of English wheat. Suppose the price to be 50*s*. The whole of this 50*s*. is resolvable into net income. A portion, say 5*s*., goes as rent to the English landlord, and is to him net income, which he

* The attention of the reader is particularly invited to this part of the inquiry. He will observe that the expression '*net income*' comprehends the spendable revenue of the whole community, from whatever source derived. The net profits of trade are but a part and a very small part of the net income of the nation. The wages of the labourer are his net income. The rent of the landlord, and the interest of the mortgagee are also net income.

may spend with his tradesmen in maintaining his family. Next 30*s.* go for wages. Those wages are the net income of the English labourer. Then 10*s.* go for rates and tithes. The first contribute to the net income of the poor, the second to the net income of the English Clergyman. Then 2*s.* 6*d.* go for implements of husbandry, the whole of which 2*s.* 6*d.* is also, as we shall presently see, resolvable into net income to some person or other. The residue being 2*s.* 6*d.*, we will suppose is the net profit of the farmer, and would be net income to him, but that half of it, viz., 1*s.* 3*d.*, goes as interest to a friend who has lent him money. This last 1*s.* 3*d.* is, however, still net income; not indeed of the farmer, but of his creditor. Trace home with stubborn attention, every penny of the price, and you will find that every penny at last assumes the shape of net income. The whole 50*s.* therefore, it is manifest, is an addition to the net spendable income of the country. The whole 50*s.* answers two purposes; first, it maintains the ultimate recipients and their families; and, secondly, by means of their expenditure it creates a home-market to the extent of the entire gross value or price of the quarter of wheat.

But is the sum of 2*s.* 6*d.* which we have just supposed to be spent for agricultural implements, also resolvable into net income or revenue?

It is! and though we should be still more guilty of repetition, let us patiently inquire how.

Suppose the 2*s.* 6*d.* spent for a spade. It may be that the money is laid out with the retail ironmonger in the next market-town. Sixpence we will suppose is the ironmonger's profit. A second sixpence is the cost of a wooden handle. That second sixpence is expended

in this way. One fourth of it, or three half-pence, goes as rent to the owner of the copse from which the rough wood comes, three-pence go as wages to the labourers who cut or fashion the wood, and the remaining three half-pence go as profit to the dealer in wooden spade-handles. One shilling out of the 2*s.* 6*d.*, the entire price of the spade, is thus traced back and found to be net income.

The remainder of the price of the spade, viz. 1*s.* 6*d.*, goes for the iron part of it, and has been paid by the retail dealer in spades to the wholesale dealer in the iron part of spades. Part of this 1*s.* 6*d.* is his profit, part goes to the manufacturer. The manufacturer's portion, when analysed, is again resolved into his profit —his payments for implements or machinery, (also resolvable into net income,)—his rent—and the cost price of the iron. The cost price of the iron is, lastly, paid to the iron-master, and by him distributed to himself as profit, to his workmen as wages, to his landlord as rent.

The whole price and value of the spade is thus net gain or income to some persons or other, available, like all the rest of the price of a quarter of English wheat, first, to the maintenance of British families, next through their expenditure to the creation or maintenance of British markets for cotton, linen, woollen and hardware, bread, beef, beer, tea, soap, candles, buildings, and furniture.

Take any article you please, patiently analyze the ultimate distribution of its price, and you will find that the whole gross value denotes the creation of so much wealth in the nation in which it is entirely pro-

duced, enabling that nation to spend * and enjoy an equivalent to that whole gross value, without being the poorer for the cousumption, and conferring on that nation the further advantage of a home market, equivalent to that expenditure.

To express the same truth in a formula, intelligible and familiar to political economists: The whole gross price of any article is ultimately resolvable into rent, profit, or wages. Rent, profit, and wages are national net income, and create markets where they are spent.

Now suppose a nation which had produced both the exchanged values at home, or, to use Adam Smith's expression, had replaced two domestic capitals, should alter its policy, and should thenceforth import one of those values from abroad, giving for it the other value as before, (which we will suppose the foreign nation ready to take,) that alteration of policy would entail on the country adopting it, a loss of national net income equivalent to the entire value of the commodity formerly produced at home, and now produced abroad, and the sacrifice of a market to the same amount. Let us illustrate this by an example.

* *La valeur tout entière* des produits sert de cette maniere à payer les gains des producteurs. CE N'EST PAS LE PRODUIT NET SEULEMENT, QUI SATISFAIT AUX BESOINS DES HOMMES. C'EST LE PRODUIT BRUT, LA TOTALITÉ DES VALEURS CREÉS. (Say. Traité d'Économie Politique, Liv. I. Chap. 2, Vol. i. p. 18, 4th Edition.) The careful attention of the reader is solicited to this passage. Though it be true and accurately expressed, yet it must in candour be admitted, that Say, like Smith, is in other parts of his book inconsistent with himself.

Suppose stockings to the value of £500,000 a year are made in Leicester, and exchanged annually for gloves to the amount of £500,000 a year made in Dover. The landlords and tradesmen and workmen of Leicester and Dover enjoy together an annual net income of a million. Suppose now, that for some real or supposed advantage in price or quality, the Leicester people, instead of exchanging their stockings for gloves from Dover, exchange them for gloves from the other side of the straits, say from Calais, thus depriving the Dover people of their Leicester market. What is the consequence? It is this, that Dover loses what Calais gets: that England loses and France gains half a million a year by the new locality of the glove manufacture—by its transference from England to France. Englishmen have half a million a year less to spend, Frenchmen have half a million a year more to spend. English markets—of which Dover used to be one—fall off to the extent of half a million a year; French markets, of which Calais is one—are augmented by half a million a year.

The English glove manufacture, with its half million of national net income, is gone from England, where it used to maintain Englishmen and English markets, to France, where it now maintains Frenchmen and French markets.

Nor does the mischief end here. On the Dover glove-makers were dependent Bakers, Millers, Grocers, Butchers, Tailors, Shoemakers, with their servants and families. The migration of the glove trade from Dover to Calais ruins all. They are destroyed like a hive of bees.

To make it still clearer. Suppose instead of the

glove trade being transferred from Englishmen to Frenchmen, the Dover tradesmen and workmen crossed the straits along with their manufacture to Calais, and there carried it on; still, as before, England would lose half a milllon a year, and France gain it.

Indeed this latter supposition, though setting the loss in the clearest light, would of the two supposed cases, probably be the most advantageous for England, for if the trade migrated without the people, a nest of paupers would be left behind.

It is said that the Dover people if left in England could turn their hands and their capital to some new employment.* Alas! this is one of the things easier said than done. To find employment for the people is just the very thing which is so supremely difficult, as to be often pronounced impossible. It is the problem remaining for the true political economist to resolve. Its solution will be an event not less brilliant and far more important to mankind, than the discovery of the solar system.

Now under a system of free-trade, if the Leicester people can buy their gloves 1 per cent., or a minute fraction per cent., cheaper from abroad, they will do so. By so doing English glove consumers may gain £5,000 a year, but the nation hands over its glove trade to the French, and will lose half a million a year, minus five

* Mr. McCulloch has here fallen into a transparent error. He says in his "PRINCIPLES OF POLITICAL ECONOMY," (p. 151) that the displaced artificers would be employed in the production of the articles that must be sent as equivalents to the foreigner. But that is not so. It is the Leicester stocking-makers who are employed in producing the equivalents—but they were employed before. They used to deal with Dover, now they deal with Calais.

thousand pounds (that is, £495,000 a year of national net income), by the half million worth of gloves being now produced in France instead of being produced as formerly in England. The English nation also loses a home market equivalent to its loss of national net income. What England loses by the migration of the glove manufacture, France gains. All this may happen even under a system of reciprocity, without any disturbance of the currency.

The Leicester people gain no new market by sending their goods to France; they had a market to the same extent before in England. There is no improvement in the condition of the Leicester people to compensate for the ruin of the Dover people. Reciprocity itself therefore in the particular exchange is no compensation to the English people at large.

What then would be a compensation for the invasion of the English market by foreign goods?

Nothing short of a corresponding invasion of the foreign market by English goods. When the French invade our markets and displace our industry, even though they should take our goods in payment to the full amount of their importation, that alone, (as we have seen,) is no compensation at all. They must over and above all this, allow and enable us to invade their markets and displace their industry to the same extent, and on the same terms. The Frenchman must not only provide for the Leicester people a new foreign market equivalent to their former home-market at Dover, but he or some one else must also find for the Dover people a second new foreign market, as a substitute for their lost home-market at Leicester. There

must be not only reciprocity, but complete reciprocation.

Nothing short of a NEW DOUBLE foreign market,—a foreign market, for both the domestic industries that used to interchange their products will suffice. This is admitted by Mr. Ricardo.* And it is the truth, as a little consideration will evince.

* Mr. Ricardo, in combating Adam Smith's position, that a capital employed in the home trade, gives twice as much encouragement to the industry and productive labour of the country, as a capital employed in the foreign trade—the trade with Portugal for example—makes these observations—

"This argument appears to be fallacious; for, though two capitals, one Portuguese and one English, be employed, as Dr. Smith supposes, still, a capital *will* be employed in the foreign-trade, DOUBLE *of what would be employed in the home-trade.* Suppose that Scotland employs always a capital of a thousand pounds in making linen, which she exchanges for the produce of a similar capital employed in making silks in England. Two thousand pounds, and a proportional quantity of labour, will be employed in the two countries. Suppose, now, that England discovers that she can import more linen from Germany for the silks which she before exported to Scotland; and that Scotland discovers that she can obtain more silks from France, in return for her linen, than she before obtained from England—will not England and Scotland immediately cease trading with each other, and will not the home-trade of consumption be changed for a foreign trade of consumption? But, although two additional capitals will enter into this trade—the capital of Germany and that of France—will not the same amount of Scotch and English capital continue to be employed, and will it not give motion to the same amount of industry as when it was engaged in the home-trade?" PRINCIPLES OF POLITICAL ECONOMY, chap. 26.

It will be observed that Mr. Ricardo admits, or more properly speaking assumes, that if Scotch industry loses its English market because England buys from abroad, the Island of *Great Britain* is not compensated by the foreign trade unless a DOUBLE foreign

When two domestic producers mutually exchange their products, each makes a market for the other. But if one, instead of buying as heretofore at home, now buys abroad, and finds in return a foreign market

market can be found; unless Scotland can find a foreign market for her linen, as well as England a foreign market for her silk.

The case may be illustrated by a diagram. The original state of things, when Scotland sent linen to England, and England sent in return silk to Scotland, will be thus represented,

SCOTLAND.
linen £1000.
|
silk £1000.
ENGLAND.

Great Britain has to spend as rent, profits and wages, £2000.

Now suppose England, instead of purchasing with its silk, linen from Scotland, purchases, (but still with its silk,) linen from Germany; then the state of things will be thus represented,

SCOTLAND.
.
.
.
silk £1000. —— linen £1000.
ENGLAND GERMANY.

SCOTLAND will have lost its market for linen, and thereby its power of production and consumption to the extent of £1000. Great Britain will have lost this £1000. Germany will have gained the £1000 which Great Britain will have lost.

The opening of the German market to English silk is no compensation to *Great Britain*, for the loss of its Scotch linen manufacture.

Great Britain has now to spend as rent, profits and wages, but £1000 in the place of £2000.

The only adequate compensation to Great Britain for the loss of the Scotch trade is a DOUBLE foreign market. Another foreign market, over and above the foreign market for English silk, must

abroad, to exactly the same extent as his former domestic market, that one is compensated. But what has become of the other? The other has lost his home market. To be compensated by foreign trade, this other also must find a new and co-extensive foreign market.

So that if you lay out ten millions a year abroad which you used to lay out at home, you are not compensated by a foreign market to the extent of those ten millions a year; you must, in order to compensation by the foreign market, find in the aggregate a new foreign market to the extent of TWENTY millions a year.

be found for Scotch linen. Then, indeed, the state of things would be thus represented,

SCOTLAND linen £1000.	——	FRANCE silk £1000.
silk £1000.	——	linen £100.
ENGLAND		GERMANY.

Thus it appears, that perfect reciprocity itself, at one end of the exchange only, is no compensation to the nation for dealing abroad instead of at home. There should be reciprocity at both ends of the exchange, and a DOUBLE foreign market must be found.

In other words, when you are about to take away one home market, you must open two foreign ones. You must find a double equivalent.

Mr. Ricardo says that this will be done—that two foreign markets *will* be found. But that is to assume (what is contrary to experience) that the foreign market is always as large as we require it to be. We cannot even find the *single* foreign market.

Mr. Ricardo's illustration involves another fallacy. Why should France buy Scotch linen, when, according to the supposition, German linen is cheaper? Why should Germany buy English silk, when, according to the supposition, French silk is cheaper?

To illustrate this by the former example. You lay out half a million a year with Calais which you used to lay out with Dover, but Calais takes your Leicester stockings in payment. Leicester which used to send its stockings to Dover, is now compensated for the loss of its home trade with Dover, by its new foreign trade with Calais. But this new foreign trade does not compensate Dover. Dover too must find another new foreign trade to the extent of half a million a year more, before Dover is compensated. But THE NATION is not compensated by the foreign trade, unless both Leicester and Dover are compensated. When therefore the nation lays out half a million a year in foreign gloves, which half million it used to lay out in English gloves, the nation is not compensated by a new foreign market of half a million a year. To be compensated by the foreign market, the nation must find a new foreign market of a MILLION a year.

The result is, whenever you import instead of producing, you are losers by the change till your additional imports double the value of the new import.*

What therefore we set out with venturing to submit, seems to be correct, viz., that even if the premises contained in the axiom at the head of these observations be true, the consequence does not follow.

The truth is this :—

The gross value of every product of industry is national net income.

When one product is exchanged for another, if you

* This loss will, as we have seen, be less by the percentage by which the foreign article is cheaper than the domestic one.

have produced at both ends of the exchange, you have created two such national net incomes. If you now change your policy, and produce at one end only, and leave the foreigner to produce at the other end, though he should fairly exchange with you, you create *but one* national net income, and *sacrifice the other.*

But if these things are done in the green tree, what shall be done in the dry? So far from being able to find a new DOUBLE foreign market, we cannot even find a new SINGLE one, commensurate to the enormous increase of our imports.* If such may be the consequences where there is reciprocity, what will be the consequences of free-trade, at once *one-ended* and *one-sided*;—of exportation of the precious metals to pay balances;†—of the consequent appreciation of the

* Those who wish to see the comparative values of the present exports and imports of the United Kingdom fairly stated, should consult Mr. Newdigate's last letter to Mr. Labouchere. The labour, the accuracy, and the candour of that publication will be best appreciated by those who study it most. The result at which he arrives is, that there is now an average annual adverse balance of about fifteen millions against this country. But it may well be doubted whether it be not much larger.

† Political, and many other causes have, at present, contributed to procrastinate inconvenience from this source. English absentees and foreigners have, through foreign disturbances, been driven to this country by thousands, and their property by millions. Foreign capitalists and bankers have lodged their funds here for security, or purchased English stock or other property. Englishmen have sold foreign funds and other foreign or colonial property. Lower prices and fewer transactions have liberated and rendered unnecessary English, Irish, and Colonial currency to a great extent. There have been great discoveries and unusual supplies of the precious metals. The very fear of California has released many a hoard. Neighbouring states have been calling in their gold currency. The bank of

currency, augmentation of the pressure of taxation, and diminution of industry? The public at present entertain very inadequate conceptions of the devastating consequences.

[This Chapter repeats the error of Adam Smith that home trade is *ipso facto* more profitable to a nation than foreign trade. It is Byles's main mistake, and exposed him to scornful refutation by Bowring and Lord Hobart. For purposes of reference we will label it *The Home Trade Fallacy*, and we will proceed to expose it.

Adam Smith's remarks, then, which Byles quotes, on the quicker returns and greater profits of the home trade, are doubly incorrect. For, first, he confuses distant trade with foreign trade, when in fact London (for example) is nearer to certain French and Dutch ports than to any Scotch or Irish ports; and to most of Europe than to most of the British Colonies. And, secondly, he forgets that in the nature of commerce the slower returns of distant trade, whether to a foreign or a home port, may be

England, which is obliged to buy all the gold that is presented to it, is full of bullion. But so also is the bank of France, and much fuller. Yet the commercial barometer,—the rate of exchange indicates distress at no great distance.

just as profitable as the quicker returns of the near trade, because fewer operations, each at a high profit, may come to the same thing as many operations, each at a low profit. Again, to fancy that only one British capital, instead of two, is "replaced" in the Portuguese trade, is to forget that one of the capitals was not British to begin with, but Portuguese. And the argument cutting both ways would prove an equal damage to Portugal. Or if we take Byles's imaginary instance of Leicester, Dover, and Calais, there is the *reductio ad absurdum* that on the same principle the French people by buying English stockings damage themselves; and that all foreign trade, except in articles that could not be produced at home, would be ruinous to both nations. The root of the fallacy is two-fold: first, to suppose a *sudden* shifting of trade, which always, whether in the home or the foreign trade, causes distress; and, secondly, to suppose a *sudden* increase of capital and labour in the foreign country. In the case put by Byles, Calais could not suddenly make so great an increase of its output of gloves; men, materials, and implements would be quite insufficient. And the moment we allow a *gradual* process, labour and

capital at Dover could be gradually transferred from glove-making to some other industry, for example, to making stockings for themselves instead of procuring stockings by sending gloves to Leicester.

Still, even in those fallacious suppositions of his, Byles seems really thinking of a loss which the free-traders ignored, namely, the transference of an industry—of organised men and goods—from one country to another. His imaginary case bears some analogy to a real case narrated by Prof. Smart, of Glasgow, how once the whole of the cotton thread used in the civilised world was made in Great Britain, chiefly at Paisley; and how, some few years ago, two Paisley firms "found it both necessary and profitable" to erect mills in the United States from which the whole Republic is now supplied (see the *Times* of the 18th of July, 1903). Byles's aim was to hinder such migrations from becoming necessary or profitable. Moreover, in 1850, he saw around him, in the British Isles, a vast multitude of unemployed or half-employed men, and a vast area of uncultivated or half-cultivated land. He saw that the employment of the men and the cultivation of the land were in great part

dependent on an increase of home trade; and was thus led to exaggerate this particular truth into the error that home trade is *semper et ubique* more profitable to a nation than foreign trade.

It should, however, be pointed out, that, in one respect, there is a ground of truth in the contention of Adam Smith and Byles, upon which we are now commenting. The immense advantages of the organisation of labour were emphasised by Adam Smith, and the limit to its operation set forth in the dictum "that the division of labour is limited by the extent of the market." So, in general, the larger the number of purchasers of any article, the greater the economies in its production. Now in home trade—trade within the limits of the empire—all these advantages are confined to the members of the empire; in foreign trade about half, presumably, go to the foreigner. Hence, each nation is primarily interested in developing its own industrial organisation rather than in helping to develop the industrial organisation of foreign countries. And if the "nation" comprises a great empire with many varieties of climate and capacity, home trade is, presumably,

more likely to develop national resources than foreign trade.

On these difficult questions the reader may consult, with profit, the masterly Fourteenth Chapter of the Fifth Book of Prof. Nicholson's *Principles of Political Economy*.—EDS.]

CHAPTER V.

"Buy in the cheapest market."

A RECOMMENDATION perfectly sound, provided you are sure that every one will be fully and permanently employed in producing the means of purchase. In that event, to buy in the cheapest market, though it should be a foreign one, is the manifest pecuniary advantage of each individual and of the whole community.*

But if the foreign market for exports—be (as it always is,) limited, so that the preparation of exports will not employ the whole community, the case is at once changed. To buy in a cheaper foreign market will still be the *immediate* interest of individuals, but it ceases to be even the pecuniary interest of the community as a whole.

Capital employed in production is spent, yet reproduces itself. It feeds, lodges and clothes the industrious workman with his family, and pays the employer and the landlord. It constitutes the spendable income of the nation. Yet having done all this, after being entirely consumed, it rises again from its ashes in the

* That is to say, regarding immediate pecuniary considerations only, and disregarding considerations of more moment, such as the variety, the constancy and security, the salubrity, the moral and political tendency of the employments of the people.

shape of the new finished product. We behold in the place of the spent capital a new and reproduced but equal capital.

Wherever therefore a commodity is produced by the aid of capital, TWO CAPITALS or values are to be regarded. There is, first, the capital or value spent and consumed in production, and there is, secondly, the capital or value reproduced.

It is the capital SPENT that remunerates the labourer, the landlord, and the dealer—that pays wages, rent, and profits. It is, moreover, this spent capital that creates MARKETS. For it confers on the labourer, the landlord, and the dealer, the revenue they severally have to spend.

Every act of domestic production by the aid of capital, enables a nation to expend safely the whole value or price of the finished article among labourers, landlords, and dealers, in the shape of wages, rent, or profit. This expenditure further creates an entirely NEW MARKET to the extent of the WHOLE PRICE. Yet the nation is no poorer for the expenditure: for it still has the finished article of the same value.

The nation or empire therefore that can acquire the privilege of producing at both ends of the exchange has the benefit of spending two consumable capitals instead of one. It pays a double set of labourers, dealers, and landlords. It gets a double amount of rent, profits, and wages to spend. It doubles its net income. It doubles its home markets for all other commodities.

Suppose an agricultural and manufacturing nation to require an extraordinary supply of ten millions of

quarters of wheat. At first it grows them at home, but afterwards learns that they can be imported cheaper from abroad. It resolves to buy in the cheapest market, and henceforth to import instead of growing them at home.*

In place therefore of growing ten millions of quarters of wheat at home, where they will cost 50*s.* per quarter, (and we will suppose cannot be grown for less,) it imports them from abroad, whence they cost but 40*s.* a quarter.

This quantity of ten millions of quarters grown at home, used to cost the community at the rate of 50*s.* per quarter, or in the aggregate twenty-five millions sterling. The same quantity, being imported from abroad, now costs at the rate of 40*s.* per quarter, or but twenty millions sterling.

Let us balance the national profit and loss.

The nation in the aggregate *gains* five millions a year by importing instead of growing.

Now what does the nation *lose* by the change?

The amount of the loss will depend on whether a new and permanent foreign market for manufactures to the extent of twenty millions a year can be found.

First let us suppose that it CAN be found.

The manufacturers gain thereby nothing beyond what they had before. They used to send their goods to English corn-growers. They now send them to foreign corn-growers. Their market is rather diminished than increased, for there is less and not more to lay out with them.

But the English corn-growers lose twenty-five

* The bearing of the modern theory of rent on this question (as well as the theory itself), the reader will find discussed hereafter.

millions a year by the corn being grown abroad, instead of being grown in England.

Supposing therefore a new foreign market for manufacturers found, to the full extent of the additional quantity of corn introduced from abroad, the nation gains by the change five millions a year and loses twenty-five. It is, on a balance, a loser of twenty millions a year.

But this twenty millions a year, which was the income of British farmers, now forms the income of Foreign farmers. It will soon represent an agricultural capital of some hundred millions more or less—formerly British property, now Foreign property.

Next suppose this new foreign market for manufacturers CANNOT be found.

Then the nation loses at both ends: it loses both the twenty-five millions a year which the corn-growers used to produce, and the twenty-five millions of manufacturers also. For the corn and manufactures used mutually to find a market for each other, and so cause each other's production. It can now no longer produce at either end. Nor can it buy from abroad; for the exportation of specie cannot continue. But suppose it could, the nation sacrifices fifty millions to gain five. It loses on a balance forty-five millions a year by the change of policy.*

* In strictness, FOUR CAPITALS have been engaged where an exchange takes place.

TWO CAPITALS are to be considered in production. First the capital *spent* in producing, next the new capital *produced*. It is the capital SPENT which forms the income of the producers. This is the capital that pays rent, profit, and wages. This capital creates markets. The new capital produced, enables you to spend the other

There is not, as in the former case, a *transfer* of income and capital at one end only of the exchange from the Englishman to the foreigner, but a *destruction* of English income and English capital at both ends.

without loss. The new capital also, as well as the consumed capital creates markets.

When therefore two productions are mutually exchanged, FOUR capitals are engaged. Two spent capitals, one consumed on each side, paying rent, profit, and wages, and creating markets. Two new reproduced capitals, enabling the two other capitals to be entirely spent without loss, and also themselves mutually creating markets for each other.

Where therefore the exchange of two domestic productions takes place, two sums together equivalent to the gross value of the products on both sides are national net income. Two home markets are opened by the expenditure of those two capitals in rent, profit, and wages, together equivalent to the gross value of both. Two other new home markets are also opened by the two new reproduced capitals. Each forms a home market for the other. You create by this process two national net incomes, and you open four home markets.

Now if you interpose an obstacle to the mutual exchange of the two new reproduced capitals, you may thereby destroy the market which those two new reproduced capitals used mutually to provide for each other, and stop production on both sides. The nation then loses the opportunity of consuming, without loss, as national net income, both the capitals that otherwise would have been spent, and it moreover loses both the markets, or rather both the series of markets which those two consumable capitals, if spent, would have created.

The expression *series of markets* may invite reflection, and lead to some difficult and recondite inquiries.

For the acquisition or loss of a market is a benefit or injury not stopping with itself; but extending to an indefinite and incalculable extent.

Part of the capital spent in production pays wages. This payment makes a market for labour. A portion of the wages so received, buys, we will suppose, a bed. The very same value which has just found a market for labour, now finds a market for the Upholsterer.

Forty-five millions a year of net income have disappeared from among the people, and the home-market has been destroyed to the extent of forty-five millions a year. Consumers and producers are alike the victims.

Let us further attempt to illustrate these matters by the present condition of the United Kingdom.

You have had, and yet have, the first agriculture in the world, but at once highly artificial, and heavily burthened.

The English cultivator has to deal, not indeed with an ungrateful soil, but yet with a moderately fertile and easily exhaustible soil, in an uncertain climate. If cultivation is to be maintained at its existing level, a large and constant outlay for manure and labour, is indispensable. Suppose even that the cultivator pays no rent at all; he is yet bowed down with tithe or its equivalent, (a tenth not of the profit but of the GROSS PRODUCE), poor-rates, highway-rates, church-rates, county-rates, land-tax, house-tax, assessed-taxes, to say nothing of taxes whose incidence is doubtful, like the malt-tax and hop-tax, and other indirect taxes.

Look at the cultivator of the vast and fertile plains

The Upholsterer spends part of the self-same sum with the Butcher, and so finds him a market. The Butcher does the same for the Baker. The Baker for the Brewer. The Brewer for the Blacksmith, and so on *ad infinitum*. Create one market and you create others, and stimulate and nourish production in an infinite series.

So on the other hand, the loss of a market is felt and propogated through a similar series. Market after market fails—production after production ceases. The whole structure of industry was a house of cards—touch one, and the whole falls.

in the South of Russia.* He knows nothing of tithe, rate, or tax. The soil for hundreds of square leagues is a rich and deep mould. The climate fine, the latitude the South of France. The outlay for wages nothing. For the great proprietor is the owner of serfs, whose labour, four days in the week, the law gives him for nothing, he finding a diet coarser and cheaper than the fare of Negro slaves. Cultivation is superficial; manure never used. The land is so boundless, and population so thin, that the grower does not even sow in the same place above once in fifteen or twenty years. On the spot, therefore, his corn costs him little; no matter how low the price, he can still afford to grow and sell.

But then, we are told to look at the expense of carriage to Odessa or Sebastopol. Here again, our narrow English notions mislead. It is true, the corn comes from a circuit of five hundred miles, but in this manner. The wheat is loaded on rough carts with wooden axles, and whole wooden wheels without spokes, each cart drawn by a pair of oxen. A bag of meal is the whole allowance of food for the driver. Off sets the primitive equipage on a month's journey; at night it halts by the side of some brook, the oxen are unyoked and turned off to feed in the plain; the serf or *mougick* goes to his bag, boils for supper some meal flavoured with dried herbs, and stretches himself on the ground to sleep. When at length he gets the corn to Odessa, he sells the oxen at a profit to the

* The public are indebted for the publication of these facts to M. Thiers; who states them on the authority of those who have actually lived in the South of Russia, and know the soil and the people well.

butcher, and his cart for firewood. Then turning his face to his own country, he walks home in a week. The sale of the oxen and the cart may be sufficient not only to pay the expenses of transport, but even to leave a surplus.

Arrived at the ports of the Black Sea, Russian vessels navigated by sailors, whose fare is nearly as economical as that of the *mougick*, may carry the corn at a low freight to England and Ireland, and (what is more to the purpose) to France. Low as the freight is to London, it is much lower to Marseilles. The French Corn Laws admit the Russian corn on condition that a corresponding amount of flour is exported from France. Here is a perennial source of the increasing, inexhaustible, and overwhelming imports of French flour,—flour better than ours can be made—grown and ground in a better climate. Hence the industry not only of our cultivators, but even of our millers, English and Irish, is being rapidly superseded, or more properly speaking, transplanted. It is as if large bodies of our farmers and millers fled with their all, to Russia and France.

But Russia and France are only two out of twenty competitors. And what do you get in return? So far from that complete reciprocation, which we have seen to be essential, you have not even partial reciprocity.

What practically happens here is this.

You import from abroad an immense quantity of corn and meal of all sorts. And although (as we have shewn) *a corresponding and equivalent increase* in your exports would be no shadow of compensation to the nation, for growing and grinding corn abroad instead of growing and grinding it at home or in the colonies,

you have not even that shadow of a shade. Nay you think yourselves fortunate, if you have an increase of your exports much less than the increase of your imports. England prefers to her own sons the farmers and millers and labourers of Russia, America, France, Denmark, Holland, Germany. She is gradually endowing them with huge masses of her own agricultural capital. She nurses in foreign soils, an agriculture which will be the strength and riches, no longer of England, but of those foreign lands. No national resources are half so valuable or permanent as the improvement of our common and grateful mother earth.

But what is done to England's own children?

The price of corn falls to such an extent, that agriculture, the first and greatest of arts, can no longer be conducted on the same extensive improved and productive scale as formerly. With the prices of a hundred years ago, you may scratch the ground as you did a hundred years ago, but you cannot have the modern agriculture of the Lothians.

The loss first lights on the greatest of all producers —on the tenant-farmers throughout the land. In England they have to bear tithes, poor-rates, church-rates, highway and county-rates, and a load of indirect taxation. All these taxes are really national burthens. A moderate import duty on corn, throws them on the nation at large, who ought to bear them; the removal of that duty throws them back on the occupiers of land. The tenant-farmers throughout the land, from Plymouth to Thurso, from St. David's to Norwich, are at one fell blow crushed and ruined. Paley truly says, "The greatest misfortune of a country is an indigent tenantry." We are moreover to remember, that the

capital here in jeopardy, is a capital in comparison with which the capital of such trades as the glove-trade, or even the cotton trade itself is a trifle. A capital of hundreds of millions is at stake.*

The nation is now eating up that vast capital, and recklessly scattering it abroad. Like a family of unnatural children, carousing on the slaughter and plunder of the authors alike of their existence and their wealth.

Through the diminution of the farmers' means of employment, the curse settles next on the innocent and helpless agricultural labourers, with their wives and children. Landlords, shopkeepers, manufacturers, artisans in their turn, successively suffer, and spread the loss.

Nor does the mischief stop here. Other commodities which have lost their market will to that extent cease to be produced. And by that cessation not only will the subsistence of the people disappear, but other markets will be injured, and so the mischief will go on and be felt through every grade of society, and in every department of industry.

Nor does the evil stop even here. One-sided free-trade raises the value of money and sinks prices, even in the face of California. The public creditor, the public servant, the mortgagee, the private creditor, for every bushel of wheat he received before, receives now a bushel and a half, and all other things in proportion.

* The agricultural capital, fixed and circulating, of the United Kingdom (independently of the land) has been estimated at THREE HUNDRED AND FORTY MILLION STERLING. The capital, fixed and circulating, engaged in the cotton manufacture, at forty millions.

The national debt and the taxes are really augmented, at the very crisis when men are least able to bear them. In vain will the price of bread have declined, the means of purchase possessed by the producing classes, will have declined infinitely more.

The mischief will go on, not only to the impoverishment, but—if this suicidal policy be persevered in,—to the very depopulation of the country.*

Men will find, that for some mysterious and unaccountable reason, they cannot get a living. They will, with the present facilities of locomotion, be tempted to desert their native country. But it is the healthy, the industrious, the thrifty, the enterprizing, that will go; the halt, the old, the debauched, the pauper, will be left behind, not to bear, but to swell, the national burthens, and ensure the national degradation.

This sort of emigration re-acts again on the national wealth, and still further diminishes it. For such emigrants take out not only their industry and skill, but their property. Ireland has already reached this point. England and Scotland are approaching it.

And all this mischief and ruin are perpetrated, while there exist in England, Scotland, Ireland, and the Colonies and dependencies, the neglected means of producing within the empire supplies of food of all kinds at a moderate rate, superabounding and all-sufficient, not only for the existing population, but for an infinitely larger one. Means, not only ample to fill every mouth, but to employ every idle pair of hands in the most natural, healthy, virtuous, and contenting of occupations. Means, not only of procuring plenty

* The returns of the last census were made long after this passage was penned.

of cheap bread, but (what is much more important) of putting into every man's hand wherewithal to buy it.

It is said, that all the capital and labour displaced by the invasion of foreign industry will necessarily find other and more profitable employment.

Let us dissect this bold assertion, and compare each portion of it with the FACTS.

Take first the displaced capital. Unhappily the wretched condition of capital, seeking employment and finding none, is not only not uncommon in this country, but it is one of our notorious social miseries. The competition of capital for employment is here so intense, that the profits of trade are already everywhere driven down below a living standard. The anxious father is afraid to place his son in trade. His experienced eye descries, through the low profits and the bad debts, the vista that conducts straight to bankruptcy. Want of employment for capital, and the consequent low rate of profit, necessarily next superinduce a low rate of interest. Accordingly we find capital lent on discounts at the rate of 1½ per cent. per annum; and the 3 per cent. consols sometimes at par. Ever and anon the impatience of the capitalist, to find at least some employment for his idle capital, bursts through the restraints of prudence. Now you have loans, (many of which turn out to be gifts) to foreign states, and little bankrupt republics; next you have joint-stock companies, not only ruining their projectors, but engulphing the public and their property. Such is the want of employment that awaits any *circulating* capital displayed by the invasion of foreign industry. Much worse is the doom of *fixed* capital so superseded.

Its value evaporates at once; or, if any value remain, it is eaten up by poor-rates.

Nay, the insuperable difficulty, the absolute impossibility, of finding profitable employment for vast masses of capital is so undeniable, that it has driven some political economists into the paradox of asserting that there is too much capital in these islands. That is the same thing as saying that we possess too many valuable things. That there are, in the aggregate, too many houses and buildings; too much improved and cultivated land; too many docks, harbours and ships; too many railways and locomotives; too many spades, ploughs, looms and steam-engines; too much wheat, barley, oats, cotton, wool, iron, timber, leather, hemp, tea, coffee, sugar, specie, oxen, sheep, pigs, horses and vehicles. For it is the aggregate of such visible and tangible things that constitutes the national capital. To say that we are distressed because we have too much capital, is to say, that we are so poor, because we are so rich. But to say that we have much more capital than we can productively employ; or in other words, that vast masses of capital do not, and cannot find productive employment is, alas! too true.

Precisely what we have not got, and sorely want, yet cannot get, is this—sufficient employment for our capital, the power of bending it to reproductive uses. To tell us therefore that capital displaced will necessarily find, not only employment, but more profitable employment than before, is to bandage our eyes with a theory. A glimpse of the real facts discloses the transparent emptiness of the assertion.

Why should this certain and more profitable employment of displaced capital be to be found?

Where is it to be found?

How is it to be found?

When is it to be found?

Will not displaced moveable capital that can find no profitable employment in England, migrate?

Will not vast masses of capital be destroyed?

These are the searching interrogatories with which, in every case, the practical man, whose capital has been displaced, or destroyed, will cross-examine the political economist.

Learned professor! You are now expected to answer these questions. Not with great names and authorities—not with empty promises—not with theories—not with wind. But if not with facts, at least with certainties. What you take away is an enormous aggregate value, and a certainty. Your compensation must not be a phantom.

But even this is not all. If space sufficed, it would not be difficult to shew, that the injudicious displacement of any portion of the national capital is not only a wound that will not cure itself, but a gangrene and leprosy, threatening other portions of it.

So much for the first branch of the assertion, viz. that displaced *capital* will necessarily find other and more profitable employment.

Let us now look at the other branch, viz. that displaced *labour* will necessarily find other and more profitable employment.

The union workhouses, and the poor-rates in England, Scotland and Ireland, afford but too solid and satisfactory an answer.

The Dorsetshire labourers, the Spitalfields weavers, and the Irish poor, re-echo the refutation.

Nor is it labour of the lowest order only that vainly craves employment. Let a clerkship in a bank, or at a railway station be vacant, straightway you have five hundred applicants.

The difficulty, amounting as yet to an impossibility, of finding employment for the population, is the plague not only of this country, but of all old Europe.

To say therefore that labour which has been deprived of employment, will necessarily not only find it, but find more or better than it lost, is to fly in the face of the best-established and universal facts. It is to presume on the indolent credulity of the public.

Then it is said, if home trade will not necessarily employ displaced capital and labour, foreign trade will.

But we have already shewn that if you buy abroad, what you formerly produced at home, you must in order to compensation find a DOUBLE foreign market. But the facts are, that so far from finding a DOUBLE foreign market, you cannot even find a SINGLE one.

In one sense indeed this objection is true, but capable of being retorted with damaging effect. Foreign trade will perhaps find employment for capital and labour, but it will find it abroad and not here. It is but too true that not only labour, but capital which survives the shock, and can extricate itself from the spreading and universal ruin, will fly to some foreign country, where capital is cherished and protected.

It will next be said, that however it may be with particular nations, if all countries practised free-trade, the world at large would be a gainer.

But, first, that is not the question. The question

is, must *every* nation be a gainer. Must WE, as you say we must, NECESSARILY be gainers, should such an Utopia be found.

And, secondly, if it were the question whether the world at large would be a gainer by such a system, it must not be assumed that the true answer would be in the affirmative; some reasons, out of place here, will presently be adduced, tending to evince that the true answer would be in the negative.

But, lastly, when the world at large agrees to practise universal free-trade, it will be time enough to discuss what the effect on the policy of this country should be. The discussion may be postponed without much inconvenience for two thousand years—i.e. till the year 3850.

Then it will be said,—If protection be good for a country, for the same reasons, it may be sometimes good for a county or a department.

And suppose it should sometimes be so, as possibly it might:—The question is, what is for the advantage of the WHOLE NATION? There may be good reason for a government insisting on a county or a department foregoing an advantage, for the sake of equal or greater benefits to other counties or departments of the same nation; and yet no reason at all for a government insisting that its own people at large, should give up an advantage for the sake of foreign nations.*

Lastly, it is objected, that according to these principles, England should grow wine in hot-houses,

* See this question also more fully discussed hereafter.

though it would cost thirty times as much as foreign wine.

Not at all. The moment the price of the domestic commodity exceeds by a large proportion the price of the corresponding foreign one, the main reason for producing at home ceases.

Take the supposed case of wine. Assume that it would cost £100 to produce in England wine that would cost, from abroad only £3. By importing instead of growing it, you could lose but £100, and must gain £97. You could lose but £3, at the outside, even supposing the whole of your wine-producing land, labour and capital, utterly and for ever thrown out of employment. You can actually afford to throw away 97 per cent. of your former wine-growing capital; you are insured to that extent. Suppose that 50 per cent. of this capital is destroyed, you are still an actual gainer of 47 per cent. by importing wine from abroad, instead of producing it at home. Moreover an article of luxury, superfluity, and partial consumption (like wine in England,) could employ but a very small proportion of the capital of the country, so that the *whole* of what is set at liberty has a much better chance of employment. In a word, the gain is large and certain; the risk is small, and such as it is, it affects but a small value. Hence luxuries and superfluities, for whose production the soil and climate of a country are unfit, are the true and legitimate subjects of foreign trade.

If the views advocated in this and the last preceding chapter be correct, we may expect to see countries where protection has existed rich and flourishing, and

countries where it has not existed, poor, stationary or retrograding.

And this, as we shall presently see, is exactly what we do behold. Not that they, who are blinded by theory, will see it. For of them it may truly be said, "Eyes have they, but they see not."

[There are some wise remarks in this Chapter, such as those on the difficulty of finding employment for displaced labour and capital, those on the national loss when the strong emigrate and leave the weak behind, and those in the note at the beginning, where Byles points out that the variety, constancy, security, salubrity, and moral and political tendency of the employments of the people, are of more moment than immediate pecuniary considerations. He rightly sees that in economics we have to deal not merely with statical, but also with dynamical, problems; and that there is an intimate, an inseparable, connection between economics and ethics.

Still, this Chapter is, we think, the weakest in the book. It is pervaded by the *Home Trade Fallacy* (see p. 34); it is very confused on capital and markets; it makes the violent supposition that English corn-growers are suddenly undersold, and that not one of them is able to turn a

single acre to any account; and it rashly draws a conclusion which would make us expect to find England and Scotland, during the second half of the nineteenth century, "poor, stationary, or retrograding."

True it is that these prophecies of Byles's are not more erroneous than those of contemporary free-traders; that his suppositions are not more extravagant than those of the "orthodox" Political Economists; that his confusion on markets and capital is not greater than what we find in Mill's famous "fundamental propositions on capital"; nay, that, to this day, the meaning of "capital" is as keenly debated as ever. There is, therefore, abundant excuse for Byles's economic lapses; but they are unfortunate, as they gave some show of reason to his opponents for pronouncing against him the greater excommunication, and closing the public ear to his inconvenient criticism.—EDS.]

CHAPTER VI.

"If all countries practised free-trade, all countries would be gainers."

By dint of perpetual repetition, without contradiction, this assertion is almost universally believed. It is even assumed without proof, as an axiom, or self-evident truth. But if the candid reader will suspend his judgment till he has pondered the evidence on the other side, peradventure he may be induced to doubt it very much. Nay, it is possible that he may arrive at the opposite conclusion. He may be convinced that a protective policy is not only eminently conducive, but absolutely necessary to the diffusion of industry and wealth, over the surface of the globe, and that the absence of artificial regulations tends to concentrate both in a few favoured spots, and to leave the greater portion of the earth, and the majority of mankind without either.

There are some few countries in the world which enjoy peculiar facilities for the production of particular commodities: such as the south of France, for wine; Cuba, for sugar; some districts of England, for coals and iron. But the immeasurably greater portion of the surface of the habitable globe consists of countries moderately—and but moderately—adapted for the pro-

duction even of the necessaries and comforts of life, of food, clothing and lodging. These countries can, in every single article that they produce, be surpassed and undersold by some country or other.

Put the case of such a country, with *moderate* facilities for the production of most things, with *extraordinary* facilities for the production of nothing. It can grow wheat, but not so cheap as Poland; it can grow wine, but not so cheap as France or Spain; it can manufacture, but not so cheaply as England.

First imagine that country under a system of protection, so strict as to be jealous, and, if you please, injudicious. The nation cultivates the land, and works up the produce. It creates wealth at both ends of the exchange. Its manufactures exchange with its agricultural products. Native industry can and does supply it with the necessaries and comforts of life. A numerous population may be employed, fed, clothed and lodged. Industry and plenty reign. All this may be, and is, done under great natural disadvantages both of soil and climate. Human art and industry triumph nevertheless over every obstacle, and can raise, as in the case of Holland, a great and powerful state in a morass. Foreign trade will in the end be introduced, supplying luxuries and carrying away superfluities.

Now imagine that country under a universal system of free-trade and unrestricted imports. Except in a few favoured spots, it cannot grow wheat; for Poland will be able to undersell it, not only in foreign markets, but in its own. It cannot manufacture; for in cottons, hardware, woollens, and other products of manufacturing industry, England can undersell it abroad and at home. It cannot grow wine, for France or Spain

can everywhere undersell it. Neither can it continue to import its corn, its manufactures, or its wine from abroad, for its own industry being superseded and smothered, it has nothing to give in exchange. It becomes then in this condition; it can neither grow or make for itself, nor yet buy from abroad. It *goes without*, or if not entirely without, it is scantily and wretchedly supplied.* A starving and ragged population derive a wretched and precarious subsistence from half-cultivated land. It has neither domestic industry nor foreign trade.

Such is the natural capability of nine-tenths of the countries in the world. They enjoy moderate facilities for the production of every thing necessary for the sustenance of a population; extraordinary facilities for the production of little or nothing. With a generally diffused system of protection, concentrating the industry of each country on its own soil and indigenous materials, industry flourishes, wealth increases, population multiplies throughout the globe. But without such artificial regulations, population, industry and wealth have a tendency to concentrate and confine themselves to certain favoured spots. There indeed they flourish, but over the vast area of the world at large they have a tendency to dwindle and decay. Protection, instead of being, as has been represented a blight on universal industry, is a system of universal irrigation, diffusing industry, where industry would otherwise never have flowed, and making even the desert rejoice.

Suppose France were insane enough to repeal the

* Like Ireland which for many years has had perfectly free-trade with the greatest commercial country in the world.

laws protecting the manufactures of cotton and hardware, where would be the industry of the Banks of the Seine, of Rouen and Elboeuf? What would become of the thriving population of Tourcoing and Roubaix, and Mulhausen and St. Etienne? Manchester and Birmingham and Glasgow and Sheffield would prostrate all, and turn the banks of the Seine and half of the thriving towns of France into a desert. But the loss to France would be so enormous, that her power of purchasing would be well nigh destroyed. We should eventually gain little, in comparison with the prodigious loss of France. Then, England might flourish; but France, except in her wine-districts, would be a desert. Now, both flourish, and industry is diffused.

What France will never do, Ireland has done, or rather England has compelled her to do. The Act of Union provided for the gradual and total extinction of the then existing protection to Irish manufactures against English ones. The measures of 1846 withdrew protection from Irish agriculture.

Mark the result!

According to received theories, it is immaterial, though the cotton-grower live five thousand miles from the cotton-spinner and weaver, and the farmer as far from the miller, baker, or consumer.

But a careful examination will discover immense advantages in the *mutual vicinity* of various producers. Let the farmer, the flax-grower, the gardener, live close by the miller, the wool manufacturer, the linen manufacturer, and then the cultivator finds at his own door, a sure market, not only for his corn, hay, wool,

cheese, flax, hops, but for his more perishable articles, his beef, mutton, and pork, not salted and half-spoilt, but fresh, for his poultry, eggs, fruit, and fresh butter. The manufacturer finds all round and near him, not a speculative, but an explored market for coats, shirts, gowns, and stockings. Nay, the very filth and ordure of the neighbouring town, create the fertility and beauty of the adjacent country.

Agriculture, manufactures, and trade, no longer merely fringe the seashore and the rivers, but penetrate into the interior, and add a solid and tenfold value, to the most retired and inaccessible glens.

But it is not merely every square inch of territory, and the products of every industry down to its very refuse, that are thus all utilized by mutual vicinity. In her human creatures as well as in her other animals and plants, great nature everywhere luxuriates in variety. In every place she presents you not only with the young, the old, the middle-aged, of both sexes, but with every variety and combination of bodily and mental capacity and inaptitude. The variety of the occupations open to the people, utilizes all human gifts and talents. Let agricultural and manufacturing industry flourish side by side, and you have everywhere occupation fit for every body. There is appropriate employment for stolid strength, for manual skill and dexterity, for inventive genius, for the active and the sedentary, for childhood as well as youth and mature age, nay, even for caducity and decrepitude.

Everybody's industry instead of superseding, furthers and helps the industry of everybody else. Each country thus gains that double set of producers, that double production of wealth, that double set of home

markets, which, as we have seen, are everywhere insured by the reduplicative operation of the home trade.

The framework of industry, compact, self-supporting, all-embracing, knit, morticed, and clamped together, not only defies, but moderates even the storm of political convulsion. Industry is thus not only spread over all lands, but distributed to all persons and perpetuated to all time.

But, besides natural disadvantages, there are temporary and accidental ones, against which it is necessary that the industry of many countries should be artificially assisted.

What will be in the highest degree advantageous and profitable to the next generation, or even a few years hence, is not so now. Immense future gain may require a present and temporary sacrifice. Individuals will never make that sacrifice; private enterprize looks only to the present, or at farthest, to the next year or two. It is public wisdom alone which must overrule this blind cupidity, and provide for the future, and for generations yet in the womb of time, by artificially directing industry into those channels which will be ultimately and permanently beneficial. Such was, as we have seen, the public wisdom of ancient Egypt and modern Holland; such was the wisdom of Lord Burleigh, and Cromwell, of Colbert, and Napoleon. Such was the wisdom of Peter the Great; such is still the traditional wisdom and inflexible policy of his successors. Contemplate the grand result. Over the immense extent of Russia, all the industries of all nations are beginning to thrive. Silently and deeply are being laid the foundations of an independent and

self-sufficing power, before which, (when our vain theories are forgotten,) all the earth will admire and tremble.

One of these temporary and accidental disadvantages is the necessary and invariable inferiority of infant manufacturing industry. No matter that the infant is capable of soon becoming not only a man, but a giant. If not protected during infancy, he will languish and die.

Established manufactures enjoy the factitious advantages of great capital, skill and experience. Production on a large scale in immense quantities, creates a cheapness which unprotected infant establishments elsewhere —though their natural advantages may be much greater —cannot rival. They are smothered as soon as they are born. Accordingly all manufactures, however great, have been and ever must be, cradled in protection. Go to the Great Exhibition and find, if you can, those that were not. So far from protection producing monopoly, it is protection alone that can prevent the first established manufactures from enjoying an unjust and undeserved monopoly. It is protection alone that can establish a wholesome rivalry, or even secure the certain development of manufactures, where there are the greatest natural advantages.

Nay, this is a case where protection is essential to ultimate CHEAPNESS as well as plenty. Mr. Burke's maxim is here no paradox,—"Make things dear," says he, "that they may be cheap."

But it is not only new states, or new industries that require protection for their development, old states, and

old industries sometimes require it, for the preservation and very existence of their most valuable industry.

In old countries, the land which cannot run away, ever has been, and ever will be, the obvious and convenient subject of taxation; the sure resource of the minister of Finance in the crisis of the state. Accordingly, in England, we see it loaded with tithe, land-tax, income-tax, hop-tax, malt-tax, poor-rates, church-rates, highway-rates, county-rates. So in France, it is crushed under an immense weight of direct taxation. If by a protecting duty the price of corn is raised to a corresponding amount, and no more, then these taxes fall where they ought to fall on the nation at large. But if not, corn comes in from new or more fertile countries, where it is only necessary to scratch the soil, and the price consequently falling, huge tracts of the old country, become unprofitable under tillage, and are smitten with an artificial barrenness. The people lose a large portion of their natural and healthy employment; the independence of the state is compromised, the stamina and physical vigour of the race itself is touched.

Moreover, the truest gain of every country is ample wages to the labourer. The labouring classes are THE NATION. They are the producers, and they are, moreover, the greatest consumers. Their expenditure makes the great home-market.

But in the fierce struggle of universal competition, extending over the whole earth, the remuneration of the labourer must be everywhere beaten down to the level of the worst paid labourers in the world, whether freemen or slaves. The industrious and virtuous English workman must starve, unless he will consent

to be, with his wife and children, as badly fed, clothed, and lodged as the most wretched of his competitors. It is a struggle which shall descend nearest to the condition of the beasts.

But it is objected, if unregulated exchanges are good, between two provinces of the same country, why not also between different countries? If they are good between the Pas de Calais and the Department of the North, between Suffolk and Norfolk, why are they not good also between France and England, or between Germany and England?

This objection is an example of that reckless and headstrong generalization, which, to carry out a theory, will overlook or overleap broad distinctions.

First, suppose that one province should lose, and another province of the same country gain, what is that to the country of which they are both members? Its aggregate gain is exactly the same. But, suppose France or Germany to lose, and England to gain by unregulated exchanges, this is all very well for England, but not for France or Germany.

But there are good reasons why, in ordinary cases, two provinces of the same country will both gain by free and unregulated exchanges, though of two countries, politically and geographically distinct, either or both might lose.

An extensive area of mutual exchange is essential to production on a large scale.

The taxation, the climate, the soil, the style of living, the rate of wages, being very much alike in two provinces of the same country, neither province is matched unfairly against its neighbour.

There is still that mutual vicinity of consumers and producers which, as we have seen, is essential to variety of employment, to the utilization of all products and of all hands.

But there is a distinction between an *extensive* area for unregulated exchanges and an *unlimited* one. An extensive area is essential to the development of production on a large scale, and at a cheap rate; but an unlimited one is not. On the contrary, an unlimited one endangers the security and certainty of the home market, and the wages of the labourer. Various German States have recently greatly augmented their mutual industry by joining the Zolverein. But if they had gone further and thrown their markets open to England, they know very well that they would have impoverished and ruined themselves.

Nay, that unregulated exchanges even between Provinces of the same Empire are good, is itself a rule not without exceptions. Before the Union between England and Ireland, there were not only Irish linen manufacturers, 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 last industries are now all extinct. Ireland has certainly lost by the change. Has England gained? No. Ireland is now not so much a customer as a pauper dependent on English alms.

To conclude, then, because an extensive area of mutual exchanges is beneficial, that therefore the larger it is the better; and that an unlimited area of unregu-

lated exchanges must necessarily be best of all, is to conclude without reason and against facts. On the contrary, to determine the extent, and the component parts of that area of unregulated exchanges, which will best nourish production and best distribute its results, is a most difficult problem. In almost every case its true solution varies. In every case it is the problem for the great statesman.

Then it is objected, if each country produce what it is by nature fitted for—industry will everywhere be more productive, and everybody will have more.

Alas! We have seen that many countries would at once cease to produce at all. In order to gain in one or two places one or two per cent. in price, you will sacrifice in scores of places 98 or 99 per cent. The really cheapest manufactures will be often prevented or destroyed, by the mere monopoly of priority. Instead of multiplying the sum total of the products of human industry, you will not only greatly diminish them, but contract the area over which they extend. And the most numerous and important class of all, the labourer, instead of having more, will—by being everywhere driven to compete with the most wretched competitors—necessarily almost everywhere have a great deal less.

Next it is objected that it is manifestly the will of Providence, that there should be universal free and unregulated exchanges.

It is unfortunate for this assertion that for the thousands of years during which man has existed on this earth, such exchanges should never have existed.

Each nation, by regarding its own interests, has promoted and will promote them, and so the general interest of the whole human race will be effectually furthered and secured.

Let us, as Englishmen, look to the interests of the United Kingdom. Let us, at any rate, protect and secure British and Irish industry, leaving other countries in the same way to protect and secure theirs. This practical division of solicitude and labour will conduce far more to the general diffusion of industry and wealth, and the solid advancement of mankind, than a Quixotic and presumptuous assumption of the care of Providence over the whole human race. We do not, in ordinary social life, find the morality of professed cosmopolites either very exemplary or very useful. It is by the conscientious performance of his own duty on the part of every individual in his own family and humble sphere, that the happiness of the whole mass is best promoted; it is by the undivided attention of every workman to his corner of the building that the most magnificent edifice rises. So it is by the protection of its own industry on the part of every European country that population, wealth, industry, commerce, science, learning and the arts, have been diffused and will be maintained throughout this glorious Europe.

Lastly, it is said, the artificial regulation of the areas within which unregulated exchanges take place will destroy international trade.

Experience has already demonstrated the contrary. The places and the subject matters of mutually beneficial exchanges on terms advantageous to both sides will still remain infinite. We are still to import our

wine, our tea, our dies, our sugar, our spices; nay even the corn and provisions, and everything else that we really want. But by proper regulation, we are to take care that these imports, shall come either from our own colonies, or at least from countries that will deal with us again. Imports will thus have their corresponding exports. We shall thus double and not diminish the international trade. And it will be everywhere a commerce, not between wealth at one end, and indigence at the other; but between opulent and populous nations, emulating and rivalling each other.

Perhaps, the candid reader will not now think it quite so certain, that if all countries practised free-trade, all countries would necessarily be gainers. It is possible he may be disposed to believe that many, perhaps most countries, and the most important classes in them would be very great losers.

And certainly the great majority of nations and governments are, and seem likely still to remain, of this opinion.

So that if the maxim at the head of this chapter were as demonstrable as it is disputable, it would still be but a metaphysical abstraction, and a very poor foundation for a wise and practical stateman to legislate upon.

[This Chapter, though with some lapses into the *Home Trade Fallacy* (see p. 34), and some ill-founded fear of an inflow of imports unbidden and unpaid for, contains at least six valuable points:—

First, the national standpoint is emphasised as against the cosmopolitan. Mr. Price, in a very remarkable paper in the *Economic Journal* of September, 1902, points out the greater harmony of the modern revival of national feeling with the Mercantile System than with Free Trade, and says: "With certain qualifications it is neither inaccurate nor misleading to say that Free Trade is cosmopolitan and Protection is national." Byles had taken up this standpoint half a century before, and wisely adds that cosmopolitan interests are best attended to when each nation attends to its own interests. "He's the true cosmopolite who loves his native country best."

Secondly, the need of protecting the infancy of industries, the all-importance of getting a good start and of checkmating "the monopoly of priority" is admirably stated.

Thirdly, Byles recognises what we call now "the law of increasing returns;" how the "mutual vicinity" of various producers makes possible a better organisation of industry, production on a larger scale, economies of material, facilities of training.

Fourthly, he discerns the benefit to a nation

from a variety of industries, so that for all diversities of capacity there may be a field of employment within the country.

Fifthly, he sees the possible antagonism between present and future; how a nation must not allow an eager grasping at present profit to damage industries "which will be ultimately and permanently beneficial."

Sixthly, anticipating some admirable passages of Mr. and Mrs. Webb's *Industrial Democracy*, he indicates the danger that free trade may foster the production of goods made by underpaid labour, and that if different sorts of goods are so made in different countries, there may arise a horrible division of labour, each country concentrating its labour and capital on those industries where the workpeople are most ill-used.

Besides these points the reader will notice Byles's singular prevision of the future development of Russia. It is as though he had before him the marvellous growth in our own days around Moscow and in Russian Poland of all sorts of industry.—EDS.]

CHAPTER VII.

"Protected manufactures are sickly."

A METAPHORICAL expression, constantly repeated, little contradicted, and therefore by the half-informed believed. Whatever a man hears or reads constantly without contradiction, he is apt to believe. Sale, the translator of the Koran, by constantly poring over it, is said to have become a Mahometan.

But this proposition is so far from being true, that a slight review of the history of any manufacture disproves it.

All great manufactures had their origin in the protective system. Take our own, the greatest and least sickly of any. All our own manufactures took their rise in a system of protective duties, so high as to amount to prohibitions. In addition to this, owing to the fearful hostilities that raged in Europe for nearly a quarter of a century before 1815, we enjoyed a further accidental monopoly of the manufacturing industry of the world. And this stringent protection has not only created manufactures, but created them where they would not naturally have existed, in spite of great natural disadvantages. Other nations have coal and iron ore as well as we. The United States are even richer in this respect. But other nations have also.

what we have not, they have native raw materials. It has been justly observed, that Great Britain is singularly poor in the raw materials, which constitute the basis of the greater portion of her manufacturing industry. We have no cotton, no silk, no fine wool. Even our best iron for the manufacture of hard-ware comes from Sweden; our oils, gums, colours, woods, from the ends of the earth.

Next to us in manufacturing industry, is France. Her manufacturing industry, though still inferior to ours, has nevertheless, since the peace, augmented in an even greater ratio, but under strict and jealous protection.

No political parties can differ more widely than do the partisans of the exiled Head of the house of Bourbon (really including the larger portion of the upper and educated classes) from the Orleanists and middle classes; or than these again from the republicans, propagandists, socialists and ultra reformers. Yet on the subject of protection (with the exception of here and there a speculative enthusiast, and a few wine-growers in the south) they are all agreed. Protection to French industry, from the time of Colbert downwards, has been, and will be the policy of whatever party is uppermost in France; and in this policy, and this alone, will the dominant party receive the support of all other parties. The few French partisans of free-trade being mostly speculative and literary men, we might have supposed that the French newspaper-press, rich as it is in literary talent of the first order, or that at least a considerable portion of it, would be favourable to their views. But it is not so. Nay, the very news-

paper which has been for many years the advocate of progress and liberal views, the *Constitutionnel*, is and always has been, the most determined champion of protection. In fact, among all classes, and in all parts of the country, in the metropolis and in the provinces, the doctrines of protection prevail and flourish. The stupendous natural boundaries of the country, the very Alps and Pyrenees themselves, do not repose on their everlasting foundations more securely than the artificial barriers that protect and foster the native industry of France.*

After France comes Germany. Let any one, before the late struggles, have visited the countries embraced by the Zolverein. To say that protection has there *produced* manufacturing prosperity, would be to beg the question. But one thing is certain, that exactly *co-incident in time and place* with the most stringent productive laws, has arisen a manufacturing industry and production of wealth, without an approach to a parallel in all the former history of Germany. On every side are seen rising mills, factories, workshops, and warehouses, teeming with an industrious and busy population; and so far from agriculture being neglected, it never made more rapid progress, to say nothing of the mining and metallurgical industry, which has also received the most astonishing impetus. Yet with us —the richest country in the world—the Zolverein, in proportion to her vast extent, multitudinous population and increasing wealth, has little trade. But as she has protected herself from the influx of our manufac-

* Look at the overwhelming majority for protection, including all parties, in the recent debate of the National Assembly.

tures, she has undoubtedly been growing richer and busier. Nay, hardware, the product of protected German industry, is actually finding its way into Birmingham itself, and articles of German manufacture are superseding articles of Birmingham make. The more protected are beginning to beat the less protected manufactures on their own ground. The Birmingham people have no power to retaliate. German tariffs take care of that. German thinkers, deeper and more independent than the English, have exposed the shallowness of those theories, which have turned the heads of our rulers. Princes, ministers, philosophers and people, are agreed to maintain the protection which has so abundantly justified their sagacity.

Look next at Russia. Examine the protective and jealous tariff of that infant but colossal state: then contemplate its results. Take the testimony of that most unexceptionable witness, Mr. Cobden. He has recently visited the protected textile manufactures of Russia, which, but for protection, would never have had existence. And what does he say? That the Russians are to be our customers for cotton goods, and to take them in exchange for the boundless importations of corn from the Black Sea? Vain delusion According to him these protected manufactures, which should, in conformity with our received theories, have been sickly and stunted, are now so advanced and flourishing as to threaten a rivalry with Great Britain herself. And every branch of human industry and art is, by the same means, beginning to flourish and expand in an empire, which stretching from west to east, and from east to west again, in almost unbroken

continuity around Europe, Asia, and America, extends from Archangel nearly to Constantinople, embracing some of the finest climates and soils in the world, connected and concentrated as they will soon become by its new iron highways. Within her borders are cherished and naturalized the productions of all lands. We have just seen in England specimens of the finest steel from native Russian iron, fabricated in Russia, not only into the swords, bayonets, and lances of an overwhelming military power, but into table cutlery and tools, that you might suppose to have been turned out at Birmingham and Sheffield; while the gold and silver plate, the diamonds, the jewelry, the exquisite silks, the gold and silver tissues and brocade, dispute the prize with Paris and Lyons. Storch, the political economist, once persuaded the Russian government to give the free-trade system a trial. It was tried. It dismally failed, and was abandoned. All are now agreed that protection is the true policy of Russia; and all find, that in Russia, as everywhere else, it is the sure road to prosperity and power.*

Take now a small state, Belgium. In proportion to her area, her manufacturing industry is perhaps greater than that of any other country, not excepting the United Kingdom itself. But in Belgium, not only has the protective system long flourished, but the protecting duties are now higher than ever. Belgium

* Will it be said that the vast extent, the great population and varied climate of Russia, form an exception to general rules? What then must be said of the almost equal extent, much larger population, more varied climates, and boundless sea-coasts of the British empire?

is the very paradise of protection. Nay, there is even a bounty on exportation. Superficial observers call it an absurd tax on the many for the benefit of a few. But those who know the facts of the case, and will be at the pains to trace its effects, and assert the liberty of independent judgment, find it the cheapest mode in a season of great danger and difficulty, of supporting the apparent surplus of an immense population. Many who superciliously and arrogantly censure the king and government of Belgium, for this flagrant breach of their dry and barren rules, would have found greater difficulty in preserving that little and defenceless kingdom, not only in peace, but prosperity, amidst the storms of surrounding revolution. Here again, as elsewhere, protected manufacturing industry has overflown on the soil. Land, by nature a mere sand, has actually become the most fertile in Europe, and supports a larger population than any other.

Cross the Atlantic, and look at the past and present policy of the United States. For some years after the last war, low import duties were tried. The effects were ruinous; they were abandoned for duties avowedly protective. Our economists prognosticated mischief, but the result was prosperity, and a vast extension of the cotton, woollen, and iron manufactures. Branches of industry, which in the presence of free imports from England, would never have had even a beginning, now threaten rivalry.

Protection! protection! is now the instinctive cry of the nation, and the settled policy of the government. Enormous duties, though lately somewhat moderated, are at this hour levied on all our manufac-

tures for the avowed purpose of protection. American cotton-mills have risen up,* and are beginning to buy away, on the spot, the cotton from our Manchester manufacturers. A powerful party are actually calling for an increase of protection, although American protected manufactures are beginning to make their appearance in our market.

Who is the man of all the American citizens, by age, experience, sound practical wisdom, high character, and great natural talent, best qualified to occupy the presidential chair. Impartial judges will say, Henry Clay. It is well known that he is a staunch advocate of protection, and declares free-trade to be a flattering illusion, destructive, in his judgment, to the solid interests of America. What says Daniel Webster? His talent, penetration, experience and judgment, no man doubts. He once was a free-trader, but he now declares that free-trade is erroneous in theory, and would in practice inflict mortal injury on his country. But the actual President, General Taylor, is an avowed protectionist.† More enlightened society is not to be found in the world than in the city of Boston, yet there, as elsewhere, and among the most enlightened and influential classes, the doctrines of protection reign triumphant.

What is the consequence of this policy? Or that we may not be charged with the old sophism, "*Post hoc ergo propter hoc.*" What is co-incident with this misdirected industry? No longer (as during the low import duties) general distress, but prodigious prosperity. Notwithstanding a most expensive war, the

* And of late in the South as well as in the North.

† His successor, Mr. Filmore, is yet more decidedly so.

United States never were so prosperous as at this hour.

Here are instances of nations adopting the protective system. In every case manufactures have been *created*, not sickly and stunted, but healthy and flourishing; in almost every case in the face of natural disadvantages; in all cases industry has been *forced* into an artificial channel, but the result has been solid and prodigious prosperity.

Need we wonder, that in every one of these states, protection continues the universal creed of the people, and the settled, immoveable policy of the government.

I mistake. One of these states, and the one that has flourished most under the protective system, has suddenly altered its opinion, and altered its policy. So it once changed its mixed and free government for a republic. And as it then soon reverted to its ancient constitution, so will it ere long revert to its ancient commercial policy. That policy will then be trebly justified, as well by the ruin attending its desertion, as by the prosperity following its original adoption, and its final resumption.

But the maxim that protected manufactures are sickly and stunted, must not escape so easily. There are other tests of its truth.

Where are the great and flourishing manufactures that have never enjoyed protection?—that were not produced and cradled by it?

Let the Great Exhibition of 1851 reply to the interrogatory.

Stand in the centre of the magnificent transept, and look round. Then go and explore the naves, the

sides, the galleries. The marvels of industry created and nurtured by protection shine everywhere, above, below, around, and on all sides. But what has unprotected industry to show? If unregulated exchanges be (as you say,) not only the most congenial and invigorating, but the natural atmosphere of manufacturing industry, surely you can point out some specimens of its rise and luxuriant growth, under such obvious and favourable circumstances. We will be content with a specimen. *Ex pede Herculem.* You may search and ransack as long as you please. No trophy of a GREAT MANUFACTURE, not indebted to protection for its very existence, is to be found there. Not (we may be well assured) because it is excluded, but because it exists not.

If unprotected manufactures are anywhere to be found, they are the sickly and stunted ones.

Look at the two nations in Europe that most freely admit foreign commodities. They are Ireland and Turkey.

I say Ireland, because she has perfectly free-trade with the richest manufacturing nation on earth. With the single exception of the linen trade, has she any but manufactures of the most sickly complexion? Alas! Ireland is but another name for every thing that is capable, but withal, wretched and abortive.

Look at Turkey. Her customs are low, her commercial system is what is called a liberal one. The ruins of Asia Minor attest its capability of maintaining a large population. Now Asia Minor is a desert. No part of the vast dominions of the Sultan exhibit any good effect of his liberal tariff.

One reason why Canada had not advanced so rapidly

as the neighbouring districts of the United States is, that Canada has no manufactures, but the United States have. Canada has none, because our manufactures smother all infant ones. The United States have manufactures, because they have protecting duties. Till recently we gave Canada, as an equivalent, protection in our markets, as we were protected in hers. We have taken it away. Already Canada offers us our choice. A return to protection, or annexation and a dismemberment of the empire.

The *facts* are, everywhere, that protected manufactures are healthy and robust; unprotected manufactures sickly, stunted, and precarious.

A nation that manufactures for itself prospers.

Nor are the reasons difficult to discover.

A nation that manufactures for itself, as well as grows food for itself, produces two values and two markets instead of one.

Neither manufacturing nor agricultural industry are any longer limited by the accidental capacity of foreign markets. Manufactures create a market for food; food for manufactures. Both may increase at home by each other's help to an unlimited extent.

One great cause of our alternations of manufacturing prosperity and distress, and the absence of steady progress, is the want of a due balance between *the domestic* production of food and raw produce, and the production of other things. A balance to be restored by encouraging and stimulating the employment of the people on the land, in England, Scotland, Ireland, and the Colonies. What fields we have! But we are spell-bound.

[A good attack on an absurd proposition of ultra free-traders. The reference to Turkey anticipates the *Times*' comment on Mr. Balfour's speech in November, 1896, that free trade practice, in contrast to free trade theory, is everywhere rejected except by the Englishman and the Turk. Ireland, the unhappy *corpus vile* of free-traders, is again made to face them like a spectre—the Ireland, be it remembered, of 1850. The remarks on Canada, which reverted to protection some years after Byles had written, are of especial interest in view of our present situation.—EDS.]

CHAPTER VIII.

"Pas trop gouverner—Don't over-govern."

"It is," says Mr. Burke, "one of the finest problems in legislation, what the state ought to take upon itself to direct by public wisdom, and what it ought to leave with as little interference as possible to individual exertion."

Such is the modest and diffident tone of wisdom and experience on this thorny subject. How different from the positive and disdainful language of many modern theorists. Instances of injudicious interference on the part of government were easily pointed out in the ancient legislation of this and other countries. Immediately the vulgar, learned and unlearned, rush as usual to the opposite extreme, denounce all interference of government, and paralyse its most beneficial action.

Twenty years ago it was generally considered as settled, that the business of government was to do as little as possible. Its duty was summed up in a few words, "Keep the peace, coin money, and leave all the rest to the people." *Pas trop gouverner* was to be the pole-star of statesmen. They were to look down on sublunary affairs like the gods of Epicurus, and trust to the natural course of events, as necessarily beneficial. A policy far from distasteful to rulers whom it saves not merely from the labour of thought,

but from the responsibility of action. The fashionable doctrine was that the interests of individuals, and the interest of the public (which is but an aggregation of individuals) necessarily and universally coincide. Individuals know their interests better than the government, and may, and should, be left to take care of themselves. The ignorant and prejudiced vulgar are to receive no impulse, in the shape of direct legislative enactment, from their governing and more enlightened superiors.*

The state of Ireland, and the state of England too, are however rapidly undeceiving those who held these extreme notions. Public opinion is undergoing a change, and it will soon be demonstrated that there reside in every enlightened and wise government, powers of active interference for good hitherto unknown and unsuspected.

A patient review of existing facts would indeed have sufficed to evince the hollowness of the yet fashionable theory, and to shew not only that the interference of

* In France, even before the late revolution, public opinion as to the true functions of government had undergone a great change. The let-alone system had begun among reflecting men to fall into discredit. Let us hear what M. Chevalier, himself a professor of political economy, says on this subject; "J'ai eu à cœur de combattre des préjugés accrédités en France, et par la France dans le reste du monde, en vertu desquels le gouvernement devrait se réduire à des fonctions de surveillance subalterne, lui qui, comme son nom indique, est appelé à tenir le gouvernail."

"En France, il y a vingt ans encore, les publicistes les plus distingués, les économistes dont la reputation était la mieux assise, et la mieux meritée étaient presque tous de cette opinion négative. Les théories d'économie publique les plus repandues posaient en principe, que le gouvernement ne doit rien faire par lui-même, qu'il est essentiellement mal-adroit * * * *En fait une réaction s'opère dans les meilleurs esprits*, elle renverse des idées éphémères."

government in a hundred ways is indispensable to the very existence of civilization, but that there is no general rule or theory to determine when it ought or ought not to interpose:—That the propriety of interference in each case must be decided on its own circumstances.

Not to amuse ourselves with general terms, let us pass in review some of the cases in which government has interfered, in most cases indispensably, and in all, as is generally thought, beneficially.

It provides defences against external aggression.

It conducts treaties with foreign nations.

It preserves internal peace and order.

It is the corner-stone of family ties, family duties, family affection, family education, by regulating and enforcing the marriage contract.

It institutes and protects property.

It regulates the transmission of property.

It enforces the repair of high-ways, by the several districts through which they pass, or by those who use them.

It obliges each county to make and repair its bridges.

It maintains ports and harbours.

It surveys and lights the coast.

It coins money, and prohibits interference with this monopoly.

It regulates the issue of promissory notes.

It provides an uniform system of weights and measures, and proscribes the use of any other.

It assumes the distribution of intelligence by the post.

By the patent and copy-right laws it gives bounties on the exertion of the inventive faculties, in the shape of a *monopoly* for a limited period.

By requiring a public specification, explanatory of every patented discovery or invention, it takes care that the secret shall not die with the inventor.

It imposes a bridle on the acquisition of property by corporate bodies.

It protects the public health, by the prohibition of nuisances of a thousand kinds, and by making provision for their removal.

By the quarantine laws, it prevents the importation of contagious diseases.*

It provides for the cleanliness of towns.

It regulates the fares of hackney carriages, and controls the drivers.

It forbids inoculation for the small-pox, and artificially promotes vaccination.

It assumes the distribution of insolvent estates.

It provides for the maintenance of the poor.

It forbids perpetuities, by avoiding all attempts to tie up property beyond a life or lives in being, and twenty-one years after.

It restrains trusts for accumulation of property.

Though it tolerates all religions, it does not leave the virtue and happiness of the multitude without the support and direction of an established faith and worship.†

* Not to be lightly discarded on the theories of medical optimists and fanatical free-traders.

† The Church of England is at this moment more powerful and popular than ever. Of all modern measures, none have been framed so wisely, or succeeded so well, as the Acts for the commutation of tithes. Her younger sister, the Church of Scotland, has, ever since her final predominance at the revolution, done more for the virtue, happiness, and general improvement of the community, than any other Church since the first establishment of Christianity.

The government does some little (alas! how little) for the secular education of the people.

In the above cases government interferes on behalf of the public.

But there are many other cases where it interferes to protect the helplessness or inexperience of *individuals*.

It shields infants by avoiding their contracts, and protecting their persons and property:

And married women:

And persons of unsound mind:

And, in many ways, the helpless labouring poor.

It forbids the truck system.

It regulates the employment of women and children in mines and factories.

It controls pawnbrokers: Grinding the tooth of usury, and securing facilities for redemption.

It prohibits and punishes the use of unjust weights and measures:

And the sale of unwholesome provisions.

And the adulteration of coffee, tobacco, snuff, beer, tea, cocoa, chocolate and pepper.

Nor is it the labouring classes only that the law protects when individuals are liable to be oppressed and over-reached.

Suppose a man gives a money-bond with a penalty if the money is not repaid at a day prefixed. The law will not allow the penalty to be enforced.

The barbarous old common law exacted the full and literal penalty. Experience shewed that the law ought to step in, and shield a man even from the consequences of his own imprudence; otherwise the administration of justice itself would be converted

into an engine of oppression, and be regarded with horror and disgust. In the reign of Henry the VIIIth, Sir Thomas More unsuccessfully attempted to persuade the judges to grant relief at law against the penalty of a bond, on payment of principal, interest, and costs. And when they said, they could not relieve against a penalty, he swore, "By the Body of God he would grant an injunction?" Equity was compelled to relieve, and at length the common-law judges were by statute enabled to relieve also.

A man shall bind himself in a large sum, say, £1,000, to observe the rules of a society. One of the rules perhaps is, that he shall contribute a shilling a month for a particular purpose, another, that he shall hang his hat on a particular peg. He has inadvertently overlooked or forgotten one of the rules. Is he not to be relieved from the penalty, if he pay his shilling a day too late, or if he hang his hat on the wrong peg?

A man in his necessities mortgages his property, and stipulates that if he do not redeem by a certain day, he shall not be at liberty to redeem at all. The law enforces his right to redeem after the stipulated time, in spite of his contract. It disregards an engagement, which may have been wrung from the necessities, or filched from the inexperience of the mortgagor.

In some cases the law points out to a man the form of his contracts, and the evidence which shall prove them, by insisting that they shall contain certain particulars, and shall be in writing. A provision, the wisdom of which a single day's experience in a court of justice will abundantly evince,

To guard against fraud, the law directs the form and manner in which wills shall be executed.

These are rules not laid down beforehand by theory, but pointed out by experience; and not only justified by the practice of ages, but found to be absolutely indispensable.

A man grants an annuity for his life. The law supervises and registers the transaction. Many wholesale schemes of plunder are thus nipped in the bud.

The most stringent securities known to the law are warrants of attorney and cognovits. Under them body, land, and goods may be seized. An unlearned person requires these instruments, and the contingencies in which they may be used against him, to be explained to him, otherwise they might as well be written in Arabic. Accordingly, the law smites with sentence of nullity all such instruments, unless the unfortunate person executing them has at his elbow at the time of signature, an attorney of his own choosing, to explain their meaning fully.

A purchaser of gold and silver articles cannot tell, whether they are real solid gold and silver or not, or how much of the weight is precious metal, and how much alloy. He is constantly liable to be imposed on. The law steps it to his assistance, and provides the assay-mark of a public officer.

A man buys a pocket of hops. It cannot at particular seasons be opened to see if it is of uniform quality; a sample can only be taken from the outside. The purchaser is at the mercy of the grower. Again the law steps in, and makes it penal to pack falsely.

An attorney sends in his bill to a client. How can the unfortunate client tell whether the charges are

usual and fair? The law having found competition a very inadequate security, provides a public officer, before whom the debtor is entitled to lay the bill for supervision, or taxation as it is called. This officer is endued with a power not only to correct, but to punish overcharges.

A passenger, or emigrant, going on board ship for a long voyage, is ignorant how much room, how much food, how much water, ought to be provided, that the healths and lives of the passengers may not be jeopardized. Experience has long decided, that the law must come to his assistance.

The law compels the professional education of medical men and attornies. Their competition for practice on the one hand, and the ordinary prudence of mankind on the other, are found by experience very ineffectual safe guards against empiricism and dishonesty. The law superadds artificial protection, which, though still inadequate to attain the end proposed, is of great use so far as it goes.

The law discourages gaming contracts, and avoids gaming policies of insurance on ships and lives. Without such provisions, the perverseness of mankind would turn, and has turned, insurance-offices into gambling-houses.

All the above are instances of the mode in which nearly all governments have found it for the advantage of the community to interpose. An abolition of almost any one of these functions of government would be a step backwards, from civilization towards barbarism.

What is the interposition of government?

Simply the concentrated action of the wisdom and

power of the whole society on a given point. A mutual agreement by all, that certain things shall be done or not done for the general benefit, and an enforcement of that agreement. Why should it ever have been assumed that this latent, but most energetic power, will be inefficient or necessarily injurious? Because it may sometimes have been misdirected or abused? But to argue from the abuse against the use is an ancient and transparent sophism. We have already seen that nothing but the force of government holds society together, and prevents the most flagrant and disorganizing mischief, springing from a natural state of things. And great as are the benefits we derive from government,—from the concentrated action of the whole community, still greater are yet in reserve. What the steam-engine is in practical mechanics, the artificial and concentrated action of the whole community will hereafter be in national economy. *Here*, and not in the *let-alone* system, lies the real hope of the ancient societies, the decrepit monarchies of Europe.

As in individuals, so in communities, we have seen vices and evil tendencies continually springing up, which a wise and vigilant legislation nips as they bud. Are there no rank and monstrous growths of evil that have never even yet been pruned,—no wholesome plants that have never yet been set?

The natural, healthy, virtuous occupation of man is the cultivation of the soil. In every healthy and permanent community it bears its due proportion to other industries. Otherwise you have overgrown towns, now in comparative prosperity, now in unspeakable

distress. The moral depravation and physical deterioration of the race soon follow. A good and stable government of a depraved people is impossible;—the more popular the government, the worse it is.

Can any reflecting person view without alarm and wonder on the one hand, the congested and deteriorating population of the cities and towns of the United Kingdom, and on the other, the imperfect cultivation even of England and Scotland, to say nothing of the millions of acres of waste, but cultivable lands in Ireland, or of the boundless agricultural resources of the colonies?

Ought not the concentrated action of the whole community to be directed *to the fuller employment of the people on the land;* by indirect means and inducements first, and if these fail, by direct legislation? The task is not impossible. It may be done, and done quietly and effectually, without loss to a single individual, but with prodigious and permanent gain and security to all. Are we to wait till a revolution does it, or attempts it by subversion of property?

The purification of great cities and the proper use of their refuse, may be made to increase our agricultural resources as much as if it enlarged our territory.

Small holdings, with stall-feeding and spade labour, even on lands so barren as to be unprofitable or inaccessible to the plough, present resources more than sufficient to absorb all the real surplus of our population. And with equal benefit to landlord and tenant.

Unhappily our recent policy has been in a direction at variance with the employment of the people on the land.

What stands in the way? Some fancied theories of

the political economists about rent,* and the mischief of bringing inferior lands into cultivation. Theories every day practically contradicted by the unexpected fecundity † of untried lands, and fertilization by new processes. Theories which railways, new roads, new manures, the resources of agricultural chemistry, an improved tenure of large farms, and the introduction of small ones, will laugh to scorn as practical guides.

Again,—we have seen some of the numberless instances in which when, of two parties, one is weaker or more incompetent than the other, the law steps in to the aid of the weaker party, and places both on level ground. Especially ought this to be done, when the public have a vital interest in the contract, which that weaker party makes.

A tenant in England or Ireland takes a farm. He can do nothing but cultivate land. He must take it or starve. Even if he cultivate at an eventual loss, his little property could not be better employed. He is at the mercy of his landlord. He will bid for a farm at a losing rent. And what is much worse, he has neither the knowledge, nor the *power*, to engraft on the contract, stipulations securing to him the benefit of improvements. If he make improvements, he knows they will belong to his landlord; and so they do. But, in general, he *will not* make them. Two hundred

* See the observations on the modern theory of rent,—infrà.

† Witness the experiments which have lately been made on Chat-Moss. A few years ago it was deemed an irreclaimable bog. It is now demonstrated, that at small expense it is capable of becoming some of the most valuable land in England. And what is true of Chat-Moss is true of the Irish bogs. See the observations on the theory of RENT—infrà.

years ago, a large proportion of land in England and Scotland and Ireland was occupied by the owners. But now, nearly the whole of the United Kingdom is occupied by tenants. Throughout the United Kingdom, unless the law interpose, there exists therefore an effectual practical bar to improvement, and to the full cultivation of the land. Here the law ought to interfere. It might easily, in all cases, secure to tenants the full benefit of improvements. It might enable them to raise money upon improvements, so that they are not even temporarily out of pocket, and might thus at once secure the landlord from any danger of being obliged to repay them, and yet improve his estate. It is mere trifling to say the landlord and tenant *can* do this now. The fact is, they *do not*, and the tenant *cannot;* both are sufferers, but the greatest sufferer is the public.

A vast unperceived change has come over the country within the last two hundred years. The masses, the bulk of the people, now live entirely on wages. On the rate of wages hangs the weal or woe of the United Kingdom. A shilling a day difference in the rate of wages, may make forty or fifty millions sterling difference in the aggregate annual income of the labouring classes; and of course in their expenditure and consumption—in the market they create. The labouring poor are the great customers. One great measure in a right direction has lately passed—the *Factory Act.* It has been a successful measure. So has every measure in the same sense; witness the laws against the Truck system. Humanity is the profoundest policy. These measures, it must be admitted logically lead to others. Modern political economy condemns

them all. But experience will be found to justify much further progress in the same direction. It is interference for the bulk of the people. Such interference is however indissolubly united with a protective system. Those who by law are bound to treat men *as men*, must not be exposed to unfair competition with those who are at liberty to treat them as slaves and machines. It would be easy to show that the apprehensions of the political economist, that legislation of such a tendency would diminish the fund out of which labour * is paid, and unduly stimulate population, are utterly groundless: nay, that the effect would be the very contrary,—to increase markets, increase industry, augment the fund out of which wages are paid, and introduce habits of forethought and caution among the labouring poor.

Minor cases in which the still further interposition of government is imperatively required, crowd upon us.

Can the people be safely left even to bury their dead as they like?

Can they be trusted to remove the refuse of large towns, and employ it on the fertilization of their lands? Do they not convert into poison and death, the provision which Providence has made for indefinite reproduction?

Do not frightful and frequent accidents call for an inspection of coal-mines?

Do not shareholders in railways require the protection of public auditors?

* See the observations on WAGES,—infrà.

Ought there not to be cheap,* certain, public, communications by steam with the Colonies? Steam-vessels, that shall be bridges in peace, and floating castles in war.

The policy of the Romans was as much wiser and grander than ours, as their means of locomotion were inferior. Contemplate the ruins of the Appian, Aurelian, Emilian, and Flaminian ways. On four feet of masonry repose huge blocks of basalt, surmounted by slabs of marble a foot thick, and ten feet square, jagged with a chisel to prevent the slipping of the horses. Some of the Roman roads have borne the traffic of two thousand years. Radiating from the Imperial City in right lines, here ascending, there piercing mountains, or spanning morasses, and recommencing beyond the sea, they penetrated and bound together Italy, Gaul, Spain, Britain, Germany, Greece, Asia Minor, Syria, and Northern Africa. These vast constructions were achieved at the public expense, by a people wise enough to appreciate their utility and magnificence.

Ought there not to be Government supervision and Government guarantee of Savings Banks?

Many such questions may be put.

The true admonition at this day is not, "Do not over-govern." It is, "Do not under-govern." Government has practically abjured half the functions, of which the people have a right to expect its discharge. The

* Experience both in Europe and America has demonstrated that such communications cannot be achieved by private enterprize alone. Hence government aid has been wisely granted to lines of Steamers connecting Great Britain with British India, with the Cape of Good Hope, with the British West Indies, and with British North America. But they are not yet the bridges which entice the footsteps of the emigrating multitude to our own colonies.

vessel of the state now never so much as attempts to stem an adverse current, but on principle resigns itself to the stream.

Let any individual abandon himself to the natural course of events, and we know what will soon become of him. Let a number of individuals, a community, do the same; and their fate will be the same.

[This is a fine Chapter, showing a sagacious lawyer at his very best. It is indeed so powerful that the Hobart-Bowring *Reply* makes no sort of attempt to answer it, and has to be silent on the very ugly fact of the opposition of the "orthodox" Political Economists to the Factory Acts. The catalogue of Government interventions would be much longer in our day; the code of factory laws vastly more complete. But the chief point is that Byles, anticipating the future change of thought, showed himself, even then, an advocate of the humane and reasonable spirit of government, which protects the weaker members of society from being impoverished and crushed by the stronger. And his views on small farms, tenant right, and the cultivation of the soil, accord with the teaching now generally accepted.—EDS.]

CHAPTER IX.

"What is the good of Colonies?"

So say the ultra-free-traders.

"Give me ships, *colonies*, and commerce," said the greatest administrative genius of modern times.

Well does it behove the rulers of the British Empire to see to it, that they commit no mistake in this matter. A mistake here is irreparable. The world is now occupied. No more colonies are to be had. Repentance and a change of public opinion, however soon it may arrive, may yet come too late.

Steam, as an effectual means of communication by land and ocean, has not existed twenty years. The wonders of the Electric Telegraph have but just burst on our astonished sight. Our fashionable but ephemeral anti-colonial theories, modern as they are, are nevertheless older than Iron Highways, Atlantic Steamers, and the Electric Telegraph. They therefore leave entirely out of their calculations, the connecting and concentrating efficacy of these momentous modern discoveries.

Steam has transformed the little peddling manufacturing villages of the last century into Manchesters and Birminghams. On Towns, and on a small scale, such are its effects; on Empires, and on a large scale,

its effects will be proportionate. Uniformity in language, manners, opinion, law, government—simultaneous and concerted action over enormous portions of the earth's surface, hitherto impossible, are now suddenly rendered not only possible, but perfectly easy. Time and distance are annihilated. The aggregation of vast masses of mankind under one governing power, will minimize the expenses of government, consolidate its strength, augment its efficacy, and ensure its duration. We already see the approaching shadows of those gigantic confederations which a coming age will witness. The two colossal empires that even now loom in the distance, are the United States, and Russia. Possibly a third may be discried, and a greater than either of the other two, unless it pleases Providence only to show us the mighty possible future of Great Britain, and then to dash our incipient greatness, by allowing us to persevere in a disintegrating policy, in spite of the plainest warnings.

Let us consider for a moment what our Colonial empire consists of, and what it can do for us.

Our noblest dependency is the Indian empire. It has been lately increased, and to an enlightened policy rendered more valuable than ever, by the acquisition of the Punjaub. Two of the greatest rivers in Asia are now ours, and may easily be made available, not only for internal communication, but for the fertilization of vast districts. A new field for British skill and science, and in a healthy and temperate climate, has just been opened up. The revenues of the new province are already so large that it need be no expense. Within our own borders, India, now represents us with

the productions of all lands and all climates—cotton, silk, fine wool, sugar, spices, rice, and every other natural production that can be desired, in inexhaustible profusion. And these immense natural riches are India's means for the unlimited purchase of Manchester, Birmingham, and Sheffield goods. Her custom-houses are ours. Trade with India alone, under proper regulations, is capable of soon becoming far greater than the whole present foreign trade of Great Britain.

Turn to the West. We have Upper and Lower Canada, with the magnificent St. Lawrence. Inexhaustible forests, and supplies of wood, on our own soil. Every Canadian already dines off an English table-cloth, with English knives and forks, clears and cultivates with English tools, sets his foot on an English carpet, sleeps on an English bed, is clothed from head to foot in English manufactures. And till lately, he was satisfied and proud to be a British subject.

We have New Brunswick, with its timber and ship-building capabilities. Nova Scotia, with the most magnificent and commodious harbours in the world. In the harbour of Halifax alone 1000 ships can ride safely, to say nothing of the harbours of Margaret's Bay, St. Mary's Bay, the basin of Mines, the Annapolis Basin, Pictou Harbour and Cumberland Basin. There is a neighbouring power that forms a juster estimate, than we do of these means of maritime greatness and imperial wealth.

We have, in the same part of the world, Cape Breton, Prince Edward's Island, and the Hudson's Bay territory,

The West India Islands, so cruelly treated,* might, since the introduction of steam, be just as valuable to us as new counties, with a tropical climate, in the English channel, or as sugar plantations, with a congenial climate, in Suffolk or Yorkshire, were such changes as possible as they are imaginable.

We actually have, within a run of a few days, almost of a few hours, several provinces adapted by nature to supply us with tropical productions.

First, there is the noble Island of Jamacia; the aggregate imports and exports of which island alone used to be about five millions sterling a year; and

* Slave labour is abolished and prohibited throughout the West Indies. But the colonies are, nevertheless, unjustly and cruelly matched against slave labour elsewhere. The same blow has smitten and destroyed at once and everywhere the whole British West India interest. Plantations are abandoned to the Jaguars and other wild beasts; mills and machinery silent and decaying, roads obliterated by the rank growth of the jungle; dykes, that fenced large and fertile districts against the sea, left to ruin. The white population are everywhere ruined, and it is to be feared disaffected. The blacks forsaking the chapels and schools, shunning the face of the white man, neglecting marriage, and casting off not only christianity, but the decencies and restraints of civilized life, are fast relapsing into their original barbarism. A tropical climate and teeming soil nourish their indolence, inflame their sensuality, diminish their wants and easily supply them. High wages cease to be, as in England, a temptation to labour. Upon a strict calculation, even on mere sordid pecuniary and mercantile principles, the gain to the British Empire by a little lower price of sugar is a miserable percentage upon the loss of *income* to British subjects, to say nothing of CAPITAL annihilated. Those who may be inclined to think this description of the present wretched state of the West Indies over-charged, are implored to peruse "LORD STANLEY'S FURTHER FACTS CONNECTED WITH THE WEST INDIES." A more demonstrative and melancholy exposure of the folly of that system which would always leave capital and labour to themselves, without regard to domestic interests, never was written.

which, if it were treated, as it ought to be, like an English county, might be, and would soon be, much more. We have then the long list of Antigua, Barbadoes, Dominica, Grenada, Montserrat, Nevis, St. Christopher, St. Lucia, St. Vincent, Tobago, Tortola, Trinidad, the Bahamas and the settlements of Demarara and Berbice; all once most flourishing and loyal dependencies, now fast sinking to decay. Alienated by a policy unexpected, because incredible, but in the near neighbourhood of a great and rising state, whose policy is altogether different.

Our European dependencies are chiefly valuable as naval and military stations, the outposts and sentinels of what yet is, but possibly for no long time, the greatest naval power that ever existed.

Gibraltar, the key of the Mediterranean, has been ours for nearly 150 years.

The strong fortress of Malta, taken from the French in 1803, was ceded to us at the peace of 1815.

The Ionian Isles, viz., Corfu, Cephalonia, Zante, Santa Maura, Ithaca, Cerigo, Paxo, passed under the British protection, or more properly speaking, the British sovereignty, in 1815. These islands supply us with large quantities of currants and olive oil, and take in return cotton and other manufactures, and colonial produce. The revenue of these dependencies about pays the expenses of government, leaving us the trade as a pure gain.

The small island of Heligoland, in the North Sea, is useful, especially in the time of war, as a depôt, and as a pilot and packet station.

Besides the colonies and dependencies above enumerated, we have also in the Northern hemisphere, on the Western coast of Africa, the settlement of Sierra

Leone, the settlement on the Gambia, and the settlements of Cape Coast Castle, Accra, Dix Cove, Annamboe and Fernando Po.

In the North Atlantic we have the Bermuda islands.

Such is a mere outline of this colossal empire in the Northern hemisphere.

But we have yet to enumerate our vast possessions under the Southern Cross.

In the South Atlantic ocean we possess St. Helena and the Ascension Island.

We then come to the Cape of Good Hope* and

* A niggardly policy has endangered this noble and indispensable dependency. Unwise economy has, as usual, necessitated extraordinary expenditure. The English people now grudge the expense of upholding, or rather recovering our dominion. Suppose then, frankly confessing our poverty, and the decline of our power, we surrender the colony of the Cape of Good Hope to its ancient mistress—Holland. Its value in the eyes of the Dutch would at once be apparent. Dutch ships of the line, with ten thousand troops on board, would soon be descried from Table Bay. The Dutch with their colonial system would be but too welcome. No more disturbances in the interior, or anywhere else. The Dutch and not the British flag would thenceforth wave, not only over the Caffres, but over the Southern Ocean.

No doubt to hold and rule the British Empire, there must be great naval and military strength. But the larger the Empire is, the ampler the imperial means and resources. A narrow shopkeeping policy did not acquire our dominions and cannot keep them. And such a policy is no more the road to imperial wealth, than to imperial power. It is true that our recent anti-colonial system has not only severed the strongest ties that bound the colonies to the mother country, but weakened the arguments for the integrity of the Empire. Why should we be at the exclusive cost of defending colonies, which for all commercial purposes now belong to others as much as to ourselves? Why should the colonists desire the connection? Why not prefer America, Holland, or France? Why not prefer independence? which last would really be to prefer the strongest or nearest naval power in the next war.

South Africa; the half-way house, as it were, on the road to our possessions in the East and in Australia.

Then we have the Mauritius.

Next comes the great and beautiful island of Ceylon, well fitted for every tropical production, especially for Coffee, Cinnamon, and the Cocoa-nut tree.

The island, or rather the continent of New Holland (the whole of which is a British possession,) is twenty-eight times as large as Great Britain and Ireland put together. Although this immense territory has not been ours sixty years, already, on the coast and its neighbourhood, are extensive and flourishing settlements. Indeed, all but the first, are of only a few years standing.

On the East is Sidney, with an extensive territory.

On the South-east, Port Philip.

On the Southern coast, the settlement of South Australia.

On the West, Swan River.

These settlements enjoy a dry, temperate, and peculiarly salubrious climate. All the vegetable productions of the South of France and the South of Europe flourish here. So well adapted are they to sheep-pasturage, that the fine Australian wool is rapidly superseding foreign wool in the British market. The soil and climate are well fitted for the growth of the vine. Although the manufacture of wine is but in its infancy, yet wine, both red and white, of excellent quality, has already been produced in considerable quantities. There is reason to expect that before long, the export of wine will be a flourishing branch of commerce. Although the mineralogical wealth of these vast territories is still unexplored, yet copper is

known to exist in abundance, and even gold has been found.

The same general remarks apply to the island of Van Dieman's Land.

Norfolk Island has hitherto only been used as a penal settlement.

The temperate and healthy climate of the three islands of New Zealand renders them peculiarly eligible for emigrants; and though the settlements are in their infancy, they promise ere long, great prosperity.

Such is an imperfect and bird's-eye view of the vast dominions of the British Crown in both hemispheres. If they do not compose a state without a parallel for greatness and universal prosperity, the fault must be in the policy of the Imperial government.

It is true, the ocean flows between, or rather amongst, the members of this vast confederation. But that very ocean is at once the cheapest high-way, and would be, with a wise policy, the source of maritime strength and greatness equally overwhelming and durable. With such an empire, Great Britain is, more than ever, Queen of the seas.

Go to the hall of Greenwich hospital, and see in the pictures that line the walls, the more than Roman valour and contempt of life, to which Great Britain owes this Imperial greatness. But the names of Blake and Shovel, of Eliott, Duncan, Howe, Collingwood, Jervis and Nelson fall coldly on the ears of an unconscious and ungrateful public.*

* But the public should not be unjustly censured: Anti-colonial and other cosmopolitan theories were not first introduced by them, but by theorists in high places. The difficulty and anxiety, which

Their heroism has won for us means of *unlimited* production, purchase and trade; with harbours, rivers, ports, and custom-houses under our own control; advantages of which we seem equally insensible and unworthy. We have incurred the cost of acquisition, but refuse to reap the benefit. We prefer to find, among foreign nations, hostile tariffs and jealous rivalry.

Is not the closer and closer union of the members of this great family the secret of their true policy? "UNION IS STRENGTH," should be the guiding star of our course.

The ancient colonial system, though not so dangerous as the modern anti-colonial one, is nevertheless not the true and durable one.

The great Lord Chatham was not only a protectionist, but an ultra-protectionist; jealous even of the colonies. "They shall not," said he, "make so much as a nail." The ultra-free-traders on the other hand, wantonly expose the Colonists to every disadvantage, and allow them no protection against those foreigners, who enjoy overwhelming advantages. The Colonists are over-weighted, and required to run against those who carry no weight. The true policy would differ from Lord Chatham's; for it would treat the Colonists as if they inhabited an English county, giving them

all the industrious classes in this kingdom now experience in getting a living, and disposing of their children, has depressed their spirits, and nearly extinguished the great sentiment of national pride. Their great object necessarily is, to make their limited and precarious income go as far as it can, no matter what the ultimate danger to the country, or to the permanence of that income itself.

full liberty to grow and manufacture what they pleased. It would differ from the system of the free-traders, for in place of disadvantages, it would give them, in common with all their fellow-subjects, an advantage in the Imperial markets, and take in return a reciprocal advantage in the Colonial markets. The first markets in the world, instead of being opened as now to all without distinction, would give a preference to British subjects. It requires little foresight to perceive how powerfully self-interest would immediately bind the Colonies to the mother country and the mother-country to the Colonies. National pride would join with national interest to cement the union. England would not be prouder of her vast dominions, than these dominions of the confederation to which they belong, and of the royal and imperial head of which they are the members. Full scope in every quarter of the globe would be given to Anglo-Saxon energy and enterprize. In no long time not only would the Colonial trade of the British Empire be ten times what the Foreign trade is now: but our external trade, instead of leaning on a sandy and precarious foundation, would repose on a solid and enduring one.

But it is said, nature never intended such vast territories as India, at the other end of the globe, to remain subject to this little Island. We must lose our Colonies some day or other.

In the first place, it is forgotten what natural physical advantages the inhabitants of a northern and temperate region have over the listless and indolent natives of a tropical climate. The supremacy of the one and the subjection of the other, is not only in the

order of nature,—it is for the advantage of both. British India never knew the blessings of peace and regular government, till it passed under British sway.

As to all your Colonies in temperate regions, you have it in your power,—at least you *had* it in your power,—to make a continued connexion with the mother country their interest and their pride.

But assume, that at some future time you are to lose a portion of your dominions. What is this but saying that the British Empire is like all other human things, mortal. Is that any reason for prematurely breaking it up? for sacrificing the ultimate advantages which survive even the severance of a long connexion? Is the present and the next and the following generation to count for nothing?

But colonies are expensive.

Whoever will sit down and count the real pecuniary loss to the mother-country, and compare it with the real pecuniary gain, will soon discover, that even now the colonies are a prodigious gain to the mother-country.

He will find it, even if he address himself to the calculation under the influence of two palpable, but almost universal errors; first, that national expenditure is a *pure loss*,* and secondly, that all the good derived from trade is the *profit*, in the narrowest sense of the word.

Much more clearly will he see it, if rising above these popular delusions, he remembers that national expenditure is, to a very great extent, but *a transfer of value;* and that every thing produced within the limits of the British Empire, is an *addition to its wealth.*

* This question will be examined hereafter.

But if the colonies are a gain *even now*, persecuted and distressed as they are, what will they be under a wise and truly British policy? If they would be of value to almost any state, how much more to a state overflowing with population, and staggering under a load of debt? But what you do, you must do quickly. It is very doubtful whether you have not already, by a few months of mis-government, really lost some of your greatest colonies, and some of your best customers. When interest and affection have both been loosened, and cease to cement the union, a nominal allegiance only watches the favourable opportunity.

Indeed the pecuniary burthens of Great Britain are among the strongest reasons for drawing closer the bands of connexion with the colonies. Without them she will soon sink to the rank of a fourth-rate power. Her obligations, public and private, will then grind her to powder. With her colonies, and the sure, open, boundless field which they present, her debts and liabilities are dust in the balance.

Men of fortune! if you live to witness the severance of Great Britain from her colonies, you will find your wealth of every kind, vanish like Aladdin's palace Your land may remain, but its value will be gone.

Once more. As the Colonies grow, the more they enrich both the mother country and themselves. Both she and they can more and more easily sustain the expense of their government and defence. The greater they become, the less they cost.

Lastly. Pursue the disintegrating theory to its logical consequences. Canada is expensive, give it to the United States. The West Indies and the Cape of

Good Hope are expensive and discontented: throw them into the lump. The East Indies are expensive, abandon them to the Native Princes or to Russia. Gibraltar and Malta are expensive; the French or Russians will gladly take them off your hands. Australia is expensive; let them set up for themselves, and shut out your products; as all emancipated colonies ever have done and ever will do. Ireland is very expensive; leave her to the Irish. The Islands, and some of the Highlands of Scotland are but little better. Some counties of England are threatening to fall into the same condition. What will be left? A fraction of a bankrupt island in the Northern Sea. Do you get rid of your debt with your dominions?

But if you are to retain your relative rank with Russia and the United States, you must not go backward but forward. If you even stand still, you are over-shadowed. You have only to retain your colonies, make them an integral part of the mother-country, and you will be greater than either or both.

Bind them up in one Great British Zolverein.

No doubt there are *political* measures that deserve the attention of our rulers.

Before the Reform Act, some at least of the Colonies had a voice in the legislature, and were, though not nominally, yet really, and very effectually represented. Now no colony is represented there, directly or indirectly. Laws are made, deeply affecting the Colonies, by utter strangers, very imperfectly acquainted with their real interests.

If each Colony were directly represented, though only by one or two members, their voices could not indeed influence a division, but they would be living

sources of accurate information, accessible to every member of the House. The leaven would diffuse itself throughout the mass, and the temper of the House on Colonial affairs would be changed. Is Thetford to send two members, and are neither Jamaica nor Canada to be even heard by one? And can the prerogative select no Colonial subject whose wealth, influence, or information would be an accession even to the Upper House?

Have not recent incidents demonstrated the necessity of a direct channel of communication between the Colonies and the Legislature?

But what is to be said of the *Colonial-Office*—of the machinery which directs the Imperial *executive* government of the Colonies. Can anything be more miserably inadequate?

[An accurate picture of the facts fifty years ago, and a statement of principles equally applicable now. We will add a few words by way of comment on it.

The greatness of the British Empire is a phrase much in the mouths of men. It may be doubted whether that greatness is *really* apprehended by many. Let us endeavour to bring it home to our readers by some plain statements of fact. These islands are but a seventieth part of the territory under the sway of His Most Gracious Majesty—a territory including

more than one-fifth of the habitable globe. The great empires of antiquity sink into insignificance beside it. Rome, with all her ecumenical pretensions, ruled over only one-fourth of that space: the great Darius over only one-fifth. And if we turn to the modern world, we find that the dominions of the King are one-eighth larger than All the Russias, more than nine times as large as the lands led by the German Kaiser, more than two and one-third times as large as France and her colonies, and more than three times as large as the United States of America. As regards population, antiquity supplies us with no data for comparison: it has left no trustworthy statistics. But while the inhabitants of Russia number at present about 141,000,000, of the French dominions 90,000,000, of Germany and her colonies 75,000,000, and of the United States of America not far short of 80,000,000, the King's subjects, spread over more than eleven millions of square miles, amount to some 400,000,000.

Such is the British Empire over which King Edward the Seventh rules: assuredly one of the most stupendous creations of human valour and human virtue. We use these words advisedly.

It is to the courage, the veracity, the energy, the prudence, the longanimity, the loyalty, the self-sacrifice of "the happy breed of men" dwelling in these islands, that this Imperial fabric is due. Surely Byles is well warranted when he observes, "If the vast dominion of the British Crown in both hemispheres do not compose a state without parallel for greatness and universal prosperity, the fault must be in the policy of the Imperial Government."—EDS.]

CHAPTER X.

"Protection would destroy external trade."

ONE answer to this assertion, is an appeal to facts. No nation has adopted the theory and practice of protection to the same extent as England: no nation has at the same time enjoyed so extensive and lucrative a foreign trade. For centuries the protective policy has been unquestioned and triumphant; for centuries our foreign trade has been steadily augmenting. The strictest protection in the world has coincided with the greatest foreign trade in the world.

In truth, the domestic activity, industry, and prosperity, fostered by the protective system, is the surest basis of a permanent and extensive and mutual foreign trade.

In the first place, with protection and a certain home-market, have arisen *the means of purchase*. Under a strict and jealous system of protection we have seen the rise of Manchester, Birmingham, Sheffield, Merthyr, Leeds, Glasgow, Huddersfield, Bradford, Nottingham, Coventry, Leicester. We have seen skill and machinery brought to perfection. Protection has not blunted the invention or superseded the ingenuity of our countrymen. On the contrary, our cottons and woollens and hardware are the best in the world. What England would have been *without* protection from foreign manufactures, we know not. She might have been what Ireland now is without protection from

British manufactures. But it is certain that *with* protection the means of purchase have been created and multiplied in a degree marvellous, and transcending all anticipation. Had the manufacturing prosperity of England been matter of history, it would have been deemed incredible and fabulous. Our means of purchase are immense and inexhaustible. All we now want is markets:—but markets for the support and existence of these means of purchase, as well as for their increase. A sure market created them; insecure and precarious markets will destroy them, and leave in their place a wretched and discontented population. Thus with protection has arisen the first indispensable pre-requisite for foreign trade,—things to give in exchange for foreign commodities,—in other words, the means of purchase—exports.

Next, a judicious system of protection would neither indiscriminately prohibit, nor indiscriminately admit, foreign articles. It would subject the claim of every foreign commodity to be admitted into the first market in the world (and as well the *places* from which, as the *terms* on which, it should be admitted) to a separate and rigorous inquiry.

The following commodities would, it is conceived, make good their claim.

First: Articles which our soil and climate cannot produce, such as tea, coffee, sugar, indigo, cochineal, spices, gums, oils.

Secondly: Articles which we could produce at home, but at a disproportionate cost. Wine, for example, could be manufactured in England. But the cost would be many times the cost of Spanish, Portuguese,

or French wine, to say nothing of its inferior quality. It may, as we have seen, be perfectly true, that by buying foreign articles instead of home-made articles, the nation loses the entire value on one side of the exchange, and yet on the other hand true, that to manufacture wine instead of buying it from abroad, would be a losing process even to the nation at large.

Thirdly: The raw material of manufactures, such as raw cotton, raw silk, wool, timber and hides. Some of them cannot be had at all, except from abroad; and others not in sufficient abundance to supply the industry of our artisans. The old rule was, to admit them, but in a state as little manufactured as possible.

Fourthly and chiefly: The produce of our own colonies and dependencies.

We now import annually from the United States of America, raw cotton to the value of more than ten millions sterling. The whole of this amount of cotton, and five times as much if it were wanted, might, under a proper Colonial system, be supplied by our own East Indian dependencies.

This sum of ten millions sterling is now entirely American income. It, and much more, might have been entirely British income.*

This sum of ten millions now constitutes a market for American produce, and at present (though it is to be feared, but for a short and precarious season) for some British produce. It, and much more, might have constituted a permanent, certain, and increasing market for British produce exclusively.

* These observations would apply with still greater force to the substitution of home grown flax for cotton: if that were possible.

Suppose British cotton to be but one per cent. dearer than American cotton, the popular political economy would still say, "Buy American." See the consequence. The British empire loses ten millions and gains a hundred thousand pounds: that is to say, it loses nine millions nine hundred thousand pounds sterling per annum; and moreover loses a market of that annual amount.

Nor is this all. By far the largest quantity of American cotton is brought over in American ships. Nearly the whole amount of freight constitutes income of American ship-owners, a market to American industry, a nursery for American seamen. If it came from British India it might have constituted income of British ship-owners, a market to British industry, a nursery for British seamen.

We say nothing of the uncertainty of the American supply, a falling off in which precipitates at once populous English cities, whole English counties, into ruin; nothing of the rapidly increasing cotton manufactures of the United States, buying away from us the cotton in their own markets, and by our policy enabled to do so. Nothing of French or other competitors for American cotton.

We say nothing of the obvious, and truly English and Imperial policy, which counsels an intimate connexion with our dominion in the East, greater than Alexander's, and capable of multiplying ten-fold the prosperity and greatness of the British Empire. A dominion, which as long as it remains ours, prevents us from being overshadowed by those enormous states and confederations of mankind, which the improved modes of communication will assuredly produce,—by

the vast extent either of the American Republic, or of the Russian Empire.

We say nothing of the prosperity of a hundred millions of Indian subjects, who never knew the blessings of peace and order till they were submitted to the British sway: whose well-being and ultimate civilization is bound up in their connection with Great Britain.

If it be objected that an increase in the price of the raw material will injure the export of the manufactured article, the answers are manifold:

First: There will in the long run be no increase at all in the price of the raw material. It is even probable that by the introduction of railways, and improved means of cleaning the cotton, our own Indian cotton will very soon be, both cheaper and better, than ever American cotton has been.

Next, even if there were for a short time a small increase in the price of the raw material, that would hardly be appreciable in the price of the manufactured article. For that price is compounded, not only of the value of the raw material, but of many times its value in labour, machinery, rent, profit, and freight.

Again: Supposing even some small temporary decrease in the foreign sale, an entirely new market to the extent of ten millions per annum is opened up in India. That market is not a precarious one, depending on the caprice and fluctuating policy of other states, but a certain and permanent one, under our own control.

What we ought to do with cotton, we used to do with sugar. We had tropical provinces in the West Indies almost as valuable and prosperous as English counties; supplying us from our own soil with sugar,

and taking payment entirely in British articles. We could add to them, if need were, the East Indies and the Mauritius. There is no limit to the possible production of British sugar; there is no limit to the production of the articles which would pay for it.

Alas! a very different policy has prevailed. We see only a part of the sad consequences in the ruin and disaffection of our noble West India possessions, and the gradual, but certain, decline of the great West Indian Trade.*

As with cotton and sugar, so almost with every tropical or natural product that can be named, our colonies would supply us, furnishing certain and increasing markets in return.

Our foreign trade may have already reached, or even passed, its culminating point; our colonial trade is but just rising.

By giving the colonies a preference, the protective system, so far from diminishing, would ultimately and infinitely increase the external trade.

Fifthly: The protective system would not exclude when necessary, the importation of the food of the people.

The advantages of a low exchangeable value of food cannot be over-rated. But there is one thing of much greater importance than even its cheapness, and that is, its *accessibility*. Food should not only cost as little labour as possible, but be attainable by him who has labour to offer.

With a view as well to the steady low value, as to the *accessibility* of food by the people at large; with a

* See *ante*, p. 102.

view to the full and various employment of the people in its production: with a view to the improved and complete cultivation of the soil,—a judicious system of protection would give certain advantages to its production at home and in the colonies.

A protection to this extent,—a protection at least fully countervailing all national and parochial burthens on the land, is just, politic, and absolutely necessary.

A protection extending further, for the mere purpose of keeping up rents, is utterly indefensible.

Whether the duty should be a fixed, or a graduated one, may be very doubtful. But there can be little doubt that it should be a *discriminating* one. The neighbouring ports, that take nothing from us, will otherwise (as they are already doing) shut out our better, but more distant, customers.

And what encouragement is there to deal with us, when we treat those who do, and those who do not, exactly alike? Except that we take care to secure to those who do *not* deal with us, the full advantage of proximity.

Indeed recent legislation has placed them practically nearer to the greatest British markets, than even our own growers in England and Ireland. For the foreigner is allowed to avail himself of much cheaper shipping.

Lastly, as we have already observed, to deal with those who deal with you again, DOUBLES instead of diminishing external trade.

[Though this Chapter is not wholly free from the *Home Trade Fallacy* (see p. 34), there is valuable matter in it. Thus the complicated nature

of the tariff question is recognised; the folly of being indiscriminate, whether as free-trader or protectionist, the need of treating each particular article in detail, each question on its merits, is clearly shown; and the great truth is emphasised that though this, or that manner of discrimination may not be right, to make no discrimination at all must be wrong.

Then opportune stress is laid on our vast empire in the East; that India whose present poverty is largely due to the long prevalence of the economic system which Byles denounces. And to-day, when at last we have awoke to the folly of giving free play to ravening usurers, grasping *vakils*, hungry half-Anglicised Hindus, and other social parasites, there is a prospect, however dim, of that Indian prosperity which Byles hoped for, but well-nigh despaired of.

Also, like a wise statesman who looks to the future, he distinguishes the immediate and temporary from the ultimate and permanent; pointing out, for example, how a few years of increased prices may be the prelude to their eventual reduction.—EDS.]

CHAPTER XI.

"The distress of the country is owing to taxes, and the expenditure of government."

THE multitude are sure to say this, when mistaken legislation has impoverished them. But it is a fallacy.

We have but to look back on modern European history, or even to open our eyes on what is now before us, and we shall see nations highly taxed, prospering as much, and a great deal more, than many others taxed very little, or scarcely at all.

Nay, we have seen an increase of taxation followed by no diminution of prosperity, and a diminution of taxation attended with no increase of prosperity.

Nor do the reasons of these phenomena lie far beneath the surface.

It is comparatively easy to discover who ultimately pay the *direct* taxes, such as the income-tax, and the assessed-taxes. These taxes are a mere transfer of value from the hand that pays, to the exchequer that receives, and distributes again. The NATION AT LARGE is neither poorer nor richer, for the tax or the transfer.

The incidence of *indirect* taxation is a question of great difficulty. The learned in such matters, have not settled, and probably never will settle, on whom the indirect taxes fall. Very different opinions are

entertained. Some think they fall always on the consumer; others that they are not paid by the labouring classes, whose wages, we are told, rise to what is necessary to keep up the supply of labour. It is clear, however, that in some proportions or other they are paid by the people at large.

It may be said of both direct and indirect taxation in the aggregate, that the people at large, in some unknown proportions, *pay* the taxes.*

And it may also be said with truth, that, in time of peace and domestic expenditure, the people ultimately *receive* the taxes again. When they suffer from taxation, it must be either because foreigners receive the taxes; or else because taxation causes a vicious distribution of property; or lastly, because it subtracts value from the employment of productive labour.

Let us examine a little more closely how the taxes are spent.

* Yet there is an exception. It may sound paradoxical, but it's true, that there is a species of taxation, by which the people may sometimes be even gainers.

Customs' duties on imports are not always paid by the consumer. They are often paid in whole, or in part, by the foreign importer. It often happens that the foreigner makes in the British market a great deal more than is sufficient to remunerate him. He can often afford to pay a duty, and yet sell at the same price. In this case the whole duty is so much gained; or, more frequently, he can afford to pay the duty and raise the price of his commodity to a less extent than the duty. Here the difference between the duty and the rise in price is gained. Lord Stanley (in a speech deserving for other reasons the perusal of every man in England), lately called the attention of the House of Lords to these considerations, and their bearing on an import duty on provisions.

Take the larger half. In round numbers nearly thirty millions are paid every year to discharge the interest on the national debt, funded and unfunded.

No doubt, wherever the stock is held by foreigners, the dividends received by the foreigner are in the nature of tribute, and impoverish the country, just as the payment of tribute would do.

It is to be feared that, during the late troubles in Europe (coinciding, as they have done, with a great excess of our imports over our exports), the portion of the debt due to foreigners has been very much augmented. The purchase of stock by foreigners, distrusting the investments of their own country, has redressed an adverse balance of trade, but leaves us in debt to them, with interest to pay till the debt is discharged. When it is discharged, it will be by selling the stock, and taking the produce out of the country, without any return.

Nevertheless, much the larger portion of the debt is still due to British subjects, resident in the United Kingdom. The contribution of the dividends by the nation on the one hand, and the receipt of the dividends by a portion of the nation on the other, can be no direct loss to the whole nation. A, B and C pay to A, one of the three; A, B and C together, are as rich as they were before.

Nor is it clear that the artificial distribution thus introduced is very disadvantageous.

It is proved by actual returns that the number of large fund-holders is very small. And even of that number many are trustees, many more are public companies, such as Insurance Companies, who represent a plurality of persons in moderate circumstances.

It is probable that the bulk of the dividends are ultimately received by a multitude of persons, not much above the poorer classes. So that as far as the bulk of the public debt is concerned, the taxes are received again by a numerous class of the nation, and those not in affluent circumstances. What the awful effects of a suspension of public credit would in this country be, it is fearful to contemplate; but as a set-off to those calamities, the suspension of the payment of dividends would afford no relief. By as much as one portion of the nation would, by the suspension, be richer; by so much, another portion of the nation would, by the same suspension, be poorer.

It is said that the dividends are subtracted from productive expenditure, and added to unproductive expenditure.

This is assertion only. It is doubtful whether either proposition be true. It is probable that the greater part of what is handed over to the tax-gatherer, would be spent by the tax-payer, much in the same way as by the receiver of the dividend. And if there be cases in which the tax-payer would employ his contribution more for the advantage of the nation, than the receiver of the dividend, there are, on the other side, cases where the receiver of the dividend employs it better for the nation, than the tax-payer. In how many cases are dividends received by trustees for infants, who afterwards employ their property in trade;—by bankers for their customers;—by public companies of acknowledged utility for their members, or their customers?

It seems therefore to be true that the interest of the debt does not, so far as it is paid to British subjects, impoverish the nation: it is a mere transfer of value.

Then it will be objected, "According to you, the national debt is no evil." By no means. We do not assert that no mischief was done by the *creation* of the debt, we only say that none is done by the honourable *payment of the interest.* The value that evaporated in gunpowder can never be recovered back. The evil lay in contracting the debt. If it had never been contracted, the public creditor might perhaps have had what he now has, and yet the nation have been obliged to pay him no dividend. In fact, as long as the punctual payment of interest is continued, so long is the full mischief of the past wasteful expenditure of the public resources postponed. When the day arrives that a half-year's interest cannot be paid, then at length will yawn that awful chasm in which the national wealth has been swallowed up. On that fatal morning, no matter how rich you are, your banker must dishonour your check. The comfortable balance due to you has vanished with the banker's balance due to him from the government. You can have no credit with your tradesmen. Your humble neighbour is no better off. There are no funds to pay wages, and none even for public charity.

There remain to be considered the civil and military expenditure.

This also, as far as it goes to British subjects, is but a transfer of value. Yet it is clear, that large bodies of men on land or sea, kept in unproductive employment, are a loss so far as *industry, otherwise productive,* is thus diverted to unproductive purposes. It is hard to see that it is loss to a greater extent, but that extent probably falls very far indeed short of the whole amount.

Still, as a general rule, taxes paid to British subjects are but a transfer of value, though they may, and no doubt do, in many cases produces injurious effects.

But to regard the public revenue of the nation as so much value destroyed, or in popular language so much money thrown into the sea, is a very gross delusion.

Another consideration will fortify this view.

The annual public revenue of the United Kingdom has been, since the peace, in round numbers, fifty millions a year. Fifty millions for thirty-four years amount to seventeen hundred millions sterling. Can any man believe that we are in the same condition as if this sum of seventeen hundred millions sterling had been paid in tribute to a foreign country ?

But we have seen above, that to import from abroad commodities that we might have produced nearly as cheap at home, unless we secure the employment of the displaced labour in some other way,* is really a *dead loss* to the nation—is really a *tribute* paid to a foreign country. That tribute is now paid, and paid unnecessarily, to the extent of millions, and tens of millions.

What then are we to think of the wisdom of financial reformers, who, disregarding a fatal drain of life-blood like this, begrudge a few hundred thousands, distributed within our borders, for the defence and security of the empire.

How is it, that complaining of the debt and the taxes, they double the exchangeable value of the sovereign, and the shilling, and give every tax-eater two bushels of corn, where he had but one before ?

* See *ante*, Chapters IV. and V.

How is it that we have borne the burden of our public expenditure so long, and have been, nearly all the while, richer and more prosperous, than all other nations?

None will attribute the distress we now experience to taxes and government expenditure, who are not resolved to shut their eyes to the true causes.

In truth, under a wise, but very different policy, the public burdens of the United Kingdom would not be felt. The resources of the British Empire are far more than adequate to much heavier ones. This is not conjecture or assertion merely; we know that they have actually been found so.

[Although this Chapter is rather optimistic on taxation, we must remember that the British and European taxes of 1850 were far lighter than those of to-day. Byles explains the nature of the National Debt with great clearness, and shows how the annual payment of interest (assuming the stock to be held at home) is merely a transfer from one hand to another. Hence, if this payment bore now the same proportion to the rest of the public expenditure as it did in 1850, it would be over £70,000,000, and not expenditure, properly speaking, but merely a shifting of income among British subjects. The actual sum so shifted is about £27,000,000.

Byles again is quite right in attacking the proposition, so confidently asserted, that indirect taxation is *necessarily* paid by the consumer; he is far in advance of his age in maintaining the uncertainty of the incidence; and though he probably underrated the evils of high taxation, he was certainly well warranted in his main contention, that the distress of the country—and those who have really studied the condition of Great Britain and Ireland in 1850 know how great the distress was—could not rightly be attributed to "taxes and the expenditure of government."—EDS.]

CHAPTER XII.

"Increase of exports and imports is the index of national prosperity."

QUIETLY assumed. But is it consistent either with reason or with facts?

We have seen how much more important home production is, than foreign production.* Yet the superseding of home-production by foreign production, is a process which necessarily increases imports, and will generally be followed by some increase, (though it may not be a proportionate one) of exports also. When you buy from abroad to the value of a million sterling a year, shoes which you used to make at home, and annually export to pay for them a million worth of cotton and other manufactures, which your own shoemakers used to consume at home, you increase the annual imports a million sterling, and you increase the annual exports a million sterling also. But your manufacturers of cotton and other goods, get no more than they had before.

Now look at your shoemakers. They have lost an income of a million sterling a year. Their expenditure to that extent is gone. The home-market to that extent is gone. The annual product of the labour of the country is diminished by a million sterling a year.

* Chapters IV. and V.

And there is no compensation for all this. Thus a real blight on industry, a real loss to the nation, *may* shew itself, not only in increased imports, but in increased exports.

So on the other hand, suppose Ireland, instead of importing flax from abroad, should henceforth grow it at home. That would wonderfully relieve her distress. But flax would no longer figure in her imports, nor the articles that pay for it, in her exports; for they, or their equivalent, would be used by her own people, now idle and starving. Here would be an example of improvement, indicated by a decrease both of exports and imports.

Superficial observers point to your exports and imports, and say, distress is imaginary, because these have both increased. If there are customs' duties, then they further point to the customs, and say, truly, your revenue has increased.

But patient and unprejudiced inquirers, who, distrusting alike great names, and popular notions, will sift the matter to the bottom, find out that the true state of things is this. Domestic exchanges are unregistered, and do not figure in any returns. Supersede them by foreign ones, and these foreign ones are immediately doubly registered, published, and paraded, both as exports and imports. When domestic production and mutual domestic exchange flourished, there was no register of their existence. When half the benefit leaves the Englishman, and passes over to the foreigner, there is no register of the death of the deceased domestic industry. But the entry of the superseding foreign industry into the home-market is registered, and the departure of the products of home industry, to be

enjoyed and spent by a foreigner, instead of being enjoyed and spent by an Englishman, is registered also. And the new direction which the exchanges have taken, being no longer latent put public, government can lay hold of both exports and imports in their transit, tax them, and then point to an increase of revenue.

So far, therefore, from an increase of exports and imports, necessarily betokening an increase of the annual products of the land and labour of a country, or the improved condition of the people; reason shews us that they *may be* symptomatic of the very reverse. They certainly, therefore, are no criterion or index of national prosperity.

Now let us see whether FACTS shew them to be such a criterion.

The most prosperous of all nations, for the last fifty years, has been the United States. Yet the exports and imports of the American Union, notwithstanding its vast augmentation in population, are not very much greater than they were in 1805. It is the unregistered home production, and home trade, doubling, and quadrupling over and over again, that has created this unexampled prosperity.

Next to the United States comes the United Kingdom. The increase of exports and imports with us, though great, has not been at all proportionate to the increase of wealth, and very much less than the increase of the exports and imports of France, whose progress has been much behind ours.

In France, indeed, the increase of exports and imports has been immense, since 1805 and even since 1815. But her progress in wealth and population is

infinitely less than that of the United States, or even that of the United Kingdom.

[This Chapter would be excellent if its statements had been made with a little more caution. Byles would be unquestionably well warranted in holding that, though the increase of exports and imports gives some presumption of increase of prosperity, we must look at their quality and character before turning the presumption into a criterion. Thus it was no criterion or index of the prosperity of France when she had to import Spanish wine in large quantities to supply the deficiency at home due to the ravages of phylloxera. Again, it was no index of national prosperity in the Southern Slave States that their foreign trade was great, because (as Cairnes, the free-trader, noticed) it meant that the slave-owners employed the slaves in a few crude industries adapted to slavery, and were able to import and enjoy by themselves all the comforts and luxuries of civilisation.—EDS.]

CHAPTER XIII.

"All commodities should be rendered as cheap as possible."

No word is so seductive as the word *cheap*, yet no word has more meanings. "The world," says Horne Tooke, "is governed by words." A word so alluring and yet so ambiguous, is, of all other words, surest of conquest and dominion. Accordingly it has subjugated the popular opinion of England.

First, cheapness, in its strict and proper sense, means cheapness in money. A thing is in this sense cheap, when it fetches but little money,—but little of the precious metals; when a little money will purchase it. This is the first sense of cheapness.

But secondly, cheapness may also be taken, and by political economists is often taken, to mean a low exchangeable value, that is, a low value, estimating that value in other commodities. In this sense a ton of iron is cheap if it can be purchased with but little corn, but little cloth or silk, but few hats or shoes. This is the second sense of the word cheapness.

A third sort of cheapness is a cheapness produced by low wages of labour. The cheapness of shirts made by poor needle-women at four-pence a dozen.

Cheapness, fourthly is taken to mean a low value as estimated in the labour bestowed on an article. When little labour has been employed, and little is necessary to produce an article, then it is said to be cheap.

Let us now briefly examine, how far these several sorts of cheapness are beneficial, and to whom they are beneficial.

Take the first sort of cheapness—cheapness measured merely by money.

It is an observation lying on the surface, that this sort of cheapness may be brought about, not only by the abundance and accessibility of other commodities when compared with the precious metals, but by the scarcity and inaccessibility of the precious metals when compared with other commodities.

It is further evident, that if society were starting afresh, if there were no existing debts or obligations, then this sort of cheapness would be a matter of perfect indifference. The dearness or cheapness of things would depend on the aggregate amount of the precious metals, compared with the aggregate mass of all other commodities. If there were much gold and silver, things would be dear; if there were little gold and silver, things would be cheap. But the little gold and silver in the one case, would be worth as much as the larger quantity of gold and silver in the other case, and would effect the necessary exchanges equally well.

In itself therefore, this first sort of cheapness is a matter of perfect indifference.

But suppose an old society, in which the industrious classes are oppressed with very large engagements,

public and private. Suppose a public debt of 800 millions sterling, and an amount of private debts and mortgages far exceeding even that immense sum; then this first sort of cheapness is no longer a matter of indifference, it is a matter of supreme importance.

If it were brought about by lessening the labour necessary to produce other commodities, then it might be a blessing to all parties. But that would be cheapness of the fourth description.

If, on the other hand, cheapness in money value were brought about by diminishing the quantity or augmenting the value of the precious metals, say, for the sake of illustration, by one half, would that be a national benefit or a national evil?

It is manifest, that it would at once double the national debt, that it would at once double every mortgage, that it would at once double every debt and pecuniary liability.

It would, on the other hand, double the real income of all tax-eaters, mortgagees, and creditors. Every fund-holder, for example, would receive two bushels of corn instead of one, two yards of cloth instead of one in other words, two bushels of corn and two yards of cloth, instead of one, must be sold to pay him.

It would be, in great measure, a transfer from the industrious to the idle classes. Every man in trade would find his stock-in-trade decline in price, and the proportionate amount of his debts and incumbrances augment.

While the *appreciation* of the precious metals, or of the currency, is going on, there will be universal distress and paralysis of industry. On the other hand, it has been truly observed by David Hume, that a

progressive *depreciation* of the precious metals is always accompanied with an expansion of industry.

It is said in answer to this, that the poor suffer in their wages by a diminution in the value of money. The answer is, that they gain much more than they lose, by the additional demand for labour; and that their wages, as a general rule, will accommodate themselves to the difference.

It seems therefore clear that a mere cheapness of the first sort, a mere *cheapness in money*, though in itself a matter of indifference, is, to a country overburdened and bound down like England, with pecuniary obligations of all sorts, so far from being a *benefit*, that it is the greatest possible *curse and calamity*.

One-sided free-trade causes the first description of cheapness by augmenting the value of money.*

We come now to examine the second sort of cheapness, that is, cheapness in the sense of a low value measured in other commodities.

One, or *some* commodities may, it is true, be cheap in this sense; but *all* commodities, or even *the bulk* of commodities, cannot. The cheaper you make some, the dearer you make others by that very process. If the cheapness of commodities is measured merely by the quantity of other commodities for which they will exchange, the dearness of some is what makes the cheapness of others, and the cheapness of these is what makes the dearness of the first.

This second sort of cheapness of all commodities is therefore impossible—it is a contradiction in terms.

* To what extent would not recent measures have augmented it, but for California. The *value of money*, and the *rate of interest*, are two very different things, as we shall see more fully hereafter.

The third sort of cheapness,—a cheapness attained by low and inadequate wages of labour, is a murderous and suicidal cheapness.

The cheaper things are with this cheapness, the dearer they are to the labourer. The less of them the labourer can get. The less he has to spend. The cheaper things are with this cheapness, the more the incomes of the working classes fall off. The more surely you ruin the largest and best of all markets, which is the expenditure of the labouring classes.*

Where foreign goods made by labourers, worse fed, worse lodged, worse clothed than the Englishman, are introduced into the English market, they bring with them this cheapness. It is contagious. Those foreign goods had better be infected with the cholera or the plague.

Now for the fourth sort of cheapness, viz. a low value measured by the labour necessary to produce a thing.

This fourth sort of cheapness may be, and ought to be, a gain to all classes of society. This is the cheapness created by more fertile soils,† improved methods

* Every Chancellor of the Exchequer in England, every collector of the Octroi in France, knows by experience, that the greatest expenditure is by the labouring classes.

† Very few things are of more importance than cheap food. That a low price of corn brings down rents is no objection at all. If that were all, it is a mere transfer of wealth from the rich to the poor, tending to redress that fearful inequality of condition between the very rich and the very poor, which is one of our greatest miseries and dangers. You could, if you chose, bring about this cheapness by the better cultivation and increased fertility of your own dominions; and it would then be a great and unmixed national blessing. But if you attempt it by discouraging domestic production of food, and introducing food grown by worse paid labourers, the

of cultivation, more powerful manures, improved machinery* the subjugation to human uses of the great powers of nature, such as steam, electricity, and mechanical and chemical agencies. This cheapness results from a more complete and extended dominion of man over nature. It is the gift of a beneficent Providence, to be wisely improved, and directed to the benefit of the masses.

I say, to be wisely improved and used; for even this cheapness is of itself but the raw material of national wealth and happiness. Alone, it will leave the masses of the people as miserable as it finds them. We know this by sad experience.

poor will be greater losers by such a cheapness, than even the rich themselves. They will have far less cheap bread, than they had dear bread before. Kilrush market is now abundantly supplied with the cheapest Indian corn, and the cheapest Russian wheat. Look at the labourer.

* Nothing can be more ungrateful and short-sighted, than the complaints of machinery superseding human labour. Where it does so, it is a mitigation of the primeval curse. The hand might as well complain of the spade or the plough. But then on the other side, improved modern machinery is a new and highly artificial thing. It will disturb the old and simple relations between the workman and his employer—to the injury of the workman, unless there be appropriate artificial regulations. Most justly does Mr. Mill complain that improved machinery has not yet lightened the toil of a single human being. It might be added, that as yet, instead of always benefiting the workman it has too often injured his condition. At all events, nohow and nowhere does he (and he is THE NATION) get his full share of the benefit. Why? Because men are slow to perceive that the introduction of so artificial an element will necessitate other artificial arrangements. The Factory Act is a right beginning—but only a beginning. Modern machinery engrafted on the rude primitive relations between employers and employed, is the 'new piece on the old garment,' which will make the rent worse.

Of the four sorts of cheapness, therefore, the first is injurious *to us*, the second impossible, the third destructive, the fourth but a means to an end.

For the benefit of the masses, it is not enough to make things cheap, even in the best sense of the word. What is wanted is, to make them *accessible, attainable*, by the multitude. By making things cheap, you do not necessarily make them accessible. Nay, there are some modes of making things cheap, which as we have seen will make them less accessible to the multitude than they were before.

What the masses want, is, the *means of purchase.* If the means of purchase be wholly absent, it is a matter of supreme indifference to them, whether things be dear or cheap. The only means of purchase which they possess are the wages of their labour. In a word, *employment* is their *means of purchase.*

You may have cheapness without full and various employment for the masses. That is *cheapness*, but without *plenty*. You may have full employment for the masses at good wages without cheapness; that may be competency or even plenty without cheapness. The aim of all good legislation should be to unite the two blessings, cheapness and plenty. But if, as often happens, in the imperfection of human affairs, you have to choose not only between two evils, but sometimes also between two good things, inconsistent with each other,—which of the two is to be chosen—*cheapness* for the benefit of a few, or *plenty* for the benefit of ALL?

Undoubtedly, plenty. Then the study of every government, in order to produce plenty, permanent plenty, plenty widely diffused and extending to the masses, should be, the *full and various employment of*

the people. The test of every measure ought to be, and used to be this—Will it promote the employment of the people?

It has been already shewn, and on the authority of Adam Smith himself, that the production of articles at home which can be made or grown somewhat cheaper abroad, though it should not produce cheapness, does promote the employment of the people, does give them the means of purchase, does produce plenty—permanent plenty—plenty widely diffused—plenty extending everywhere to the masses of the population: and that the opposite policy, even under the most favourable circumstances, though it should and will create cheapness, will destroy the means of purchase, and introduce a real and spreading want.

We have already seen * that Adam Smith himself declares and proves that foreign production, compared with domestic production, gives BUT ONE HALF THE ENCOURAGEMENT TO THE NATIVE INDUSTRY OF THE COUNTRY.†

And this under favourable circumstances, and with reciprocity.

[The last three paragraphs of this Chapter are vitiated by the *Home Trade Fallacy* (see p. 34), and might well be omitted. The rest of it is quite excellent. The remarks on the *appreciation* of

* Chapter IV.

† It is not pretended that Adam Smith is everywhere consistent with himself on this subject. He certainly is not. For this admission alone destroys the theory of free-trade. Mr. Horner himself, speaking of Smith, calls him a loose writer.

the currency anticipate the admirable study of a difficult question by Mr. Price, who has illuminated economics with the lamp of psychology, and has shown how our economic energy is affected by our imagination (*Money and its Relation to Prices*, Ch. II.).

Then, as we have pointed out in our Note to Chapter VI., Byles saw the need of a tariff to restrain "the murderous and suicidal cheapness" due to the international exchange of the produce of sweated labour.

Again, he urged a truth to which during most of the nineteenth century the economic mind seemed impervious, namely, that if you are penniless you cannot buy food, however cheap the supply, however frantic your hunger's demand; and the kindred truth that it is better to get eight ounces of "dear" bread for your meal, than four ounces of "cheap" bread.

Byles's note on machinery is worthy of special attention. With historic insight he understood its dissolving effect on the old simple relations of masters and men, and discerned the need of an entire re-adjustment of them: an adjustment of which the new Factory Acts were only a part and a beginning.—Eds.]

CHAPTER XIV.

"Free importation is the source of plenty; protection, of scarcity."

THERE are two sorts of plenty. One sort of plenty is a mere relative plenty, where there is more than individual consumers can buy *and pay for*. Such plenty as exists in an Irish market, where the starving poor eye wistfully, but in vain, the American flour and Indian meal. This spurious sort of plenty, free importations and one-sided free-trade may tend to create. For they diminish and destroy the means of purchase.

But another, and a much better sort of plenty, is an abundance, at once absolute and *accessible*. When there is as much as the masses want, combined with *accessibility*. When there is enough for the multitude, and the multitude can *get at it* and enjoy it.

This is the sort of plenty at which governments should aim. This is the only plenty by which the masses profit. But this plenty depends on the *means of purchase* enjoyed by the multitude; their means of purchase depend on their full and various employment; their full and various employment, on their producing as much as possible *at both ends of the exchange*.

Production at both ends of the exchange creates at

once, not mere *relative* plenty, but *absolute* abundance on both sides, and the means of purchase on both sides. If you produce on one side only, you sacrifice half your abundance; you are dependent on the capricious and variable extent of a foreign market, not under your own control; and you are subject to a periodical check and glut. Produce at both ends, and *in due proportion*, and what would otherwise cause a check and a glut, will but augment the means of purchase, as well as the overflowing and superabounding plenty. You have at once abundance combined with accessibility. An universal glut is, as M. Say has well demonstrated, an impossibility. Suppose that in this country, wheat, raw cotton, wool and timber, could be produced in abundance as unlimited as knives and pocket-handkerchiefs, who does not see that the consequence is, not a glut, but an enormous consumption, an immediate plenty and ease of circumstances, for the whole population all round?

Nay, suppose we had on the other side of us, no further distant than Ireland, another country as large as Ireland, unoccupied, able to grow not only wheat, wool and timber enough, but cotton enough, and sugar enough, and all other tropical productions enough, to supply all our deficiencies. Again, there is at once the same immediate abundance, and ease of circumstances.

But we actually already *have* this imaginary Ireland. Steam has brought our timber and wool, our sugar, and cotton, and corn-growing provinces almost as near to us, as Ireland once was.

Moreover the real Ireland is *half waste*, England half cultivated, some of Scotland actually laid down to waste. But the resources of the East and West

Indies and Canada, are not only not developed, but positively discouraged.

The means of producing on both sides of the exchange,—the means of producing all things, and in all climates,—the means of producing plenty in the best, fullest, richest sense of the word, we already have. Plenty not only to satisfy the wants of all, but plenty to confer on all the means of purchase. Plenty, unlimited, permanent, universal.

But we are "*magnas inter opes inopes.*" Our theories blind, paralyse, and starve us.

[Reiterating one of the points of the previous Chapter, he urges the development of our Imperial resources, as if foreseeing in 1851 the needs of 1903. And surely we may reiterate his question: What is the benefit of cheapness to those whose means of purchase is destroyed?—EDS.]

CHAPTER XV.

"*England has a greater capital than any other country.*"

IN one sense this position is true; in another sense it is at least doubtful, perhaps false.

What is CAPITAL? A question that has engendered endless strife among political economists. But these disputes are mere logomachies. Every man has a right to employ the word *capital*, or any other word, in any sense he pleases. If he will but tell us exactly what he means; then, whether he employ the word in the right sense or not, is a mere question of propriety of language. It comes to this,—Is the word when used in this man's sense, good and usual English or not? A trivial question of no scientific importance at all.* "I will never quarrel about words," says Mr. Locke, "with him who grants my meaning."

But though it be a matter of no importance in what sense you choose to use a word, it is of the last importance, first, to let us clearly understand in what sense you do mean to use it, and next to keep strictly to that sense without changing it.

* Not that purity of style is to be undervalued. It consists in never unnecessarily employing any word, or a word in any sense, not justified by the usage of the best authors. Purity of style is not only a great and rare literary merit, but is essential to the permanence of every living language and every literary reputation. Without it the writers of one age, are barbarous, if not unintelligible to the next.

This however is no easy task. There are many words that continually change their sense with the subject and context. Capital is one of these words. The controversies about capital are therefore like the disputes about the colour of the Chameleon.

If by capital you mean the aggregate of mere visible and tangible things, possessing exchangeable value, such as land or the improvements of land, buildings, railways, ships, stocks of food, clothing, or specie,—then, in this sense of the word, it is by no means clear that England has the greatest capital of any nation in the world. It is doubtful whether in this sense, France, the United States, or even Russia, do not surpass her.

It is at least evident, that when we say England has the largest capital in the world, we include something else in the word *capital*. What is it?

We include the power of raising money, or means for enterprises, great and small of all sorts, public and private. In other words CREDIT.—What is CREDIT? Trust in the solvency and punctuality of the paymaster.

Touch a country with this talisman, and capital even in the other and material sense springs up instantly. It does not accrue from savings merely, as modern political economy poorly and inadequately teaches, but starts up in huge masses. Instantaneously are created the very incomes themselves, from which savings are made.* You now produce first and pay afterwards.

* Take for example the Liverpool and Manchester Railway Company, or the New River Company. For every hundred pounds expended, there are two hundred pounds, or possibly a thousand pounds of value created. Nay, if it is believed before-hand, and rightly believed, that, the enterprize will be profitable, the projectors

The hindrance and stumbling-block to production, want of money (as it is called in popular and inaccurate language,) is taken out of the way. The greater, the more various the production on all hands, the more the means of payment abound and overflow, the ampler

and original proprietors may not only have their capital permanently doubled, but all the money offered on loan, and prepaid by strangers before they turn a spadeful of earth. This multiplication of capital does not come from savings.

Such joint-stock undertakings are but samples of thousands of private enterprizes.

We hear of capital *sunk* in railways. Suppose a railway to have cost five millions, and to yield but a moderate return, say, 4 or 5 per cent., and its shares to be at par. Every shareholder, who has contributed his hundred pounds still has it. A value equivalent to the whole amount spent still exists in the aggregate value of the shares of the Railway. But, in the mean time, that railway has conferred on the country the benefit of spending its value. It has created a net spendable gain of five millions sterling. (See Chapters IV. and V.) If no part of this five millions would otherwise have been productively employed, then the whole of this five millions is not only net gain, but additional or surplus net gain owing to the making of the Railway. And so of every part of it, which but for the making of the Railway, would not have been productively expended. That proportion is, perhaps, in every case very large. So that wherever we see a moderately successful railway, we behold a monument of capital *created*, not of capital *sunk*. In the end it may, perhaps, be found that capital created by railways is a compensation for the destroyed capital represented by the national debt. For only a part of that debt has been really spent.

You thus augment capital, not merely by savings, but by creating at once the very gain or income, out of which savings are made.

What will be the amount of durable capital in the United Kingdom *suddenly* created, when a wise government shall turn the unemployed physical strength of the population on ten millions of waste but improveable land?

What has been the amount of capital in the British West Indies, *suddenly* annihilated by the opposite policy?

What an immense amount of capital are we now *suddenly* creating in *foreign countries*, by our new commercial policy.

and the more insatiable the markets. The vast increase of wealth material, visible, and tangible, in its turn augments and justifies credit; and credit again multiplies material and solid wealth. National burthens themselves are, as by the wand of the magician, transmuted into National wealth.

Nor is there any reason why this general confidence and affluence should necessarily end (as it has too often done,) in a glut or a check.

We have already called attention to the admirable remarks of M. Say, who proves that a general glut of all commodities is impossible. Industry once aptly organized—the more you produce all round, the more you may. We have already seen that every interchange of two domestic productions opens no less than four home markets. It is these sure markets that sustain production, and make it certainly and permanently profitable. It is this certain and durable profit, that begets trust in the solvency of the paymaster, that creates, diffuses, and maintains credit.

While this organization of industry lasts, CREDIT and CAPITAL last and grow too. Indeed much that is called CAPITAL is but an apt organization of industry.

Now put forth your hand and touch the ark of public or private credit.

Touch first private credit only.

You have but to disarrange the mutual and profitable interchange of British productions, each affording the other not only a full but secure market. Let but one great branch of Industry loses its market. Three more markets are (as we have seen) at once closed. A series of markets is ruined. A check, a glut comes.

English industry becomes unprofitable. The

English producer is the ultimate paymaster. The means of the paymaster disappear. Trust in his solvency, and punctuality vanishes. Credit no longer sustains industry. Capital in the larger sense, disappears by hundreds of millions at once. Boundless wealth, material plenty, and industrious energy, give place to universal distrust, idleness and poverty.

At this hour, Irish property, West India property, Railway property, illustrate the partial collapse of private credit.

Private credit once seriously and generally impaired, public credit can no longer be preserved. Property is gone. Universal ruin and public confusion follow. Where now is England's capital?

Already it is the United States, and not England, that are finding the capital to obliterate the Isthmus of Panama, and pour the commerce of the world over the vast and populous shores of the Pacific.

[Byles deserves double praise for seeing both the need and the difficulty of a clear and consistent use of the word "capital." He is less happy in his use of the word "credit." For in one paragraph he gives the two definitions; "The power of raising money, or means for enterprises, great and small of all sorts, public and private," and also, "Trust in the solvency and punctuality of the paymaster." But the second definition does not imply the first; mere trust does not provide tools and materials on the

one hand, or workmen on the other, both of which are the indispensable "means for enterprises." And he seems to forget that the ruin to many fortunes by a collapse of credit, such as he had seen in the great Railway crisis, was no sudden destruction of genuine wealth, but mainly the settlement of who was to pay for *previous* misdirected production, *previous* waste of wealth, *previous* reckless excess in consumption.

But, after all, it was the "apt organisation of industry" of which Byles was principally thinking; and we may fairly claim for him that he anticipates the well-known Chapters of Professor Marshall on the organisation of industry and on its immense importance (*Principles of Economics*, 4th edit., Book IV., Chs. VIII.–XIII.), and that he suggests the organisation of Imperial industry whereby its efficiency may be so much increased.

The mention of the Isthmus of Panama strikes one curiously, and sounds as though it had been written in our own day. Byles was not speaking, however, of any canal, but of the railway from Colon to Panama, then about to be constructed by the Americans.—EDS.]

CHAPTER XVI.

"The evils of Ireland will work their own cure."

NEVER.

> Rusticus expectat dum defluat amnis; at ille
> Labitur et labetur in omne volubilis aevum.

A better state of things in Ireland will never *grow*, will never come of itself. A better state of things may be *made*, may be *created* there. *Might* be created immediately and permanently. *Will* be created, when the *let-alone* policy is finally abandoned in despair, and the hollowness of existing notions of Political Economy is demonstrated by experience, and generally recognized.

According to received theories, Ireland ought to be very prosperous. She is a very large and an eminently fertile island, in a temperate latitude. She has safe and capacious harbours, noble rivers, immense water-power. She possesses great mineral wealth of every description. In spite of calumnious assertions to the contrary, her poor, *when employed and fed*, are the most laborious of mankind. Our wise men assure us that it is a vulgar error to suppose, that absenteeism has been injurious.* Above all, *Ireland has had perfectly free-trade for many, many years, with the richest nation on earth, and the let-alone system has had free course.*

* See the Chapter on ABSENTEEISM.

But in Ireland, as every where else, do not facts rebuke those received theories?

What is Ireland's condition? No description can describe it, no parallel exists, or ever has existed, to illustrate it. No province of the Roman Empire ever presented half the wretchedness of Ireland. At this day, the mutilated Fellah of Egypt, the savage Hottentot and New Hollander, the Negro slave, the live chattel of Georgia, Carolina or Cuba, enjoy a paradise, in comparison with the condition of the Irish peasant, that is to say, of the bulk of the IRISH NATION.

Who is responsible? Common sense says, and all Europe and America repeat it,—"Those who have governed Ireland are responsible."

Yet it would be unjust to charge Great Britain with the want either of a kindly feeling or of generosity to Ireland. The truth is, that partly from the pressure of other business, but partly and chiefly from the influence of empty and pernicious theories, Ireland, (except in the imperfect way in which the peace has been kept,) has not been governed at all. On principle, every social and economical abuse has been allowed to run riot.

Proprietors have, on principle, been allowed to lock up their lands with charges constituting a *mortmain*, worse than the mortmain of the middle ages—preventing not only alienation, but cultivation. To interfere with contracts between landlord and tenant, so as to give the tenant, (what the publie welfare requires he should have) an interest in the improvement of the land, has been, and is denounced, as contrary to principle! To interfere with the mode of cultivation, shocked the political economists. To distribute artifi-

cially not an excessive but a congested population, and so to put a stop to those clearances, which inflict more misery than an invasion, was to interfere with the rights of property. To attempt a provision for the helpless poor, was to add to Ireland's existing wretchedness the abuses of the English poor-law. To encourage artificially any Irish industry, and so to compensate in some degree for the artificial and direct discouragements to which it had been subject for so many years, till it was effectually over-laid and finally smothered by the manufacturing industry of England, would still be deemed monstrously absurd. But the injustice of inflicting intolerable burthens on the owners and occupiers of Irish land, and then exposing them to competition with those who are subject to no such burthens, is not perceived.

Our first great measure really directed to the social condition of Ireland, was the Irish poor-law.

But what a poor-law! and with what other measures accompanied!

Thirty years ago it was the fashion among Political Economists, to speak all manner of evil, not only of the English poor-laws, but even of the principle of compulsory relief to the poor. Of late years, this fashion, like many others, has gone out. It is now generally conceded, that the inviolability of property, the extensive and persevering cultivation of the land, the peaceable and loyal conduct of the masses, the consequent stability of government, and the marvels of public and private credit, are in no small degree owing to institutions so hastily and presumptuously maligned.

What are the principles of the old English poor-law?

They are these three: First, that the poor shall be *maintained.* Secondly, that they shall be *employed*—in the language of the forty-third of Elizabeth, "set on work," not maintained in idleness. Thirdly, that this shall be done, not by the central government, but by the poor man's richer neighbours in districts of moderate size, to which the poor belong, and in which they are settled.

Originally, there was no law of settlement, but in about fifty or sixty years after the compulsory maintenance of the poor was established in England, the law of settlement was clearly seen to be a necessary corollary, from the maintenance of the poor by districts. It was accordingly soon introduced.

Various modes of acquiring and transmitting a settlement have from time to time been introduced and modified by statute. At present, every native of England has his parish in which he is settled; and there are some ten or a dozen modes in which his settlement may be changed, or communicated to others.

Thus on the one hand, the exclusive rights of property are rigorously upheld; and, on the other hand, the maintenance and employment of the poor, belonging to the parish, is the first charge on the land.

I say *employment,* as well as maintenance: for, although the *direct employment* of the poor has been greatly neglected, partly because of its difficulty, partly from ignorance of the true principles on which it should be conducted, and partly because, though directed by the old statute, it is opposed to some modern theories, (destined soon to follow their predecessors into oblivion,) yet the *indirect* employment of the poor has, by the English poor-law, been promoted to an incalculable

extent;—and their employment in the most useful and natural sort of industry. The occupiers and owners of the land, bound as they are to support the poor settled in their several parishes, have for the most part, chosen to support them as labourers, rather than as paupers. And the grateful earth has well repaid the toil. This artificial system has had a powerful effect, in converting many parts of England into the comparative garden which we now see.

Whether something like the English poor-law be practicable in Ireland, experience will shew. But, that a poor-law, merely providing for the relief of the poor in immense districts—a law having no direct provision for their employment, and affording scarcely any indirect motive for it, will destroy the proprietors of land, with no ultimate benefit to the masses of the population, seems to be clear already.

What interest has an Irish proprietor to exert himself in maintaining, employing, and improving the poor on his estate, when that estate is a minute fraction of an extensive district, swarming with a vast pauper population, whom his improvements will not reach, and who will be as idle, wretched, and chargeable as before. The district is too large for the concert and joint exertions of all the proprietors. And should such a concert be attainable, there is nothing to prevent the influx and chargeability of other paupers, who, as before the law of settlement in England, will be attracted to those districts where most is done for the poor. The existing system discourages and paralyzes, by rendering fruitless, those well-concerted local efforts which might change the condition of the peasantry, by enforcing the cultivation of the land, in any one of the

various ways which *experience* should shew to be either abstractedly the best, or the best adapted to the particular district.

What is wanted is this;—a security to a proprietor and his immediate neighbours, that if they will do their duty by the poor in their own immediate neighbourhood, they shall not be chargeable with an undue proportion of the poor, nor with any other poor;—a division of labour;—a fair apportionment of responsibility, proportioned to the means of proprietors.

This can only be effected by the introduction of smaller rating-districts,—by artificially correcting once for all, the unequal distribution of the poor,—and by a law of settlement.

A smaller rating-district may be introduced without difficulty. But how distribute and settle the pauper population? HOW PLANT IRELAND AFRESH? or rather the disorganized rural districts of the South and West of Ireland.

A gigantic scheme, it must be confessed, and not to be expected from any statesman professing the *let-alone* doctrines, now so fashionable. But quite practicable, and practicable at far less expense, than Ireland has entailed on England in a single year.

The poor must be removed from districts where they are too numerous, to those infinitely larger and more numerous districts, where there is not labour enough to till the soil.

Every family—every man, woman, and child, must then be SETTLED by Act of Parliament, in some district of moderate size, with suitable provisions for gaining other settlements. So that on the one hand, the

labouring man may not, when his advantage can be thereby promoted, be prevented from changing his settlement; and, on the other hand, a proprietor may not, by a clearance, be able to rid his estate of its fair proportion of the poor. A change of *residence* alone must not be a change of settlement.

The law would then thus address the proprietors of every district:—'Here are YOUR poor. Maintain them you must: and therefore you had better employ them, as you will soon discover. THEY ARE THE FIRST CHARGE ON THE LAND. But you now know the worst. Continue to maintain and employ these, the land is ample, and will leave you a large surplus, and you shall have no other poor to maintain.'

We should thus find LABOUR and THE LAND artificially brought together by law, and married at once. A fruitful union, which the natural course of things might or might not have effected, after the lapse of several generations.

But the proprietor or occupier might say, and with justice: 'I have no money. How can I pay either rates or wages?' The law again replies: 'I don't ask it. It may be an impossibility. It may be that large farms and paid labourers are not suited for Ireland, as they are for England. But still the principle must be followed out. THESE POOR ARE THE FIRST CHARGE ON THE LAND. A portion of the land itself must be allotted to every family, whom you, or your new district, will not or cannot employ. And there must be no more letting of land in small patches with uncertain tenure at high rents. The poor must live, and if they are to live on the land, the INTEREST OF THE STATE requires that they should have every encouragement and

spur to improvement. If, instead of the old precarious holdings, there be an allotment, if not in fee, at least for a reasonable term, with a nominal or even a moderate, but fixed rent, with a right to compensation for improvements, or a power of acquiring the fee, what has happened on the sandy wastes of the low countries, will happen in Ireland,—the desert will soon rejoice.* The public interest and your own requires the sacrifice—if sacrifice it be.'

There is no reason to fear that this great plantation, once effected, would produce only temporary good. The fears of the anti-populationists, which would stop all improvements, are groundless.† The increase of population, so rapid and reckless under the old and wretched system, would at once be brought under the control of other motives, and marriages be placed under the supervision of those who are interested to discourage a surplus population.

In what *mode* the poor when removed, should be employed, whether as day-labourers, under occupiers, or under unions; or as small proprietors, or as long leaseholders at a low rent or without rent, where the means of employing labour do not exist, would be determined by *experience* and by the wants and means of each locality. In some instances, the credit, that mighty arm of the Imperial government, might be temporarily required, but no ultimate pecuniary loss

* Without venturing to pronounce an opinion on a subject requiring so much local knowledge; it may, perhaps, be thought that something like the New Land tenure, proposed by Mr. Scully, Q.C., would not be inapplicable to many holdings both in England and Ireland. His able book entitled "THE IRISH LAND QUESTION," will well repay a perusal.

† See some observations on this subject, infrà.

would be incurred. In all instances the supervision of the central authority would be indispensable.

Government should be prompted to some such great effort, not merely by the cry of the landholders that they are losing their estates, but much more by the cry of the masses that they are losing their lives. Humanity, it cannot be too often repeated, is the profoundest policy. But in all questions of duty, deliberation itself is disgraceful, where the duty is clear.

An outcry against what would be called an agrarian law, might be raised. But what more destructive agrarian law can be conceived than the present Irish poor-law? How are proprietors and encumbrances most effectually despoiled? By a sacrifice (perhaps a temporary sacrifice) of a part of their estate or security, not only for the preservation, but for the incalculable augmentation of the value of the residue,—or by a frightful liability to unknown and inevitable rates, and by proceedings for the forced sale of encumbered estates.

But it is said, the population, even if properly distributed, would yet be too large to be provided for.

Now on this subject all those who have studied the agricultural resources of Ireland, and compared them with the existing population, are agreed. Sir Robert Kane tells us, not only that there is no redundancy of population, but that Ireland might with ease maintain *two and a half times* its present numbers: that all fears of a surplus population are preposterous;* that

* Since these observations were written, it appears that a frightful depopulation has been going on.

it is its unequal distribution, and not its aggregate amount, that is to be deplored and corrected. It is not denied, that there are districts where the population is congested; but then it is proved that there are others infinitely more extensive, where there is not a fourth part of the population necessary to do the most profitable work, and work which might be done almost without any capital at all. All that is wanted is to *get the people at work on the land;* which if it do not come about naturally, must be done artificially.

Besides the land already tolerably cultivated, there are in Ireland no less than SIX MILLIONS OF ACRES OF waste land, of which THREE MILLIONS OF ACRES are peat bog. Successful experiments, both in England and Ireland, have recently demonstrated, that this last sort of waste may at small expense be converted into the most fruitful soils.* We say nothing of the iron-stone, the marble, the slate, the stone-quarries, we may now add the coal, and the other unexplored mineral wealth of Ireland,—nothing of her noble rivers and incalculable water-power.

After two years of active and wise government in Ireland,—government deserving the name of government, it would be found that there were not hands in Ireland to do the work required on the land alone.

Next it is said, that capital is wanting to employ the poor.

* There are two pamphlets which ought to be read by all who have no leisure to peruse the larger works on Ireland. "A plea for the rights of industry in Ireland"; and "The Irish difficulty, and how it must be met"; both by Mr. POULETT SCROPE. Before long, justice will be done to the sound views of this gentleman, and his energy in disseminating them.

We have already seen how the ambiguity of the word CAPITAL deludes us.

But we are further deluded by our English notions. We assume that Ireland is necessarily to be everywhere parcelled out in large farms, and cultivated by day-labourers, in receipt of wages, after the English system. But it is still a matter of controversy, not only in England and Ireland, but on the continent, and particularly in France, which, on the whole, is after all the best,—large farms or small farms,—*la grande, ou la petite culture.* It is certain that in Belgium, mere occupation of the most arid and sandy deserts in Europe by peasant-squatters without capital, has gradually transformed those deserts into the most fertile land. It is the opinion of many practical persons, well qualified to decide, that small pieces of land, occupied by the labourer and his family, not as heretofore, at a high rent with an uncertain tenure, but if not in fee, at least for a long term, with security for the reimbursement of improvements, is the sort of cultivation which is best for a large part of Ireland.

But the great merit of a scheme which should properly distribute the destitute poor over Ireland is this; that no general theoretical and premature choice of any one of these modes of cultivation need be made. The one which circumstances should render necessary or preferable in every district, would be adopted. The option would be with the owners or occupiers there. If they could severally or jointly employ the poor as day-labourers, and preferred it, they would be at liberty to do so: but if they could not, or would not,—then an equitable proportion of each district, (to which every estate must contribute either in money or

land,) should be allotted to the direct support of the poor, under such general rules as government might approve. A thousand experiments at once in progress under different circumstances,—a thousand districts with their several energies, no longer dissipated over the area of Ireland at large, but concentrated within their own limits—the efforts of every locality converging to one point, and their lights collected into one focus would soon fuse and evaporate every difficulty throughout the land.

An expense for arterial drainage would no doubt be in many districts necessary. But this is an improvement in which several districts might join, which would materially assist in the employment of the poor; for which government aid may or might be had; and which is absolutely certain to repay the advances many times over.

Then, it may be asked,—how can the poor be removed and housed?

Of course, removals to unnecessary distances would be avoided. Railways would already facilitate such distant ones as might be necessary. In the greater number of cases, there need be no removal. Temporary huts, such as railway-labourers use, might await the leisure for better buildings, and be, in the mean time, at least as good as Irish cabins formerly were. No doubt there are difficulties, and no great work was ever achieved without. But if you would estimate the difficulties at their real value, compare the expense and trouble of such an emigration as this, with the expense and trouble of an emigration across the Atlantic, large enough to depopulate effectually. There are here no forests to clear: the land is ready. Remember that

you preserve your blood and bone and sinew and property at home, instead of contributing them to the greatness of a foreign state.* Recollect that you will have the hearty co-operation of the people, and may have the long days of summer. Compare moreover the difficulties, with the work to be achieved, the regeneration of a whole people.

But when you have removed and distributed the people, it will be said that in many cases advances of seed and implements would be required.

It is true. But advances only. Give the new occupier a proper tenure; and his success and your re-payment is not doubtful. Your assistance will give you a right to insist on the discontinuance, beyond certain limits, of precarious crops, like the potatoe. You will soon have a superabundant supply of corn, not from the Baltic or the Black Sea, but from your own Irish soil.

Many districts would soon be able to employ more than their own proportion of hands. They would thus relieve others, without necessarily disturbing the chargeability of the poor man to his original district.

But the Irish poor law has not only failed by reason of its own inadequate provisions, but because of the measures of a different kind, which accompanied or followed it.

Under any system it is proposed to burthen *the*

* Since these observations were written, Ireland has been suffering a depletion of the worse kind, by the forced emigration of her best sons.

land with the support of the poor. That burthen is borne for the sake of the public at large. On the public at large, that burthen ought, as far as possible, to fall.

It is equally unjust and impolitic to expose the land-owner thus burthened, or deprived of portions of his estate, to an unfair competition with foreign growers, who are subject to no such burthens or losses. It is unnecessary—for the land of Ireland, when but moderately cultivated, will produce an enormous superfluity. In taxing foreign corn, there is no injustice to the public, whom the land will have relieved of so heavy a burthen.

The Irish poor-law has failed for another reason also. There is not in the cities and towns of Ireland the employment which there ought to be, and might be, and under a different system will be.*

Whence is Ireland's salvation to come?

From a parliament? From a popular assembly, English or Irish?

Alas! 'perorating' members, 'wind-bags of parliamentary eloquence,' as Mr. Carlyle calls them, are poor saviours. A popular assembly is a legislative make-shift for ordinary occasions; and long debates are good for this reason—that the more the members talk, the less they do. But the just and clear views, the unfettered and decisive action of a single mind, must make or save a nation.

Thus, Peter the Great laid the deep and strong foundations of modern Russia. So Napoleon brought

* See observations on this subject,—infrà.

the new order and enlightened legislation of modern France out of the chaos of the Revolution.

Who laid the foundation of Anglo Saxon greatness? Not a popular assembly, but Royal Alfred. Not the less Royal that his incessant and self-sacrificing labours were prosecuted in a palace that we should call a hovel. We are told that the wind and drafts, that whistled through, made his candles gutter; so that he was obliged to read and write by a horn lantern. There in gloom, and pain, and sickness, sat the Lycurgus of the Great Anglo Saxon race. The legislator of a thousand years. Illustrious man! before whom the pageantry of all the potentates, and the eloquence of all the parliaments of Europe shrink into insignificance.

What would an Irish Alfred now say to poor disorganized Ireland? To its millions of acres of waste, but cultivable land. To its ruined commerce and manufactures. To its people crying for work, but idle and starving. Some flying for their lives from their native country. Others shut up in workhouses to be really put to death. To its aristocracy and gentry plundered and beggared. What would he say to counsellors, who should try and persuade him that active and instant measures would infringe some *let-alone* or *free-trade* theory. That this frightful and universal ruin was therefore the inevitable condition of the most fertile of all lands.

We know not what he would say. Peradventure he might think there was no more time for *saying*. But we know that he would ACT: act instantly, act in spite of all obstacles, act effectually, and change at once and for ever the whole state of the country.

When are we to see this Irish Alfred?

When Queen, Lords and Commons shall consent to arm, for a season, some dictator for Ireland with legislative power. He must be a man of rank and wealth, to exempt him from envy and distrust—of tried integrity,—of experience in public business—of judgment that has towered above the mist of those theories, which have lately risen to blind rulers, as well as people.

God Almighty send him, speed him, and hasten his coming!

[This Chapter, taken with the Nineteenth—they should be read together—offers matter for most serious study to both Englishmen and Irishmen, and may justly be regarded as an eirenicon. For here is an Englishman fully devoted to his country, if ever there was one, who yet entirely recognises the sickening sufferings and monstrous misgovernment of Ireland in the nineteenth century; who draws over those evils no veil of verbiage—*pictæ tectoria linguæ:* who attempts no justification of them by a profane appeal to Providence, or by a sophistical appeal to unalterable economic laws; and who does not insult the helpless inhabitants by holding them responsible for their own misery. No: he puts the responsibility on the real offender; not Saxon greed or Saxon cruelty, as the Irish

naturally enough supposed, but "The Great Science," as "orthodox" Political Economy was called at the time of the terrible Irish famine; the pseudo-science whose "theories," he well remarks, "blind, paralyse, and starve us."

Byles's observations on the Poor Laws, English and Irish, and their profound difference, are as full of profitable instruction as of painful interest, though we may hesitate about some of his specific proposals. But he is certainly on very strong ground when he advocates the "New Planting of Ireland;" when he insists that the poor should be the first charge upon the land, and that humanity is the profoundest policy; when he dwells upon the benefit of small farms with fixity of tenure, on the need of averting the beggary of the landlords, and on the colossal folly of driving millions of willing workers out of the pale of the Empire. In this year 1903 we seem at last on the right track. But think of the manifold lapse into waste of millions of acres of Irish land, of the multitudinous losses of men, of the heritage of disaffection, in the interval since Byles in 1849 raised up his voice in vain! Think how, if the fanaticism of free-traders had not stifled his

testimony, Ireland might now have numbered at least ten million inhabitants, "a bold peasantry, their country's pride," who might have served as a perennial source of food-supply, and have formed an invaluable reserve of military strength for the Empire.—EDS.]

CHAPTER XVII.

"The currency should vary, as it would vary, if it were entirely metallic."

HERE we have the principle of the Act of 1844.

Here also we have the old fallacy, that a natural state of things is necessarily good; that it is to be imitated, not to be corrected and improved.

Men talk glibly of variations in the currency. Few reflect on the awful extent, to which such changes affect the prosperity of all ranks. The labourer, the pauper, and the beggar, are as much interested in the currency-question, as the manufacturer, the shopkeeper, or the great proprietor of land or funds, and even more.

Alterations in the amount and value of the circulating medium, are at best, transfers of property—gigantic robberies—they are often much worse; they involve wanton *destruction* of immense property, and *stoppage* of industry. The standard of value should be as fixed and immutable as human art can make it. The Act of 1844 makes it variable as the wind.

The cure provided by the Act of 1844, for an adverse balance of trade, and for every export, or tendency to an export of the precious metals, is a diminution of the currency—a rise in its value—a fall in the price of all things—a fearful injury to all the industrious classes.

'I will,' says the law-giver, first 'take no precaution whatever against an adverse balance of trade. Such precautions I consider puerile. Next, when the adverse balance comes to be felt, I will take no measures to mitigate its pressure, but you shall feel all its consequences just as if the currency were entirely metallic. That is the natural state of things, and therefore must be a good one.'

Let us see what the old system was, and how it acted; and next how the new system has acted, and will act.

There is an intimate connection between a currency at once safe and invariable, and the protective system. Under the old system of protection, imports were systematically controlled by import duties, exports were for the most part free. There was therefore a constant tendency in exports to exceed imports—a constant tendency in the balance of trade to be in favour of this country. You might consequently, on extraordinary occasions, (as in the event of a bad harvest necessitating an extraordinary import of grain and export of bullion,) safely allow the money-market to be relieved by an extraordinary issue of notes, securely depending on the ultimate balance of trade, which in the long run, must, in consequence of your artificial tariff, be in favour of this country. What you expected always eventually happened; the balance of trade brought the bullion back. The issue of notes was then, in easier times, contracted to its safe and ordinary amount. You passed through the crisis with little or no alteration in the value of money. When the bullion went away, notes, by supplying its place, broke the shock to credit; when bullion returned, the withdrawal of those notes

still preserved the equilibrium. The paper portion of the currency, over and above its other advantages, was then an ingenious contrivance in the nature of a spring or elastic band, which, enabling you safely to expand the currency in times of distress, and to contract it again in times of prosperity, thus equalized and averaged the tension. Lord Ashburton has shewn how the currency often was relaxed in periods of severe pressure, with perfect safety. And this occasional relaxation in times of difficulty was the ordinary course of proceeding, long before the Bank Restriction Act. Its advantage was well understood even as early as the beginning of the last century. Addison, writing in the time of Queen Anne, says, "When the bullion leaves us, we make credit supply its place." There was in the paper currency a union of convertibility with elasticity. There was a compensatory and self-adjusting action which artificially secured uniformity of value, and made a mixed currency, partly metallic, partly paper, a much better and more invariable standard of value than a mere metallic currency could possibly have been.

Now let us see what the new system is.

In the first place, the balance of trade is on principle ignored and neglected. Yet it is clear that variations in the rate of exchange can never do more than correct slight differences. That if a large and unfavourable balance arise from a permanent cause, it must be corrected by payments in bullion.* If there is a balance to pay, it must be paid either in the precious metals, or by a sale to foreigners of English securities, which in the long run is still a payment, though a postponed

* Mr. Mill admits this, Vol. I. p. 164.

payment, in the precious metals. It must, as it always has been, and will be, paid at last in the precious metals.

You can now no longer rely on an average favourable balance of trade; there may not only be (as there will certainly be) periodical drains of the precious metals, but there may be a perennial stream running out, and not as formerly, a perennial stream running in.

How is it now proposed to meet the drain when the misery begins to be felt?

Not as before, by supplying the void with notes. That is no longer consistent with the preservation of a metallic basis to the currency. For we are told, and truly told, that if new notes were issued as fast as gold went out, the drain of gold would be continually going on, till all the gold had left the kingdom, and another Bank Restriction Act would be inevitable.

No, it is to be stopped violently by a diminution in the quantity, and consequent rise in the value, of the whole currency, just as if it were entirely metallic. No notes are to be issued in place of the gold that goes out. Nay, the law may even contract the notes as the gold goes out. Prices of every thing are to fall. The industrious classes are to see their property thus taken from them, and their debts and incumbrances thus really augmented; industry is to be paralyzed, trade stopped, and the pressure of the public burthens indefinitely aggravated, while the transactions of the empire are being dwarfed and stunted to fit a short allowance of the circulating medium of the civilized world.

Then it is said, prices will be effectually beaten down, and so at length imports will be checked, exports promoted, and an adverse balance of trade *naturally*

redressed. Never mind, though this desirable and necessary result should be produced by the diminution or cessation of the ordinary operations of industry and commerce, and the bankruptcy of otherwise solvent houses.

But has it been duly considered what the *currency*, the *medium of payment*, the real *money* of the United Kingdom really is?

How are payments in fact made?

First, in *coin*—in gold, silver, and copper.

Secondly, in *Bank notes* payable to bearer on demand.

But these first two species of money only carry on the retail or small dealings of the kingdom.

Thirdly, in *Bankers' Checks*, also payable to bearer on demand. Bankers' checks are transferable by mere delivery. They possess the qualities of money. As in the case of money and bank-notes, honest acquisition confers title. The payment not only of large, but of small amounts in Bankers' checks, is enormous and incalculable. Checks not being subject to stamps, no means exist of ascertaining their amount.

Fourthly, in *Bills of Exchange.* The returns from the Stamp Office of money received for bill-stamps, will not shew the exact aggregate value. But it is quite clear from the amount of stamps issued, that the mere Inland bills of exchange issued and circulated in the United Kingdom, in a year of ordinary prosperity, amount to *many hundred millions sterling.**

* Foreign bills drawn abroad but circulating here, are not included in this estimate: for they are not subject to stamps. Their aggregate value must be very great.

Lastly, payments are made in *money of account.* By money of account is meant transfers in traders' and bankers' books. Formerly, in some trading cities, as in Amsterdam, Genoa, Venice, and Hamburgh, this money of account being payable in imaginary new and perfect coin of the state, and not in the mixed, worn, or clipped coin of the actual circulation, bore an *agio,* or premium, and was called, as it really was, *bank money.* If such money as this existed here only in bankers' books, it would still, though of no more value than so much *coin,* be not improperly termed *bank money.* But money of this description exists, not only in bankers' books, but in the books of merchants and others. It has therefore been called, and not inaptly, *money of account.*

This is the money in which the *largest* of all payments are made, and in which great payments are most *frequently* made. The spread of banks over the kingdom, and the improved modes of communication, especially by Railway, give every day an increased circulation to this *money of account,* and economize and supersede the use of coin and bank-notes in payments of any considerable amount. The same sovereign now circulates in London in the morning, in York in the afternoon, and does as much work as four or five sovereigns would have done twenty years ago.

These are the various sorts of money, in modern use in Great Britain and Ireland.

It will be seen at a glance how insignificant the aggregate amount of coin and notes is, compared with the aggregate amount of bankers' checks, bills of exchange, and money of account.

But then the quantity and value of these checks, bills, and money of account, depend entirely on the quantity and value of the coin and notes. Diminish the quantity of coin and notes by five per cent., and you may augment the exchangeable value of the residue, even of the coin and notes, by twenty or fifty per cent. Touch the coin and notes, the other and greater currency shrinks at once, like the sensitive plant.

And no one can tell the proportion in which, when you curtail the lesser currency, the greater is actually curtailed; in some instances it may be in a less proportion, but in many instances a far greater proportion. The enhancement in *value* of the greater currency is proportional, but who can tell or conjecture what the diminution in *quantity* is?

The whole currency of all sorts may not inaptly be compared to radii diverging from the centre of a circle to a portion of its circumference. Contract or draw closer together these radii never so little; and though, near the point of convergence, you lessen but insensibly the space they occupy; yet, at the circumference, that space is marvellously diminished. Or if the reader will pardon a more popular illustration:—The currency is like an expanded fan. Contract the bones of the handle near the joint but a little, and the expanded gauze, silk or feathers, double up and vanish. Contract the coin and notes by five millions, and you may be contracting the greater currency, the sustenance of trade and labour, by fifty millions, or more. It is mere matter of conjecture. Apprehension or panic, which your measures are sure to create, may derange all calculations.

In the Autumn of 1847, a diminution in the

quantity of the lesser currency actually diminished the quantity of the greater by *much more* than a proportionate amount. As in other commodities, so in money, *actual* exchangeable value depends not only on the *true*, but on the *erroneous* judgments, or even feelings, of the public. The predictions of philosophers, who teach from their closets that these things always depend on certain general laws, will, in actual experience, be found strangely wide of the mark.

We see, therefore, how cruel and barbarous must be the operation of the Act of 1844, on a country with debts and engagements such as ours.

This is now, unfortunately, no longer matter of prophecy, but of actual experience.

The Act operated for the first time in the autumn of 1847. And it is not too much to say that such commercial distress and ruin was never seen in England before. How far further it might have proceeded, if government had not been compelled to announce their interference, no man can predict.

Nor let it be pretended that the mischief was in the crisis itself, and not in the law. The first answer is, that as soon as it was *announced* that the Act would be suspended, the mischief abated; though the Act never was really suspended at all. If government had adopted that course earlier, many a merchant-prince now ruined, would have been saved. Next, the most opposite authorities agree in attributing the mischief to the Act of Parliament, and to that alone. Lord Ashburton declared that the importations, large as they necessarily were, were not more than, under a wiser management of the currency, the country could have easily borne. Mr. Mill says, "the crisis of 1847

was of that sort, which the provisions of the Act had not the smallest tendency to avert, and when the crisis came, the mercantile difficulties were probably *doubled* by its existence." *

And why was the industry of the country subjected to this horrible torture? That an adverse balance of trade might be corrected by the natural flow of the precious metals. That a theory might be carried out. In vain did men, grown grey in business, remonstrate against the measure three years before. It was carried in contemptuous defiance of their warnings.

Which is best, the old method of *prevention or mitigation*, of an adverse balance, or the new measure of *cure*?

We shall see what other measure of *cure* will be tried next.

In the meantime we are preparing for a renewal of the crisis. The imports now greatly and permanently exceed the exports. A nation that intends to *secure* an adverse balance, to be paid at some time or other, ought to tax its exports, and let its imports come in free. This is exactly what we now do by our one-sided free-trade, with this disadvantage: it is not we but the foreigner who taxes our exports when they come as imports into his country; instead of taking the tax on our exports ourselves, we give it to the foreigner. We take the disadvantage of the adverse balance; he takes the revenue.

At present, owing to the troubles that have recently afflicted Europe, an enormous influx of moveable capital

* Principles of Political Economy, Vol. II. p. 21.

from all parts of the continent, seeking a secure, but temporary investment in this country, has at once postponed the day of reckoning and accumulated the arrears. As before, men of experience warn, but the warning is not only unheeded, but ridiculed. 'If you will not hear reason,' says Dr. Franklin, 'she will surely rap your knuckles.'

Let peace and order be once permanently restored abroad, let our absentees return to their usual haunts, and property go back to its usual investments, and the balance, *the tribute*, will, ere long be demanded. The universal distress accompanying the repayment is yet, and probably at no distant day, to be witnessed.

Nor let us flatter ourselves that the value will necessary return again of itself, and that we shall suffer no permanent impoverishment.

Few subjects are so intricate as the distribution of the precious metals among the countries of the world. Many considerations are overlooked by those who prophecy that the evil will work its own cure. David Hume says that a progressive increase in the quantity of the precious metals, and their declining value in any country, is favourable to a progressive increase of industry. And no doubt that is so. A stream therefore of the precious metals poured into a country, produces effects exactly the converse of the effects which its dereliction produces in the country which it is leaving. This fertilizing stream, in the country to which it goes, stimulates industry, multiplies transactions, creates its own demand, and counteracts its tendency to return. Our industry is crippled, our neighbour's is augmented, we permanently need the bullion less, he permanently needs it more.

But in the mean time what is already at this moment going on?

Money, even in the face of great discoveries of the precious metals, is rising in value. Property of all kinds is declining in money value—in price. Shares in railways and other undertakings, corn, manufactured goods and colonial produce, have sunk, or are sinking in price.* Industry languishes.

Men in trade find their means of payment less. They are embarrassed.

The taxes remain the same nominally, but not really. The fund-holder and every public servant receives every year more and more. We have financial reformers anxious to curtail the public expenditure even at the risk of the public safety. Yet they have so managed matters, that the tax-eater, receiving the same nominal sum, really devours almost as much again of the national substance, as ever he did before.

The funds keep up, for there is little profitable employment for capital. And the interest which the funds pay partakes in the augmented value of money.

To confound a low rate of interest with a low value of money, is a very common mistake. The *rate of interest* might remain as low as it is now, if twice the quantity of gold were put into the sovereign, and the value of money thereby doubled. For the interest would in that case be as much augmented in value as the principal.

* What would they have sunk to, without California?

A low rate of interest is consistent, and often co-incident, with a high exchangeable value of money, and a high rate of interest with a low exchangeable value of money.

Thus of late the value of money, measured in other commodities, has been high. Its purchasing power has been, and is very great. But the rate of interest has nevertheless, at the same time been very low. Good bills are discounted at 2 per cent. per annum. On the other hand, during the war, when the currency was notoriously depreciated, the value of money measured in other commodities was very low. Its purchasing power was then very small. But the rate of interest was then very high. The discount of the best bills was 5 per cent., and would have been more had the law allowed it.

When therefore in the inaccurate language of City Articles in Newspapers, we read of the *plenty* of money or the *low value* of money, or that money is *cheap*, that merely means that very little can be made of money.

It is quite consistent with this intelligence, that by a high exchangeable value of money, the price of commodities is injuriously depressed, that the profits of trade are low, and the pressure of the taxes unfairly augmented. The announcement may betoken or promise anything but prosperity.*

* Yet it may well be, that a sudden *increase* of the relative quantity of money *beats down* for a time the rate of interest. And that a sudden *decrease* of its relative quantity, *raises* for a time, the rate of interest. But these effects will be transient. Eventually the larger relative quantity of money in the first case, will in the aggregate be worth no more; and the smaller relative quantity in

What are the circumstances on which the rate of interest depends is a point on which political economists are not entirely agreed. Most of them, however, co-incide with Adam Smith that it is regulated by the current rate of profit,—that most will be given for money, where most can be made of it. Hence though the value of gold in London and its value in New York, or Sidney, are at this moment nearly alike, the rate of interest is higher in New York, and higher still in Sidney, because the profits of trade are greater in America than in England, and greater still in Australia.

[If we may borrow the language of Gibbon to describe the controversies on currency, the limits are narrow within which the almost invisible and tremulous ball of orthodoxy is allowed securely to vibrate, while on either side, beyond this consecrated ground, heretics and demons lurk

the second case, will in the aggregate be worth no less, than the original aggregate quantity of money was before either alteration. The ultimate and permanent effect will be felt in *prices*, not in the *rate of interest*.

All this assumes that the goodness of credit, public and private, remains the same. Of course where from any cause credit is affected, another element enters into the calculation of interest:—viz., the degree of risk. And not only the *real* risk, but the *apprehended* risk. Where the fears of the public exaggerate the apprehended risk, we say there is a *panic*. A panic may temporarily raise the rate of interest to any conceivable amount. A rise in the value of money often increases real risk. A trader's means of payment may be, and often are, destroyed by unexpected low prices.

in ambush to surprise the unhappy wanderer. Byles would have been more than human had he kept strictly within these sacred bounds. But if he wanders into the fallacy that "a drain of gold" or an "adverse balance of trade" are real calamities, his theory is just as excusable as that of Mill, who requires a revolution in prices to adjust in the foreign exchanges an unfavourable balance. Some of Byles's objections to the English Bank Act of 1844 are not tenable, and he overstates both its importance and mischief: still he is quite right in attacking it. For it was based on a fallacy sometimes known as the Currency Principle; it gave protection to bank notes, but none to deposits that needed protection far more; and it has caused an appreciable amount of damage by aggravating the fluctuations of the rate of discount, and by checking the Bank's assistance to sound traders in a time of crisis.

Byles, however, completely avoids an error very common in his day, and even now not unusual in City circles, where "cheap money," "money being plentiful," or "low value of money," are terms used, most unfortunately, to express a low rate of interest or discount.

"Most unfortunately," we say: because these phrases lead people to confuse the general level of prices (or purchasing power of gold) on the one hand, and on the other the ever fluctuating conditions of commercial credit.—EDS.]

CHAPTER XVIII.

"It it preposterous to interfere with a man's management of his own property."

THAT land may be freely bought and sold, the legislature has from time to time passed many statutes of mortmain. With the same view, the Courts of Law have abolished all indestructible entails, and have destroyed perpetuities, by prohibiting settlements of property which would endure beyond a life or lives in being.

But such is the imperfection of human affairs, that one mischief is scarcely eradicated, when another springs up. A new sort of *mortmain* has of late presented itself, in the shape of encumbered estates. An evil of portentous magnitude, not only impeding the sale of land, but preventing its cultivation: making the most important and productive of all labour impossible, and smiting large portions of England, and one half of Ireland, with an artificial, but invincible infecundity.

Owners of land have, from generation to generation, been left at liberty to manage, charge and settle their lands as they thought fit. The law has interfered no further, than to prevent entails, perpetuities, and alienation in mortmain. The *laisser faire* system has had full swing. Proprietors have done as they would

with their own. No enlightened and provident legislation has looked forward to the interest of the public. Nay, there is at this moment nothing to prevent the proprietor of half a county from indulging his caprice by ejecting the occupiers, dismissing the inhabitants, and laying it down as a forest or deer-walk. No chimerical apprehension: the thing has been done in Scotland over and over again, and recently, to a very great and most pernicious extent. This is only a direct mode of doing that which is accomplished indirectly and circuitously by allowing the title to an estate to become such an entangled and trackless wilderness of charges, judgments, and mortgages, that a sale of any portion of the land, and the proper cultivation of all of it, becomes impossible.

The evil is gigantic, and the remedy proportionably difficult.

Among others, these suggestions appear to deserve consideration.

(1.) No judgment should hereafter bind the land, except from the time of actual seizure by the sheriff.

(2.) Mortgages and charges of every kind should be made apportionable without the consent of the incumbrancer.

At present, if an estate is charged or mortgaged, the whole incumbrance weighs on every acre. No portion can be sold by paying or securing its fair proportion of the incumbrance. Cases often happen in which an owner of encumbered land desires to sell a portion of his land. It is his interest to sell. It is the interest of an anxious purchaser to buy. It is, above all, the interest of the public that the sale should take place.

But the sale cannot now be effected without the consent of the mortgagee or incumbrancer, and very often he cannot legally consent. An owner should be invested with the power of selling any portion of his estate, notwithstanding incumbrances. The *fair proportion* of incumbrance chargeable on the part proposed to be sold, should be subject to a calculation. The amount of purchase-money for which no valid discharge can be given, should be paid into the Bank of England, or invested in the funds.* A public officer, practically conversant with titles and legal business, should supervise and approve the transaction. If litigation be necessary, it may take place; but the purchase-money lying at interest, and not the land, will be the subject of it. The purchaser should then have by Act of Parliament, a new, clear, indefeasible fee-simple, unassailable by any objection, except that of fraud.

(3.) Mortgagees and other incumbrancers should always have a power of sale, and a power to sell portions of an estate.

Mortgages with powers of sale, are of comparatively recent introduction. And one reason why Irish real property is more encumbered than English, is, that

* The great objection to this is the fluctuating price of consols and other stocks. But it would be easy to make arrangements, whereby the public or the Bank should take the purchase-money, and repay it without loss or gain on the principal, and with interest calculated to a day. The chance of gain is often about equal to the risk of loss. If there be any difference, the rate of interest might compensate. The public or the Bank would thus to a small extent open, as it were, an insurance office on fair terms against decline in the funds. The certainty of receiving not only the whole principal, but even fractions of interest would be a very great advantage to persons interested in such investments.

mortgages with powers of sale have been more uncommon in Ireland.

(4.) The time of limitation might, with great advantage, be shortened.

A man who is *sui juris*, and has slept on his claim for ten years, might safely be barred.

Possibly occasional statutes of limitation might be passed, with provisions for public notice, that in a yet shorter period, all claims which have already existed some years, will, if not enforced, be extinguished.

(5.) There should be a general register of titles, showing at a glance every incumbrance on every estate. England is almost the only civilized country where such a register does not exist. It would soon * shorten and simplify searches, abstracts, and conveyances. This is not the place to discuss the arguments for and against it. Suffice it to say, that the greater part of the most eminent real-property lawyers approve it, and their professional skill might safely be relied on to form a nearly perfect system.

There are other interpositions in the *management* of real property, which experience has shewn to be necessary.

(1.) The law ought to interpose in contracts between landlord and tenant. At present the contract usually made is for the advantage of neither. But the public is the greatest sufferer. Much of the imperfect culti-

* I fear this word 'soon' is not correct.

vation of the land is due to this neglect of public interest.*

(2.) Non-cultivation, or even improper or imperfect cultivation should with proper guards and regulations, be a ground of forfeiture—of escheat to the public.

Ought a millionaire to be at liberty to abolish the ploughed fields, and pull down the homesteads in half a county, and convert them into a waste, for his pleasure or caprice?

Are all the proceedings in the north of Scotland consistent with sound national policy?

Ought an Irish landlord, like the dog in the manger, to own land of which he can make no use at all, but on which thousands of his fellow-countrymen might live and be happy? At present this is not his own fault. But a state of things might be introduced in Ireland, which would either correct it, or make its continuance really his own fault. And then its continuance would be a ground of forfeiture without injustice.

[This Chapter—Chapter XXXV. should be read with it—may be commended to the consideration of students of land-law reform. Some of Byles's suggestions have been adopted; others might be applied *mutatis mutandis* to urban as well as rural districts. And the principle underlying the Chapter is excellent; that, as the ownership of land continually

* See *ante*.

engages the law as its agent, and moves in a sphere of artificial restriction, the same law shall not be made an accomplice in public mischief or in private oppression, for law is the hand of justice. The law which shelters the wealthy proprietor against Karl Marx or Henry George, imposes conditions, implied or expressed, of ownership. "A man's management of his own property" does not mean liberty to lay waste vast districts of the country, or to make thousands of his fellow-subjects worse than homeless by being crowded into filthy slums. Indeed, this Chapter raises the whole question, Whence does the right to property arise? Or, in other words, What is it which converts physical possession into property?

A true answer to that question appears to us of such importance to a sound doctrine of economics, that we shall make no apology for briefly discussing it here. Jevons tells us in his well-known work, *The State in relation to Labour*: "The first step must be to rid our minds of the idea that there are such things, in social matters, as abstract rights, absolute principles, indefeasible laws, unalterable rules, or anything whatever of an eternal and inflexible

nature." This seems to us diametrically opposed to the truth. We hold that the first step is to grasp firmly the idea that there *are* in social matters abstract rights, absolute principles, indefeasible laws, unalterable rules: and that it is only on what is of an eternal and inflexible nature that any true system of economics can be based.

Now what is the origin of a right? Its origin is in the nature of things, according to the excellent dictum of Cicero: "Nos ad justitiam esse natos, neque opinione sed *natura* constitutum esse jus." And if we go on to ask what a right is, we must say that it is the thing so deeply detested by Jevons, "a metaphysical entity," and cannot possibly be other. A right is a moral power residing in a person, in virtue of which the person calls anything his own. It is as a *person* that man has rights. All his rights, indeed, are but aspects of his one great aboriginal right, as a person, to belong to himself; to fulfil the law of his being; to develop his personality. This is the distinctive endowment of man, marking him off from other animals—personality. He alone is free, according to Aristotle's definition of freedom;

for he alone exists for himself, and not for another. He alone can recognise and will the creative thought of his being, and work for the realisation of his true end, which is ethical, and discern the law of virtue under which he is born. Now, of that moral law universality is an essential note. If it is not a law of ideal relation, obligatory upon all wills, in all spheres of action, in all worlds, it is the emptiest of names. Of course, it must be applied in the concrete, and in its application points of great difficulty and delicacy must sometimes arise. In itself it does not change. The apparent exceptions to it, and derogations from it, which find place in cases of conscience, merely mean that in applying it, history and circumstances, which involve relativity, cannot be lost sight of, although its principles are eternal and its rules inflexible.

It may be said, then, that a man's rights may be measured by his mights; that is, by the various powers and faculties of his nature, always remembering that those powers and faculties are subject to the moral law. For from the same ground of personality in which rights are rooted, duties also spring up. They are inseparably connected, for they are but

different aspects of the same thing. The right of man, as a person, to be fully himself, to live out his own life in accordance with that moral law which is the law of his life,—in a word, to freedom,—is limited by the obligation to respect the equal rights of others. Reciprocal liberties are realised only in civil society, and positive law is their guarantee and shield. Human law, properly considered, is the rational or ethical will—the two adjectives mean the same—of the organic whole. It is a system of correlative rights and duties revealed by reason, so that, according to the dictum of Aquinas, a law which is against reason should rather be designated an iniquity. A Prætorian edict, an Act of Parliament, is but a formula whereby the commonwealth applies for the needs of society, some dictate of that universal law which is absolute and eternal Right, and arms it with coercive force, and gives it validity as *formal* right.

Possession, then, is one thing; property is quite another. A thief, by availing himself of possibility and power, might possess my watch. But he would have no property in it, for he would have acquired no right to it through the unethical exercise of his personality whereby he

obtained it; he would have no title to it which the public authority would protect, title being *justa causa possidendi.* Such is the true account of the right of private property. Its *rationale* is, that it is necessary for the development and explication of personality in this work-a-day world. Its law is ethical. The recognition of the social organism—the law of which is ethical too—is essential to its validity. But the right to property is not absolute. No human rights are absolute. Even the first of man's natural rights—the right to existence—is conditioned by the duty to work. It is subject again to the law of "the ethical whole" (to use Trendelenburg's phrase) in which it is exercised. The State may for a just cause take the life of any one of its members. It may, in the general need, require any one of them to lay down his life for the community, and to find his glory and happiness in the sacrifice—"dulce et decorum est pro patria mori." So the right to private property implies and demands the performance of correlative and commensurate duties. Again, it is subject to the just claims of the community in which the right is exercised. For the public needs, such portion of a man's property as is

required, may be taken, by way of taxation. For grave offences against society a portion, or the whole of it, may be confiscated. It is, in fact, held subject to the supreme claims of the social organism, to the common right of all the members thereof. All human rights—we cannot too strongly insist on this—are relative to moral ends. "Is it not lawful for me to do what I will with my own?" is a question to which, when asked by mortal man, a negative reply must be given. No; it is not lawful for you to do what you will, with what you call your own. You are really only a steward of it, a usufructuary; you are bound to use it *in debito modo*—in the way prescribed by reason, by the moral law; and if you do not fulfil that obligation, your ownership is void in the forum of conscience, although the tribunals of the country may not disallow it.

True is this of all property. But it is in a special degree true of property in land. For land differs from all other subjects of property in the special control over the lives and fortunes of others incident to its possession. The deep distinction between realty and personalty which the law of England so emphati-

cally recognises, is founded in the nature of things: and it is but lost labour that sophists endeavour to rub that distinction out. The term "holding" witnesses to the fact that *dominium* in lands is unknown to our law. A man can have only an estate in them. But, indeed, the whole medieval conception of ownership was fiduciary. Land, however, was then the most important thing a man could own. And the rendering of public services was the condition on which it was held of the Crown. There can be no doubt that, as Sir Henry Maine tells us in his *Early History of Institutions*, "without the collapse of the feudal system we should never have had the conception of land as an exchangeable commodity, differing only from others in the limitation of supply." The underlying idea of the feudal system is, that the land of the country is the common heritage of a country; and a most true idea it is. Military tenures were abolished when the altered conditions of society rendered them useless. But the principle that the ownership of land is fiduciary, that it is weighted with duties to the social organism, that it must be made a common good, is immutable.—EDS.]

CHAPTER XIX.

"Free-trade is good for Ireland."

WHEN the corn-laws were under discussion in 1846, it was predicted that the withdrawal of protection would be (as it now clearly is) a blow yet more severe and fatal to Irish, than to English agriculture.

England had manufactures, shipping, and trade, as well as agriculture. Ireland had none of these, she had only agriculture. But then she had the supply of her own market, of the English market, and, to a great extent, of the West Indian market also, with wheat, oats, pigs, bacon, lard, and other provisions.

The time to smite effectually the only industry of Ireland was well chosen. Irish land was deprived of protection, at the very crisis when it was, for the first time and suddenly, burthened with the support of all the poor of Ireland, by far the most wretched and numerous in Europe. We were encouraged to hope that the Irish poor would, some how or other, live on imported Indian corn; that a nation, as it has been well expressed, would be fed on an *exotic*.

Such are the benefits which free-trade has already conferred on Ireland's *agriculture!*

And lest it should be said that the ill effects resulting from the sudden adoption of free-trade in agricul-

tural produce, will disappear in a course of years, it may be as well to remember that free-trade with England, in manufactures, has existed a long time.

Let us therefore see what free-trade has done for Ireland's *manufactures.*

For near half a century, Ireland has had perfectly free-trade with the richest country in the world. What has that free-trade done for her?

She has now no employment for her teeming population, except upon the land. She ought to have had, and might easily have had, other and various employment, and plenty of it. Are we to believe the calumny that the Irish are lazy and won't work? Is Irish human nature different from other human nature? Are not the most laborious of all labourers in London and New York, Irishmen? Are Irishmen inferior in understanding? We Englishmen, who have personally known Irishmen in the army, at the bar, in the church, know that there is no better head than a disciplined Irish one.* But in all these cases, that master of industry, the stomach, has been well satisfied.

Let an Englishman exchange his bread, and beer, and beef, and mutton,—for no breakfast, for a lukewarm lumper at dinner, and no supper. With such a diet, how much is he better than an Irishman?—a Celt as he calls him.

No! the truth is, the misery of Ireland is not from the human nature that grows there, it is from England's perverse legislation, past and present.

* "The minds and bodies of the Irish people," says Sir John Davies, Attorney-General to King James 1st, "are endued with extraordinary abilities of nature."

For a long course of years, Ireland's manufactures were systematically discouraged and stifled, while England's were, at the same time, protected and cherished. The Colonies, and even England and Scotland, were protected against Irish manufactures.

"Ireland," says Dean Swift, writing in 1727, "Ire-
"land is the only kingdom I ever heard or read of,
"either in ancient or modern story, which was denied
"the liberty of exporting their native commodities and
"manufactures wherever they pleased, except to coun-
"tries at war with their own prince or state; yet this
"privilege, by the superiority of mere power, is refused
"to us in the most momentous parts of commerce."

The masculine common sense of this great writer bewails in a hundred places the importation of English manufactures, and the consequent absence of Irish ones, as the plague and curse of Ireland.

"One cause of a country's thriving," he says, "is
"the industry of the people in working up all their
"native commodities to the last." Another: "The
"conveniency of safe ports and havens to carry out
"their own goods as *much manufactured*, and bring in
"those of others as *little manufactured* * as the na-
"ture of mutual commerce will allow." Another:
"The disposition of the people of the country to *wear*
"*their own manufactures, and import as few clothes,*
"*furniture, food, or drink as they possibly can live*
"*conveniently without.*"

But he adds: "Both sexes in Ireland, especially the
"women, despise and abhor to wear any of their own
"manufactures, even those which are better made than

* Dean Swift's notions were like those expounded in Chapters IV. and V.

" in other countries. I would be glad," says he, " to " know by what secret method it is, that we are to " grow a rich and flourishing people. The only trade, " worth mentioning, is the linen of the north, and " some butter from Cork." " If," says he, " *we do* " *flourish, it must be against every law of nature and* " *reason, like the thorn at Glastonbury, which blos-* " *soms in the midst of winter.*"

All will now at length allow, that the *old* English policy of preventing or destroying Irish manufacturing industry was not only monstrously cruel and unjust, but highly disadvantageous to England as well as Ireland, inflicting as it did on Ireland the curse of inveterate pauperism and mendicancy. But the mischief has been done. It cannot be undone, by merely removing restrictions on Irish industry. This will only perpetuate the evil. Trade has always a tendency to run in the same channel. English manufactures, fostered by a jealous system of protection, and therefore now become the first in the world, permeating every Irish village, where there is a penny to spend, will effectually choke and smother any infant Irish manufactures. Misery has produced discontent, insubordination, insecurity. Now, neither Irish nor English manufacturing industry will flourish on Irish ground, without some temporary, but extraordinary inducement, as a compensation for the extraordinary and accidental disadvantages to which it would be subjected. The destruction of Irish industry by the ancient selfish English policy is not only a case for repentance, but for *restitution.* Like other sinners, we are very willing to confess that we have done wrong; ready even to promise that we will do so no more. But a proposal for

compensation, a proposal that we should give any Irish industry, or even any English industry on Irish ground, a partial and temporary protection and advantage, so as to place Ireland, as nearly as we can, in the same state as if she had always been fairly treated, as an integral part of the empire,—a proposal to make up for past delinquencies, and really restore industry to its *natural* channels—I say such a proposal, just and natural as it is, would, at present, be received in England with shouts of derision.

But, at length, it will be seen that by merely leaving things alone, although you make Ireland an integral portion of the British territory, you are but perpetuating the old injustice. She will certainly not *make* her cloths, her silk and cotton goods, her hats, her leather, her shoes, her ploughs, her spades, her knives, her steam-engines; for it is cheaper to buy every one of them from England ready made. But she has not the means to buy to any great extent. She will continue to do as she always has done. She will *do without.* She will be ragged and wretched as ever.

BUT INVERT YOUR ANCIENT POLICY. Give the artificial, but *temporary,* stimulus of moderate protection even against England to a few branches of *Irish* industry. Consider how you created your own manufacturing industry. See how every European kingdom has done the same. Reflect for a moment that you are but doing what a native and independent Irish parliament would be sure to do. Native industry, native manufactures, will, in Ireland, as elsewhere, be the necessary and certain result.

The protective policy between Ireland and England

need be but partial and temporary. We have seen that it is a mistake in political economists, when they assert that capital comes from saving only. A new field opened to profitable Irish enterprise, Irish capital will start up in masses. Moreover, English capital, on Irish ground, employing cheap Irish labour, tempted and stimulated by a temporary advantage for seven or ten years in the Irish market, will soon be able to compete in Ireland with English manufactures. Native Irish industry will strike deep root, and extend widely. Security of life and property will follow, or rather, accompany industry. Noble rivers, unequalled ports and harbours, large cities, and now, even railways, and, above all, political tranquillity, invite to this great act of justice and sound policy.

Such manufactures might be selected, as Ireland shall, in the judgment of well-informed men, be deemed suited for.

The amount of protection to be accorded, need only be such as will countervail the temptation to employ industry in England, *rather* than in Ireland; as will compensate any risk, real or imaginary; as will amount to a temporary premium of insurance. In short, it should be as much as would place Ireland, not on a seeming and pretended level, as now, but on a *true and actual level with England.* It should be no more than is absolutely necessary for this just purpose, and last no longer than the necessity continues; which time would be very short.

In the course of a few years, during which our weaker sister shall have received this temporary assistance, custom-house barriers (as between the two nations) may be again thrown down, and then, and not

till then, will there be, not a nominal, but a real union, of two nations, standing on *really* equal ground, emulating and assisting one another; both equally industrious, prosperous, and powerful. Then, and not till then, will the union be as intimate and inviolable, as between England and Scotland.

England's gain in the result cannot be calculated. But she will be no loser even in the process. The wealth that native manufacturers will at once pour into Ireland's lap will not be *abstracted* from England, but *created* in Ireland. So far from being a worse customer to England, for those articles to which the protection shall not extend, she will be a better, even during the interval of protection. Now she cannot buy,—then she will be able. Now she is in the receipt of alms, then she will have the means of earning her bread. I speak of the commercial policy, the mere sordid and immediate pecuniary advantage of such a course. But there are nobler and more generous motives which will actuate Englishmen, if they can be disenchanted of their theories, and brought to see that such a policy would be really beneficial to Ireland.

It is true, this policy is the very opposite of any that has yet been tried. Yes, and it will have effects the very opposite of any that have yet been produced. Our late and present policy have produced, and are producing, poverty, misery, discontent, disaffection; the opposite policy will produce wealth, comfort, gratitude, and loyalty.

There is no novelty or strangeness in this suggestion of partial and temporary protection of infant Irish manufactures even against England. Enlightened and

impartial foreigners have made it before. For example, the Baron Dupin, in France, and Mr. Webster, in the United States of America, have given it as their opinion, that little good is to be expected without it, from any course of British legislation for Ireland.

Nay, we have more than theory or authority to guide us. We have in the past history of Ireland herself, actual experience both of the advantage of protecting Irish manufactures against English, and of the ruin attending the withdrawal of protection.

Before the Union Irish protecting duties existed on many English manufactures. Among others there was a duty on English woollens. A duty on English calicoes and muslins so high as to be nearly prohibitory. A duty on English silk. There were duties on English cotton yarn, cotton twist, and cotton manufactured goods.

The Act of Union continued the duties on woollens and several other articles for twenty years. It continued the high duties on calicoes and muslins till 1808. They were then to be gradually reduced till they should fall to 10 per cent. in 1816 and to nothing in 1821. The duties on cotton yarn, and cotton twist, were continued till 1808, and were then to be gradually reduced to nothing in 1816. The linen trade was encouraged by a parliamentary grant withdrawn in 1826.

Now see the effects, first, of protection, and next, of its withdrawal, or rather a specimen of the effects.*

* It has been stated by Dublin Tradesmen, acquainted with the facts that in 1800, they had 91 Master Woollen Manufacturers, employing 4918 hands. In 1840, the Master Manufacturers were 12 the hands 602.

Before the Union there were under protection, Irish woollen manufactures, Irish carpet manufactures, Irish blanket manufactures, Irish silk manufactures, Irish calico manufactures, Irish flannel manufactures, and

Master Woolcombers in 1800, were 30—the hands 230. In 1834, Masters 5—hands 66.

Carpet Manufacturers.—In 1800, Masters 13—hands 720. In 1841, Masters 1—hands, none.

Blanket Manufacturers in Kilkenny.—In 1800, Masters 56—hands 3000. In 1822, Masters 42—hands 925.

Broad silk loom weavers in Dublin in 1800.—At work 2500; in 1840—250.

Calico looms in Balbriggan in 1799 in full work, 2000. In 1841—226.

Flannel looms in the County of Wicklow, in 1800—1000. In 1841 not one.

In the City of Cork.

	1800.	1834.
Braid weavers	1000	40
Worsted weavers	2000	90
Hosiers	300	28
Wool-combers	700	110
Cotton weavers	2000	210
Linen check weavers . . .	600	none.

Cotton spinners — bleachers — calico printers — thousands employed utterly extinct.

The linen trade protected and fostered till 1826, was not in those days confined to the North of Ireland. In Clonakitty, in the County of Cork, £1200 a week was expended on the purchase of coarse linen webs, so late as 1825. In Mayo, £111,000 were expended in purchasing the same species of web. In 1825 the sum of two millions and a half sterling were expended in Ireland in the purchase of coarse unbleached home-made webs.

I am obliged for these specimens of the ruin of Irish industry to Mr. Butt, Q.C. at the Irish Bar, who informs me that they could be very much extended.

Irish stocking manufactures. These manufactures are now smothered and extinct.

But what ought they to have been? with increased population and power of consumption, with the application of steam, with improved mechanical and chemical agencies! What would, and must they have been, but for the blight of English competition! withering at once both the power of producing, and the means of purchasing! What might they be made EVEN NOW, should England, instead of blindly chasing the phantom of cheapness, no matter of what sort, at once and seriously address herself to developing the unexplored but prodigious productive power of Ireland.

But England is, at present, spell-bound and paralyzed by her epidemic, yet ephemeral theories. Unless it be in conformity with her new doctrines, she will not listen to the most obvious measure of true policy for Ireland. She will support an artificial system to maintain myriads of Irish poor in idleness, but will not hear of an artificial system to marry them to industry. "Buy," says she, with bitter irony, to the penniless Irish, "*buy* in the cheapest market. Don't make for yourselves, when you can buy of me cheaper than you can make." Accordingly, the Irish do, as all nations so situated needs must do, they *go without.* Innumerable Irish hands, ready to labour—immeasurable quantities of Irish materials ready to be wrought up,—innumerable consumers, too anxious to consume, and to produce in return, are, as if by enchantment, kept asunder. Without temporary protection, Irish industry is undersold, smothered, rendered impossible.

Universal, hereditary, and national idleness, poverty and discontent, are the necessary consequences.

Who, again we ask, is to blame?

England and nobody else. Though it must be admitted that the theories which blind her to true Irish interests, have blinded her quite as much to her own.

[No proposition could have been falser in mid-nineteenth century than the sophism examined in this Chapter; no proposal more reasonable than to protect "infant Irish manufactures," which, as Byles justly observes, "is what a native and independent Irish Parliament would be sure to do." Even Mill admitted the protection of infant industries as a justifiable "exception" to free trade (*Polit. Econ.*, Bk. V., Ch. X., § 1); and some years later, Sidgwick, after an elaborate examination, pronounced a judgment that would be in Byles's favour (*Polit. Econ.*, Bk. III., Ch. V.). But the England to which Byles appealed was, as he complains, with just indignation, "spell-bound and paralysed by her epidemic, yet ephemeral theories," and would "not listen to the most obvious measure of true policy for Ireland unless it [should] be in conformity with her new doctrines."—EDS.]

CHAPTER XX.

"Higher wages will but increase population."

THE fashionable political economy has many pleasing theories: it is distressing to see them fall either before a rigorous analysis, or before the yet more convincing logic of experiment.

But then by way of set-off, political economy has one theory very dark and gloomy* indeed. We are told, that to augment the comfortable subsistence of mankind, is but to increase their numbers,—to create ultimately only a larger collection of wretched families, who are to succumb at length to vice and misery, the appointed checks of population.

Twenty years ago the doctrine of the anti-populationists reigned supreme. A great law of nature had been discovered. Rich unbelievers in Malthus were assailed with ridicule and contemptuous pity:†—persecution, it is true, was reserved for poor and practical unbelievers only.

But of late, this specious, but disheartening theory, has been much more closely examined. Old facts have

* Mr. Carlyle calls it "THE DISMAL SCIENCE."

† Obvious mistakes had been discovered—the world had not been made big enough. There was danger of want of standing room.

been more carefully sifted, and new facts have afforded a wide field for induction.

The opinion of sceptics in political economy, will of course weigh little. Let us therefore see what orthodox believers in political economy, and eminent professors of the science, now say.

And Mr. M'Culloch shall speak.

"The principle of increase," says he, "as explained "by Mr. Malthus, and more recently by Dr. Chalmers, "appeared to form an insuperable obstacle to all "permanent improvement in the condition of society, "and to condemn the great majority of the human "race to a state approaching to destitution.

"But further inquiries have shown that the infer- "ences drawn by the authorities now referred to, *are* "*contradicted by the widest experience.*

"*That the too rapid increase of population is almost* "*always prevented by the influence of principles which* "*its increase brings into activity.*

"That a vast improvement has taken place in the "condition of the people of every country, *particularly* "*of those in which population has increased with the* "*greatest rapidity.*

"And that so far from being inimical to improve- "ment, we are really indebted to the principle of "increase, for most part of our comforts and enjoy- "ments, and for the continued progress of arts and "industry."*

So that according to this great authority, Mr. Malthus's inferences are now contradicted by the widest experience.

Good men *felt* all along, that there must be some-

* Principles of Political Economy, Preface, p. xiv.

thing unsound in a theory which would extinguish benevolent and philanthropic exertion. It now appears they were right.

"The heart is wiser than the schools."

When therefore we are distressed to see the pleasant theories of political economy gradually dissolve, and new views take their place, it is a consolation that the gloomiest picture is as evanescent as the sunniest.

The two following propositions constitute the theory of the anti-populationists, not long ago triumphant, but lately fallen into distrust and discredit.

First, that the increase of mankind proceeding in a geometrical progression, while the increase of the means of subsistence advances only in an arithmetical progression, population increases faster than subsistence.

Secondly, that the price of labour, when left to find its natural level, is, to use the words of Mr. Malthus, "a most important political barometer, expressing clearly the wants of the society respecting population." In other words, that the increase of a population will be in proportion to its comfortable circumstances.

But it is now difficult to reconcile the first position with well-known facts.

Mr. Malthus published the first edition of his book in 1798. Since that period, (or if you please, since the conquest,) which has augmented most, population, or the means of subsistence? Which have done most, —the mouths that have come into the world, in diminishing food, or the hands that have come with them, in augmenting the means of producing it?

Protectionists tell us, that in the article of food alone, our means of producing, even within the narrow boundary of the British islands, are yet unlimited. There are many millions of uncultivated acres, of fertility till lately unsuspected. The resources of drainage and improved cultivation are but beginning to be opened up. Agricultural chemistry is in its infancy. The elements of fertility have but just begun to be scientifically understood. You have yet to spread the manure and sewerage of your cities on the soil. You have yet to witness the boundless gratitude of your mother earth, when you plant her now starving and naked children on the waste. They point to your colonies in both hemispheres, where the precious grain of the Anglo-Saxon race is sown and germinating. There you have, not petty territories, like France or Spain, but vast continents preparing to receive your productions, to pour back in return their food and other natural riches, and if need be, to receive more people than you can send. They add that steam has, since the days of Malthus, laid these colonies of yours with their boundless fields, alongside your coasts.

The free-traders on their part, bid you look to the valley of the Mississippi, able to supply all Europe with food. They tell you that you could, and ought, to draw your supplies from that and many other inexhaustible foreign sources.

We have not now to discuss which of these two counsel the true policy. But both protectionists and free-traders agree in this, that since the days of Malthus, however the population may have augmented, the means of producing and acquiring food have been

augmented not only in an equal, but in an infinitely greater degree.

Now look at all other material things besides food. The difficulty is not to produce, but the difficulty seems now to be, not to *over-produce.* Steam, and mechanical powers, with chemical agencies, have laid the riches of all nature at our feet in inexhaustible profusion.

The means of subsistence therefore have not been wanting to population. There was in 1798, no real danger of too great an increase of men and women. Providence had gifts in store, not suspected by those who distrusted its prescience and bounty.

Indeed it has been truly observed by Paley and by M. Thiers, that there never yet has been a nation which even fully cultivated *its own soil;* and if we are to judge of the future by the past, there never will be.

But how often has population been wanting to the means of subsistence! Where are the dense populations that anciently lined the banks of the Nile, the Indus, the Tigris, and the Euphrates? The fertile land remains in Asia Minor, Arabia, Syria, Egypt, Persia, and Northern India, but the huge cities and the myriads of human creatures with which, under their ancient monarchies, they once swarmed, are gone!

But the second position, that the rate of wages governs the rate of increase, and that the increase of a population is therefore always in proportion to its comfortable circumstances, is quite as irreconcilable with established facts.

Comfort, and a station in life, we find beget prudence. Poverty produces recklessness. The middle

and upper classes do not breed like the lowest. Few populations have ever multiplied like the most wretched Irish.

There is nothing therefore in a true theory of population to scare either governments or benevolent individuals from persevering endeavours to better the condition, *and raise the remuneration* of the lowest class. On the contrary, there is everything to encourage such philanthropical endeavours. It is the truest, soundest policy.

In the wynds of Glasgow, and cellars of Liverpool, population multiplies as fast as anywhere else. And what a population! The moral degradation, deep as it is, is not deeper than the physical deterioration of the fathers and mothers of the coming race.

> . . . . nequiores mox daturos
> Progeniem vitiosiorem.

We have thought it worth while to improve the breed of oxen, sheep, and pigs. Our sleek and comely animals seem another race from the lean and long-legged creatures of France. But there is reason to fear that the reverse operation as to human creatures, is proceeding in the great cities of both countries. Compare the swarms of fragile women, of slight, delicate, and half-begotten men in London, Paris, Lyons and Manchester, with the men and women now living in the country districts of Normandy, and frequenting the markets of Dieppe or Caen, and you will see what is going on.

There is no reason to fear an increase of population.

But there is great reason to fear the increase of a population morally depraved, and physically deteriorated.

[Here are delivered many sturdy blows against a monstrous idol worshipped with daily incense by John Stuart Mill. The words "prudence" and "recklessness" are, indeed, Malthusian catchwords, but the appeal to history is genuine science. Byles's fear of physical degeneration is present to us at this day; his sense of the vast future of scientific agriculture anticipates the writings of Prince Kropotkin; nor can he be blamed for not then foreseeing that by the end of the century the serious problem in several countries, such as France and Australia, would be not to check but to secure an increase of population.—EDS.]

CHAPTER XXI.

"Beware of having recourse to inferior soils."

If the domestic production of *food* could but be made to keep pace with other industry, why should any increase of population be excessive?

A parish, we will suppose, contains one farmer, one miller, one baker, one butcher, one carpenter, one blacksmith, one doctor, one lawyer, one draper and grocer, and so on of other trades, and a certain number of labourers in each occupation.

Now if the population be doubled, and there be two of a trade all round, and two labourers where there was formerly but one, the *proportion* being undisturbed, there is no more excess of population than there was before. Each new comer adds, it is true, a new pair of hands to do the work, but then he also brings with him a new proportionate demand for the work of every body else. Every body is as busy as before.

But here comes the difficulty;—you can easily have two millers, and two bakers, and two of every trade and occupation except one. But how can you get two farmers? Where are the *new farms* to be had?

Here we see at once the difficulty in which old and advanced communities are apt to find themselves. We see one reason, among many more, why it has been so often said and repeated, that agriculture is the first of

arts;—why agriculture merits the chief attention of every wise and foreseeing government.

Four expedients present themselves.

(1.) Taking more land into cultivation.

(2.) Improving the cultivation of that which is already cultivated.

(3.) Importing food from abroad.

(4.) Diminishing the demand for food, by exporting the population.

If land were as inexhaustible as air, or water, or light, or steam, or mechanical or chemical agencies, the difficulty would always be at once solved by adopting the first and most obvious expedient. "But land," says Professor Tucker of Virginia, "is a *machine* which but a few possess, but whose produce none can dispense with."

And so it may with truth be said, that improved cultivation of land already cultivated, is an augmented efficiency of the old *machines*.

But in our uncultivated lands in Great Britain and Ireland, we yet have new machines in great abundance and potential efficiency. In our Colonies these new machines are innumerable and almost untried. In improved methods of cultivation, and improved and more plentiful manures, we have the means of indefinitely increasing the power of the machines already in use at home.

Our most obvious resource, therefore, should still seem to be the two first expedients,—cultivating more land at home and in the Colonies, and cultivating it

better. According to the principles already explained, it is to the British Empire *twice as advantageous* to grow in the British Empire as to import from abroad, and creates twice as a great market* for all other British industry, even where there is perfect reciprocity in our dealings with foreign nations. In the one case, you keep your farmers and their industry at home; in the other, you send them and their industry abroad, and make them parcel of a foreign nation.

But then, it is said, in the case of *food*, another element enters into the calculation—RENT. It is asserted that the lands first cultivated are always the best lands. It is added, that by having recourse for further supplies to other soils, which must be inferior, or to better cultivation of old soils, you always in both cases cultivate at much greater expense, in proportion to the produce, and necessarily raise the price of the last quantity you require. That last quantity, however small, governs the price of all the rest, and so the price of food is raised throughout the country, and rents are everywhere augmented, the best land paying the highest rent.

This is Mr. Ricardo's theory of rent,† which

* See Chapters IV. and V.

† It is believed this theory of rent was first suggested by Dr. James Anderson, in 1801. It was afterwards more fully developed in an Essay by Mr. West, a gentleman at the bar, afterwards Sir Edward West, Chief Justice of Bombay, and about the same time by Mr. Malthus. But the clearest and simplest expositions of it, are to be found in the works of Mr. Ricardo, and of the elder Mr. Mill. Those who desire to see it satisfactorily disposed of, are referred to "An Essay on the distribution of Wealth, by the Rev. Richard Jones, A.M." It is much to be regretted, that this most able writer has not yet communicated to the public his views on the theory of wages and profits.

opposes a bar to solid improvement, by suggesting theoretical objections to the extended and improved cultivation of our own soil. Its paradoxical caution is, do not cultivate your own soil too well, for fear of making food dear and unattainable by the bulk of the people.* But, like Mr. Malthus's theory of population, the theory of rent has of late been much more carefully examined. It turns out to be built on some untenable hypotheses. It is accordingly by some political economists much modified, and by others regarded as more specious than true, and rejected altogether.†

The hypotheses on which this theory is built, are probably untenable in any country; they are certainly so when applied to the British Empire.

The very first proposition is not true, viz., that the lands first cultivated are always the best lands.

It would be singular if it were true. The first settlers of any country have little topographical knowledge, poor means of locomotion, (even if roads existed,) and very limited power of draining or clearing the really fat and ultimately most productive lands.

In Great Britain, the soils first cultivated were not those that are now the most fertile. In England, the most fertile of all lands are some of the fens. They

* And it is intimately connected with his theory of profit. But Mr. Ricardo's theory of profit, though very subtle and ingenious, never enjoyed much currency, and therefore we need not waste time in examining it. It is a singular example of the force of theory, compelling one of the acutest of men to ignore the best-established facts. Well did Lord Brougham say of Mr. Ricardo, that he seemed as if he had dropped from another planet.

† See "Laws of Wages, Profits, and Rent Investigated," by Professor Tucker, Philadelphia, 1837; and "An Essay on the distribution of Wealth," by the Rev. Richard Jones, A.M. "The Past, Present, and Future," by Mr. Carey, Philadelphia.

have only begun to produce wheat extensively within living memory. There is every reason to believe that there are still bogs and morasses in Ireland, that will be yet more fertile than even the fattest English fens. These Irish lands are now undrained, and utterly unproductive; though railways are near, and an active and hungry population all around.

Take North America. The pilgrim fathers first cultivated what first presented itself,—the barren soil of Massachusetts. Their Colonies at Plymouth, Newport, and New Haven, were on high, but comparatively sterile land. So in the vicinity of New York, the Island of New York, the shore of New Jersey, and the higher part of Long Island, were first tilled. In all these cases, the lower and infinitely fatter soils were neglected.

France, Holland, Flanders, Italy, Egypt, and many other countries also, present phenomena at irreconcilable variance with the very first hypothesis, on which the theory of rent reposes. So much so, that some political economists have lately maintained, that if you will condescend to be instructed by facts, inferior soils are *always* brought into cultivation before the best.*

Take the next position, viz., that by having recourse for further supplies, to other soils which must be inferior, or to better cultivation of old soils, you must cultivate at greater expense in proportion to the produce, and so necessarily raise the price of food.

* See the "PAST, THE PRESENT, AND THE FUTURE," by Mr. Carey of Philadelphia, the author of "Principles of Political Economy," &c.

Take first the recourse to other soils. We have seen, that in many countries at least, there are other soils, which so far from being necessarily inferior, are often very superior to the soils first cultivated.

It is not even true, in the British Empire, that increasing the quantity of food, by resorting to other British soils yet uncultivated, will necessarily make food dearer.

In the first place, it is not true that all the soils yet remaining uncultivated at home will necessarily be inferior to many that are cultivated already. Many soils which experienced agriculturists declare will ultimately and certainly turn out very good and productive soils, have not yet been brought into cultivation at all, even in Great Britain and Ireland.

Many others, that had till very lately been deemed unproductive soils, have in fact turned out most productive. Witness the experiments on Chat-moss.

Taking experience and analogy for our guide, this will probably be the case with many more.

Railways, by increasing the proximity of lands to markets, and of labour and manure to lands, have changed and augmented the real value of millions of acres yet uncultivated, or nearly so.

British soils of inexhaustible fertility in the Colonies and dependencies are yet virgin soils.

So much for the first branch of the second hypothesis, that soils not yet cultivated must be inferior soils.

Nor is it in practice true, that increased capital and labour laid out on old soils, always yields progressively diminished returns. So far is it from being the truth (as had been hastily assumed,) that, on the contrary,

many of the last *doses* of capital (to use Mr. Mill's expression) applied to land, have yielded more ample returns than any previous doses. What wonderful increase of fertility has been produced by drainage alone! What unexpected and prodigious results have followed the spreading of the sub-soil on our fen lands. A day's labour on what were the sandy wastes of Flanders produces five times what a day's labour would have done centuries ago. What are we to expect when an enlightened policy shall have spread the sewerage of our cities on our soils! * Or what is infinitely better, have planted on the soils the poor that produce it. For the human animal is a fertilizing as well as a consuming creature. The highest and best of all farming is maintained by many to be, the cultivation of his own small property by the hands of the peasant and his family. The quantity of all kinds of produce is certainly prodigious. But this sort of high-farming is cheap as well as productive. In the British islands alone, you might thus raise any additional quantity of food you are likely to require, and at a very cheap rate. There are no wages to pay, and no rent.

It is not therefore true that by expending more labour or capital on old soils you will necessarily cultivate at a greater expense, or raise the price of food.

Mr. Ricardo's theory of rent, therefore, is built on

* And since Mr. Ricardo's time, that great bar to improvement, *tithes* which enabled the tithe-owner to take a tenth of the *gross produce* of improvements, have been commuted and abolished. The Church has made a great sacrifice. Her wealth is no longer to advance with advancing agriculture. She is stereo-typed. But then in return, she has a permanent, certain, and much less invidious income, with the best security in the world.

some untenable hypotheses. Without fatiguing the patience of the reader by a further examination of a very difficult question, it may be truly said of the theory of rent, that it is at least no *practical guide* for the legislation of this great country.

There seems, therefore, to be no more reason why you should not use your British soils for producing food, in preference to foreign soils, than why you should not use your British machines at home for producing manufactures, in preference to foreign machines abroad.

But the consequences deduced from the theory, are as fallacious as the theory itself.

Suppose the theory, instead of being practically false, were practically true. It would still not follow that even in a mere *pecuniary* point of view it would not be more profitable to cultivate English soil of inferior fertility, than to depend on a foreign soil of superior fertility.

On the one hand, by supplying a deficiency from abroad, you lose the entire value of what you import from abroad, and might have grown either at home, or in the Colonies, and, you moreover lose markets to that extent.*

On the other hand, by growing at home, and so supplying the deficiency at a somewhat dearer rate, you augment, to some extent, (if Mr. Ricardo's theory of rent were true,) all rent, and cause, to that extent, a vicious distribution of wealth.

According, then, even to this theory, if it were true, you would gain in value, by growing at home, but you would cause some improper distribution of it.

* See Chapters IV. and V.

But the theory is not true.

You will not only gain enormously in value in producing, as much as possible, at home and in the colonies; but instead of a worse distribution, you will ensure a much better distribution.

You will have, *as means for supporting your own poor*, an additional annual fund equivalent to the whole gross value of what you produce in the empire, instead of producing it in foreign lands.

You will always have more real plenty, and accessibility of food, and perhaps in the long run, a degree even of cheapness, as great, or greater. You will have developed the best producing forces of the country.

These two questions, first, whether it be true that to produce at home, rather than abroad, is more profitable by the whole gross value of the product;* and secondly, whether Mr. Ricardo's theory of rent be practically true or false, are questions not merely theoretical and metaphysical. They are questions of *stupendous practical moment.* Applied to the food of the people, they involve gains or losses to the nation, not of millions, but of tens and scores of millions annually. Applied to the fund for employing the population by paying *wages*, they involve, wages or no wages, industry or idleness, to the same amount.

We who have lately heard the discussions on the corn laws *usque ad nauseam*, need not be reminded of the many other arguments besides mere *pecuniary* ones, urging us to cultivate as much as possible, our own English, Irish, and Colonial soils, both in the temperate and tropical regions. The healthful in-

* See Chapters IV. and V.

dustry, the virtue and contentment of the people, the stability of government, the independence and lasting security of the empire, and a supply, permanent, cheap, and inexhaustible, not only of food, but of *cotton* and *sugar*, are deeply involved in the question.

There yet remains to be considered, the fourth expedient by which old societies may escape from the want of food, and that is, by exporting the population. As we have lately exported our English and Irish bone and muscle, not to our own colonies, but to the United States: a first-rate, and probably, hereafter, a hostile power.

To cure the want of food by exporting the people, is (to use Dean Swift's smile) like lopping off your feet when you want shoes.

The notion, therefore, that extended and improved cultivation of our own soil will unduly augment rents and make food inaccessible to the multitude, is as false as it is paradoxical—a mere bugbear, scaring our statesmen from the most obvious policy.

On the contrary, the true political economy will spread and plant the population, not only on the dry and level soil, but all over mountains and morasses. True public wisdom will venerate and cherish the natural and indissoluble relationship between man and his mother earth. This filial piety, is here also, the first commandment with promise: the days of the empire that violates it are numbered.

The fear lest there should be too many people in the British Empire, is, as we have seen, of all fears the most preposterous.

[The *Home Trade Fallacy* (see p. 34) appears in one or two places in this Chapter, but, in the main, it is sound. Specially excellent is Byles's criticism of Ricardo's theory of rent as "built on hypotheses probably untenable in any country," but "certainly so when applied to the British Empire." He might have added that this seemingly impartial and scientific theory on hypothetical landlords was, in fact, meant as a weapon against the real living English country gentlemen and the existing Corn Laws. It is not unusual for party politics to be hidden under the mask of economics.

And here we would point out that Byles had the merit of avoiding one great fallacy of his time—that the law of diminishing returns applied exclusively to agriculture and the law of increasing returns exclusively to manufactures; the truth being, as he saw, that the law of limitation applies to *all* kinds of production, and that the production of food is under no special disability, but, like other kinds of production, can be increased by organisation and invention. So it shows a remarkable grasp of economic fact when, speaking in the next Chapter of labour employed in utilising sewage, he says (the italics

are his own): "Such labour is as beneficial, *as if it augmented the surface of the kingdom.*"

The reader should note the emphasis laid by Byles on fact rather than theory; on our national inheritance "our own English, Irish, and Colonial soils," which ought to be well tilled and well peopled; on "the healthful industry, the virtue and the contentment of the people"; on "the independence and lasting security of the Empire."—EDS.]

CHAPTER XXII.

"Don't undertake to employ the able-bodied pauper productively."

So say the strictest sect—the Pharisees of Political Economy.

"*Set the poor to work,*" says the statute of Elizabeth.

But the political economists have been some time in power, and what have we seen in England and Ireland?

In both countries have been erected buildings improperly denominated *workhouses*, but which have been more properly called *coops*, in which the able-bodied and necessitous poor are, on principle, *imprisoned and kept idle.*

The public must, and do maintain the able-bodied pauper, but refuse to employ him actively and productively. The public is in the situation of a man who should be bound to pay wages to 1,000 labourers, whether they work or not. Every thing which these labourers could produce would, under the circumstances, be a *saving of loss;* that is, a *pure gain* to him. But because he calculates that they cannot earn the whole of their wages, he refuses to allow them to earn anything.

In the meantime, the numbers of unemployed poor,

and the annual value they unproductively consume, fearfully augment. There stand the idle, starving, uneducated paupers, amidst wealth more than fabulous, " an exceeding great army."

A depression of manufacturing or agricultural industry fills their ranks, and exasperates their discontent. The unemployed poor have already pulled down government and threatened to *destroy property* in France, and the danger is not less real here, nor possibly so remote as we may flatter ourselves. Modern civilization is not, like ancient civilization, in peril from Northern Barbarians, but from Barbarians already swarming within its borders, scarcely as yet conscious of their physical power.

" A persuasion," says Mr. Carlyle, " is rapidly " spreading, that pauperism absolutely must be dealt " with in some more conclusive way." " *It must be* " *done,* whether *before* we have 'RED REPUBLIC,' and " universal social dissolution, or *after* it. That is now " the practical question, and one of the most important " the English nation ever had before it. To see such " a problem fairly in any form *begun,* would be an " unspeakable relief; like the first emergence of solid " land again, amid these universal deluges of revolu- " tion and delirium." *

* We are tempted to extract the whole passage. It is to be found in a letter cited in Mr. Symons' Tactics for the Times, p. 179.

" A persuasion is rapidly spreading that pauperism absolutely must be dealt with, in some more conclusive way, before long; and the general outlook is towards waste lands and colonies for that object.

" Concurring heartily in these two propositions, both the general and the particular, my own sad conviction is, that before either paupers can be 'dealt with,' or waste lands and colonies got to turn

Yet what this original and thoughtful writer proposes, is after all, in substance, nothing more than the remedy already proposed by the statute of Elizabeth. That the power which *relieves* should *employ*,—should give relief in exchange for systematic *hard work*, for *really useful and disciplined labour*.

This scheme, though it has been abandoned in deference to theorists, must be resumed.* It has been justified by experience. It is now more than ever needed. It is no more than ever practicable, profitable, and unobjectionable.

out other than infatuations and futilities for them, government must do the most original thing proposed to it in these times,—admit that paupers are really *slaves*, men fallen into *dis*franchisement, who cannot keep themselves 'free,' and whom it is bitter mockery and miserable folly and cruelty to treat as what they are *not*, and accordingly must take the *command* of said paupers applying for the means of existence; and enlist them, and have *industrial* 'colonels' and 'regiments,' first one, and then ever more; and lead, and order and compel them, under law as just as Rhadamanthus, and as stern too;—and on the whole must prosecute this business, as the vitalist of all, and develope it evermore, year after year, and age after age; and understand any where that its *industrial* horse-guards, and not its red-coated fighting one, is to be the grand institutions for the time coming! What mountains of impediment, what blank, weltering, abominable oceans of unveracity of every kind, the complete achievement of this problem (in the gradual course of centuries) now supposes the annihilation of—all this, alas, is too clear to me. But all this, as I compute, must actually be *done;* whether *before* we have 'red republic,' and universal social dissolution, or after it,—that is now the practical question, and one of the most important the English nation ever had before it. To see such a problem fairly in any form *begun*, would be an unspeakable relief; like the first emergence of solid land again, amid these universal deluges of revolution and delirium."

* "The further," says Blackstone, "the further any subsequent plans for maintaining the poor have departed from it, the more impracticable and pernicicus these attempts have proved."

It is practicable and profitable.

Practicable and profitable even in the immediate neighbourhood of the workhouses or parishes themselves.

Some miserably-managed parish farms have been set up as bugbears to scare from the attempt. But cultivation of poor land by parish and union paupers, has lately been tried with splendid success. *Hard ditching* is found as good a test of destitution as *imprisonment* is.

The able-bodied paupers of the Chorlton Union, reclaimed a farm on Chat-Moss. The poor law authorities themselves admit, that the scheme succeeded. The poor were not only usefully, but profitably employed, and it proved an excellent test of destitution.

A similar experiment, with similar success, has lately been tried in the neighbourhood of Sheffield.

At Farnley Tyas, near Huddersfield, the able-bodied paupers have been set to reclaim moorland. We are informed that after several years, they had gained ten per cent., and had their relief-fund entire.

Nor is it in England alone that such experiments have been tried and *found to answer*.

The productive employment of the poor in some Irish work-houses, (especially in Cork,) has at length been introduced, after previous failure, with eminent success.

In Belgium and Holland, large amounts are earned by the labour of paupers systematically employed.

In Denmark, relief is considered a loan, and the able-bodied pauper is required to work it out.

In Mecklenburgh, the law provides food and lodging, but exacts in return productive labour.

In Prussia, the paupers are made in great measure to support themselves.

The same system prevails in Bavaria, in Saxony, in Würtemburg, in Sweden, and in the Hanseatic towns.

Such employment is practicable and profitable every where. What really deters from it is a lurking persuasion, that it is *against principle.* We will look at the objections presently.

But it would be taking a very narrow view of the opportunities of fully and productively employing a surplus population, to suppose that it can only be done in this small, and as it were, retail way.

Parishes and Unions may combine and employ their poor in a yet more effectual and useful manner. And government may superintend and direct the combination to ends of vital and enduring benefit.

There are immense enterprizes, highly and undoubtedly beneficial to *the public,* which it would be *most lucrative* for the public to undertake, with labourers whom it must pay, and *does pay, whether it employ them or not.* These enterprizes, left to individuals or companies, may never be undertaken, because some of them would not be profitable, unless he that undertakes them, like the public, already have the labour for nothing, or, which is to the same thing, be bound to pay for it whether employed or not; or because the ultimate profit of others, though possible even to individuals, who must purchase labour, is yet doubtful.

Not to deal in general observations, but to come to particular instances,—look at the DRAINAGE OF LARGE TOWNS. The accumulated filth now corrupts the air, weakens the constitution, deteriorates the race of

human creatures, poisons any neighbouring river, and so cuts off a natural and abundant supply of pure water.

To carry off the poison permanently and effectually, to restore the supply of water, to convert the refuse, both liquid and solid, into the most valuable and efficacious of manures, fertilizing not only surrounding districts, but capable of being carried by railways to the ends of the kingdom, and so indefinitely increasing the supply of home-grown food—to do all this—requires nothing more than the labour of those who now sit in the neighbouring workhouses looking at their feet. Such gigantic enterprizes, may or may not answer to individuals. They are certain to answer to the public. The public have the labour for nothing; that is to say, it costs them no more than if they did not *employ* it.

It is not in the metropolis only, but in Edinburgh, Glasgow, Dublin, Manchester, Liverpool, Norwich, Bristol, Birmingham, Sheffield, Plymouth, that these fields of employment are now open. Not only in the great towns, but in almost every country-town and market-town in the kingdom. Railways have at once made the supply of this gratuitous and most beneficial labour, and the diffusion and sale of its invaluable produce, perfectly easy and certain every where.

And this labour, amongst many other recommendations, is most beneficial, for this reason, that it tends to redress the most dangerous of mischiefs, the most fatal of wants, a deficiency of home-grown food. So far from creating pauperism, it tends to destroy it. Such labour is as beneficial, *as if it augmented the surface of the kingdom.*

Take another instance. Walk along New Oxford-street, and admire if you please the palaces which now replace the innumerable meaner dwellings of the poor, formerly covering the ground. But your satisfaction will abate, when you reflect that the former poor occupiers are now more crowded and squalid than ever. No provident government forbade this London clearance, or made it conditional on the provision of suitable dwellings for the poor elsewhere. The erection of such suitable dwellings on a large scale, like the Model Lodging-houses, with ample supplies of gas and water —the erection of baths and wash-houses—might not be profitable to individuals, but gratuitous labour could not be unprofitably so employed in any sense of the word.

Arterial drainage, ports, harbours of refuge, and a thousand other useful public works of various sorts, afford a further boundless field for employment.

If necessary, the poor might be further employed in digging or cutting the stone or making the bricks. They displace no stone-cutters or brick-makers.

All this is yet more practical and profitable than ever, for railways have mobilized our poor.

Now what are the objections?

That such a scheme might stimulate population, and multiply unduly the competitors for employment. Those who are tormented with fears on this head, are referred to the remarks on that subject already made.*

It cannot be objected that there are no funds. The funds already exist. All that is proposed is to substitute the industry for the idleness of the recipients. Less money, not more, will be spent.

* See Chapter on Population.

Perhaps it will be said that labour naturally employed will be injured or displaced. Not in the least. No product of pauper-labour need ever make its appearance in the market. All the work which will be thus done, is work *which otherwise would not be done at all.* So far from displacing labour, a great demand for other labour will in many ways be necessarily created. It is not at all improbable that such beneficial works might often stop for want of labourers, through the demand for labour which they will have caused to spring up.

Suppose it should in some instances turn out (as perhaps it would) that the enterprize is so successful that it would even have been profitable to individuals. That would, after all, be a mistake not of the most calamitous kind.

The systematic and productive employment of paupers, is one of the means which will hereafter be used to raise the wages and sustain the position of the independent labourer, while it will at the same time augment the funds out of which all industry is supported.*

Then it may be urged:—The poor may prefer being employed by the public. Not if the wages are less, or the work heavier, or more ineligible than in private employment,—which it may always be made.

Then it will be said:—The public are undertaking the maintenance of the people:—These are the French National-workshops over again.

But the English public would then undertake the maintenance of not one individual more than at present. The public will only insist on hard and

* See the Chapter on WAGES.

really useful work, instead of imprisonment, as the condition of relief. The idleness and sham-work of the present workhouses is much more like the French National-workshops, than the disciplined and real industry which might be brought to bear on many crying social evils.

What remains to prevent? The old sophism:—All this is artificial. It is not the natural state of things. That must be best.* Is it best? Look around you.

[This is a good study of a difficult problem. Perhaps the worst possible solution of it was offered by the disastrous maxim which Byles opposed in vain, and which naturally and inevitably issued, in England, Ireland, and India, in a gigantic waste of human force.

Very noticeable is Byles's appreciation of the importance, in a densely peopled land, of the sewage problem; and most admirable is his protest against the insanitary waste of polluting our rivers and seas. He is here half a century in advance of his age; as he is again in urging the necessity, when an urban area is cleared, of making provision for re-housing the displaced occupants. And two literary points are of much interest: his just appreciation of the "original and thoughtful writer," Thomas Carlyle; and

* See Chapter III.

the passage on the Barbarians already swarming within the borders of modern civilisation, which anticipates the famous Chapter "How modern civilisation may decline," of thirty years later in Henry George's *Progress and Poverty*, and almost the very words, "Go through the squalid quarters of the great cities, and you may see even now their gathering hordes" (1st edit., 1882, p. 484).—EDS.]

CHAPTER XXIII.

"*Don't attempt to reduce the capital of the national debt. Let the taxes rather fructify in the pockets of the people.*"

THIS has been the practical maxim of every ministry since the peace.

As long as we can contrive to pay the interest of the debt, we postpone the most fatal consequences of our past extravagance.

But who can contemplate, without a shudder, the dawn of that morning, when it shall be announced that the dividends can no longer be paid?

Every banker, every merchant, every insurance-company, is at once insolvent. No checks, no bank-notes, are of any value. Even specie disappears. Every man hides or clutches with a death-gripe, his sovereign or shilling. There are no funds to pay wages. None to support the poor. None to carry on the government, or preserve the peace. Eight hundred millions, of what was yesterday the most valuable property, to-day exists not. The just title to all other property is gone too. All men, with the government and the public, are absolved from their engagements. The miles of streets, and the superb squares of the metropolis, are on a sudden tenanted by bankrupts. The French revolutions of 1789 and 1848, or the present

disorganized state of the South and West of Ireland, are faint shadows of the misery of that fatal day. But they do yet obscurely hint, into what profound and bottomless depths of ruin society may fall.

Political economists are in the habit of using the word *capital* in a very loose sense. Take away English *credit*, and so far from having a larger, England has, as we have seen, a smaller capital than many other nations. Where will English *capital* be, when the dividends cease to be paid?

Yet the reckless mode in which the larger portion of the debt was contracted, has been recently, and within a few months, repeated, and no provision made for the support of public credit.

It may safely be said, that more awfully improvident bargains than most of the 3 per cent. loans never were made by any government. The enormous burthen of the national debt at this day is mainly owing to the practice of borrowing in a 3 per cent. stock, when the rate of interest really paid was much more.

Suppose a hundred millions borrowed in a 3 per cent. stock, taken at 60. Peace comes. The 3 per cents. gradually rise to 100. Not till this price is reached and passed, not till government really owes and must pay £100 for every £60 lent, has it even the power of reducing the interest, and then but very little. If we calculate what has been lost in principal and simple interest on this sum of one hundred millions only, during the last thirty-five years, i.e. since the conclusion of the war, by having borrowed it in a 3 per cent. stock,—if we then add what will be lost

during the next thirty-five years,—we shall find the result almost incredible. And to the result, large as it is, must be added half-yearly compound interest. The burthens of the country have, by this absurd practice, been much more than doubled.

But one cannot help remarking, that as this operation has so dreadfully augmented the debt, so the converse operation, in a high condition of public credit, would in no very long time, and with very little sacrifice, certainly and materially diminish it.

"Death and the sun," La Bruyère somewhere says, "are two things which men cannot look at." It seems that the capital of the national debt is a thing which governments cannot look at.

Thirty-five years of peace have elapsed, and *nothing done to attack the principal of the debt;* or so little as to be substantially nothing. A generation has passed away, but the debt still frowns on us, as it did at the termination of the war. Four things, however, experience and observation have taught us. First, that a sinking fund, unless by that term is meant an excess of income over expenditure, is of no use, and will always be laid hold of on the first real or fancied emergency. Secondly, that no such excess of income over expenditure will ever be borne, as shall effectually reduce the capital of the debt. Thirdly, that even in peace, occasions may and will arise for adding to the principal of the debt. Lastly, that dilapidated public finances are the proximate and certain cause of the dissolution of society, and the signal not only of the downfall of time-honoured institutions, but of the misery and ruin of a generation. Indeed, the calamities which other countries have suffered by the collapse of public

credit, afford but a very inadequate sketch of the ruin of that colossal edifice here.

When, therefore, public men like the late Lord Ashburton, to whose wisdom and prudence the nation is under great obligations, call attention to the state of the debt, and attempt to rouse the public and the government to a serious consideration of this momentous evil, they deserve more attention than they receive. It is, however, no wonder that such warnings are disregarded. Debts are the most disagreeable subject to which the attention of debtors can be solicited. The public, deluded by fallacious hopes of benefit, sometimes from political, sometimes from commercial changes, pursues its favourite theory, till the pursuit is given up as hopeless, or experience undeceives it. It then chases some fresh phantom. Persons of more reflection are apt to silence apprehension by the selfish hope, that things will last their time. Governments, all the while, are too happy if, by temporary expedients, they can make ends meet, or, at the very best, secure a small margin of receipt above expenditure; and have no notion of such a degree of political virtue, as would lead them to make any sacrifice to ensure the financial prosperity of their successors.

And yet a certain means of reducing the principal of the debt in a few years, at a little sacrifice, seems suggested by the very operation which has made its amount more than double what it need have been.

Consols are now high, and were recently, at par and above.* Suppose, when that next happens, that to the holders of a certain amount of consols, the option were presented of being paid off at par, or taking

* So they were a hundred years ago; and will doubtless be again.

at the market-price a 5 per cent. stock, irredeemable for a certain number of years. The smallest fractional advantage would make the acceptance of the new stock a certainty: power being given to trustees, (who are now in general bound by law to invest in the 3 per cents.,) to accept the heavier stock, with proper precautions that tenants for life, and owners of other limited interests, are not unfairly benefited at the expense of revisioners. When consols are at par, the value of a 5 per cent. stock, perpetually irredeemable, would be 166 and more. Suppose such a period to be fixed, during which it should be irredeemable, as should reduce its market value to 125. The stock being taken at that price, the *capital* of the debt so dealt with is not only reduced at once by 20 per cent., but put into a condition for future effectual reduction of *interest*. The additional charge would be less in time and amount than that of terminable annuities. At the expiration of the prefixed period, if the finances permitted it, the holders might again be offered, instead of a reduced interest, a heavy stock at a premium, irredeemable again for a certain number of years; by which a further amount of principal would be again struck off. The experiment might be tried (if found to answer) on other portions of the debt, perhaps eventually on the whole debt. Instead of a 5 per cent. stock, 6 or 7 per cent. stocks might be created, which would be still more powerful engines of reduction. It is impossible to predict the result of such an experiment, but it is not improbable that the effect on public credit of an engine so certainly at once *and beforehand*, extinguishing large portions of the capital of the debt, might be to raise still higher the value

of government annuities. It is obvious that the higher the credit of government, the easier the operation. Supposing that the value of government annuities remained exactly the same, and that no pecuniary gain to the nation attended the expedient, still the effect would be to compel the payment of a large portion of principal every few years in the shape of some additional interest; the advantage being, that the capital of the debt is not only reduced at once and *beforehand*, but the interest is made easily and effectually reducible in future. There can, however, be little doubt that the credit of government would rise with the success of the operation, so as to make the gain great and the loss little. Had such a mode of dealing with the debt been adopted,* at the conclusion of the war, the debt, notwithstanding its immense amount, would by this time with very little sacrifice have been brought within a manageable compass. The temporary addition to the interest would be perhaps satisfied out of the ordinary revenue; but if not, the certainty of effectually reducing the principal of the debt, by doing it beforehand, would be a powerful reason for continuing, or even augmenting, extraordinary resources.†

The punctuality with which every public engagement, from the Revolution to this hour, has been redeemed, and more than redeemed, by the bright and spotless honour of the nation, will not be without its reward. The consequent marvellous strength and elasticity of our most valuable possession, *public credit*, may yet enable some honest and energetic minister to lighten the burthens of the country effectually.

* It is not essential that consols should be at par.

† Like the income, or property-tax.

Moreover the contract with the national creditor is a metallic contract. Many recent discoveries, not only in California, but elsewhere, seem to portend another fall in the precious metals, like that which happened three hundred years ago. Such a fall would diminish the national burdens, not only to a proportionate, but to a much greater extent.

The national debtor, or in other words the nation, is entitled to the full benefit of the depreciation.

[It is hard to keep permanently on a high level of excellence; and Byles here slips back from the standpoint which he had so well occupied in Chapter XI., that the National Debt, so far as the stock is held by British subjects, is of the nature of an annuity paid by one part of the nation to the other. Hence to identify the "national debtor" with the nation is misleading; and allowing the fanciful supposition of a repudiation of the National Debt, there would be no annihilation of hundreds of millions of property, but a transfer—not, indeed, without very serious loss through dislocation of industry and demoralisation of both gainers and losers; but still, in the main, a mere transfer of wealth.

But Byles is quite right in denouncing the improvident method of borrowing at a nominal low rate of interest, instead of offering a rate of

interest sufficiently high to induce the public to take the new stock at about par; a matter fully explained in Professor Bastable's *Public Finance*, 3rd edit., p. 691-694.

The plan suggested for reducing the capital of the debt is ingenious. But to make the legal provision which Byles recognises as needful for the protection of limited interests, would be no light task; and it seems doubtful whether the public would care for such a stock, unless the period of its remaining irredeemable was unduly prolonged, and consequently the relief of the tax-payer unduly postponed.

But whether or no this plan of Byles is right, the opposite plan is clearly wrong, namely, the conversion of a public debt by increasing the principal and by paying a rate of interest below the market rate. An English example of this mistake was the offer in 1883 of £108 of two and a half per cent. stock for every £100 of three per cent. stock. See Bastable, *Public Finance*, 3rd edit., p. 700.—EDS.]

CHAPTER XXIV.

"Absenteeism is no evil."

THIS is gravely maintained by Mr. McCulloch,* and many other political economists.

Mr. McCulloch lays it down distinctly that if an Englishman of fortune, drawing his income from England, instead of spending it on English commodities at home, spends it on French commodities in France, England loses nothing, and France gains nothing by his so doing.

Of course it follows, that if all the nobility and gentry of England, all the landlords, fund-holders, mortgagees, all the proprietors of railway, canal and mining shares, were to do the same—that is to say, were to emigrate and spend all their English income in France, on French productions only, France would be no richer for it, and England no poorer.†

* PRINCIPLES OF POLITICAL ECONOMY, p. 152. We must do Mr. McCulloch the justice to add, that he admits the *indirect* evil effects of absenteeism; but in a *pecuniary* view, he insists that it is in no degree injurious. Yet Mr. McCulloch is a very acute and sensible writer, and in many parts of his book shows an independence of thought, very uncommon among political economists.

† Indeed this *argumentum ad absurdum* is capable of being pressed still further.

Suppose not only the landlord, the fund-holder, the mortgagee, and the shareholder, to spend the whole of their incomes on foreign

Now this is so manifestly untrue, so contrary to the experience of every French and English shop-keeper and artizan, that one is curious to see by what process of reasoning it is, that so eminent a political economist has drawn so startling a conclusion.

His premises are these: He says, were the Englishman to live at home and use none but foreign articles in his establishment, he would give the same encouragement to British industry that he would do if he were to use none but British articles. *Therefore* he must, it is obvious, do the same should he go abroad.

Now if the conclusion be (as it certainly is) untrue, and yet if this conclusion certainly follow from the premises, (as he says it obviously does,) then the fault must be in the premises. It cannot then be true that the use of foreign articles at home gives the same encouragement to British industry, as the use of British articles. And that it is not true, we have already seen evinced by other considerations.* But we are indebted to Mr. McCulloch for pointing out the logical consequence, if it were true.

No! absenteeism is a great pecuniary evil and loss, both to England and to Ireland.

The number of English who lived abroad, and the English revenue they spent abroad two years ago, was immense. The French revolution of 1848, and the troubles in Italy and Germany, drove many of the English absentees back to England, and restored to us for a time, the benefit of their expenditure.

commodities abroad, but suppose it were physically possible for the farmer, the manufacturer, the merchant, the shopkeeper, the banker, and the labourer, to do the same.

* See Chapters IV. and V.

This is one reason among others, why we have not yet felt all the disastrous effects of recent measures.

[It has been reckoned that in their small territory the Swiss receive an annual profit of some £8,000,000 from foreign residents and visitors. The profit from rich foreigners in France is perhaps nearly as great; in Italy it is at least double; indeed, it forms a serious element in Italian commerce and finance.

Now rich foreigners, absentees from their own country, who are living, let us say, in Florence, and spending their income there, personally consume only a small portion of that income, but their presence is further advantageous, in a triple manner, to Florentine wealth and population. First, in order to enjoy their income, they need a number of companions and servants with whom they share it. Then, their residence in Florence is, *pro tanto*, an encouragement to local industries. And in proportion to their number, there is an increase of demand, or larger market, giving a third advantage to the place, by enabling the better organisation and increased efficiency of Florentine labour and capital. The net result is that men and goods pass into Florence with no corresponding outflow,

to the pecuniary advantage of the Florentines, and to the higher organisation and greater efficiency of their industry.

Now this pecuniary advantage is a measure of the pecuniary loss to the home-countries of the absentees. Hence, in a land from which the wealth-owners have, in large part, withdrawn, many industries are impossible, others languish, organisation is deficient, the law of increasing returns is hindered in its application.

Byles, although he does not explicitly give these reasons against absenteeism, may be held to have approved of them implicitly; and although he does not dwell upon the indirect or moral evils, he was aware of them, and, as he intimates in Chapter XVIII., discerned the unfitness of allowing the enjoyment of property to those who, like most absentees, neglect its duties.—EDS.]

CHAPTER XXV.

"Other nations will follow our example of free-trade."

OUR recent experiments in commercial legislation have no parallel in the history of mankind. No one ever set us the example, and no one has since followed ours.

Before 1846, all great nations and great statesmen had acted on opposite principles, and always with eminent success;—Cromwell, Walpole, and Lord Chatham in England; Colbert and Napoleon in France. Since 1846, no disposition to imitate our policy has been manifested by any foreign nations. Whatever changes have occurred, or seem likely to occur, are changes the other way. Hamburgh, the last fortress of free-trade on the continent, has determined to join the German Protectionist league. Hanover has just done the same. Switzerland has augmented her import-duties. France has recently inaugurated the statue of Colbert at Rheims, his native city. Belgium and France, not content with import-duties, have resorted even to bounties on exportation. The more popular the governments, the more protectionist they become. The United States have elected a protectionist President, recalled their free-trade ambassador and sent a protectionest representative to this country. The Southern states have now joined the Northern in the demand for protection, and little doubt exists that the impending

change in the American tariff will re-impose duties for the avowed purpose of protection.* Russia maintains the protective policy to which she has returned.

And why should reciprocity be expected, when the first markets in the world are already opened for nothing?

So much for voluntary imitation.

On our own colonies we have *forced* our new policy.

The present disposition of the West Indies, and Canada, are the first results.

Dr. Franklin, in his "RULES FOR REDUCING A GREAT EMPIRE TO A SMALL ONE," has these observations.

"I address myself," says he, "to all ministers who have the management of extensive dominions, which from their very greatness have become troublesome to govern."

"In the first place, gentlemen, you are to remember that a great empire, like a great cake, is most easily diminished at the edges. Turn your attention, therefore, first to your remotest provinces, that as you get rid of them, the next may follow in order."

As we get rid of our colonies, we shall successively close the colonial markets. All emancipated colonies will do as the United States have done. They will protect and develop their own producing power.

[Certain words of Mr. Price, who can speak with authority, supply a good comment on

* Since these observations were published in the first edition, the President's Message, and Mr. Meredith's Report, have appeared. Since the seventh edition the Message of Mr. Filmore, and the Report of Mr. Corwin. All protectionists alike, but the last yet more decidedly than the first.

this Chapter: "There can be no doubt that the Free Trade Reformers of the middle of the nineteenth century confidently thought that the example set by their country would be followed by others, and that they regarded good-will and peace between nations as the natural necessary consequence of international trade. For a time some of their hopes promised to be realised; and during the third quarter of the century a distinct movement was evident in the direction which they expected; but in the next twenty-five years the current was altered, and a general revival of Protection in foreign countries thrust Free Trade into the background" (*Economic Journal*, September, 1902, p. 314). The *Times* of November 20th, 1896, puts the matter more epigrammatically in words which we quoted in an earlier page, and which are worth repeating: "Under every known political system, Free Trade practice is rejected, except by the Englishman and the Turk."—EDS.]

CHAPTER XXVI.

"*A return to the protective policy will never be.*"

A BOLD prophecy. For a return to a more protective policy has happened in America, in Russia, in Holland, in Germany.

Men hastily conclude, that because such great political measures as Catholic Emancipation, or Parliamentary Reform are plainly irrevocable, therefore a great commercial measure must necessarily be irrevocable too.

But important differences are over-looked. In the first of those great changes we did but follow all mankind—nearly all governments, popular or despotic, in a great act of public justice—the establishment of equal religious liberty. In the second we did but bring back the constitution to its original theory. Whether in so doing we did practically secure better government; whether as an instrument of *good government* the old House of Commons was not better than the new, may be matter of controversy. To popularize the legislature may not necessarily be to improve it,—to make it either more honest or more efficient. But that the rotten boroughs would have withstood the shock of 1848, is incredible. The change, whether for better or for worse, had become inevitable, and the notion of retrogradation is ridiculous.

Moreover, both Catholic Emancipation and Parlia-

mentary Reform differ from a change of commercial policy in another respect. The real effects of the two first measures will only become apparent after the lapse of long tracts of time, perhaps of generations. The real effects of a change in commercial policy are much sooner apparent. They may be plainly visible in a few years, or even a few months.

At present we have had unlimited and indiscriminate imports only about six months. Yet much is already *known*, which was mere *conjecture* in 1846. A comparatively uninformed man is really in some respects wiser now, than the wisest of the debaters in 1846.

Much more will be withdrawn from the domain of *conjecture*, and have become matter of certain *knowledge*, before another year has elapsed.*

And why are we to suppose that commercial legislation, which from the commencement of our history has been variable and fluctuating, should all at once become fixed and stereo-typed.

No! As it has always changed in time past, so it surely will change again in time to come. Perhaps after bitter disappointment.

It would be wrong to say, that a return to protection is PROBABLE, because it is CERTAIN.

As to the period—it is a question of time and mischief; how much time must elapse, and how much more mischief be perpetrated, before the nation not only feels, as it has long felt, but understands and sees,

* These observations were written in October, 1849. We were then told that the decline in the value of British and Irish produce was only temporary.

that it has been deluded. Probably the period is not distant.

It is not a class, but THE NATION that will insist on the change. When it comes, it will come naturally, irresistibly, and without danger. What dangers may be incurred in the meantime is another thing.

[Fifty years after Byles had written this Chapter there was still no appearance of the change of view which he foretold. It has come at last—and has come to stay—though it has been much longer in coming than Byles anticipated. What retarded it?

Four great economic movements. First, the marvellous expansion of manufacturing industry in Great Britain, due to our political security, our physical advantages of coal and iron in proximity, our start over all other nations, especially in railway construction, and our stores of wealth, accumulated under a system of Protection. Secondly, the great advantage which our trade received from the gold discoveries in California, already begun when Byles was writing, and from those shortly to follow in Australia. Thirdly, the vast set-back to American commerce by the civil war and by the substitution in ship-building of iron for wood, with a corresponding relative gain to a timber-

less country like Great Britain. Fourthly, the great amelioration from 1850 to 1875 in the moral and physical condition of the non-agricultural working class, achieved, in spite of the strenuous opposition of free-traders, by the enactment of Factory Laws, by the progress of trade unions and collective bargaining, and by the enforcement of urban sanitation.

No wonder then that all opposition to Free Trade seemed dead, when even the deadly blow dealt by it to British agriculture was masked by the rise in prices resulting from the gold discoveries, and that all the gloomy prophecies of its opponents seemed to lack fulfilment. To revive that opposition needed the experiences of another quarter of a century, with prices falling, and with the advent of new competitors for industrial supremacy, no less well equipped than ourselves. We have touched upon this subject in our *Introduction*—EDS.]

CHAPTER XXVII.

"To raise the wages of labour is to impair the fund out of which wages are paid."

THIS is so far from being true, that, under a proper system, the converse is true. To raise the wages of labour is to AUGMENT the fund out of which wages are paid,—it is to INCREASE the means of maintaining labour.

In England, under the old system of protection, the wages of labourers, artisans, and sailors have long been much higher than the wages of other European labourers, artisans, or sailors.

These high wages have introduced a high standard of living; that is to say, high in comparison with other European countries. The English labouring poor have hitherto, on the whole, been better lodged, better clothed, and better fed, than the French, the Germans, the Russians, or the Italians. The effect has been visible in the physical and mental qualities of *the race* on land and sea. Mr. Mill admits the enormous effect of *custom* in determining the actual rate of wages. Before him, its potent and extensive operation had been overlooked. A zeal for generalization had referred the rate of wages entirely to supposed general laws. But custom, bodily constitution, climate, artificial regula-

tions, and many other peculiar or accidental circumstances, have much to do in fixing the *actual rate* of wages.

Yet these causes, however efficient under a system of protection, are powerless in the presence of unlimited competition by foreigners, worse lodged, worse clothed, worse fed than the English. In order to compete successfully with them, the Englishman, too, must be worse lodged, worse clothed, and worse fed. The foreign workmen will inevitably usurp the Englishman's market, unless he can meet them on equal terms. Water does not more naturally and irresistibly find its level.

The first step therefore towards an amelioration in the condition of the working-classes, is security against the competition of those, among whom a lower style of living, inferior diet, dress, and houses, are habitual. This is the only true and solid foundation for measures tending still further to better the condition of the working-classes—THE BULK OF THE NATION.

Without this foundation, you are building on a shifting sand.

But this foundation, once securely and irrevocably laid, other measures, tending still further to better the condition, not only of the working-classes, but of their employers, and withal to augment industry, and increase national wealth faster than ever, become possible and easy.

In the early history of a flourishing country nature herself protects, and more than protects, the rate of wages. Hired labour is often actually unattainable.

Wages are then an ingredient in the cost of production, incapable of compression. But as population increases, and competition not only between labourers, but between employers, begins, then, of all the ingredients in the cost of production, the item of wages becomes the most easily compressible. An excess of but 5 per cent. in the supply of labour may diminish wages by one half. The surplus labourers, on pain of death, under-bid all the rest. Competition between employers compels them all to emulate each other in bearing hard on the necessities and helplessness of the labourer. Under this double competition, wages are ground down by worse than hydrostatic pressure. Articles are cheap, but they are made of human flesh.

The evil (whether artificially remediable or not) is so far from having any *natural* tendency to cure itself, that it perpetuates and aggravates itself, and eats like a gangrene. Each reduction of wages is a reduction of the market for commodities. Each reduction of the market tends to a decrease of production, and a further decrease in the demand for labour. The cheaper things are, the more inaccessible to the poor they become. The vicious circle swells into a vortex, threatening to engulph all solid national prosperity.

In vain we glorify ourselves on our steam, our machinery, our luxury, our science. The poor are sinking deeper and deeper. "It is questionable," says Mr. Mill, "if all the mechanical inventions yet made, have lightened the day's toil of any human being."

But why should we either marvel or despair?

This is but one of a thousand instances, in which the natural state of things comes to be vicious. Modern

political economy indeed, sits down in despair, and has no better remedy to suggest, than the destruction or exportation of the people. But why is it to be assumed that human art and wisdom are more powerless here than elsewhere? Remedial measures will be demanded by the masses at the hands of every statesman of old Europe.

The subject is, no doubt, one of awful moment. Not only action, but even speech, is perilous. Yet silence and inaction present dangers as great, or greater, and daily and every where threatening and blackening. King! Minister! Whosoever you are! you will soon find you must act, although,

> . . . . . Incedis per ignes
> Suppositos cineri doloso.

Is there really a natural and legitimate STANDARD of wages to be religiously worshipped, or is this pretended standard a Fiction and false God, before whom we are expected to bow down?

We know of no *natural* standard of wages except the result of competition just described. What is that result? what is that standard? It is this, THE WAGES OF THE WORST PAID LABOURERS THAT EXIST ON THE FACE OF THE GLOBE. In the fierce struggle of universal competition, those whom the climate enables, or misery forces, or slavery compels to live worst, and produce cheapest, will necessarily beat out of the market and starve those, whose wages are better. It is a struggle between the working-classes of all nations, which shall descend first and nearest to the condition of the brutes.

Mr. Malthus indeed says, that this natural standard

of remuneration for labour "is a most important political barometer, expressing clearly the wants of society respecting population." We have seen above, that it is no such thing. We have seen, that Mr. Malthus' views on this subject are not only at variance with facts, but repudiated by some eminent political economists themselves. Indeed this natural standard obviously throws away the chief benefits of production itself, and conducts not only to barbarism, but ultimately to poverty, and depopulation.

The *natural* standard of wages therefore, is not the legitimate and true standard.

What then is the TRUE STANDARD? What is the standard that will effectually develop and maintain the producing power of a nation?

The TRUE STANDARD, the standard of wages that will really at once increase and rightly distribute national wealth, and perpetuate it to generations yet to come is, WHAT WILL OBLIGE AND ENABLE A MAN TO WORK HARD, AND WORK CONSTANTLY.* Does the let-alone

* It ought to be sufficient to allege that this is the JUST standard. For here political economy touches the kindred, but distinct science of ethics. The rules of morality are in one respect, totally different from those of political economy. Economical rules are subject to innumerable exceptions, the rules of moral conduct admit of no exception.

Carry out to its logical consequences the doctrine, that the price of the human organization, like the price of any other machine, is to be governed immediately by supply and demand, and ultimately by the cost of production in the cheapest and most economical mode that can possibly be devised. Then you ought, like the ancient Lacedemonians or the modern Chinese, to kill off deformed or superfluous children. And when the parents are so old, that they consume more than they produce, they should also be removed.

The moral sense of mankind revolts at the very mention of such atrocities. But, so it does, at the mere commercial treatment of

system tend to this standard? Does the let-alone system tend to it, either when population is scanty, or when population is dense?

In the ancient world, the lower orders were slaves. The Paterfamilias, on the one hand compelled his work-people to labour, and on the other found them in food, clothing, and lodging. Neither the employment nor the remuneration of the labouring poor, were dependent on competition. Ancient civilization rested for thousands of years on the slavery of the working classes. Christianity and modern civilization, have indeed raised the poor from slavery. But much more remains to be done. If you stop here, you will but have emancipated them from masters, who at least had human sympathies, and will have delivered them over to those grim and capricious tyrants and giants—SUPPLY and DEMAND.

Slavery was found to need legal interference. So will free labour.

The true modes of dealing with the free labouring poor have yet to be learnt. They differ in new and old countries.

When population is scanty, and land abundant, the free labourer is idle and saucy. Artificial regulation has often been found, not only useful, but absolutely

the poor, which may be also murder on a still larger scale. That more commercial treatment is inconsistent, not only with the first principles of Christian civilization, but with the moral instincts of universal human nature. These are a far safer guide than economical theories. Yet an accurate examination will evince, that the liberal and Christian treatment of the lower classes, is the treatment that leads directly to national wealth: that here, as elsewhere, what is morally wrong, is not even commercially right.

necessary to compel him to work. At this day, the emancipated negroes in our West India Islands, having hot sun for nothing, and as Mr. Carlyle says, plenty of pumpkin for next to nothing, will not work. The best of land is valueless for want of labour. Legal regulations compelling the labourers to work, are by many deemed absolutely necessary, even for the sake of the labourers themselves. For they are rapidly relapsing into their original barbarism.* So when you export your free-labourers to Canada or Australia, they soon cease to work for wages, run away, and become proprietors. So even in England 500 years ago, it was found, by experience, that the poor need not, and would not work. A great plague in the fourteenth century having thinned the population, the difficulty of getting men to work on reasonable terms grew to such a height as to be quite intolerable, and to threaten the industry of the kingdom. Accordingly, in the year 1349, the Statute 23rd, Edward III. was passed, compelling the poor to work, and interfering with the wages of labour. It was followed with the same view, through several centuries, by a long succession of statutable enactments. The wages of artisans, as well as of agricultural labourers; the prices of piece-work, as well as of day-work; the periods during which the poor were obliged to work, nay, the very intervals for meals (as in the Factory Acts of the present day) were defined by law. Acts of Parliament, regulating wages, but against the labourer, and in favour of the master, lasted for the long period of 464 years. Population grew. These laws were then found, and really became, un-

* See *ante*, p. 102, note.

necessary and burdensome. In the year 1813, they were all repealed.

At length the opposite evil makes its appearance. Formerly, the poor demanded such *high* wages, as to threaten industry and wealth. Now their wages are so *low*, as to threaten industry and wealth equally, and perhaps more, but in another way.

Does not experience then shew, that the let-alone system is equally at fault, whether population be scanty or dense? Weighed in either scale of the balance, it is found wanting.

We were ready enough to interfere for the employer? Can nothing now be done for the employed?

Leaving the theoretical question and doubtful and dangerous remedies to those who are far better qualified to discuss them, are there not THREE safe practical measures which, in our own old country, would have a direct and effectual influence in favour of all the working-classes?

Never, however, losing sight of the fundamental position, that a population whose wages are high, whether naturally or artificially, must not be exposed to competition, with a population whose wages are low.

These measures are FIRST, a system of arbitration for the settlement of wages.

Until recently, masters could combine to sink wages, but the workmen were not allowed to combine to prevent it, or to raise wages.

This prohibition was no part of the old common law, but a relic of the artificial regulations which formerly existed in favour of the masters, and against

the work-people. Traces of its existence, and perhaps of its necessity, are to be found as early as the reign of Edward I.

The natural power and right of combination is now by law restored to the workman; but the only weapon which he can wield is intimidation. Intimidation of the master by strikes, intimidation of his fellow-workmen by secret and illegal menace. In this barbarous state of things, frequent strikes not only starve the workmen with their innocent wives and children, and injure the masters, but damage and stop the industry of the country. These strikes generally, however, end by a representative of the workmen in the particular trade, agreeing with the representative of the masters on a scale of wages.

What is done at last, after incalculable mischief, in an imperfect and bungling manner, might be done at first in a proper and enlightened manner. All trades are now allowed by law to combine. Trades' unions are perfectly legal. They might, in every trade and occupation, be empowered to name arbitrators to meet arbitrators whom the masters should be bound to appoint. If as would often happen, these arbitrators could not agree, an umpire previously appointed by enlightened public authority, taking into consideration all the circumstances, should settle the difference. The award, or umpirage, would at least produce a scale, the joint result of practical knowledge and enlarged views. Without at present going further, all private bargains would have a reference to that scale.

Such arbitrations are a great want of the country. Once introduced, they would spread every where and into every department of labour. Their utility and

general applicability has been placed beyond doubt by the experience of our neighbours—the French.

The "*Conseil des Prud'hommes*" in France exercises functions of this nature. In the departments, these councils have long existed. Into Paris they were introduced in the year 1844, and they are now established by law.

In many trades, representatives of the workmen are to meet delegated representatives of the masters. Among other things, this council settles the hours of labour, the rate of wages, and the conditions on which children shall be employed. An appeal lies to the "*Tribunal de Commerce.*"

The deliberations and decisions of these councils (where they have been acted on) have been found by experience, long, extensive and various, to be eminently useful in preventing strikes, and yet establishing a fair rate of wages. The regulations as to the hours and rates of wages in different trades fill a thick volume. But this complexity is more apparent than real, because it comprehends the distinct regulations of many trades; and it is cheaply purchased by the beneficial results.

Where the decisions of these councils are uniform and acted on, no master can now undersell by beating down wages, or exacting more work; for all the masters are then subject to the same decisions of their respective councils, regulating the rate of wages and the hours of labour.

Even in England, *experience is shewing us*, in spite of theories, that the new phenomena of production on a large scale by steam power and complex machinery, are inconsistent with the old and simple relations

between master and workmen. Witness the Factory Act, and the laws against the truck system. These measures are the aurora of a new and beneficent legislation.

The poor, however, in order to obtain justice, must have some point of support, some fulcrum on which to rest the lever. In England, they already have it in the public provision made for them. But it is now found by experience that a too severe and niggardly administration of the poor-law, so far from raising wages, (as was once confidently predicted,) depresses them, as might have been expected. Yet more generous support, on the present lazy system, would aggravate a burthen already intolerable.

The SECOND measure therefore is this: The industrial discipline, and productive employment of the able-bodied pauper, especially on the land, or in the production of food, directly or indirectly.* This labour, as we have seen, might be so directed as not only not to supersede any other labour, but even to increase the demand for it, and thus doubly relieve the labour-market, while it added to the permanent and most valuable wealth of the kingdom, and actually diminished the poor-rates.†

The THIRD measure is the prohibition or discouragement of work by little children.

Not merely in our great textile manufactures of cotton, wool, linen, and silk, but in a vast number of

* Since these observations were written, a Society has been formed for this most important object.

† See the Chapter on PAUPERISM.

other great manufactures, nay even of mechanical and handicraft trades, the labour of little children has of late, been introduced. Here is a modern, but overwhelming eruption of cheap labour, flooding the labour-market. 'A child,' says the master, 'can do this work as well as you, at a fourth of what you demand, why should I pay you more than the child?' In many trades, children assist their parents in piece-work at home. The ultimate consequence is, that the labourer gets no more for the week's work of his whole family, than he would have done, or did, for his own work alone. Indeed, he often does not even get what his children earn. For there has grown up of late, a trade in little children. The middle-man hires little boys and girls of six or seven years old, and lets them out in gangs, (to a button manufacturer, for example,) at so much an hour. A portion only of what he receives he pays to their parents, the residue is his profit on his human live stock.

And what is the consequence to the wretched children? The joyous morning of life brings no joy to them. Their parents, no longer their affectionate protectors, are transformed into task-masters and slave-drivers. The state abandons and condemns the little boys and girls to ignorance, vice, and premature decay.

Yet that very state, with marvellous caprice and inconsistency, protects them in other things, where they need protection infinitely less. A child contracts to pay a shilling. In steps the offended law and exclaims, "I will not allow a child to be bound by a contract, I will interfere and avoid it. Childhood and youth are vanity and should be so. They require my extraordinary and special protection." Yet, the same

law sees with infinite complacency the life and health, and morals of millions of children mortgaged. "Let a slave touch my soil," says the law, "and his fetters drop off." Yet the children of the land are now born to the worst and most destructive slavery.

Of such measures the consequence would be a general, inflexible, and permanent advance of wages.

But the masters are very much mistaken if they suppose that in such an event either the producing power of the country would suffer, or that they would themselves be losers. There is no increased cost of production in the proper sense of the expression. No more labour is necessary to produce an article than before. But the labourer gets his fair share. And under a system of protection from unlimited and unregulated foreign competition, the increased rate of wages does not fall on one producer or some producers only; it affects ALL alike. It would be more correct to say it benefits all alike. Commodities, it is true, rise in proportion; but the general ability to purchase rises in a greater proportion still. The wages of labour, no longer compressible, are no longer, as heretofore, fixed by the price of commodities; but the price of commodities, (as they used to be, and ought to be,) by the necessary and just wages of labour. For the meat and drink of the workman can now no more be stinted, than the fuel and water of his indefatigable and hundred-handed fellow-labourer, the Steam Engine.

Nor let employers fear a loss of markets. Their markets would not be diminished, but enormously augmented in extent. And, moreover, instead of precarious

and fluctuating markets, they would have durable and permanent ones.

Every increase of the rate in wages enormously increases the power of the BULK OF THE NATION TO consume, and *pay for what they consume.* It creates a new and enormous demand. It creates a new and immense home-market. An increase of but a shilling a day in the average wages of the working-classes, would amount to forty or fifty millions sterling a year, or more. It increases their effective demand to that extent. It creates a new market to such an extent as would almost compensate for the loss of our whole export trade. So, on the other hand, a decrease in the wages of labour, to the extent of a shilling a day, diminishes the market which the expenditure of the labouring-classes creates, to the extent of forty or fifty millions a year or more.

What is wanting to increase production and augment capital? MARKETS,—EXTENSIVE AND INSATIABLE MARKETS. These are the one think needful. But extensive and insatiable markets are exactly what a better remuneration of the working-classes will supply.

What! it will be said, are both to gain? masters and work-people too? Yes! both are to gain. Infinitely more work will be done, and what is done will be better done. The secret is this. MORE INDUSTRY BEING EMPLOYED, MORE WEALTH WILL BE CREATED. THE PRODUCING FORCES OF THE NATION WILL BE EFFECTUALLY DEVELOPED. The annual produce of the land and labour of the kingdom will be prodigiously augmented. There will, therefore, be more to divide between profits and wages. Masters will have more,

as well as workmen. The funds which employ labour will be *augmented*, not *diminished*.

There will be at once more for all, and it will be better distributed amongst all.

And as did the old and vicious state of things, so will the new and better state of things, tend to perpetuate, increase, and establish itself. Each increase of wages is an increase of markets. Each increase of markets a further increase of production. Each increase of production, a further demand for labour.

But it will be said: 'According to you, the more the labourer is paid, the richer and better able to pay him the country will be.' No! you soon reach a limit. Pay him so that he can and must work hard, work well, and work constantly, and you need not fear. That is not only the JUST, but the only TRUE standard. Production will outstrip consumption. His wages no less than his work will augment the national wealth and the national markets. Pay him more, so that he can live in idleness or luxury, and the sources of wages are dried up.

Next it is said: 'This will diminish exports.'

It will not affect exports to foreign countries much. It will not affect exports to the colonies at all. And any trifling loss on the foreign trade will be compensated over and over again by the immense increase of the home market.

Then it is said: 'Population will increase.

Those who fear it are referred to the remarks already made on that subject.

Lastly, it is objected: 'All this is artificial.' So is every really good measure.

The labouring classes alone produce all the wealth of the kingdom. Under a proper system, they would enjoy their just share of that wealth, in the shape of fair and reasonable wages. A system, under which they do not enjoy it, is not only vicious and unnecessary, but while unjust and cruel to them, is injurious and dangerous to all.

Deep wisdom lies in the sacred precept—THOU SHALT NOT MUZZLE THE OX THAT TREADETH OUT THE CORN.

[This is a fine Chapter, worthy by itself to merit for Byles an honourable place in the roll of economists. In his time the "wages-fund theory" was not merely cherished as an opinion; it was revered as "an axiom of science." We have noted in our *Introduction* that his opponents, Lord Hobart and Bowring, assumed it as self-evident. It was universally believed that a definite sum was annually set aside for wages of labour, and that if a philanthropist was foolish enough to give his own workers more than the average, or a Trade Union vicious enough to secure extra pay for its own members, the result was merely to leave so much the less for the rest—the labouring classes, as a whole, not being one penny the better.

But Byles would not accept this sophism so acceptable to all Gradgrinds; he anticipated

Walker's true doctrine on the danger of the degradation of the labouring class, and the tendency of industrial evils to perpetuate themselves; he anticipated, too, the doctrine of the economy of high wages, without pushing it to the exaggeration that the higher the wages the more efficient must be the work; he recognised that the increase of wages to a fair standard —a *justum pretium*—implies no diminution of "demand for commodities," but probably an increase, because of the increase of efficiency; he gave a reasonable, if not a complete, criterion of fair wages; he argued in favour of a system of arbitration, such as we are now seeking ourselves, and such as we see actually working in New Zealand and Australia; he hailed the early Factory Laws as the dawn—and they were the dawn—of rational and beneficent legislation; and he urged the protection of children against industrial slavery—a protection which, for the last fifty years, has been all too gradually and all too tardily granted. This is a fair record for a single Chapter.—EDS.]

CHAPTER XXVIII.

"*Don't tax the nation for the benefit of a producing class. Take care of the consumer, and let the producer take care of himself.*"

THE maxims of our ancient and successful policy were very different.

Our fathers said,—"Whatsoever you do, be sure you take care to DEVELOP THE PRODUCING FORCES OF YOUR OWN COUNTRY. The gain of doing this, will be so immense, that it will present you with an ample fund, not only sufficient to pay the tax you complain of, but after having paid it still super-abounding, and leaving in your hand, for your own spending, a surplus ten times as great as that tax. Nay, the very tax itself will, in most cases, soon disappear. For the development of your own producing power will not only, at first and at once, bring plenty and riches; but in the end will bring a steady cheapness too."

So reasoned Cromwell, Lord Chatham, Sir Robert Walpole, Edmund Burke, Peter the Great, Colbert, Napoleon. So at this day reason France, Belgium, Russia, Germany, America.

Fathers and children, however, both cordially agree in this. The more a nation produces, the richer it is; and the less it produces, the poorer it is.

Indeed this seems a self-evident proposition. Without production of value you can neither consume nor buy. *Ex nihilo nihil fit.* Every increase of domestic

production is an addition of so much wealth: any diminution of domestic production is a subtraction of so much wealth.

The children, however, assume that the amount of production in a country,—(the land, the men, and the actual property remaining the same,) is an unvarying quantity. But the fathers assert that (the land, the men, and the actual property of a country remaining the same,) that country will produce infinitely more, or infinitely less, according as certain regulations, favourable to domestic production, are present or absent.

The children say, we will no longer make our hats at home. We can buy them from France 5 per cent. cheaper. We shall thus relieve the country from a tax equivalent to this 5 per cent. paid to the domestic hat-manufacturer. But the fathers, with parental license of speech, say, if this be a specimen of your heads, they do not deserve any hats at all. Do you not see, that to escape what you call a tax, you are going to destroy an amount of annual national production (which is the same thing as annual national gain) of twenty times the amount of your projected saving. Make the hats at home, and the country produces more by the aggregate value of the hats. You are going to make the country throw away 100 per cent. to gain five. You are going, it is true, to take off a customs' duty of 5 per cent., but you are going to lay on a confiscating property tax of 100 per cent. And your new tax is not only twenty times as great as the one you take off, but much worse. The old tax was at least a benefit to some of your own people. The new one is a present to the foreigner.

'But,' say the children, 'we shall sell to the foreign manufacturer what will buy the hats.' 'Yes,' say the fathers, 'but your situation in that respect is just what it was before. Before the change, you sold to the English hat-manufacturer; now you sell to the French. How does that compensate for the loss of your hat-manufacturers? They are the worse, but who is the better, except to the extent of 5 per cent. on their loss?'

This question we have already examined in detail, and we fear, at too great length.* We have already submitted to the candid and unprejudiced reader, our reasons for thinking the fathers clearly right, and the children clearly wrong.

Produce within your own dominions, what you formerly imported from abroad, and your land, labour, and capital, produce what they otherwise would not have produced. They still produce the articles to purchase the new domestic product, just as much as they did before. But over and above this, they now produce the whole value of the new domestic product. Tried by the rule, that the more a nation produces the richer it is, you are now the richer. You have now developed a new producing power of the country, which otherwise, instead of being developed would have been stifled and smothered by foreign imports, perhaps a little cheaper. By a sacrifice it may be of one per cent., you have gained the other ninety-nine. To pay your tax of one pound, you are presented with a new and additional net income of a hundred pounds. And what you have done other nations may also do. The producing power of all the earth may thus be effec-

* See Chapters IV. and V.

tually developed, and yet, as we have seen, ample scope every where left for foreign trade and international exchanges.*

So far from the amount of production, in a country being an unvarying quantity (the land, labour and property remaining the same), we have elsewhere seen what immense masses of capital, land and labour in Great Britain and Ireland are now actually idle. Capable not so much of immediately augmenting the national wealth by a miserable gain of one or two per cent. on the price of commodities, as of augmenting the produce of the land labour and capital of the United Kingdom by tens and scores of millions annually. If it should cost you two or three millions a year, in the price of commodities, to develop these, your own producing forces, they will present you with a new hundred millions to pay it. You surely ought not to complain of being taxed by those, who give you first money to pay the tax, and then fifty times as much for yourself.

But the children are not yet silent. They say,—"It is the producers that gain, while the consumers lose."

Again the fathers rejoin, "You are wrong in marshalling the nation into two hostile camps of producers and consumers. Not only is every producer a consumer, but there is not a single consumer who is not either a producer, or else living entirely out of the income of a producer—standing or falling with him."

Labourers, farmers, manufacturers, are all clearly producers. The landlords derive all their rent from the revenue of producers; so of course do the mort-

* See Chapters VI. and X.

gagees, to whom they pay interest. The professional man is ultimately paid by producers. So is the fund-holder himself, and the public servant too. Find, if you can, a living man who is neither a producer, nor maintained by a producer. Whatever, therefore, furthers the interest of producers, not only benefits them, but also augments the common fund from which every consumer derives his income; and on the other hand, whatever ruins or injures producers, ruins or injures consumers too.

But suppose, secondly, that instead of being wrong, you were right, and that consumers and producers were really two distinct and mutually independent classes, as you pretend. Yet they are still, at any rate, members of the same political community, and we are now discussing the effect of fiscal regulations on the wealth of the *whole country*. If you develop your producing power so as to produce at home (although one per cent. dearer), what you used to produce abroad, consumers lose one where producers gain 100. The nation at large still gains 99.

So if you used to produce at home, but now prefer to import from abroad because you can save 1 per cent. in price, you sacrifice 100 per cent. to gain 1. The nation at large loses 99. Supposing even consumers and producers to be distinct classes, the result would be this,—you take a tax of 1 per cent. off one class, and lay a property-tax of 100 per cent. on another class.

Thirdly and lastly, you assume that the trifling tax (under which you are so impatient that you would blindly change it for one fifty or a hundred times as great), will continue for ever. It is a gratuitous and

unfounded assumption. Develop your own industrial forces, and concentrate them on industries for which your climate, soil, and people are fit, and you will have at once plenty and riches, and very soon cheapness too.

Reflect, and you will find that the wise and really gainful policy, is not that which prematurely grasps anyhow, at cheapness, but that which develops the producing power of the country.

Our fathers, therefore, were right, and we are wrong. They knew how to grow rich nationally, as well as individually. We have seen how their theory has everywhere been justified by experience.

[This Chapter is vitiated by the *Home Trade Fallacy* (see p. 34), but there are some valuable points in it. For example, though Byles does not use the phrases "business organisation," "specialised skill," or "efficiency earnings," he sees, like Professor Marshall, how the land, the men, and the actual property remaining the same, the annual produce or "national dividend" may vary immensely, as the forces of production are used well or ill. And he rightly rejects both the absurd division of the nation into two opposed camps of producers and consumers, and also the equally absurd position that consumers should be favoured against producers, as though cheapness was everything and income nothing. —EDS.]

CHAPTER XXIX.

"*Individuals know their own interests, and may and should be left to take care of them in their own way; for the interests of individuals, and the interest of the public, which is but an aggregation of individuals, coincide.*"

It is to be feared that a rigorous analysis of these two propositions would raise very serious doubts of both.

Thousands every year find it their interest to appropriate the goods of others to their own use, in the most direct way possible. The burglar employs his capital, (which is a picklock and a bunch of skeleton keys,) as he deems most conducive to his private interest. But the general opinion of mankind is, that the public interest is very much concerned in putting down such employment of labour and capital.

It is true that those marauders who have been found out, mistook their own interest. But then the first part of the proposition is no truer than the second. Men do not, it appears, always know their own interest.

Adam Smith, when he promulgated this maxim of the let-alone school, had never seen a modern cotton mill, and therefore had no conception of the necessity, or utility of a Factory Act. Let any candid man have visited Manchester before it, and visited Manchester

since; he, and not Adam Smith, is qualified to form a judgment.

Adam Smith had not witnessed the debasing and brutalizing employment of women in collieries.

He had never seen a middle-man hiring a gang of little boys and girls of six or seven years old, and letting them out at so much an hour to Birmingham Button manufacturers.

We have already passed in review,* a multitude of instances in which individuals mistake their true interest: and in which the public interferes most beneficially for their guidance and protection.

We have seen many more instances, in which the interest of individuals, and the true interest of the public, are at open variance, and in which again the wisdom and power of the whole community is compelled to interpose.

So it may sometimes be for the interest of individuals to buy in one market; but it may at the same time be for the interest of the public at large, that they should buy in another.

We do not say that such *is* the interest of the public, but only that it may be. Whether it actually be so or not, and to what extent it is so, has been already discussed.†

[See the Note to Chapter VIII., with which this Chapter might well have been incorporated. —EDS.]

* See *ante*, Chapter VIII.

† See Chapters IV. V. and XXVIII.

CHAPTER XXX.

"England may be made the work-shop of the world."

SUPPOSING this consummation as possible as it is visionary, the next inquiry is, whether it be desirable.

An illustration of the nature of manufacturing industry had better be taken from our neighbours than ourselves. The old rule, which Terence lays down for individuals, is good for nations too.

> Inspicere tanquam in speculum in vitas omnium
> Jubeo, atque ex aliis sumere exemplum sibi.

We shall be less likely to be warped by party spirit; more likely to see facts in their true light; and instructed by observing how far the same causes produce the like effects under different circumstances.*

The Department of the North boasts of the richest soil in France, and the greatest wealth.

It is the work-shop of France. Cotton, linen, and iron, are manufactured on a vast scale.

No Factory Acts there protect the poor.† In this

* The materials for much of what is said below on the subject of French manufacturing industry, are drawn from the Report of M. Blanqui to the Académie des Sciences Morales et Politiques. His book is entitled "Des classes ouvrières en France." He is a friend of order, and, what is rare in France, a free-trader.

† There are laws touching the employment of young children in manufactories, but not enforced. Since the last revolution, the hours of labour for workmen of all ages have been limited by law throughout France.

respect things are, in many manufactories, left to their natural course. Ceaseless competition not only between labourers, but between employers, drives down prices and wages to the lowest possible standard. Any new establishment, either on a larger scale, or furnished with improved machinery, at once imposes on all smaller establishments, or inferior machinery, the necessity of yet greater and greater exertion, and yet lower and lower wages. Night and day, the indefatigable and ponderous piston stamps. Night and day relays of human flesh struggle to keep up with its remorseless and unwearied march. The white slaves, in crowded apartments, breathe an atmosphere, here loaded with dust, there charged with moisture. The liquid eyes and bright complexion of childhood no longer shine. Health is stolen from children who know not its value. Their moral ruin is as complete as their physical ruin. The conscience, the moral sense, has never been developed by parental and domestic influence, or invigorated and fortified by the solemn services and sanctions of religion. Education is impracticable, virtue impossible, vice and disease triumphant. Here is the true modern martyrology! Here the true massacre of the innocents.

Thousands of the manufacturing poor in Lisle are, even when employed, reduced to such a state of poverty in the midst of abounding and brilliant opulence, that they live, not in houses, but in underground cellars, lighted only by the entrance. Day-light comes to them an hour later than to other people, and leaves them an hour earlier. No chair, no bed is found in many of these subterraneous caverns. The wretched inmates huddle together without distinction of age or

sex, sometimes on the broken straw of rape-seed, sometimes even on dry sand. The father of the family is at home only to sleep. He is obliged to sell his little ones to the Moloch of the place. You may see the shadow of a man gliding to the factory with a little boy or girl, in the grey twilight, sometimes of the morning, sometimes of the evening. The wretched, but tender and vigilant mother, in vain watches her helpless offspring. It is affirmed of these children in Lisle, that 20,700 out of 21,000 * die before they are five years old. And if you would know the condition of multitudes that survive, visit the quarter of Saint Sauveur, the Rue des Etaques, the Cour Gha, the Cour du Sauvage, the Place aux Oignons, and you are surrounded by clamorous demands for charity from a swarm of little human animals, ragged and nearly naked, pale, ill-favoured, ricketty, scrofulous, and deformed.

Such is the manufacturing industry of Lisle, even in the season of prosperity. But French manufacturing industry, like English, perpetually alternates between over-production and stoppage,—between fever and ague. When trade languishes, cold, famine and disease devour the population.

The masters are in a condition equally precarious and anxious, if not equally wretched. They are in continual danger from destruction by competition. They dare not stop, and hardly dare to proceed. They produce without any certain market and are sailing without a compass, they know not whither.

The extremes of wealth and poverty meet in the

* This proportion seems incredible. But M. Blanqui reports it on the authority of a medical man at Lisle.

department of the North. Every third person is said to be in hopeless indigence, or in English phraseology, a pauper.

The bulk of the manufacturing population in Rouen is in a condition little better than that in Lisle.

The evils that afflict Lyons under a different system, and in a better climate, are of a somewhat different class. The work-people are not there congregated into large factories, working by machinery. But the struggle for wages, between the life of the workman on one hand, and the necessities of the exporting master on the other, is as intense and infinitely more violent. The hot blood and exalted imagination of the South are engaged. Here rise and rage Socialism, Communism, Fourrierism, Phalansterianism, and all those other portentious and monstrous births, and grim but living abortions, engendered by half-knowledge on the intolerable miseries of the unregulated manufacturing system. Twice even during the reign of Louis Philippe, was Lyons in full insurrection. Twice was this rebellion of the belly quelled by necessary severity. Twice did grape-shot rake the streets, and the kennels run with blood.

Who shall resolve the terrible problems that manufacturing industry produces? What exists in Lisle, Rouen, and Lyons, exists more or less wherever unregulated manufacturing industry is to be found.

Surely experience teaches that manufacturing industry, if it is to promote the solid interest of a country, requires moderation and control. That its undue ascendency over all other industries is attended with great evil and danger.

Even political economists, who have maturely reflected on the subject, and not only its social, but its political aspect, regard the unlimited extension of manufactures already existing, even in England, with alarm. "Perhaps," says Mr. McCulloch, "it may in "the end be found, that it was unwise to allow the "manufacturing system to gain so great an ascendency "as it has done in this country; *and that measures* "*should have been early adopted to check and moderate* "*its growth.*" *

The hostile tariffs therefore, which do and will effectually prevent our becoming the work-shop of the world, are so far from being unmitigated evils, that they may in the long run turn out to be blessings in disguise.

Surely the wisdom and care of the whole community should be directed to making the basis on which manufactures repose as permanent and stable, as possible.

Our greatest manufacture, in addition to the uncertainty incident to all manufacturing industry, has elements of instability and decay peculiarly its own. It rests at present on two foundations, equally insecure and precarious. It unnecessarily depends for its raw material on a distant and rival state, and for many of its present markets on jealous and encroaching competitors.

They are its true friends, who would persuade it to draw its materials from British India and other British dependencies, and to find, in addition to its present

* Principles of Political Economy, p. 185.

vent, not only secure, but larger and unlimited markets in British possessions.

But there is another raw material of home growth adapted to our textile manufactures—FLAX.

The natural use, and (if one may presume to say so,) the design of this plant is the clothing of mankind.

The Egyptian men and women who walked about in the time of Moses or Cambyses, and whose mummies we now unrol, were clad in home-grown and home-spun linen garments. Nearly all soils in England and Ireland are adapted to the growth of flax. So universal was its use in this country, that the under-clothing for the person, and the textures applied to domestic uses, are still always called *linen,* whatever the materials of which they are made. Unfortunately of late, having been superseded by foreign cotton, it has become almost a luxury of the upper and middle classes.

The main obstacles which have hitherto prevented its successful rivalry with cotton, are said to be these. The large bulk of the crop, augmenting the expenses of transport, and limiting the market. And the exhaustion of the soil, by removing so much produce from the land. But it is affirmed, that instead of being pulled before it is ripe, the flax may now be permitted to mature its seed, with which the farmer may fatten his bullocks and enrich his land. It may be stacked, and at any time by a simple machine, the fibre may be separated from the straw. The fibre alone may be sent to market, and the straw being sixty or seventy per cent. of the bulk, may be kept at home to be converted into manure. Flax prepared in the method patented by M. Claussen, may, it is said, be woven either with

cotton or with wool. Under these improved conditions it is affirmed to be now a more profitable crop than wheat, even supposing the price of wheat be very much higher than of late it has been.

Without venturing to obtrude any opinion on matters, which can only be decided by the experience of practical men, let us see what are the consequences if home grown flax can be, or could be produced cheaper than American cotton, or substituted for it.

Suppose that we now pay ten millions a year for American cotton, and suppose we now export manufactured cotton, hardware, and other manufactures to pay for it, to the same amount.

Suppose that hereafter, instead of this we pay our own labourers, farmers, and landlords ten millions a year for flax. It is now the English and the Irish that have the spending of this ten millions,—not the Americans. English markets are annually increased by the expenditure of that amount, instead of American markets.

If it be said, your exports of manufactures to America will fall off by ten millions. Suppose they should. The manufacturers are no losers by that. The English and Irish are now their customers instead of the Americans—that is all.

The whole value of the cotton was resolvable into American net gain. The whole value of the flax is now resolvable into English and Irish net gain.*

Moreover, your supply is always certain, and you enjoy immense advantages in that full and various employment of the people, which attends the mutual vicinity of growers and manufacturers.†

* See Chapters IV. and V. † See Chapter VI.

It is said, that Mr. Warne's introduction of flax into the parish of Trimingham, has destroyed its pauperism. Suppose the substitution of home grown flax for American cotton to be possible; it would in like manner destroy the pauperism of Great Britain and Ireland.

Again, the miseries springing from the want of a Factory Act in France, and its great success here, shew that manufacturing labour requires artificial regulation.

Lastly. The evils arising from an undue proportion of manufacturing industry are to be corrected, not by limiting its absolute but its *relative* amount; that is to say, by energetic and stubborn efforts to promote in every possible way the subjugation and improvement of British, Irish and Colonial soils.

Common sense, nature, reason, history, economy, experience, all unite in one loud and overwhelming cry:—Employ your people on the land. Not only in your Colonies, but even at home, and in Ireland you have unoccupied and waste lands enough, and more than enough. No machinery, no factory, is like the Land. Light, air, and human hands, are the elements of unexpected and unknown productiveness, even on soil that is now little better than mere horizontal space.

"Replenish the earth, AND SUBDUE IT," is a command not yet superseded. But you cannot fulfil the first branch safely, without the second.

[This Chapter is interesting. Towards the end of it, indeed, Byles seems involved in the *Home*

Trade Fallacy (see p. 34); but there is a truth underlying his mistake. He would have English and Irish to cultivate flax and receive an extra ten millions a year for it. Nay, say the free-traders, this is but a transfer of labour and capital from one employment to another; for the proposal implies that about ten millions a year from something else, say oats, which was formerly grown, is given up; and the only change is that the Americans grow the oats, and the English and Irish the flax, instead of *vice versâ*.

But Byles is really thinking of waste or half-tilled land being planted with flax, and unemployed or half-employed labour being fully utilised; perhaps even of an attraction of labour and capital from abroad; at least of a provision for the employment of their increase at home.

Then, indeed, there *is* an extra gain; an increased national dividend for the British Isles, and a new market for British goods, stimulating improvement and organisation. And this insistance on the subjugation and improvement of British, Irish, and Colonial soils is the real pith of Byles's teaching, and is a perfectly sound doctrine.

Hence, the emphasis which he lays upon a proper distribution of national energy between

manufacturing and agricultural industry, lest one suffer from atrophy, the other from hypertrophy. Hence, his desire of drawing our raw materials from British possessions, of finding in them our markets. Years afterwards, we may note, his teaching found an echo at the Royal Geographical Society, when the announcement that west of Lake Winnipeg were 400,000 square miles of the finest wheat lands in the world, rightly elicited the emphatic declaration "Great Britain ought to get her food stuffs from *her own territory*" (*Geogr. Journ.*, May, 1903).

The description in this Chapter of the birth of Socialism, though not expressing the whole truth—it leaves out, for example, the religious aspect—still contains a great deal of truth.

Finally, the pictures of "the unregulated manufacturing system," though ancient history, are still important as history, and remind us that the horrors then desolating France, and just beginning to pass away in England, reappeared, with more or less similarity, in Belgium, Germany, Austria, British India, and Japan, during the dreadful interval between the introduction of the new system of factory production and the new remedy of factory legislation.—EDS.]

CHAPTER XXXI.

"War and invasion are but dangers of by-gone ages."

THE authors of our new commercial policy do not dread our next real war without very good reason.

The reverberation of the first sixty-eight pounder will shake down their house of cards. It will wake up the nation to the stern reality, that it has become dependent on a victory at sea, for its bread and meat. That from a naval defeat flows at once an inundation of horrors, inevitable, universal, indescribable. No one can answer for the excesses of popular indignation and vengeance.

But in the meantime, the nation is rocked to sleep with the comfortable assurance, that there will never be any more war.

Would to God it were so!

But human nature, and human passions and depravity, are ever the same. The men who, despising the authentic and unvarying record of three thousand years, legislate on the assumption that human nature is changed, and that there will now at last be no more war, are like those who build villas and towns on the slopes of Ætna or Vesuvius. Thirty or forty years of treacherous silence and serenity have obliterated the recollection and the dread of the subterraneous thun-

der, the mid-day darkness, and the glowing lava and cinders.

Famine, pestilence and war, are the three ministers by whom the Almighty has in all ages past chastised the nations. Four short years ago, our presumptuous security deemed itself inaccessible to any one of the three.

A mysterious and inexplicable disease in a single esculent root, suddenly brings the first. Famine rages in our borders.

A new and awful malady, in the presence of which our precautions are vain, and our science, folly, seizes our human bodies. Pestilence is come, and mows down its thousands.

Hitherto we have escaped the plague of war, or rather have had a longer respite than usual. But the interval is short, and, in the reckoning of history, nothing. We are but approaching the end of the first half of the century. How did even this short period begin? The first half of the nineteenth century found all Europe in a deadly struggle, and for one third of its course waded through blood and war on a scale of unprecedented magnitude. The thunder of the cannon has scarce died on our ears. Men yet in middle life remember Waterloo.

And during the precarious interval that remained, how many times, especially in late years, have we been on the very brink of war. It is in vain that we are bound (as Lord Brougham says) in heavy recognizances to keep the peace. It is in vain that this once high-spirited nation has tamely submitted to demands and slights which Lord Chatham would not have brooked for an instant. A reduction of our armaments does

but increase the danger of war; by emboldening those, who, with the envy and jealousy natural to mankind, are perpetually watching for an opportunity to humble us.

To say nothing of our hair-breadth escapes in 1840, and again in 1844, from a war with the first military power on earth,—nothing of the high, captious, and exacting tone assumed on more than one recent occasion by the new and great power of the West—look at what happened but the other day. A few weeks ago when Russia and Austria threatened Turkey for affording an asylum to the Hungarian refugees, we ventured once more, to listen to the dictates of honour, and to use old English language, in behalf of an oppressed, but faithful and magnanimous ally. The whole nation really meant what it said. Straightway peace or war hung suspended on the caprice of a single individual.* A

* But the present sovereign of the Russian Empire, has, on the whole, been a man of peace and moderation. Who shall answer for his successor? Constantinople and British India are in sight.

The world at this hour presents little security for the continuance of peace.

The German sovereigns have broken their promises, and stand on a volcano. When the eruption breaks forth, Russia may think it necessary to interfere, for what she deems the cause of order and civilization. The States of Western Europe, may then be compelled to interfere; not only for what they deem the cause of liberty, but for their own independence.

Is popular government any security against war?

Turn to France. What armed head, may not any day, emerge from that seething cauldron?

But, yesterday, the armed hosts of Austria and Russia were within an inch of hostile collision. If the two *nations* had had the direction of affairs, it was inevitable. The *rulers* were here wiser than the people.

Look at the United States. A feeble executive in the midst of a

restless night, or an indigestion, might have been (as it often has been) the spark to fire the train. And what a mine was ready to explode! Five great powers at once engaged. The bright harnessed hosts of Europe, in numbers innumerable, awaiting the signal. The original cause of war, as always happens, soon forgotten. Italy, Germany, Denmark, Belgium, Holland, embraced in an unextinguishable conflagration. The deadly conflict, not confined to the narrow limits of Europe, but lighting up both hemispheres, and blazing on every sea, all round this terrestrial ball!

Nay, within the last five years, actual war has raged in all four quarters of the globe. In the North and South of Africa. In South America. In North America on a great scale, and followed by an immense and apparently durable conquest. In Asia; where we ourselves have, within that short period, been thrice actors. Here, as in America, conquest has been the result. In many parts of Europe,—in Italy, in Denmark, and in Hungary. The recent military operations in Hungary alone were on a scale of enormous magnitude. Nearly six hundred thousand regular troops were in the field.

We say nothing of the infinitely worse calamity of civil war. Paris, Vienna, Berlin, Milan, two years ago, little anticipated that the music of their balls, their Italian and German operas, were so soon to give place to the whistling of shells. What reason had the inoffensive and peaceable kingdom of Denmark to

vain and violent multitude. Piratical military expeditions fitted out, and issuing against a neighbouring and friendly power. The multitude, enabled by the express provisions of the constitution, to seize, at any election, the supreme direction of affairs.

anticipate the bloody events of the past year? Only this, that, as in the natural, so in the political world, sunshine nowhere lasts always.

No degree of foresight, wisdom or care, on our part, will or can, preserve US from the contingency of war. Our solemn obligations, our national honour, must at all events be preserved. With nations, as with individuals, where honour is in question, interest is not to be heard. But our true, solid, and well-understood interest speaks the same language. The certain consequence of disregarding national honour is a struggle a little procrastinated, but at greater disadvantage when it does come;—a struggle, not with the help of allies, for they will have been deserted and disgusted, but alone and single-handed;—a struggle, not for victory, but for existence!

Ours is not the only period in history, and very recent history too, when men have vainly flattered themselves that the world had grown too wise to engage in the work of mutual destruction. It has been well observed by a modern French writer,* that in 1791, Camille Desmoulins published a work entitled "La France Libre," in which may be found these words: "L'esprit de conquête est perdu." But at that very hour came forth from the Military School of Brienne a sub-lieutenant of artillery, destined to be the greatest conqueror that the world had ever seen. There may be seen at the Mint in Paris, a medal struck by Bonaparte when first consul, the motto of which is—"Paix de l'univers." In 1787 Mr. Pitt

* M. Chevalier, to whom we are indebted for some of the illustrations which follow.

said, in one of his speeches, "The time is at hand when, conformably to the will of Providence, the two great nations of France and England will show the world that they were made to cherish relations of mutual beneficence and friendship." Little did the speaker imagine that these two nations were then crossing the threshold to long years of carnage, in comparison of which all former wars were mere skirmishes.

Do we look to history for encouragement. She offers very little. The 'rich and solemn pencil' of Tacitus, pourtrays men as they were in the time of the Roman Empire. The most recent experience evinces that men are the same now.

Do we look to the influence of religion? It has again been observed, that she has for ages come to an understanding with war. She has greatly mitigated its horrors. Some of her most eminent and exemplary professors have defined its province and traced its laws. Search Christendom,—only one small sect condemns all war. Accordingly we saw the other day a dignitary of the English Church consecrating the flags of a regiment; and the friends and patrons of the Protestant Christian missionaries in Tahiti, if not preaching the necessity of war, at least taunting the government of the day for its forbearing and pacific conduct.

Shall we turn to modern philosophy? Who has ever inveighed more eloquently against war than Voltaire? Yet it has again been truly said, that his disciples, his successors, as it were his executors, saturated the earth with blood.

Shall we look to education? At the first 'silver snarling' of the trumpet, mark the kindling eye and

beating heart of that educated English youth. Cressy and Poictiers are parcel of his English nature. Modern accomplishments are straw to the fire in the blood.

Railways and steam-ships may do much to promote peace among nations. But to the thoughtful mind, the new power of nature, subjugated to human uses since the last general war, has other, but sinister and portentous aspects. It affords such means of offence by land and sea, such facility of concentrating aggressive as well as defensive forces, of over-leaping ancient boundaries, and holding new conquests, that its effects in remodelling the earth, may turn out to be as unexpected and marvellous in war as in peace. The very possession of a novel and untried means of offence, will add a double intensity to the passions of cupidity, vengeance, and fear. What living flesh can foresee either the venture or the stakes, when the awful game of war comes to be played again with the power of steam! What territorial changes may a convulsion among the nations, by the help of that new agency, permanently effect! In the meantime the principles of human nature, which from the commencement of authentic history, have periodically and invariably produced wars, remain the same. National pride and resentment, the scrupulosity of national honour, the love of novelty and excitement in the public, the domestic difficulties of statesmen, the undue preponderance in other nations of the democratic element, knowing little and acting intemperately, are a dormant but fulminating compound, which may at any moment explode in an unexpected and universal war.

War is of all calamities the greatest. But seeing that it has been so long and so often permitted, we

may reverently suppose that it is not without its permanent uses in the economy of Divine Providence, and therefore may be permitted again. It does not, after all, cause a single death that would not otherwise have happend. Which, on an average, is the worst, death in the field, or the dying strife of the natural death-bed? War is the theatre of great talents and great virtues. The vain theories, the Epicurean principles, the luxurious and enervating habits of peace, perish together. The storm clears the atmosphere, and the moral health of nations is renovated.

But if war be the greatest of calamities even to a nation well prepared, what will it be when the storm bursts suddenly on a nation unprepared? The answer lies in a word, "DESTRUCTION."

"Cuique creditur in arte suâ," is a maxim no less of common prudence, than of common law. Address then the question to your military and naval authorities. They tell you that steam has now thrown a bridge across the English channel. The greatest military authority now living, if not the greatest that ever lived, tells you that an undisciplined multitude, even of Englishmen, in the presence of modern military science, is just so much gun-carrion. One of your greatest naval authorities, Lord Dundonald, tells you, that supposed dangers of landing, and even fortified coasts, are no defence at all: That your true and only external defence is the old-fashioned one—the overwhelming and ubiquitous offensive efficacy of a military marine, which shall again sweep, as it has before swept, your enemies off the seas.

These are the solemn warnings of England's most illustrious sons. But we prefer prophets that prophesy

smooth things. On military and naval affairs we have the happiness to possess much greater authorities than naval or military men!

[Here is plain and sensible speech on one of the favourite "sophisms of Free Trade." And incidentally various points of history which we may have forgotten are brought before us. The "new and awful malady" was cholera; the "immense conquest" was that of three-fifths of the Mexican Territory by the United States in 1848; the "military operations in Hungary" were those of the allied Austrians and Russians against the Hungarian insurgents.

Specially worthy of notice are Byles's appreciation of the effect of the new inventions of the time on the methods and instruments of war, and his insistence upon the all-importance of maintaining the naval supremacy of England—a point to which we shall return in our Note to the next Chapter. Here, by way of supplement to his observations on the subject of invasion, we will insert certain weighty remarks of the late General Collinson, R.E.—a high authority—which we reproduce, by permission, from a privately printed pamphlet, *A War Policy for Greater Britain.*

"The island kingdom is not so secure in her ocean bed as she was just 300 years ago, when the Spanish galleons could not cope with the dangers of the seas; nor even as she was 80 years ago, when the conqueror of Europe hesitated to cross twenty miles of salt water after all his preparations; the warships of the present day could stem such storms as scattered the Armada, by means independent of skilled sailors; and instead of 2,300 boats with sails and oars, there would be 200 steam transports, each carrying two battalions, coming from nobody knows where on the open ocean, and appearing nobody knows when on the coast of England.

"Those who have not sufficiently taken into account the changes made in naval warfare by the use of steam and large vessels, are still telling us to trust to our maritime superiority for safety against invasion. Our maritime superiority was very great in 1805, and we had war vessels of various kinds distributed all round our coasts and in every important harbour; and yet the French fleet only failed by some days to get the necessary command of the channel so as to ensure the passage of the invading army. . . . An enemy who makes up his mind, as Napoleon did in 1805, that an invasion of England is indispensable for the furtherance of his other projects, will not proclaim his intentions to the world months beforehand. On the contrary, he will be more friendly than usual, and at a convenient time he will raise one of those sleepless questions in the East; and when that is well started, he will ostentatiously prepare an expedition for the punishment of the King of Siam or one of the South American Republics, who are always committing some international offence. About the same time some other

maritime Power, also interested in the East, will find it necessary to send an expedition to some other distant country. And then, from some cause nobody can understand, disaffection will appear in India or Burmah. And when the Channel Fleet has gone to rendezvous with the Mediterranean Fleet in the historic bay of Suda, and our best battalions have passed through the Suez Canal to put down the rising in India before it grows too great, some stupid merchant ships will run foul of each other in the canal, and all go to the bottom, making a three months' work to clear it. Then will be the time for the two expeditions of the two Great Powers to start, and they will disappear into the wide ocean; and after a little time, while the British Cabinet are wondering, as did the War Secretary in 1805, that they did not hear of their arrival somewhere, the cartel of defiance will arrive from both those Powers. . . . Those who have been in the Admiralty or the War Office during the preparation for one of our little wars, will be able to imagine the condition of those two departments on receiving this unexpected summons. Reserve forces to be called out, ships to be commissioned and manned, telegraphs to be sent all over the world, transports to be secured for reinforcements for our naval stations abroad: and in the midst of the arrangements the combined expeditions of the two Powers will appear on our coast. For what follows after that I refer the patriotic reader to that veritable record of 'the Battle of Dorking,' published in *Blackwood's Magazine* some years ago, and which gives a trustworthy description of what is likely to occur in this country under similar circumstances.

"This is no mere sensational story; it is, unfor-

tunately, too sober and earnest a truth, that two of the great maritime Powers of Europe could, in a fortnight from the Declaration of War, bring a sufficient force to our shores to effect a landing against any such light resistance as we are now prepared to make. They have men enough fully equipped, and transports enough, and warships enough; what they would have to do is to make their preparations in such a way as not to excite the alarm of the British Government, and to wait until some other disturbance called away the chief part of our home fleet; and we know from past history that neither of those contingencies is improbable. . . .

"An enemy intending to invade this country in great force would have for his object the capture of London, for several reasons; it is a great prize—it is comparatively easy of capture at present—its loss would inevitably bring the British Government to terms. . . In 1805 Napoleon . . . asked for only six days' command of the channel, and by that time he would be in London."—EDS.]

CHAPTER XXXII.

"The Navigation Laws were useless and injurious."

To appreciate the real magnitude of the Andes or the Cordilleras, you must view them from a distance. Near their base the eye is obstructed by meaner elevations; but seen from a distance of fifty miles, Chimborazo pierces the sky.

So, as we fall down the stream of time, and recede from the administration of Oliver Cromwell, its real grandeur gradually breaks upon the mental vision. Cromwell and the Long Parliament devised the Navigation Laws, and founded the British Empire.

From that hour the maritime greatness of England dates. From that hour it steadily and uninterruptedly advanced for more than a hundred and fifty years, till at the close of the last war England's meteor flag floated in every clime, and rode on every sea, undisputed and universal victor.

This splendid success did not flow from the let-alone policy, but from a wise and highly artificial system of law. The great and original legislators of that day, proposed to themselves as a national object, the increase of British shipping. They saw that sailors and ships were the true army and omnipresent artillery of the British Islands. Their sagacity prefigured at once the safest and cheapest defence, and the most

irresistible means of aggression and aggrandisement. They thought that the high seas might be made to compensate England for the narrow extent of her ploughed lands,—might be made to yield wealth as great, sons as warlike and hardy, and power much greater. Their sure instinct taught them that a great national object, like this, was not to be trusted to the natural course of events—to the chapter of accidents. They did not hesitate at once to realize their grand conceptions in direct and stringent legislation.

They confined the whole coasting trade, and the whole trade with the British Colonies and Plantations, to British subjects.

They secured the importation of most articles, the produce of Asia, Africa and America, to British ships. And foreseeing that this wholesome provision might be evaded by a previous importation into other parts of Europe in foreign bottoms, they prohibited the importation of Asiatic, African, and American produce from Europe, not only in foreign, but even in British ships. In a word, they took the most effectual measures that British ships should supply the British markets.

But with the discrimination which distinguishes the legislation of true wisdom from the headlong legislation of mere theory, they were not unmindful of the foreign trade of the country. They allowed foreign ships to import the produce of their own respective countries. Any foreign vessels infringing these regulations, was with her whole cargo at once confiscated.

Having given the British shipowner these advantages our fathers took good care that they should not be merely private, but truly national advantages. They

obliged the ship-owner to use a British-built ship. They would not allow him to navigate with an underpaid foreign crew, but secured the maritime employment of their own countrymen, by insisting that the owners, masters, and three-fourths of the crew, should be British subjects. No matter how suddenly a war might break out. While the raw maritime levies of other countries were helpless and sea-sick, thousands, and tens of thousands of skilful, well-fed, lion-hearted British seamen of all ages, were thus, even in profound peace, and without any expense, or danger to liberty, kept ready for the defence of the country.

Let us hear what Adam Smith says of this maritime code, so adverse to our modern notions.

After remarking that some of its regulations may have proceeded from national animosity, he adds, "They are as wise, however, as if they had all been "dictated by the most deliberate wisdom." And again: "As defence is of much more importance "than opulence, THE ACT OF NAVIGATION IS PERHAPS "THE WISEST OF ALL THE COMMERCIAL REGULATIONS "OF ENGLAND." *

The eminent success of this policy vindicated it in Adam Smith's time; its yet more triumphant success has more fully justified it since. Through the mutations of nearly two centuries it has steadily upheld our maritime power, and the inviolability of our native land.

But we are not to be satisfied of the wisdom of a

* Wealth of Nations, Book 4, chap. 2.

course of action by its success. We must make trial of its opposite. We must eat of the tree of the knowledge of good and evil. "Eat," says the tempter, "ye shall not surely die."

We are now told, that as in everything else, so in ships, sailors and freights, we are to go to the cheapest market. If the Norwegians can carry coals from Newcastle or Sunderland to London, cheaper than the English, the trade should on principle be surrendered to them. If the American can find it profitable to invade our British commerce with India, Jamaica, the Cape of Good Hope, Australia or China, the trade should be at once opened to them. If half-starved Swedes or Norwegians can man our own vessels cheaper than the beef-eating, ruddy English tar, his proper place is not the night watch, or the top-mast, but some other employment, (nobody knows what) and failing that, the workhouse. If ships can be built cheaper in the ports of the United States, or of the Baltic than at Sunderland, the English ship-building trade should migrate thither. The strong will of our fathers controlled circumstances; we surrender ourselves to circumstances and theories, to be carried—we know not whither.

In the last Session of Parliament, the Navigation Laws were repealed. Precious in the sight of posterity will be the names that resisted with all their might, at all hazards, this suicidal measure. In the meantime, whatever betide, they have won the noblest of all possessions, the consciousness of duty faithfully discharged amidst misrepresentation and obloquy.

Let us now see what we have done.

To use the words of the late Mr. Cobbett on this

subject, we have "exhibited our surprising genius" in pulling down the master-piece of British policy. Nearly the whole of the Navigation Laws have been demolished.

The principle and basis of the new law is this; Go to the cheapest market for ships and sailors—never mind whether English or foreign.

Accordingly as the bill originally stood, the very coasting-trade itself, the coal-trade for example, between Newcastle, Blyth, or Sunderland and London, was surrendered. If Swedes or Norwegians could (as they can, and do) navigate more cheaply than we, then the pool below London bridge was to be filled with sections of Swedish and Norwegian colliers, bringing English coals from English ports.

This part of the bill was afterwards abandoned. But if the principle of the bill be good, the abandonment of this part was indefensible. The alleged reason was, that smuggling would be promoted by opening the coasting-trade. But it is to be suspected that other reasons operated. It was discovered that the Americans would not open *their* coasting-trade. It was thought that the enormous and unrequited sacrifice proposed by the bill, might shock the public and damage the measure. Accordingly the axiom and basis of the new measure, "Get your ships and your sailors where you can get them cheapest," was violated. A monopoly of the coasting and channel-trade was, and yet is left to ships British built, British owned, and British manned.

The Americans, with characteristic sagacity and shrewdness, many years ago, copied our Navigation Laws. The consequences following their enactment by the United States have been just the same as with us,

—great maritime prosperity and power. It is not even true that the Americans have recently relaxed these laws. The reciprocity just extended to British shipping, in return for our admission of American vessels into our ports, is a provision of their old law. And an excellent arrangement for them it turns out to be. We let them into our foreign trade, and as they, they may safely do, let us into theirs: they having no colonial trade, and their greatest and most increasing trade being the trade between their own ports, from which they entirely exclude us. But we, (over and above a participation in our larger foreign trade,) and without the shadow of an equivalent for this portion of our concessions, let them into our East India trade, into our West Indian trade, into our Australian trade, into our trade with all our Colonies. Nay, the very coasting trade of India and our Colonies, as well as the trade between our Colonies, may be thrown open to them. To see this bargain in its true light, the whole dominions of Great Britain on the one hand, should be considered as one empire, and the whole dominions of the United States on the other, should be considered as another empire. We give them a participation in all the domestic carrying trade of our empire, (except the mere coasting trade of the British Islands,)—they give us in return no portion of the domestic carrying trade of their vast empire. They will not even allow us to carry from New York to San Francisco, although, in so doing we must circumnavigate Cape Horn and traverse half the globe. Nay, even the reciprocity in the foreign trade is more advantageous to them than to us, (supposing even that ships could be built in Sunderland or Liverpool as

cheaply as in Maine, and that the Americans usurp the same proportion of our foreign trade that we take of theirs,) for our foreign trade is larger than theirs. They take the same proportion of a larger quantity.

All that we have obtained from the Americans is the liberty of importing foreign produce and manufactures in their ports. For example, we may now be the means of facilitating the transport of French, Belgian or German manufactures to compete with our own in the American markets.

In return for this, we give the Americans the liberty of bringing foreign produce and manufactures into our ports. For example: An American vessel may now bring into England European produce and manufactures from any German, French or Russian port.

This is all the reciprocity in the foreign trade. Its real value remains to be seen.

In the colonial trade there is, as we have seen, no reciprocity at all: we give everything and get nothing.

Let us examine, a little more in detail, what it is, that we have given the Americans for nothing.

We have let the Americans into our whole East India trade. Henceforth we may expect to see American East Indiamen entering and leaving the Thames. For this we have NO RETURN, NO RECIPROCITY.

The American ports on the Pacific now over-look Australasia. We have let the Americans into our trade with the vast continent of New Holland. Will not the new gold mines induce the Americans to lay on their steamers long before ours, and get and keep the trade?

We have let the Americans into our trade with some other forty colonies. NO RETURN, NO RECIPROCITY.

The whole vast coasting trade of India, so capable of unlimited extension was ours. It may now be opened by the Governor General to the Americans, or any foreign nation. Again no RETURN, NO RECIPROCITY.

The whole coasting trade of the colonies, of the vast shores of New Holland for example, was ours. Provision is made, that the caprice of the colonies, and of the minister of the day, may open it all to the Americans or any other nation. Again, NO RETURN, NO RECIROCITY.

The trade from one British Colony or dependency to another, which used to employ so many British ships, and is capable of employing so many more, is in like manner opened. Once more, NO RETURN, NO RECIPROCITY.

But it is understating the case to say that we have let the Americans into the Indian and Colonial trade, on the same terms as ourselves. We support the Colonies. We are at all the expense—they at none. We have therefore let them into the trade on much *better* terms than we enjoy ourselves.*

But what is to be the effect of this change, in the event of WAR?

The Americans will know every harbour and sounding—will have correspondents and friends in every principal port. We have to divide our naval forces for the defence of all our distant possessions—they may concentrate theirs for the attack and certain acquisition of any colony or dependency, whose value they may have learnt from experience.

* Many of our most valuable possessions are already almost within their jaws. The fierce democracy whose mouth now waters for Cuba, may soon lick its lips for Jamaica.

Such is the true nature of our arrangements with our great and dangerous rival. No wonder that the United States are ready enough to close with such terms.

There are other and smaller maritime powers to whom we have opened our foreign and colonial trade.

The observations already made as to the admission of the Americans into the colonial trade, apply for the most part to other powers. But, with respect to the foreign trade, supposing perfect reciprocity, we offer these smaller states the chance of usurping a share of a very large trade, in return for our chance of usurping the same proportion of a very small one. There is not, in all Europe, any power which has anything like an equivalent to offer us.

But there are several powers who can navigate far cheaper than we, unless we are prepared to beat down the food and wages of our sailors to the miserable foreign standard.

We have done yet more than all this. We have subjected the employment of our sailors even in our protected trade to the caprice of the minister of the day. For we have enabled him to issue the Queen's Proclamation, admitting foreign seamen even to the navigation of a British ship.

Such legislation is unprecedented. What has led us to it? The fanatical determination to carry out, at all risks, a favourite theory. The maxim—"Buy in the cheapest market." A maxim which, even commercially speaking, and with a view to the mere sordid gain of the nation, we have seen to be altogether erroneous.

It is said that a higher freight to British owners, and higher wages to British sailors, are a tax on the whole nation for the benefit of a class.

But freight is a very small ingredient in the cost of most articles prepared for actual consumption; and the difference between British freights and foreign freight, is again but a small fraction of that small ingredient. So that the nation as a whole, pay in the aggregate but little, for giving a preference to British ships and British sailors, and that little is moreover comminuted and pulverised into infinitesimal particles.

But the nation as a whole, gains a great deal by employing British shipping and British sailors, instead of foreign ones. It thus develops its own maritime possessions and strength. Wherever a British ship is built instead of a foreign one, the whole gross value of that British-built ship (minus the difference between the price of the two,) is a gain to the nation.* Wherever a vessel is navigated by a British crew instead of a foreign crew, the gross amount of the wages, minus the difference, is British gain instead of foreign gain. Wherever freight is paid to a British owner, navigating a British ship with a British crew, instead of being paid to a foreign owner, navigating a foreign ship with a foreign crew, that freight, minus the difference, is British gain instead of foreign gain.† By giving therefore the preference to British ships and sailors, the nation gains very much and loses very little.

On the other hand, wherever a foreign ship is built instead of a British one, the nation loses the gross

* See Chapters IV. V. and XXVIII.

† *Ibid.*

value of the British ship, minus the difference in price. Wherever freight or wages are paid to a foreign crew instead of a British crew, the nation loses the aggregate amount, minus the difference. By employing foreign ships and sailors in the place of British, the nation loses very much and gains very little.

In a word, it is with ships, freight and wages, as with corn, or cotton and wages. To employ British industry is twice as profitable to the nation as to employ foreign industry, minus the difference between the cost of the two.

It is not therefore true that a higher price for British ships, a higher freight to British owners, and higher wages to British sailors, are a tax on the whole nation. It is not only not true, but the converse proposition is true. It is an actual and very great gain, to the nation as a whole, to pay for British ships, British sailors, and British freight. It is an actual and very great gain, though the nation should pay much more for them than it really does.

But we have been hitherto speaking of the mere sordid pecuniary gain. We have not alluded to the gain of keeping on the deep tens of thousands of British tars, the true defenders of their native isle, in the constant exercise of their healthy, hardy, perilous vocation. In peace costing nothing, incapable of being corrupted by idleness, or perverted by ambition; yet always ready at the first blast of the trumpet to climb your first-rates, and make every foreign heart quake with your thunder.

Again we understate the case. This great naval reserve is kept afloat not merely for nothing, but for less than nothing. The mercantile navy, it cannot be

too often repeated, is not only not a source of loss, but a source of enormous gain.

But the most frightful view of what we have done, remains to be considered.

The blackest horrors of war are seen in a populous and blockaded city. Incomparably more awful would be the famine of an island swarming with people, dependent on foreign supplies of food, but beleagured by superior naval forces.

Such a catastrophe has hitherto been impossible, for three reasons.

First, we were not dependent on foreign supplies of food. Till very recent times we produced enough for our own consumption, and in the last century a great superfluity.

Secondly, our military and commercial marine, (owing chiefly to the navigation laws) has been so large, as at all times not only to supply a cheap and effectual defence, but to sweep the sea.

Thirdly. No other power, either separately or combined possessed any naval strength comparable to ours.

All these three things are now changed.

First, we have become (and in a great measure suddenly) dependent on foreign countries, for large supplies of corn, to say nothing of sugar and cotton. It has been said that we draw, or shall soon draw, nearly a fourth of our supply of food from abroad. The sudden and forcible withdrawal of that proportion would instantly cause famine prices,—prices ten times, twenty times as high as at present. Such prices, frightful as they are, are yet but the heralds of actual famine.

Secondly. We have now, at the very crisis when we have begun to require this increased supply, repealed our navigation laws, and reduced our military marine. The effect of the repeal will be (there is too much reason to fear) highly injurious, if not destructive to British shipping. The best that can be said of the experiment is, that its results are untried and unknown. We are calling out for still further reductions in our Royal Navy. Already it is no longer such an effectual defence, as our altered circumstances and vast possessions might suddenly require.

Thirdly. The marine of France, of Russia, and of the United States, are now, each of them, formidable rivals. Combined, they are already our actual superiors.

It is said, that it would be as inconvenient to the exporting countries to withhold their supplies, as it would be for us to forego them. Alas! these are the dreams of men of peace. The answer is, first, It would not. Which is the greatest evil, famine or a temporary superfluity? One is death, the other but transient inconvenience. The animosity and evil passions of war have often and joyfully endured a temporary and partial inconvenience, to consummate the final ruin of an ancient and haughty enemy. Next the attacking and beleaguering powers may be those who have the least interest in the commercial question; but who in intercepting supplies of food from neutral parties, may have not only superior force, but public law on their side.

[If we may believe the elaborate Note on the Navigation Laws by McCulloch in his edition of

the *Wealth of Nations*, published in 1863, some years after their repeal, or the article on them in Palgrave's *Dictionary of Political Economy*, published in 1899, it is quite certain that they were "useless and injurious"; that they did not contribute seriously to the decline of Dutch trade and the rise of English trade; that the British Empire has suffered nothing by their repeal; and, consequently, that Byles was a bad reasoner and a worse prophet.

But we shall do well to regard these and the like authorities, with a certain amount of scepticism. Questions of historical causation are of exceeding difficulty. If Byles ascribes too much to the Navigation Laws in promoting British naval supremacy, the two writers whom we have just mentioned certainly ascribe too little. The many subsidies granted by many modern nations to steamship companies under their flag are the revival, in another form, of Navigation Laws. And even if the modification of the British laws in 1826, and their abolition in 1850 were wise measures—other nations being then in a position to adopt measures of retaliation, and English commerce being then full-fledged—it by no means follows that during the first hundred and fifty

years of their existence those laws did not conduce to British naval supremacy.

Certainly Byles's foresight cannot be gainsaid. Taking this Chapter with the last, and with other passages of the book, it is impossible not to be struck with his anxiety regarding American competition and American power. But the change in navigation to steam propulsion and iron construction, as we saw in the Note to Chapter XXVI., restored the shipping supremacy of Great Britain, and the American mercantile marine shrunk for a time to insignificance; while the change to armour-clad warships gave an immense advantage to the British Navy. Byles for the time was quite wrong; but for the time only. Does not our present condition in respect of national defence, does not our present prospect in respect of our food supply in time of war, cast a lurid light upon truths maintained by him? Let us see, as briefly as may be, how this is: although, on a topic so vast and so vital, we must needs be carried beyond the ordinary limits of a Note.

The British Empire is essentially a maritime Empire. Its dominion is planted in the sea and its right hand in the floods. Of the expansion of England, which has resulted in that Empire,

the sea has been the instrument. The sea was the road by which our heroic forefathers pursued the path of duty and of glory. The sea is the link which unites the component parts of the King's dominions, the great highway between them, and the channel of their colossal commerce. But more. The sea it is, Shakespeare has pointed out, in words as beautiful as familiar, which serves the British Isles—the centre and heart of the Empire—"in the office of a wall, or as a moat defensive to a house." At the battle of Trafalgar, Nelson bought with his life for England the undisputed command of the sea. And during the nineteenth century that mastery was never effectively challenged: that coveted prize remained with our country. It is necessary to our country's very existence as a Great Power. Our loss of the command of the sea would be—to borrow the late Lord Salisbury's words—"the end of the history of England."

Of course other nations know this as well as we do. We spoke just now of the command of the sea as "a coveted prize." Cupidity and envy are among the strongest forces in human nature. They are even stronger in nations than

in the individual men of whom nations are composed. For in nations they are less—if at all—controlled by the ethical considerations usually operative, in some degree, with the individual man. Hitherto the rest of Europe has endured, whether fretfully or placidly, England's command of the sea. Mr. Spenser Wilkinson well puts the matter in his admirable work, *The Great Alternative:* "Every nation in Europe prefers that the command of the sea should be held by England rather than by any other Power except herself. For England is hardly a great military Power: she is unlikely alone to possess armies that would endanger the existence of her neighbours: whilst if any Continental Power acquired the command of the sea, the others would be obliged to combine to wrest it from hands in which it could not but be a danger to each one of them." As Mr. Spenser Wilkinson shows at length—we must refer our readers to his own pages, for his argument is too long to quote, and cannot, without grave loss, be compressed—it was as the champion of the independence of the nations of Europe against some dangerous preponderance, during the sixteenth, seventeenth, and eighteenth centuries, that

England acquired and retained the command of the sea. It is not "the result of her own unaided exertions, nor of victories won by her in opposition to Europe: it is the outcome of a partnership between England, on the one side, and a combination of Continental Powers in which the membership has changed from time to time, but of which the objects have always been the same—the maintenance of the independence of States against some attempt at dominion."

"The maintenance of the independence of States against some attempt at dominion." That is what is meant by the balance of power, which is no new conception in the world. It is recommended in a well-known passage of Thucydides—τὸ ἀντίπαλον he calls it—as the true principle for regulating the relations of the Hellenic commonwealths. And throughout the Middle Ages it was the object of the constant solicitude of the Roman Pontiffs as a safeguard against a Cæsarism destructive of both spiritual and civil freedom. When the religious unity of Europe was broken up in the sixteenth century, the task of securing the balance of power gradually devolved upon England. And it is note-

worthy that the Popes, following the great traditions of their ecumenical office, gave not only their passive sympathy, but their active help, to Protestant princes who, like our William III., wrought effectually to maintain the political equilibrium of Europe. But during the last half of the nineteenth century the old principles and maxims of foreign policy, which had conducted England to her great place among the nations, fell largely into discredit. The balance of power was treated as an outworn delusion. A doctrine of non-intervention, supported by unctuous platitudes, was loudly preached as the golden rule of action, or rather inaction. It is the Utilitarian doctrine of *laissez-faire*, carried on from national politics to international. The Gospel according to Cobden had free course; and it was widely believed that the one thing needful was the making of money. England largely lost her old place among the European peoples, and the feeling of the nations towards her—what wonder?—has undergone a great change. The vast wealth, which, apparently, it has been her one object to heap up, has naturally excited their envy and cupidity. The vacillations of her rulers have made it appear

as if she desires peace at any price. And, unquestionably, the unfortunate conflict in South Africa excited against her a bitter hatred throughout the Continent. There the war was generally regarded as due, solely, to her lust for gold—a thirst to which the Boers, a simple and inoffensive pastoral people, were believed to have been deliberately sacrificed. Of course, *we* are well aware that this is a ludicrous travesty of the facts. But, owing to machinations which need not here be dwelt upon, this travesty obtained possession of the popular mind of Europe. Monarchs and statesmen, no doubt, knew better. But we live in an age when the most autocratic sovereigns, and the most powerful ministers, must reckon with public opinion and, more or less, humour it. It is beyond question that a war with England would be popular in more European countries than one.

Now let us go on to consider what is the prospect before this country, if single-handed—and where will she find an ally?—she has to encounter two Great Powers, say France and Russia; certainly a far from improbable event, as every student of contemporary politics must allow. Well, of course, our first line of defence

is our fleet. Is our fleet adequate? It is equal, we are told, to the combined fleets of France and Russia. Equal—in all respects? The assertion might, perhaps, be challenged. But let it pass. Is that sufficient? We have always understood—we believe, indeed, it is a commonplace among naval experts—that to possess even a reasonable prospect of retaining the command of the sea, our fleet should exceed the opposing navies in the proportion of five to three. The number of our fighting ships at present certainly falls short of this minimum. And remember, you cannot extemporise vessels of war: it takes two years to build an ironclad. But here we should like to quote a few more words from Mr. Spenser Wilkinson's work before referred to—words as true now as when they were written in 1894.

"If the French can command the Mediterranean, England's command of the sea is at an end. Four or five years ago, French naval writers hardly thought that France alone could hope to carry to a successful end a maritime conflict with England. Since then the understanding with Russia has altered the balance. It is not easy to see how the English Admiralty could assert their command of the Mediterranean in a war in which France should have Russia's assistance."

No; that is not easy to see. But it *is* easy

to see that on the supremacy of our fleet depends our very national existence, that in the complete equipment of our fleet is the secret of British power. *The complete equipment.* The words suggest momentous questions, such as these. What about our arrangements for coaling at sea? What about our arrangements for supplying our fleets with stores and ammunition? What about our arrangements for repairing damage to those very complicated machines, our ships, in our dockyards? Again, it is manifest to all men of what vast importance to the Navy is the engineering department. It is as manifest to all experts that the present number of engineer officers, artificers, and stokers is inadequate, even in time of peace. If there is one thing clearer than another it is that the British Navy should be ready for any emergency, and strong enough for any emergency: ready and strong in ships, guns, men, stores—*and* naval strategists. And if this is to be, its strength and composition should be based upon estimates, by competent and *unfettered* experts, of the necessities of probable, or even possible, war. That is the way—the only way—in which victory can be organised.

The vaunt, then, of the Jingo poet, "We've got the ships," will not stand examination. As little will the boast "We've got the men." There are not enough seamen adequately to man even the vessels of war which we possess. But in this connection we will cite some well-weighed words from the late General Collinson's admirable work mentioned in our last Note.

"The next question is, what will be the number of men required for all the various services of the Royal Navy on declaration of war with one or more great maritime Powers. Upon this point no one ventures to speak positively, from ignorance of the possible conditions of future naval warfare. The experience of the last great naval war at the beginning of last century is not much guide to us, on account of the great reduction in the strength of crews brought about by the use of steam and great guns. The largest number of men employed in the Royal Navy during that war was in 1813, when upwards of 100,000 seamen —*bonâ fide* seamen—were enrolled in our war Navy.

"But naval officers appear to be generally agreed upon this—that the prospect of the supply of good seamen on outbreak of war . . . is not by any means satisfactory. And if we . . . reflect on the present condition of our warships, and the probable great increase that will be required in war time . . . I think we shall see that they have good reason to be alarmed. If it is really important to the security of the Empire that we should as soon as practicable nearly double the

strength of our battleships, and that on declaration of war we should be able to triple the present number of our cruisers, then the 20,000 real seamen we have in hand, and the 10,000 which are considered to be all that will be available out of our Reserves, are evidently very insufficient numbers on which to begin a serious naval campaign. Instead of 10,000 we should require about 30,000 seamen to put our war fleet to sea, besides a continuous further supply to meet the war losses. There are three maxims or conditions we must bear in mind on this matter: (1) that, as laid down by good naval authorities of various nations, the first few months of the next naval war will be the most critical time; (2) that efficient seamen are still the great desideratum; and (3) that there is a growing deficiency in the supply of that article."

It would seem, then, that we cannot rely upon our fleet to guarantee us against the fall of England. "Our invincible fleet" it is sometimes called by newspaper leader-writers and by after-dinner orators. The phrase is open to the two objections of absurdity and ill-omen. No fleet is invincible: and the fate of the only navy decorated by that adjective which history mentions, is assuredly of sinister augury. But let us go on to another point. England is the one great nation in the world without avenues of approach by land. And no other country depends to the same extent upon foreign pro-

duce. The most essential food of the people is sea-borne—five out of every six loaves we eat come to us from abroad: and this bread is paid for by industries very largely working on imported materials. It is a condition of things new in English history. It is of course the direct result of what is called Free Trade. During the last century—say since 1801—the population of these islands increased by 23,000,000. Then, we grew enough corn for the sustenance of the population, of whom the vast majority lived and worked amid the fields. Now, we grow one-sixth of the breadstuffs we consume, and British agriculture has been ruined, as the country-people have flocked often into the great factory towns, where they depend largely on imported materials for the means of livelihood. Let England, an island and not self-supporting, suffer a naval defeat, and the sea will be no longer to her as "a moat defensive to a house," but as a wall of brass, within which she is hopelessly imprisoned, and swiftly starved to death.

But even without such an overwhelming catastrophe as the triumph of a hostile navy over our own, it seems pretty certain that in the event of a war with a Great Power we should be

reduced to the utmost straits for our provision of bread. The stock Parliamentary commonplace is, that this is a naval question. So Mr. Gerald Balfour assured the House of Commons, on the 28th of January, 1902, that "it was sufficient for the country if it had a Navy adequate for its needs." But even if the country had "a Navy adequate for its needs," that would *not* be sufficient; and this for the reason that our food supply in time of war is, properly speaking, not a naval question at all. The business of the Navy is not to convoy food ships, but to fight the enemy. The supply of squadrons and cruisers by the Navy for the protection of the vessels conveying our supply of breadstuffs, means the dispersal of our fleet just when its concentration at the decisive point would be absolutely necessary. Even if our Navy were twice, were three times as strong as it is, the adoption of such a course would be suicidal; for it would be simply to play into the hands of the enemy. No; this question is not a naval question. It is a commercial question. The greatest portion of our supply of breadstuffs—nearly one-half—now comes from America. And who that knows anything of human nature

in general, and of American nature in particular, can doubt that, in the case of an European war, American corn merchants would use the opportunity to send their wares up to famine prices? Captain Murray well remarks in his most stirring pamphlet, *Our Food Supply in Time of War*, "However powerful the Navy may be, it cannot interfere with the price of wheat on the American market, nor can it compel American corn merchants to sell us wheat at 25*s.* a quarter, if they think they can see their way to enormous profits by refusing to sell except at 100*s.* a quarter. Neither can the most powerful navy prevent Russia forbidding all export of wheat, as she did in 1891 at the time of her bad harvest. These are the two operations by which bread would be raised to famine prices in the event of an European war; and with these two operations the Navy would be utterly unable to interfere."

But there is another consideration which must not be passed over. It is by no means improbable—nay, it is in a very high degree probable—that on the eve of hostilities with France and Russia, the American wheat market might be "cornered" by the agents of those

countries. On this subject we will quote a striking page from Captain Murray.

"The great central point to grasp in this debated question of the possibility or impossibility of France and Russia cornering the American wheat is that whether they succeed or fail, whether they get the wheat or we get it, the mere fact of their attempting to do so (with an enormous credit behind them), would drive prices up *sky high* to 100 shillings a quarter at the lowest estimate. Whether they eventually got the wheat or whether we did, would not very much matter, for their object would be attained either way—the object, namely, of making bread so dear that it would be practically out of the reach of our poor, and of thereby causing such acute distress and misery and starvation among our working classes, as might force our statesmen, for fear of internal commotions, to submit to a disastrous peace-at-any-price.

"Our enemies can thus, even before the declaration of war, obtain a very great advantage which might, quite conceivably, very soon end the war in their favour, and force us to submit. This advantage they could obtain with no trouble, and no risk. They are as well aware of this as we are, and perhaps better. Consequently they would be fools if they did not do it. But we have no right to base our scheme of Imperial Defence on the supposition that our enemies will show themselves to be fools. On the contrary, in the statesmen of France and Russia we have to deal with some of the sharpest and most acute of mankind, sharp to see an advantage and prompt to make the most of it. It is a military axiom that you must always expect

your enemy to do the best and wisest thing, and must prepare accordingly. Therefore, we must expect that as soon as France and Russia have made up their minds for war (which a second Fashoda incident might well bring about) the official newspapers will probably be told to ridicule the idea of hostilities, and the first we shall know of it will be that a broker nominated by them will suddenly drive the price of wheat on the American market up to 100 shillings a quarter or more, either by an attempted corner, or by merely appearing on the market and bidding for the wheat against us in order to force up the price.

"The next step will be that Russia will forbid the export of all food-stuffs from the Black Sea. The third step will be the declaration of war."

For further observations as to the gravity of the danger which Captain Murray so forcibly points out, we must refer our readers to his own work. Assuredly, the arguments by which he considers himself to have established what he calls "the following three indisputable facts," deserve the most serious consideration.

"I. That our Navy, however powerful at sea, cannot prevent the price of wheat being driven up sky-high by financial operations on the American corn market;

"II. That it is the unanimous opinion of corn merchants that on the outbreak of European war, the price of wheat will be driven up by

financial operations only, to at least 100*s.* a quarter, and possibly a good deal higher;

"III. That we have 7,000,000 people, dependent upon wages of 23*s.* a week and under, who could not afford to pay a price thus enhanced threefold, and who would consequently be reduced to starvation."

But would they consent to starve? On this point let us hear Mr. J. Hall, the Secretary of the Working Men's Club and Institute Union; an authority of the utmost weight on the subject concerning which he speaks:—

"I think the picture Captain Murray draws . . . . errs on the side of moderation. I am a workman, and am now Secretary of a Society which comprises over a quarter of a million of workmen, and can say with confidence that the result of *trebling the cost of necessaries* would produce results so grave that the people would insist on the cause being removed at any cost. The English workman has, as a class, no reserve of purchase power. The few who have, dread nothing so much as depletion of that reserve. Given a state of semi-starvation, consequent on a war, the people would say that the war should be stopped, *even to the extinction of Great Britain as a dominant Power in the world.* This would not be at once, of course. Men would muster to the defence of the country moved by a patriotism which is largely blind and inherent, not resolute and informed. But however just the war, or however

necessary, you would find people who would see only the side of our opponents. After the first month of starvation, workmen would heed their arguments, and resentment with their terrible lot would grow. The second month, the feeling in favour of peace, *of peace at any price,* would, under the fearful pressure of starvation, *finally force the strongest Government to the acceptance of humiliating terms.* Of this I am convinced."

The proud boasting of Jingoism, "We've got the money, too," is, then, as ill-founded as is the rest of its self-glorification. "*We've* got the money?" Who are the "we"? Not the 7,000,000 of our population subsisting upon wages of 23*s.* a week and under, who would decide the fate of England in the circumstances just supposed—and supposed with a terrible degree of probability.

There can be no question, therefore, as to the supreme importance of this matter of our food supply in time of war. It is about to be inquired into by a Royal Commission. Mr. Balfour, in his speech of the 6th of March, 1903, announcing to "a large and influential deputation" the intention of the Government to appoint the Commission, expressed his opinion "that corn is not, according to the Law of

Nations, contraband of war," and his conviction that "this position will not be seriously contested by any international lawyer." As a matter of fact, there are international lawyers of name who very seriously contest this position. But what if there were not? "Inter arma silent leges." International law and international lawyers will count for little in the next European war, and it seems to us open to little doubt that, with or without precedent, our enemies, if stronger at sea than we are, *will* treat foodstuffs as contraband of war which neutral bottoms do not protect.—EDS.]

CHAPTER XXXIII.

"Labour should be left to flow in its own natural channels."

OF all the idols worshipped by the *let-alone* superstition, this is perhaps the Moloch. Never before were human sacrifices offered up on so vast a scale.

We have already seen that the channels in which both capital and labour, when left to themselves, may chance by accident to flow, are not necessarily the most advantageous. That both capital and labour may be (and often have been) artificially diverted into channels ten times, twenty times, a hundred times as advantageous to the whole nation. Just as many a river, which left to itself, spreads and stagnates in shallow and pestilential marshes and lagoons, may have its course or its levels artificially altered and improved, so as to irrigate whole countries, and feed great nations, or bear their commerce on its deep and ample bosom.

But what we propose here to consider is, the *distribution of the population itself.* Will it naturally distribute itself in the most advantageous manner?

Reader! have you ever seen a map of England shaded according to the density of the population? Middlesex, Lancashire, the West Riding of Yorkshire, a portion of South Wales, and a few other places are

almost black. But the residue of the kingdom is either slightly shaded, or almost white. This map shews the English population to be, not so much large, as congested.

Let things alone, and the fatal congestion is aggravated. The recent returns shew that the population of our largest towns grows, but the rural population decays. Men are more and more driven from their natural, virtuous, and healthy calling in the open air—the subjugation, fertilization, and culture of the soil. They encourage foreigners to cultivate foreign soils, but are themselves driven to herd promiscuously, like beasts, in the cellars of Liverpool, the garrets of St. Giles's, the Wynds of Glasgow, the victims and parents of idleness, disease, want, filth, vice, and irreligion.

No sanitary measures, no education, no schools, no churches, will ever stop the progress of evils like these. You might as well attempt to stop a hundred-and-twenty gun ship in full sail, with a bit of pack-thread. There is but one remedy. Restore these really exiled children of the land to their natural condition and occupation. Plant them on the soil. This is the only true and solid sanitary improvement. Then indeed, and not till then, will what is now the refuse and sewerage of your cities really fertilize the land. In the United Kingdom alone, the room is ample. There are millions of British and Irish acres waste and sterile for want of the fertilizing human animal; there are hundreds of thousands gasping for their natural element. There is a system of railways ready to bring together man and the land, so useless apart, so fruitful together; a union which is the aim and end of all true political economy. Not only might the rights of landed pro-

perty be religiously respected, but the value of it quadrupled. Public power is there, but public wisdom stands by manacled and hand-cuffed by the let-alone superstition. Seven or eight years ago the densest rural population was to be found in Ireland. Yet some of the most intelligent and best-informed witnesses examined under Lord Devon's Commission, were no advocates for emigration, proclaiming their opinion even then to be, that there was not a man too many, even in Ireland. We have seen that practical men declare, that even Ireland might with ease, feed and employ two and a half times her late population. And if the producing forces of Great Britain and Ireland were properly developed, the number of the really unemployed anywhere, would be very small. To employ or plant the small surplus on the land, would be a work of no difficulty,—many times more advantageous both to the poor and to the country, than to export them, even to the Colonies. They would still further develop the producing power of the kingdom, as much as if they augmented its surface. Then indeed, education and religion might have their perfect work. But the fertilizing stream will never of itself reach the waste. Emancipated public wisdom must direct it. Government must stretch out its arm to save. Practical men may sneer,—men that have no conception of the magnitude of these portentous and accumulating evils—and of the new, but powerful machinery that can and will effectually grapple with them. And we have here precedent to guide us. A government that we look down on as blind and despotic, has done it already,—and done it with a scrupulous regard to the rights of property. The Prussian govern-

ment already has actually planted the pauper over its soil, and transformed him into the most industrious and happy of mankind.

But some think there is a real excess of population in the British Isles.

Perhaps the truth may be, that there is now an actual excess as compared with present means of employment; but not one pair of hands, or one mouth too many, compared with those means of employment and support, which a few months would present, both in Great Britain and Ireland, when both nations, abandoning barren, cosmopolitan theories shall seriously address themselves to the development of their own producing forces.

But suppose there is a real and not a mere apparent excess. Then imagine a population map of the British *Empire*. What does it present? a few spots of population in a boundless field, white, not only with unoccupied but with fertile land.

But for this fatal maxim of the wretched *let-alone* delusion, public wisdom might long ago have vigorously availed itself of these unparalleled resources. Instead of the human hash rotting and fermenting in London, Liverpool, and Glasgow, why should not those natural help-mates, man and the land, have been brought together on a grand scale? Why not plant the first of races, on the best and amplest of soils? A new and peaceful conquest entailing no ultimate expense, but bringing infinite gain, exhibiting to all nations a new sort of subjugation.

But how has our population gone forth?

Helter-skelter, nobody cares who, nor why, nor how, nor whence, nor whither. Those we can least

spare are gone, leaving behind those that ought to go. It has been asserted that from Ireland alone, small farmers have gone, who have taken out more property with them than would pay for the estates hitherto sold under the Encumbered Estates Act. From England and Scotland, it is the industrious and enterprizing that go. Why are such multitudes from all parts of the United Kingdom going? Emigration should at all events be voluntary. It is not so. The furies of want, misery, and despair, scourge the emigrants from our shores. How do they go? huddled together in improper or ill-found vessels; during the voyage exposed to the merciless cupidity of private enterprize; on landing, cruelly abandoned to their fate. The very proportion of the sexes, which nature so sedulously watches, is disturbed. The last census shews a sad disproportionate increase of women at home, while we have whole Colonies depraved and depopulated for want of them. Amidst all this, the dregs of population, the vicious and wretched outcasts of our great cities remain behind.

And whither do our countrymen go? Except a very few, not to our Colonies at all. They go to the United States. If we have a calf or a sheep more than we had, we congratulate ourselves; but our priceless human organization we throw away to our great rival. Our emigrants not only augment the wealth and power of America, but they actually increase the chances of future, fearful hostilities. The Irish carry with them, and propagate a deadly and inextinguishable hatred of England.

Such is colonization under the let-alone system. What might it be?

In such restricted limits we must either deal in general observations (which will deserve still less attention), or must exemplify what we mean by a particular instance.

Let us take one. Emigration to our nearest British Province in North America.

Our own Halifax (one of the greatest cities of the world, but yet in embryo,) is at once the nearest American port, and perhaps the most commodious and spacious harbour on the surface of the globe. We have not yet seen those immense steam-ships, those "ocean-omnibuses," which will ere long traverse the sea and distribute and plant nations. One of the most eminent practical engineers and builders of nautical steam-engines in Europe, Mr. Penn of Greenwich, has recently pledged his professional reputation "that an Ocean Steam Emigrant Ship can be constructed, capable of conveying TWO THOUSAND PEOPLE, and maintaining an average speed of at least sixteen nautical miles an hour, between Ireland and Halifax." This new ferry will bring Ireland within five days and a half of Halifax. And although steerage passengers may be carried out at a few shillings a head, yet speed and economy are only two of the advantages. The space, the comfort on the voyage, and the comparative exemption from sea-sickness, will change the very nature of the transit.

It is satisfactorily established that a railway of 630 miles, from Halifax to Quebec, in a healthy climate, through British territory, rich not only in fertile land, but in coal, and other mineral resources, might be easily and cheaply made. The Canadian legislature have voted money towards the work, and it is begun.

Here, in New Brunswick alone, is a field on which the supposed surplus population of the United Kingdom might disgorge itself. But arrived at Quebec, the emigrants find themselves on the bosom of the St. Lawrence, and in communication with all the magnificent lakes, or rather inland seas of North America.

Then it is said, the emigrants will still go to the States. That entirely depends on this,—whether you care for them, or rather for yourselves, when they land, —or whether you still, on the let-alone theory, abandon them to wander or perish.

In the United States they can get employment, and buy land at a dollar an acre. But they might have both within a week's journey of their native country.

Ingenious people have conceived the notion of transplanting to the Colonies, an old community ready-made; setting it up as they would a ready-made wood or iron house. They must have parson and squire, and landlord and tenant, shopkeeper, journeyman, apprentice, and labourer in Australia, or in the American forest, just as they have in a village of Yorkshire or Devonshire. Of course, where land is in plenty, all the labourers, journeymen, and apprentices run away, and all the tenants too. All would fain cultivate *their own land* with their *own hands*, without being obliged to pay either rent or wages, and leave the squire and the landlord to do the same. But is this irresistible natural tendency *in new countries* to the creation of an industrious yeomanry an evil? Quite the contrary. Only it requires, like every thing else, some artificial regulation.

Don't spurn the first gift of nature—CHEAP LAND. Bring down the government price of your colonial

lands everywhere, to the American standard of a dollar an acre, and then take measures which will soon make them worth five pounds an acre to the purchaser. What are those measures? Why is land in Yorkshire worth so much more than land in New Brunswick or Canada? Among other reasons for this reason: in Yorkshire the occupier is surrounded with neighbours. In New Brunswick or Canada he lives in a solitude. His next neighbour is perhaps twenty miles off. The nearest church forty miles away. What is wanting is the presence of resident occupiers all around him. Then the awful solitude of the forest is cheered by the human face divine, and the music of the human voice. Then there is fertilization, society, mutual help, friendship, churches, schools, roads, commerce.

How is this state of things to be brought about? We have seen that the natural tendency of new countries in temperate regions, is to the creation of a class of small proprietors, cultivating small occupations with their own hands. On this fact two measures might be founded.

First, all allotments might be restricted to such a quantity of land as a man and his family can reasonably be expected to cultivate with their own hands.

Secondly, the actual residence of the proprietor on his allotment might be a condition. If he will neither reside, nor sell to him that will, non-residence must be a ground of forfeiture, or escheat to the crown.

Large grants of unoccupied lands, must, under no pretext whatever, be permitted. Thus the complete subjugation and permanent improvement of the land, will be married from the very first, to the comforts and

helps of neighbourhood, to the elevating influences of Christian civilization.

Under such regulations the phalanx will gradually, but certainly, march to universal dominion over the continent.

But we have, and are likely to have, *criminal* emigrants.

The increase of crime in Great Britain is now truly frightful. In vain do you build penitentiaries, and inflict the barbarous torture of solitary confinement; an exquisite cruelty worthy of the darkest ages. It has not even the excuse of being exemplary. It does not deter others. For they that have not endured it can but darkly guess its severity, from the physical and mental ruin, that it entails on the miserable sufferers.

And do your English criminals deserve all this? Crimes in England are chiefly crimes against property. When judge and criminal shall hereafter be both arraigned together, before that merciful but all-discerning and perfect justice, which looking into the heart, makes all just allowances for involuntary ignorance, and the irresistible pressure of temptation or want, which will appear the most advantageous apparel, the rags, or the scarlet and ermine robe?

But the criminal, (though in the eye of reason less a criminal than is commonly supposed,) must, in the mean time, be punished. Your pretended prison discipline will destroy him. Australia and the Cape will not have him. Here is the Halifax and Quebec railway close at hand asking for his labour, and when that is done, you may go on, if you like, to the Pacific Ocean. Asa Whitney has demonstrated that your

railway thither need not cost a farthing, even although you should not have the advantage of this slave-labour. That labour may be made as *penal* as you please. But in the mean time it is *useful*. Above all it is truly *reformatory*. What becomes of the miserable outcast that issues from your English dungeons? Which has branded him deepest, his sin or his jail? But in New Brunswick, the convict, after suffering his punishment, is on the high road to vast tracts where he may ultimately settle, without objection by any one, and be surrounded, not with every hindrance, but with every help to becoming an honest man, and a valuable subject.

All this is a faint and partial outline of what an English colony can do for us. Let some abler hand fill up the picture. And then it is only one of a large collection.

[Those who have made a serious study of the appalling details of Irish emigration during the famine period, must allow that Byles has not spoken too strongly in replying to the question: "How has our population gone forth?" And he puts the blame on the right culprit—the hideous fetish, the Moloch of the let-alone superstition.

The Chapter is full of wise suggestions both for home colonisation and for colonial development. The Canadian Law of 1879 on the Public Lands of the Dominion, and the previous Ameri-

can Homestead Law of 1862, are on the lines here suggested; and the Bill introduced on July 30th, 1903, by Sir Wilfrid Laurier for a national transcontinental railway connecting the Canadian maritime provinces with the North West, and giving Canada commercial independence of the United States, recalls the similar proposal made by Byles more than fifty years earlier. Truly "wisdom lingers." Had wisdom come quicker, we should not have had to record the figures, that out of 8,549,569 persons of British or Irish origin emigrating from the British Isles from 1853 to 1898, no less than 5,690,712 went, not to our own colonies, but to the United States of America.—EDS.]

CHAPTER XXXIV.

"The value of every thing must now be settled by universal and unregulated competition."

So say the modern free-traders.

'No!' say the socialists, 'Competition is all wrong. Look at the miseries it produces. Co-operation is to be the panacea.'

Both these new sects, however, would fain persuade us that the world and human life is henceforth to be something different and very superior to what it has always been. Both seem to forget, that we have been in a high state of civilization for three or four hundred years. Neither bear in mind, that a large portion of evil, private and social, is the inseparable and perpetual accompaniment of our imperfect nature. Both liken the beneficent and universal Parent to a capricious and unnatural father, who, having neglected his first-born children, should unjustly favour his younger offspring. Both represent human life as a feast, at which there is a succession of guests: but the generations that sat down first found a scanty and miserable board, while plenty of substantial and invigorating viands were kept back for those who should sit down last.

Many think Paley's view much nearer the truth. That human life and the world is a system of compen-

sations. That, if we are better off than our fathers, in some things, they were better off than we in others. Or, if some of us are better off than they, others of us are worse off. Take this vast metropolis. The inhabitants indeed of Belgravia or Tyburnia may perhaps enjoy life more than the Saxons, who lived on the banks of the Thames, under King Harold. But, after surveying their sumptuous tables and gilded ceilings, you must make a huge deduction for the cares, the ambition, the restlessness, the dyspepsia, the insupportable ennui, the gloomy scepticism, even of these spoilt children of fortune. What say you, however, to the imperfect physical development, and wan faces, that issue in multitudinous, but filthy and ragged swarms from the human styes of St. Giles's, Spitalfields, Whitechapel, Bethnal Green, and even Westminster? Which drank in most joy from 'the common air, the earth, the skies,' they or their Saxon predecessors?

Nobody denies, or doubts the progress of physical science. But the question is, are the masses of mankind certainly better or happier, or (all things considered,) much about the same?

There are gloomy people who are apt to conclude, that while human nature remains what it is, the distribution of good and evil will remain pretty much what it has been. All men of sense agree, at least, in this, that the motives and incentives of human action are ever the same.

And here the free-traders have the advantage of the socialists. Private property, individual interest, and competition, have been the only adequate incentives to voluntary labour, from the first page of recorded time. No other can be substituted. Mankind at large will

never submit to hard work from mere patriotism or benevolence, or even a sense of moral duty. These are not, with the masses, the actual springs of severe and incessant toil, though they are, or ought to be, the regulators of the motive force.

In a large association of a thousand, or five hundred, or even fifty families of working men, you dilute self-interest till it is no stimulus at all. The complicated affairs of such a partnership soon become a fruitful source of dispute. Idleness and dissensions, ultimate failure and dissolution, are before them all. They may succeed, when they have a new human nature to work with.

But, though the socialists have no solid reply to these objections of the free-traders, they can nevertheless retort with terrible effect.

'Look,' says the disciple of Louis Blanc, 'at the resplendent gold and silver tissue, which I am weaving; and then look at my rags. Your fierce competition is doing the same everywhere. The cheapest and worst paid workman in the whole world must beat all the rest. That is the standard at which your system aims. You establish a deadly struggle who shall descend first to the lowest level. You will deteriorate and brutalize the masses of mankind.'

Here the socialist has the free-trader on the hip.

But the practical man sees, that the objections of the socialists to that wild and unregulated competition, which the free-traders introduce, are no objections at all to a competition duly regulated. Competition, like the great physical forces of nature, is, when left to itself, destructive and devastating; but guided and retrained by human art, it is an instrument of human

happiness, as mighty, but as harmless and docile as the steam-engine itself.

First, take as the field for free and unregulated exchanges, a geographical or political division of the earth, affording an area large enough for that division of labour, which is an indispensable pre-requisite to easy and plentiful production. But when you have done that, another and greater care remains behind—the care that, notwithstanding competition, the labourer shall get his fair share. Leave things alone, and in old countries he will not get his fair share. Sad and universal experience demonstrates it. Expose him to competition with all the earth, and you make bad worse. Regulations are possible which will ensure his getting it. Those regulations will, as we have seen, be as beneficial to the masters, and to the community, as to the workmen themselves.

But there will be misery still! Freely granted. It is, as we have seen, and as we all know too well, the sad condition of human nature. But whatever our speculative opinions as to the past or future progress of mankind, one thing is plain. Knowledge and progress are not for those, who sit still and leave things to take their own course. Wherever they are vouchsafed, they are the reward of humble labour and diligence to attain them,—of anxious thought, repeated trials, and indefatigable perseverance.

The true mode of using, guiding, and restraining competition, is a new field of knowledge which will well repay the labour of exploring and cultivating.

[This short Chapter is of much importance, and

should be taken in connection with Chapter II. on the Spirit of System. Byles's mind was balanced and historical. He saw that the writers, whom he knew as Free-traders, and as Socialists, were alike in this, that they both were unhistorical; that they were in contradiction with the nature of man as known by the record of human experience. He saw also that truth lies in a mean; that the word panacea means in economics quackery; that a due measure of co-operation is sound sense, but universal co-operation, nonsense; that *some* competition is excellent and necessary, but not "wild and unregulated competition." And his sober questioning on human happiness recalls a pregnant query of Matthew Arnold: "What under the first Emperors was the condition of the Roman poor upon the Aventine compared with that of our poor of Spitalfields and Bethnal Green? What in comfort, morals and happiness were the rural population of the Sabine country under Augustus's rule, compared with the rural population of Herefordshire and Buckinghamshire under the rule of Queen Victoria?" (*Essays in Criticism*, 1865, p. 192).—Eds.]

CHAPTER XXXV.

"*Farming should be carried on like any other trade.*"

YEOMEN living on their own small properties, were formerly the principal cultivators in England and Wales. With no outgoing for rent, and none for wages, (except to a farm labourer or two, living in the farmhouse, on the farm produce,) the well-grown, robust and ruddy English yeoman, was the most independent of mankind. Such was the English subject of Charles I. Stupendous revolutions and changes of all sorts mattered little to him.

Unhappily the race is now almost extinct,—large estates and large farms have absorbed them. We are now told that farming must be carried on like every other trade; that large farms, like large cotton-mills, large iron works, or blast-furnaces, can produce cheaper than small ones, and therefore, very properly supersede and obliterate them.

Let us assume that to produce cheap is the chief end of man. Let us concede at once, that virtue, health, happiness, domestic plenty and content, are not to be measured against one degree in the descending scale of cheapness.

Can the large farmer produce more or cheaper than the small one? A question on which the learned in these matters are not agreed. *La petite culture* has

its well-instructed partisans, as well as *la grande culture*, not only in England, but much more in France, Prussia, Belgium, Holland, Norway, Denmark, Switzerland, Northern Italy, and the Tyrol.

We do not pretend to knowledge sufficient to form an opinion, where Mr. Mill decides one way, and Mr. McCulloch the other. We only venture to remind the reader of some considerations, which may induce him to pause before he makes up his mind.

Suppose a farm of a thousand acres in the hands of a single occupier. There is one occupying resident family, one homestead and farm-yard, one garden, one set of cows and oxen, one team of horses, one flock of sheep, one set of pigs, one yard of poultry, one manufactory of manure. Most of these, doubtless, on a larger scale than in a small farm. But suppose that same farm of thousand acres divided into twenty farms of fifty acres each. You have now twenty occupying resident families, twenty homesteads and farm-yards, twenty gardens, twenty sets of cows and oxen, twenty teams of horses, twenty flocks of sheep, twenty sets of pigs, twenty yards of poultry, twenty manufactories of manure. If a proper tenure exist, so as to secure to the occupier what he ought to have, the full and exclusive reward of his own industry, you have every square yard of land under the eye of practical skill unwearied vigilance, intense thrift, and unremitting labour. The wife, the sons, even the daughters, of the farmer, uncorrupted by the expensive habits and vicious pursuits of the town, find their pleasure in rustic toil. The daughters assist the mother in the care of the cows, the dairy, the poultry, the garden, and even the

lighter but healthy and agreeable labour of the field. The sons help their father in digging, ploughing, ditching, draining, sowing, weeding, irrigating, picking up stones and rubbish, repairing the farm buildings. The land has become the true, safe and liberal SAVINGS BANK, where every half-hour of voluntary and gratuitous labour is put out at large interest. Cheap but effectual contrivances retain every particle and drop of manure. Carefully mixed and preserved, it is used and spread with a special reference to the wants and capabilities of every square inch of ground. The gratuitous labour lavished on the farm can, either alone or in concert with neighbours, undertake permanent improvements ruinous and impossible to the farmer who has to hire his workmen. The peasant proprietors of Languedoc push cultivation to the mountain-top by carrying up the earth in baskets on their shoulders. In our damp northern climate the land wants drainage. In the sunny south it wants irrigation. See the concerted system of irrigation and the miles of water-meadows created by the combined labours of peasant-proprietors, in the French departments of the Vaucluse, and Bouches du Rhone, in Lombardy, Tuscany, Piedmont, Sienna, Lucca, and Bergamo, nay, even in the plain of Valencia in the east of Spain. So, extensive practical systems of thorough drainage, inspired by the same energetic motives, and using the same cheap, but invincible means, would not only improve the best lands, but reclaim bogs and morasses in England, Scotland and Ireland.

'A mere picture of the imagination!' cries the practical man. He never was more mistaken. Every

lineament of the peasant proprietor here sketched is drawn from the life.* You will find him at this hour just as we have described him, all over Holland, Belgium, Norway, Denmark, Switzerland, the Tyrol, in Northern Italy, and in many parts of Germany and France. Take, for example, the banks of the Rhine. Forty years ago these lands were half cultivated, by very poor and wretched farmers at very low rents. Stein and Hardenberg, the great Prussian ministers, planted the peasant on the soil. Now, the banks of the Rhine are cultivated like a garden; the value of property there has wonderfully risen, the number of horses, cows, and oxen, sheep and pigs is greatly increased.

Nor need you fear the exhaustion of the land. The more you cultivate it in this way, the richer and more

* As a synopsis of authorities on this subject, and for the result of personal observation, the reader is referred to a valuable book recently published, "The social condition and education of the people in England and Europe," by Joseph Kaye, Esq., London, 1850. But, however just Mr. Kaye's views of the advantages of the continental tenures, and the mischief of the English ones may be, he seems to expect far too much from a mere abolition of the law of primogeniture in England. Neither is he correct in assuming that continental titles are always so simple. The fact in France at least is far otherwise. Indeed, the introduction of the Code Napoleon, advantageous as it has been in making the law uniform throughout France, has had very little effect in simplifying the French law. There are arising continually legal questions, which require three different states of the French law to be examined and understood—the ancient—the intermediate—and the existing legislation. Not to mention the new questions of construction that arise on the code. Such is the imperfection of human language, and such the subtilty of human affairs, that you cannot pen a document of five lines without raising questions of construction. Mr. Mill's observations on Peasant Proprietors are eminently deserving of attention.

grateful it is found to be. In Belgium and the low countries, fertile and inexhaustible soils have thus been *created*. The residence and labour of man has transmuted sand into gold.

Suppose England, Scotland, and Ireland thus cultivated, the plenty of wheat, barley, oats, beans, peas, rye, hay, flax, oxen, cows, sheep, wool, poultry, eggs, garden stuff and fruit would, we are assured, nourish more than three times the present population. The main producing forces of a country are man and the land; bring them together, and you develop an all-sufficing, superabounding plenty.

And would not food be cheap when most of the labour would be gratuitous? Where peasant proprietors exist, there is not only little or nothing to pay for wages, but nothing at all to pay for rent.

Hitherto we have looked merely at cheapness. But not only is the earth changed and improved by man's residence and labour upon it: man himself is regenerated and saved by being restored to his original and natural occupation.

The wan, sickly, degraded, restless, dangerous population of the towns are transformed into the well-grown, healthy, virtuous, industrious and conservative cultivators of land. We are assured that it is the general diffusion of property in land that has mitigated the horrors of the late political convulsions on the Continent.

But then, it is said, granting that small farms should *produce* more than large ones; yet they *consume* more. Such multitudes live on the land. Granted. But this is exactly what is politically, as well as econo-

mically desirable, that consumers as well as producers, should be less congregated in large cities and more diffused over the country.

Without venturing to assert, therefore, that cultivation by small farms is always more advantageous than by large ones, we may safely conclude that it is often as advantageous and sometimes more so. We may safely affirm that it ought at least to have its place. Why should not both systems of cultivation exist? Why should not their mutual emulation and rivalry side by side, enable us satisfactorily to solve the problem, which of the two is the most productive? And when the eye wanders over the vast extent of uncultivated land in the United Kingdom, and the vast multitudes of unemployed people, we cannot be wrong in holding that there is here an ample opportunity of introducing cultivation by the occupying owner himself, as ever Stein and Hardenberg found in Prussia.

But how is it to be done? How are small-occupying, or peasant proprietors to be introduced with a scrupulous regard to the rights of property. For if you once violate property, there is an end of all stimulus to labour, and of all plenty and prosperity.

How is the tendency of landed property to accumulate in few hands to be met?

Persons unacquainted with the law, spend their lives from infancy to age crying,—"abolish the law of entail and primogeniture."

This remedy is no remedy at all. It would not have the least effect. As primogeniture and entail are not the causes of the aggregation of property in a few

hands, so the abolition of these laws to-morrow would leave the evil intact. Much more efficacious remedies are demanded.

Let us examine these obnoxious laws of entail and primogeniture, throwing aside as much as possible all technical terms. And first, of the law of entail.

An estate is said in popular language to be entailed, when it is settled by deed or will on a man and his lineal descendants. According to the ancient common law, the course of descent prescribed by the donor could not be interrupted, and the estate became inalienable. But now for several centuries, it has been in the power of every tenant in tail, by certain assurances called fines and recoveries, to destroy the entail, and expand the estate into a fee-simple, alienable, like any other fee-simple. Of late years these antiquated and circuitous modes of destroying entails, have been superseded by the statutory introduction of a more simple form of conveyance. Any tenant in tail may now destroy the estate tail, and convert it into a common fee-simple, by a deed merely. It is in vain that you settle on a man an estate tail; he can destroy it to-morrow. All you can effectually do, is to give him an estate for his own life, or the life of some other person now living.

Estates are kept in families, not by the law of entail, but by the power which exists of creating life estates.

A nobleman or wealthy commoner has an estate tail. He could bar it, nothing prevents him. But what he does in practice, and what he would equally do (though in a different form,) were there no such estate known to the law as an estate tail, is this: On his marriage

he limits to himself an estate for life, with a remainder to the children of the marriage successively. He becomes tenant for life, his son tenant in remainder. As soon as the eldest son becomes of age, he can make away with his interest, just as his father could before him; or father and son may join, and sometimes do join, in aliening the estate altogether. But in practice the more usual course is this: The son is about to marry, and is advised or chooses to settle a life-estate on himself, and to provide, after his death, for his wife and the issue of the marriage. He re-settles the estate. Perhaps the son wants a maintenance during his father's life, the father grants it out of his estate in possession; the father on his part wants to raise money on the estate, as he could have done had he retained the fee-tail or fee-simple, and the son in return allows the father to charge the estate. And so in fact estates are kept together and re-settled every generation, by the voluntary act, or, if you please, the family pride of their owners, and not by the law of entail. Suppose the law of entail abolished to-morrow, the very same arrangements substantially, might be and would be made, although the machinery would be somewhat different.

Indeed, personal property may be settled by means of life estates as effectually as landed property, and the fund may be, and often is, tied up just as long; although such a thing as an estate tail in personal property, never existed at any period of our law.

It is clear therefore that the law of entail does not cause the accumulation of landed property in few hands, and that it would exist, and exist to the same extent, were the law of entail abolished.

Is it the law of primogeniture?

As a general rule, freehold or copyhold land, in the absence of a will or settlement, descends to the eldest son. But it may be devised by will among all the children, or to any stranger, or it may be settled or charged in the life-time of the owner. It is only where there is the accident of intestacy, that the law of primogeniture operates at all. In one county of England, Kent, and in some other places, land, in the event of intestacy, by the custom of Gavelkind there prevailing, goes to all the children equally. Yet the aggregation of landed property in few hands is not, that I am aware of, materially less in Kent than elsewhere.

The tenure of large masses of very valuable property is leasehold. In the event of intestacy, leasehold property is distributed amongst the next of kin. But as it is the subject of devise and settlement, it is rarely left to be so distributed.

So that where the law of primogeniture does not exist, the distribution of property is much the same as where it does. Practically, therefore, the law of primogeniture has little or no operation in producing an aggregation of landed property in few hands.

The real sources of the existence of large landed proprietors are these four: First, the natural aristocratic feelings of the English nation, prompting every successful man to endeavour to found a family, and every head of an old family to do his utmost to perpetuate and preserve it: Secondly, the liberty which the law allows of creating life-estates: Thirdly, the unlimited power of devising: Fourthly, the unlimited power of settling and charging. A bit of land once

drawn within the charmed circle of a settled estate, is practically taken out of the market.

Whether the aristocratic tendency of the English nation be an evil or not, is a question on which men will think differently, according to their political bias, and this is not the place to discuss it. But those who have maturely reflected on the immense stimulus which it supplies for exertion, and on the materials which it affords for stable government (on which all prosperity and public and private credit depend) will be very slow to pronounce that it is an evil. But evil or no evil, the aristocratic element exists every where in England, not in the House of Peers only, but is latent in the bosom of the humble peasant. It is universal and ineradicable.

This feeling avails itself of the power to create life-estates, and of the power to devise, and settle.

Will you have the law, then, interfere further than it has already done, and prohibit life-estates? Is a man not to be allowed to settle an estate or an income on his wife or child for life, or to retain an estate for his own life? Is he not to *bequeath* his property as he pleases? Such an intermeddling with the disposition of private property, would in this country be considered vexatious and intolerable.

It is not uncommon to hear persons abusing the law, as if by some artificial arrangement it created and perpetuated large hereditary estates. Thoughtless, but ill-informed partisans of the *let alone* system say, Why does an artificial system of law raise up such abuses? Whereas the abuse, if such it be, is the act of an individual doing as he will with his own; and the accomplishment of their wishes, so far from requiring *less*, would require *more* interference on the part of the law.

The law has already actively interfered to a considerable extent, to keep land in the market.

It has imposed great restraints on the acquisition of property by corporate bodies.

It has prohibited the tying up of any property by natural persons, and the keeping the fee simple out of the market, for a period beyond a life, or lives in being, and twenty-one years after, to allow for the possible incapacity of infancy. So jealous is the law of suffering a perpetuity, that every provision in a deed or will attempting to infringe or evade this salutary rule, is absolutely void. In effect the law is, that you cannot do more than create a life-estate. You cannot tie up your property, real or personal, beyond a life or lives in being.

The law has even prohibited trusts for accumulation beyond certain limits.

But with these exceptions it has allowed the most perfect liberty of dealing with property of every description, real and personal.

This perfect liberty, coinciding with a minute subdivision of estates and interests, necessarily existing in a highly advanced state of society, has, like every other human good, its attendant evils. Titles are complex, alienation difficult and expensive.

The true remedies for these evils, so far as they are remediable, are very different from the abolition of the laws of Primogeniture and Entail.

Let us see, however, whether such remedies are not possible. Remedies that would not only be ultimately effectual, but immediate in their operation.

But if these measures are to bear any really good fruit, several cautions are to be observed.

First, it must be borne in mind what a complicated system the law of real property in England actually and to a great extent necessarily, is. Four or five years hard study will enable a good head to acquire far more knowledge in pure and mixed mathematics than ever Sir Isaac Newton possessed. But four or five years study of this single branch of the law of England will only produce a novice. A proprietor or purchaser who should act on the advice of such a tyro, would run an imminent risk of losing his estate or his money. But if the aid of profound learning and experience be essential when you are going to settle or purchase, much more essential is it, when you are going to alter the law. Hasty and passionate alterations only make confusion worse confounded. Disappointment disgusts a whole generation, and in despair they bequeath the evil in an aggravated shape to their successors. We have been amending and simplifying the law of real property for twenty years. An experienced practitioner will tell you that it is now more complex and less certain than before the simplification began. When therefore you have made up your mind definitely as to what it is you really want, you must carefully avoid all quacks. You must go to men who have spent their lives in the study—such men as Sir Edward Sugden, and Mr. Brodie. They will tell you whether, and by what practical measures, you can attain your wishes.

Next, the rights of property must be scrupulously and religiously respected. Once take liberties with it, and its value is gone. The stimulus to exertion, the great end of civilized society, is destroyed.

Yet, thirdly, the evil is pressing. A remedy is

required that will operate, not merely in the time of our children or grandchildren, but NOW and WITH US. Depend on it, the aggregation of real property in too few hands, not only obstructs the due cultivation of the soil, but greatly detracts from the present value of land, and is not unattended with imminent political danger.

Once more, there is a remedy which would undoubtedly be ultimately effectual, but which ought not to be adopted.

Merely to abolish primogeniture would (as we have seen) be doing nothing; but to abolish the power of devising or settling lands after a man's death on his eldest son, and to make, as in France, the division of every man's land among all his children, or collateral relations in the same degree of consanguinity — *compulsory*—this indeed would, in a few generations, break up and break to pieces every estate large or small.

But the objections are obvious. The disintegration goes on to an extreme subdivision, or rather pulverisation of every estate, inconsistent with the residence of the cultivating occupier on the land, and therefore with effectual cultivation. Who will construct a house or homestead fit for the small estate, when on the death of the proprietor to-morrow, the tyrant law may sever the house from the land, or mince up the land into little bits? Accordingly we find, that the little French proprietors do not generally live on their little estates, (as they ought to do) but in villages. Nay, even the tendency of the land to re-unite is not without its evils. You often find the lands of a single small French proprietor lying not together, but dispersedly,

in little patches at a great distance from each other. It is a common complaint, that immense quantities of land are wasted, and infinite litigation and expense created, by rights of way. Liberty of disposition taken away, property loses one of its attractions. Children rendered independent of their parents, are less subject to parental control. Lastly, such a measure would utterly destroy the aristocratical branch of our mixed government, and that stability of political institutions, which is indispensable to the development of national prosperity.

But violent and destructive as the ultimate operation of this potent medicine would be, it would in our time lie dormant in the system. It is not, therefore, that instant and immediately efficacious remedy that we so urgently need.

Lastly, another inapplicable remedy which has been proposed is this—to limit the interests which a man may carve out of land, in order that every owner, above the occupying tenant, should have a fee simple, which fee simple he may sell and do as he pleases with.

Some restraint on the interests which a man may now carve out of land, and on the capricious and unintelligible conditions, on which he may make the enjoyment of his property hinge, would probably be good. But the owner of land would think it very hard that he should not be able to leave his wife a life estate, or to provide out of it portions for his daughters or younger children, or to mortgage it a first and second time if he will, and a third and fourth time if he can.

Yet if he is to be allowed to do these things, huge

masses of property are at once, by settlements and encumbrances, kept out of the market. Nor is even this all. Men like to round their estates. They buy up and engross the little neighbouring properties, and charge the whole estate with money to pay for the new purchase. Thus the complication of settlements and charges embraces and corrupts even the sound parts, like the hideous roots of a cancer.

Where are you to turn amidst these practical and apparently insuperable difficulties, which superficial observers never consider, but which present themselves at once to those who will condescend to look narrowly and steadily into the real facts?

Why do you want every owner to have an estate in fee simple? Not for his sake, but for the sake of the public. It is because you want to enable him to SELL, and to enable an eager purchaser and certain and great improver to BUY. You want, moreover, to simplify the title.

In a word, you want a proper POWER OF SALE. Now you have the true clue. Follow it, and it may lead you out of the labyrinth.

The first remedy therefore would seem to be this. You may enact that there shall always (notwithstanding all settlements and incumbrances) be some one person some single will, that can exercise a power of sale, not only over the fee-simple of the whole of the land, but over the fee-simple of every part of it. Then give the purchaser under that power of sale a new parliamentary title, such as he has under the Irish Encumbered Estates Act, leaving the purchase money

to be invested at interest, under the sanction of public authority, for the benefit of those who had particular interests in the land; so that the purchase money instead of the land may hereafter be the subject of claims and litigation, should any arise.

Nor does there seem any good reason why a plurality of persons should not be separately and independently entrusted with such a power of sale over every portion of the land, for example, mortgagor and mortgagee, supposing the mortgagor unable to pay off the incumbrance.

But it is not enough merely to provide that no *future* settlement shall take an estate or any part of it out of the market. The evil is pressing, and requires an immediate remedy. Such a power should be conferred by law on some owner of every estate, *already* either settled or encumbered without it. A cheap tribunal should be instituted at the expense of the public, to decide in whom the power of sale should be vested, and to take care that no infant or married woman, no reversioner, remainderman, or incumbrancer is injured by its exercise.

In ordinary cases, the most natural depository of the power to sell the whole or any part of the land, would seem to be, the owner of the freehold in possession.

A mode of investing the purchase money on government security so as immediately and certainly to bring interest for every day, and so as that the whole principal, without increase or decrease shall, when necessary be forthcoming, is practicable without loss to the public.* In the mean time the property, in its new shape, remains subject to all the interests, all the

* See p. 188. And even a security against decline in the value of money would not be impossible.

incumbrances, and all the claims to which it was subject when it was in the shape of land. But that land itself is now as effectually discharged from all these estates, interests, incumbrances and claims, as if it were a portion of the virgin soil of a new colony. The purchaser takes a new, clear, unassailable title.

By such measures all the estates in England and Ireland, every field and bit of ground would immediately be endued with a vital power of shuffling off the coil of complicated settlements and charges, without expense, and not only without injury to any one, but with great augmentation of value, and great benefit to all parties as well as to the public.

The law would say to every proprietor, 'Settle or incumber your property as you please, within the same limits as now restrain you, but if you do choose to settle and incumber, the public interest requires that no land should be thereby taken out of the market. Without this provision experience shews that you will create a *mortmain* as bad as the *mortmain* of the middle ages. There must be no obstacle to the sale of land. There must be free-trade in land.'

Such a state of things once existing, wherever a man is willing to give a good price for an estate, or a portion of it,—for a field or a house, there is a vendor who can, for the mutual advantage of all concerned, sell, and make a new, indisputable, inexpensive title. Incumbrances on landed property would thus at once cease to prejudice the public; and facilities would every where be afforded for the creation of new freehold estates of moderate size, fit for the residence of proprietors. Titles would every where grow more simple, instead of growing more complex.

You do more violence to property than this, when you want land for a railway, a new street or dock, or any other public improvement. You take the land at a fair price, vendor, or no vendor, in spite of the opposition of all concerned. Here the greatest of all public improvements wants land; here the vendor wants to sell; but as things now are, the law, disregarding the interests and wishes of the vendor, the purchaser, and the public, in effect forbids the sale.

Another measure is this,—applying the scheme of association to the purchase of estates.

A large English, Irish, or Scotch estate is brought into the market. The size and price is such, that the number of competitors for it is very limited. The estate does not fetch its fair value. And the purchaser after all cannot pay for it. He lets a large portion of the purchase money remain on mortgage. It is an incumbered estate still. But if it could be sold in smaller portions, it would be bid for by hundreds of anxious purchasers, who have small property to invest. Yet, to put it up, and sell, and convey it in lots is sometimes impossible, often inconvenient, always highly and disproportionately expensive to every small purchaser, for every one has to investigate the title, and to obtain numerous conveyances from all the parties interested in the property. And after all, you cannot say of the title of any of these purchasers, that it is certainly safe.

Why should not a joint stock company purchase such a large estate: especially where such a power of sale exists as we have described. It acquires a large tract of good, or at least improvable land in fee, with

a new and clear title. It can divide it into convenient allotments of different sizes, for which, if resold, there would be a hot competition. The principle is this,—a number of individuals combine to buy in undivided shares, and they afterwards divide their purchase. Thus the immense estates sold under the Encumbered Estates Act in Ireland, might find purchasers at a fair value.*

But sad experience of building societies, and other societies on the same principle, has shewn, that left to themselves, they *may* become the very hotbeds of jobbery and malversation. Possibly, when they are in the hands of persons of more substance and intelligence, these evils may be abated. But if not, then there is a clear case for legislative interference and regulation.

At all events, pecuniary liability beyond the amount of a man's subscription, must be entirely taken away. And the object of the society must be restricted to the mere purchase of land, and its subsequent division among the shareholders. As soon as this is accomplished, the society must be at an end, and its affairs wound up. The simplicity both of the object, and of the means, and the shortness of the Society's duration would alone be a great security against misconduct.

But now steps forth a large landed proprietor, an English duke, or Irish earl. "I do not approve of giving the public this practical power to buy my landed property, although for a full compensation. The future maintenance of the just rank of my family is thus hereafter made dependent on the solvency of government."

* A scheme of this kind has been recently proposed in Ireland by Mr. Vincent Scully, Q.C.

No property is taken from you. It is only you and your successors that are endued with a power to sell, *if you please.* And care is even taken, not only that no successor of yours, but that not even you yourself, shall injure those that come after you. As to government security, you need not take it if you doubt it, there will be plenty of mortgagors ready to borrow on a new and clear fee-simple. Nay, there is nothing to prevent you or your family re-investing in land, as well as others.

You say, my Lord, you do not approve of giving the public the power thus to deal with your property. How does your Lordship like the way the public is dealing with your property now? You are now experiencing but a foretaste of the bitter consequences of allowing the ownership of real property to rest on too narrow a basis. Such measures as have received the sanction of the English legislature, could not pass the National Assembly of France, though elected by universal suffrage. Why? because of the diffusion of landed property among the people.

It is most respectfully suggested, that this is the very crisis, when the great landed interest should favour and forward every safe and practicable scheme, to diffuse the ownership of land, extensively and immediately among the nation at large.

Freehold Land Societies have been instituted to purchase 40*s.* freeholds, and so weaken the landed interest yet more in the House of Commons. But they are a double-edged weapon. Freehold Land Societies on a larger scale, which shall enable people in England or Ireland to purchase land in quantities varying from 30 to 50 acres, will be infinitely more popular than a

society merely to purchase votes, about which most people really care very little. These new proprietors will all be conservative in the best sense of the word.—Powerful instruments not only to assist in ultimately obtaining justice, but in keeping it when you have got it. More than all this, if a safe but effectual reform in this matter is procrastinated, there is at hand danger of a very different and much more serious nature.

A third measure is this.

A power conferred on the public of taking, at the fair existing value, all unimproved and really waste land.

The public we have seen, has the deepest interest in developing the producing forces of a nation. The greatest of these is the land. Millions of acres are lying waste, while the public is maintaining at vast expense in idleness and vice, hundreds of thousands of paupers. All that is wanting is, to bring together man and the land.

If the owner will do it himself, let him; but if he cannot or will not, the public must do it for him.

The public would not continue a landed proprietor. It would embark in no untried scheme. It would only do what the Prussian government has actually done already.

It would allot the land to the poor in portions large enough to enable a family by its own labour to maintain itself, but not larger. For the first two or three years without rent. Then at a very moderate rent. The purchase money of each lot to the occupying tenant should be fixed beforehand. It ought to be no more than sufficient to save the public from loss, and it would then be very low. The rent paid should go

to the credit of the purchase money, and (if the state is resolved not to lose a farthing), of the interest upon it. The occupier would thus become a purchaser.

We have seen that superhuman industry, and concerted, but gratuitous labour would immediately, certainly, and profitably subjugate, drain, and utterly change the most unpromising tracts. This, as we have seen, is not theory, but constant and universal experience.

The state not only need lose nothing, it need not even advance any thing. The land itself, (to say nothing of the guarantee of the state,) would be ample security for the purchase money. The interest upon it would be gladly contributed in fair proportions by the parishes, who would thus not only get rid of their surplus labourers, but transform them at once into the most useful and productive of the Queen's subjects. Nay, this very interest of money itself would be repaid them.

Can the owner complain? What does he say to the case of hundreds of other owners, whose valuable and improved land, perhaps building land, is taken at its fair existing value, for railways, streets, or docks, the best of which improvements are of far less public utility. By this greatest of improvements, all the adjoining land, whether it belong to him or anybody else, is augmented in value.

The influence of the scheme would be felt even by the most distant parishes. Railways could bring the able-bodied paupers from any distance. It would then be seen that the real surplus of hands in Great Britain is very small. Poor rates would be almost extinguished.

Now is the time to act. The stream of emigration

and depopulation once fairly set in, this enlightened policy may no longer be possible.* Your waste lands will remain waste, while foreign lands are cultivated for the benefit of foreign powers, with what would have been your labour and your capital.

What stands in the way? The wretched *let-alone* superstition.

[This Chapter is the longest in the volume, but it is all too short for the great problems which it discusses of land-tenure and land law reform. The praise of small farming in the earlier part is excellent; so are the warnings against the supposed simplicity and benefit of the French land law; so is the exposure of the ignorant cry against the English.

Byles's actual proposals in this Chapter and in Chapter XVIII. have in part been adopted. Thus, to give two important instances, the holder of a life estate has now very considerable powers of alienation; and the Irish Land Act of 1903, which has called forth such general approval, is on the lines indicated by him. To one of his suggestions, unfortunately not as yet adopted, we would call special attention. Surely a provident government, foreseeing the eventual

* If this policy had been adopted two years ago in Ireland, how different would have been the present condition of that unhappy kingdom.

failure of our supply of cheap timber, might well secure all "really waste land," of which there are several million acres suitable for planting in the three Kingdoms, and obtain for us, what no private individual or company can well provide, a forest reserve.

Students of the agrarian question may perhaps complain of two great omissions in this Chapter. First, no word is said about the flocking of country people to the towns, an ominous sign of the times to which we have called attention in our *Introduction*; or about the disinclination of women to endure rural labour and rural life. It must, however, be remembered, that when Byles was writing the eight editions of the *Sophisms of Free Trade* between 1849 and 1851, things were different. There were hundreds of thousands of men and women eager for farm work, whose actual flight into the slums of the great cities of England and Scotland, or across the Atlantic, was a matter not of choice but of necessity.

Secondly, Byles makes no proposal for protecting against the ravages of usury the peasants he would create, suggests no security against the land being languidly worked by unwilling debtor

slaves. This, it may be said, is as though he would plant a fair garden and leave it unprotected from vermin. But a double defence may be made for him; the Usury Laws had not then been repealed—they were not repealed till 1855; and he himself had already published in 1845 a short work upon them showing much wisdom and knowledge (*Observations on the Usury Laws*): a work which even to-day is full of instruction for us.

With Byles's observations on the subject of entail we entirely agree. As to primogeniture we reproduce, as expressing our own view, some sentences from Chapter IV. of Mr. Lilly's *First Principles in Politics.*

"Primogeniture properly means the right of the eldest among males to succeed to real property. That right is of much less consequence now than in ancient times before alienation of such property by will was permitted. But it is a right which our law still recognises when a landowner dies intestate. In such cases, provided he has not overwhelmed his land by an avalanche of creditors, the law still appoints his nearest male relative to succeed him. That is the *right* of primogeniture. The *custom* of

primogeniture is a distinct thing, though, no doubt, it arose from the ancient right. The modern custom of primogeniture is a device for keeping a landed property together, or, as the phrase is, tying it up, by means of settlements, during the lives of certain existing persons, and for a period of twenty-one years after their decease. The right of primogeniture seldom arises save in the case of very small properties, for the large ones are almost always settled, and is usually, in practice, a wrong resulting in great hardship and injustice. Our own view that the argument for abolishing it, generally, is overwhelming. We think that when a land-owner dies intestate, his land should devolve as personal property devolves, except in the case of estates belonging to lunatics or minors, in whose families the custom of primogeniture has been followed for at least three generations immediately preceding. In this special case alone, the right of primogeniture should subsist. In all other cases it should be abolished. We may mention that the whole subject has been treated with much learning and ability by Mr. Evelyn Cecil in his work *Primogeniture: a Short History of its Development in Various Countries and its Practical Effects*."—EDS.]

CHAPTER XXXVI.

"Repeal the Bubble Act."

So cried the experimentalists of 1825. And it was done. Here and there a warning voice was raised. Many a high-spirited, but ruined and broken-hearted man knows now, but too well, how wise that warning was.

The plague, the cholera, the black death, the sweating sickness, are epidemics that have periodically devastated the earth. But mankind are subject to moral as well as physical epidemics. Ever and anon there stalk abroad palpable delusions that attack and prostrate the reason of whole nations. The wisest are sometimes the first victims. Such epidemics have been seen in our own time. They were no novelties, and as they were not the first, will doubtless not be the last.

The tulipomania broke out in Holland about 1634, and before 1637 had spread over a large part of Europe. The cultivation of the tulip had been carried to great perfection in Holland. Many of the roots were valuable. People found that by buying up particular sorts they could sell them again at very high prices. Then came the fever of speculation. Tulips rose to such a price, that for a single root of a sort called the Viceroy were given, we are told, 2 lasts of wheat, 4 lasts of rye, 4 fat oxen, 3 fat swine, 12 fat

sheep, 2 hogsheads of wine, 4 tuns of beer, 2 tuns of butter, 1000 pounds of cheese, a complete bed, a suit of clothes, and a silver beaker. Nay, Joint Stock Companies were formed, holding undivided shares in one root. People bought and sold tulips that never existed; and were known by both buyer and seller not to exist. As now, on the Stock Exchange, there are the different manœuvres of putting on stock, differences, continuations, backwardations; so it was then, with tulip roots. It is said, that in three years ten millions of Dutch money thus changed hands in a single town in Holland. At length the bubble broke and all the dealers were ruined. No, not all. In every delusion of this kind, long-headed knaves stand by, urge on the game, sell out in time, sweep the stakes into their pouch, and leave the swindled public to gape and stare at one another.

After the lapse of a little more than eighty years, the Mississippi and South Sea schemes broke out in France and England. South Sea stock was bought and sold till the price was driven up to 1000. Bubble companies of the most absurd description were eagerly embraced as lucrative speculations or profitable investments. Plodding industry was despised by a nation of gamblers. Sages of the law, dignitaries of church, the principal nobility, male and female, nay, the Royal family and the Prince of Wales himself, were swept into the devouring whirlpool of Capel Court. Besides losing their venture, it was found that by becoming partners, many had risked their all. When at last the crash çame, multitudes were ruined in fortune and character, and public credit itself was shaken.

This was the very crisis for wise legislation.

Events had developed a mischief. Experience had demonstrated, amongst other things, that the unlicensed power to create Joint Stock Companies, not only nourished a spirit of gambling, but involved unwary purchasers and their innocent families, in the awful liabilities of partnership.

Accordingly, parliament legislated by the light of experience, and in 1719 the Bubble Act was passed, putting a stop to Joint Stock Companies without the license of Parliament or the Crown.

The mischief was kept under for little more than a century. But in 1825, Parliament was persuaded by the disciples of the let-alone system, (which superstition was then much more accredited than it is now,) to repeal the Bubble Act. In 1826 an inundation of Joint Stock schemes exceeded anything that had been ever before known. A fearful revulsion again involved multitudes in ruin.

In 1845 the same gambling returned, and the same destruction.

And ever since 1825 how many instances have been continually occurring of men of property unwarily purchasing, or accepting as a gift or bequest, or taking for the sake of encouraging a useful enterprize, a share or two in an unincorporated Joint Stock Bank, or other trading, or manufacturing company. A lawyer indeed, would have told them that they ought not to touch such a thing with a pair of tongs. But mankind are not, and cannot be skilled in the law, and hate those that are. Suddenly they find themselves brought in as partners, and stript of their last acre and last shilling. Indeed, it is in vain that men abstain. An executor, far too prudent to hold shares in an unin-

corporated Joint Stock Company, administers an estate and pays the legacies. He afterwards finds that a share which his testator once held in a joint stock undertaking, brings on the estate large liabilities. He has committed a *devastavit* by paying legacies, and has to that extent, become himself personally liable for the debts of a company, of whose very existence he was ignorant.

'Oh,' says the partisans of the let-alone system, 'men will learn wisdom by experience.' Alas, suppose they did; wisdom comes too late, when a man is ruined. And what say you to his children? Up rises another and another generation to be, like their fathers, ruined first, and taught afterwards. You might, on the same principle, repeal all the laws against gaming. Indeed the Bubble Act was directed against the most ruinous sort of gaming.

'What?' it will be said, 'are there to be no Joint Stock Companies?' Quite the contrary. There are to be more than there are now; and safer and better. Association is a powerful engine for increasing national wealth, but like all other human institutions, it requires regulation and control.

These observations do not touch companies incorporated by Act of Parliament, or Royal Charter. Such Companies have a public sanction, which is *some* security, that their objects are good, and of such magnitude or public interest as to justify the association of many capitals. A person subscribing to incorporated companies, is only liable to the extent of his subscription. He is safe.

But they are levelled at unincorporated Joint Stock Companies. Every man that holds even a fractional

part of a small share, an interest to the value of a shilling, (though he has no control over the entrance of partners into the firm and very little over the management,) is here personally liable to every creditor of the concern, down to his last farthing. Many of such companies really are what the Bubble Act in terms made them, public nuisances, and all of them are subject to become so.

Unincorporated Joint Stock Companies are of two sorts; those that really answer, and those that do not.

Those that really answer, would answer just as well with a limited liability in the shareholders. Perhaps much better, for more men of capital and judgment would then belong to them. Those that do not answer, are silently involving and swamping all their shareholders in unlimited liabilities; they are really nuisances, and the sooner they are put an end to, the better.

All manufacturing and trading concerns of moderate size are best carried on, as they usually are, by the care, experience, and undivided interest of a single individual. No manager of a joint-stock concern, can ever display the judgment and vigilance of a man grown grey, in the conduct of his own business. When such a concern is too large for the means of a single individual, or other motives prompt to association, a common partnership, with the unlimited responsibility of each partner to his co-partner, and to the world, meets the necessities of the case, and provides security for the public. But in such a private partnership, each partner has a veto on the introduction of every new partner. He can take care that none but a man of integrity, property, activity, ability, and experience, enters the

firm. He may, therefore, with propriety, and comparative safety, be made responsible for the acts of co-partners of his own selection.

You next ascend to enterprizes of a public nature, or too great for private means,—to railways, canals, harbours, gas companies, water companies, steam navigation companies. These are properly undertaken by joint stock companies, with transferable shares. But without further legislative interference, this is their condition. Any body may purchase a share. Any body's executors, or specific legatees, or assignees in bankruptcy, or insolvency, may become partners. Nobody can therefore tell into what hands the concern may fall. Unlimited liability is so dangerous, that if men of property duly appreciated their position, no man of property would belong to them. Who would even hold a share in a railway company, if he were personally liable for the debts and liabilities of the concern?

Accordingly, many of these companies, like all railway companies, are incorporated either by Act of Parliament, or Royal Charter.

But many unincorporated joint stock companies remain, the liability of whose members are unlimited. And many more which might be formed for the most useful public objects, are nipped in the bud, because there are no means of limiting the liability of subscribers, without a Charter, or Act of Parliament.

What are the objections to extending the application of the principle of limiting the personal liability of members to all joint stock companies, hereafter to be formed?

That these companies would interfere with trades

or occupations better carried on by private individuals, or by common partnerships?

That might be prevented, either by defining, (as might easily be done,) the objects for which joint stock companies should be allowed, or by requiring the previous sanction of some public authority.

That creditors would lose their remedies. So you might say of creditors of railways. Indeed, though it may sound paradoxical, it is by no means clear that creditors of unincorporated companies are really safer than the creditors of incorporated ones. For creditors of unincorporated companies are apt to presume on the unlimited liability and solvency of the members, whereas men of real substance have, by that very liability, been prevented from becoming members.

But a creditor who knows beforehand, that he can only look to the quasi-corporate property, will be careful of the extent to which he gives credit. And if, notwithstanding, he will imprudently give more credit than he ought, he has only himself to blame for his loss. If he is actually defrauded, he will still have his remedy against the individuals who were personally and really guilty of the fraud.

Again, there is no reason why, in some cases, (if it should be thought desirable,) the liability of members, though still definite, should not be extended beyond the amount of a member's share, to half as much again, or twice or three times as much.* Lastly, here

* An Act of Parliament, 6 Geo. 4, c. 91, already enables the crown to grant a charter, extending the liability of members to a definite extent beyond their shares. But I am not aware whether it has been acted on.

is a choice of evils, either the creditor must suffer for his own imprudence, to a definite extent, which he has himself limited—or else the unfortunate shareholder, without his own fault, to an unknown, indefinite, and ruinous extent.

But experience has shewn that shareholders, even in incorporated companies, need infinitely more control than they at present possess, over directors and accounts.

And why should they not possess it? If the members of a private partnership fall out, any one of them may by law compel the accounts to be taken by a public officer.

Why should not the members of a Joint Stock Company have the same power, but more easily exercisable?

Why should not a cheaper and more effectual tribunal be established, for supervising the accounts of every railway, and every joint stock company. Most manifestly the interest of every shareholder requires it. The majority of shareholders are themselves no more capable of understanding or checking the accounts furnished by directors, than of deciphering the hieroglyphics on Cleopatra's obelisk; nor have they the means of properly delegating the power. No directors ought to be trusted with such license, in dealing with large sums. What stands in the way of an effectual system of supervision? The wretched let-alone superstition.

When the limits within which joint stock companies should exist, are defined—when a limited liability of shareholders—and an effectual control over directors and their expenditure, is introduced, then, and not till then, will be seen what association can achieve.

How many men of ample property, grown grey in business, but retired from active life, now waste the maturity of their judgment and experience, and shorten their lives in doing nothing! What a field might be opened to their exertions, for the public benefit at home and abroad, on land and sea, by a safe system of association. The Americans here, as everywhere else, are getting far before us, and accomplishing what we dare not attempt.

[When this Chapter was written an Act of Parliament or a Royal Charter was required before any company with limited liability could exist. Now whether Sir John Barnard's Act of 1719 was so preventive of rash speculation, and whether its repeal in 1825 was so disastrous as Byles thinks, are matters for historical discussion. But, at any rate, he is in the right as to the intolerable situation produced by the principle of unlimited liability; and some of us still remember well the many piteously hard cases due to the failure of the unlimited City of Glasgow Bank, and of the unlimited West of England Bank, both in 1878.

Then again Byles was in the right when he urged for every Joint Stock Company some effective protection of the shareholders, an inert and helpless body, against their nominal servants and real masters, the Directors.

His first proposal was adopted in 1855, when the formation of companies with limited liability was made simple and easy; so that now a company with unlimited liability is a rare exception.

His second proposal has proved a more difficult task for the legislature. Company law has called forth a literature of its own, and forms a bulky volume of legislation down to the Companies Act of 1900. But its condition is still far from satisfactory, either to lawyers, or to the public.—Eds.]

THE END.

INDEX I. TO THE WORK.*

The Roman Numerals refer to the Preface.

A

ABSENTEEISM,
Mr. McCulloch's theory pursued to its legitimate consequences, 246, 247.

ACCESSIBILITY,
Of commodities more important than cheapness, 141.

ACCOUNT,
Money of account, what it is, 176.

ACCUMULATION,
Trusts for accumulation restrained, 87, 362.

ADULTERATION,
Of articles of food punished, 88.

AGRICULTURE,
The most important of arts, 216, 217.
Its burthens in England, 44.
Unfair mode of estimating the pressure of its burthens, xlvii.
Its burthens in Ireland, 155–161.
System of agriculture in Southern Russia, 44–45.
Mode of carriage of agricultural produce there, 45–46.
To be promoted if necessary by direct legislation, 93, 337, 372.
Immense amount of agricultural capital at stake, 48, n.

ALFRED THE GREAT,
Such a legislator as Ireland requires, 167, 168.

AMERICA,
See UNITED STATES.

ANNUITIES,
Legal supervision and registration of, 90.

* This Index was compiled by Sir John Byles.

ASHBURTON, LORD,
His opinion of the Currency Act of 1844..178.
On the National Debt, 241.
ASIA MINOR,
Formerly populous, now desert, 81, 213.
ASSAY MARKS,
On gold and silver, protection afforded by, 90.
ASSOCIATION,
The Socialist remedy. Its inapplicability, 349.
By joint stock companies, how it should be regulated, 381–385.
ATTORNEYS,
Compulsory education of, 91.
Taxation of their bills, 91.

B

BACON, LORD,
On the spirit of system, 8–10.
A writer on political economy, 8.
BALANCE OF TRADE,
Not to be neglected, 173, 174.
Now against England, 33, n.
BANKERS' CHECKS,
Now part of the currency, 175.
Their large amount, 175.
BELGIUM,
Its obstinate maintenance of protection, 77, 78.
Its tranquillity and prosperity, 78.
Improved cultivation of the soil, 78.
BROUGHAM, LORD,
His opinion of Mr. Ricardo, 219, n.
BUBBLE ACT,
Its necessity, 378, 380.
Its repeal and the consequences, 380.
BURKE, EDMUND,
His opinion as to the propriety of government interference, 84.
His recipe for cheapness, 64, 274.

C

CANADA,
Its consumption of British manufactures, 101.
Value of land in, xlv.

CAPE OF GOOD HOPE,
Value of this Colony, 104, 105.

CAPITAL,
What it is, 147, 148.
Whether there can be too much capital, 51.
Capital of England, 147–151.
Vast masses of capital unemployed, 51.
Its natural channels not always the most advantageous, 13, 14, 15, 16, 18, 39, 58, 274.
Theory of the employment of capital on land, 221, 222.
Capital does not spring from savings only, 148.
Not *sunk* in Railways, 148, n.
Capital thrown out of employment will not, as is pretended, necessarily find other employment, 50.
Two capitals to be considered in any case of production by the aid of capital—the capital consumed in production, and the capital reproduced, 40.
Four capitals where there is an exchange, 42, n.
Immense amount of agricultural capital in England, xliv, 48, n.

CHATHAM, LORD,
An ultra-protectionist, 107.

CHEAPNESS,
A word of many meanings, 135.
The four kinds of cheapness, 135–142.
The maxim "Buy in the cheapest market" examined, 39.
Cheapness of food a most important benefit, 120, 139, n.
No objection that it brings down rents, 121, 139, n.
How it may be safely attained, 139, n.
Mischiefs of aiming at it by the indiscriminate importation of foreign corn, 40–42, 139, n.
Amount of protection that ought to be conceded to home-grown food, 41–45, 120, 121.
Mr. Burke's recipe for cheapness, 64, 274.

CHECKS,
See BANKER'S CHECKS.
CHEVALIER,
Advocates Government control, 85, n.
On War, 296.
CHILDREN,
Mischiefs of working very little children, 267–269.
CLAUSSEN, M.,
His mode of preparing flax, 287.
COLBERT,
The policy of this great minister, 74.
COLONIES,
Enumerated, 100–106.
Their capabilities and value, 99, 108, 109, 110.
Steam communication with, 97.
Now unrepresented in Imperial Parliament, 111.
Formerly not really so, 111.
Miserable inadequacy of the Colonial Office, 112.
COLONIZATION,
Abandoned to the let-alone system, 339.
Might be otherwise conducted, 341–345.
In New Brunswick, 342.
Improved mode of transport at hand, 341.
Ready made Colonies, 342.
Land in the Colonies should be sold cheap, 342, 343.
Regulation for its occupation, 343.
Emigration of criminals, 344, 345.
COMPETITION,
Objections of the socialists to competition, 349.
How far they are well-founded, 350.
Competition requires regulation, 350.
Effects of universal and unlimited competition, 65, 258, 259, 349.
The true use and limits of competition, 350.
A new field of study, 350.
CONSUMERS AND PRODUCERS,
See PRODUCERS AND CONSUMERS.
COPYRIGHT LAW, 86.

CORN AND CORN LAWS,
See FOOD.
COTTON,
Precarious condition of the cotton manufacture, 286.
Cotton from India, 117–120.
As cotton was once manufactured in India, so it may be again, xlviii.
CREDIT,
What it is, 148.
Its connection with capital, 148–151.
Supplies the place of bullion, 172, 178.
CRIMINALS,
Mode of disposing of, so that their punishment may be exemplary, useful, and reformatory, 344, 345.
CROMWELL, OLIVER,
Grandeur of his administration, 304.
CUBA,
Eminently adapted to the growth of sugar, 58.
Piratical expeditions to, 294, n.
CURRENCY,
See MONEY.
CUSTOMS DUTIES,
Sometimes fall entirely on the foreign importer, sometimes partially, 124, n.

D

DEPOPULATION,
Of Great Britain as well as Ireland, will be the effect of recent measures, 49, 339, 340.
Deportation of the people, a ruinous measure, 225, 340.
Will prevent the cultivation of the soil, xliv.
Not necessary, 336–340.
DIFFUSION,
Of industry over the globe, whether unregulated exchanges tend to it, 58.
Of population over a country, whether the natural course of events can be trusted for this purpose, 336.
Of the ownership of real property, 353–357.
Means of effecting it, 357–374.
Danger of neglecting it, 337, 372

DRAINAGE OF TOWNS,
Necessity of, 96.
Neglect of, 96.
Best and true mode of spreading the refuse of great cities on the soil, 222, 337.
Employment of paupers on this work, 232, 233.

E

EAST INDIES,
Value to Great Britain, 100, 101, 117–120.
A temptation to Russia, 294, n.
Our cotton should come from the East Indies, 117–120.
Our trade with the East Indies now thrown open to the Americans, without compensation, 310–312.
Manufacture and growth of cotton in India, smothered by English manufactures, xlviii.
Possibility of manufacturing cotton in India, xlviii.
EDUCATION,
Public provision for, in England miserably inadequate, 88.
Rendered impossible by the slavery of little children, 267, 268, 283.
Inadequacy of education to cope with the evils of large cities, 337.
EGYPT,
Ancient Egypt repudiated the let-alone system, 14.
Its linen manufacture, 287.
Its best soils not first cultivated, 13, 14, 220.
EMIGRATION,
See COLONIZATION.
EMPLOYMENT,
Capital displaced, will not necessarily find employment as is pretended, 50.
Nor labour displaced, 53.
The employment of paupers, 228–236.
ENTAILS,
Have long been really destroyed in England, 357, 358.
Whether their abolition in name also, would have any further effect, 359.

EPIDEMICS,
Moral epidemics exist as well as physical, 7, n., 378.
EXHIBITION,
See GREAT EXHIBITION OF 1851.
EXPORTS AND IMPORTS.
Increase of exports and imports, no infallible test of prosperity, 131.
Comparative increase of exports and imports in the United States, in the United Kingdom, and in France, 133, 134.

F.

FACTORY ACTS,
Regulating the employment of women and children, 88.
An enlightened measure, 281, 289.
The dawn of a new and beneficent legislation, 267.
But opposed to modern theories, 267.
Regulations somewhat similar, but against the labourer existed in England for 464 years, 263.
FARMERS,
Natural disadvantages under which they labour, 47.
Condition of British farmers, their inability to bear the superaddition of financial burthens, 44.
Immense amount of capital employed on the land, 48, n.
Condition of the farmers in the South of Russia, 44, 45.
What state of things would place Manchester in a similar condition, 48.
Large and small farmers, 352, 357.
FLAX,
Ancient use of linen in Egypt, 287.
In England, 287.
Improvements in its preparation, 287, 288.
Importance of its home growth, 288.
Mr. Warne's growth of flax, 289.
Irish linen trade, 205, n.
More generally diffused before the union, 206, n.

FOOD,
Superabundant and cheap supplies of British food possible, 49.
Cheapness of a food a blessing, 120, 139, n.
The duty on foreign corn should be a discriminating one, 121.
FOREIGN TRADE,
See HOME TRADE.
Not destroyed by protection, 115.
FRANCE,
Her inflexible maintenance of the protective policy, 74.
Enormous increase of her exports and imports, since 1815.. 133.
Probable consequences of her admitting English manufactures, 60, 61.
French flour, 46.
FREE-TRADE,
What really is so, 28, 29.
Impossible, 16.
Its effects if it could be universal, 58–70.
What in this country is called free-trade is one-sided and one-ended, 33, 34.
Effect on Ireland of free-trade with England, 61, 67, 81, 198.
Effect of free-trade in Turkey, 81.
Effect of the experiment in Russia, 76, 77.
Effect of the experiment in America, 78.
Effect in Canada, 81.
Effect in Jamaica and the West India Islands, 102.
Effect in the East Indies, 101.
There ought as a general rule, to be free and unregulated exchanges between provinces of the same state, 66.
And over a geographical area, large enough to secure division of labour and production on a large scale, 67.
Distinction between an extensive area of unregulated exchanges, and an unlimited one, 67, 68.
Ireland has been a loser by unregulated exchanges with England, 67, 81, 205.
And England too, 204.

FREE-TRADE,
England will ultimately abandon her new commercial legislation, 80, 254, 255.
Abandonment of it in Russia, 76.
In America, 78.

G

GERMANY,
See ZOLVEREIN.

GAMING POLICIES,
Prohibited, 91.

GEE,
His system of political economy, 1.

GLUTS,
Say's observations on, 150.
A universal glut impossible, 150.
Real cause of gluts, 82.

GOLD,
Its probable depreciation in value, 244.

GREAT EXHIBITION OF 1851,
Exhibits the triumphs of protection, 80, 81.

GREENWICH HOSPITAL,
Pictures in its Hall, 106.

H

HALIFAX,
In British North America, 101, 341.
Its noble harbour, 101, 341.
Railway from Quebec, 341, 344.

HAMBURG,
Its secession from free-trade, 250.

HANOVER,
Its accession to the Zolverein, 250.

HOLLAND,
Its repudiation of the let-alone system, 14.
Formerly mistress of the Cape, 104, n.
Its appreciation of the value of that Colony, 104, n.

HOME-TRADE,
Much more important than the foreign trade according to Adam Smith, 20.
And according to Say, 25.
A subject little understood, xl.
The entire price of every home-made article is net gain, 22–25, 275.
Mr. Ricardo's opinions on home and foreign trade, 29.
Effects of a tax on consumers for the benefits of domestic producers, 274.
HOPS,
Hop-tax, 44.
Penalty of false-packing, 90.

I

IMITATION,
Of our recent policy. No example of at present, 250.
INCIDENCE OF TAXATION, 123, 124.
INCUMBERED ESTATES,
How they may be freed, 348, 366.
INDIVIDUALS AND THE COMMUNITY,
Alleged co-incidence of their interests, 280, 281.
a mistake, 280, 281.
INDIA,
See EAST INDIES, and WEST INDIES.
INFANTS,
Inconsistency and caprice of the law in the protection it affords them, 268, 269.
INTEREST,
Of money, 182.
What regulates it, 181, 183.
A low rate of interest, a very different thing from a low value of money, 181.
Alleged coincidence of the interest of individuals and of the community, 280.
IRELAND,
Its producing forces, xliv., 153.
Its extraordinary fertility, 153.
Physical and mental superiority of its inhabitants, 199.

IRELAND,
Its present horrible condition, 154.
England to blame for it, 154.
Capable of being soon remedied, 153.
But will never cure itself, 153.
Discouragement of Irish manufactures before the Union, 200.
Destruction of them since by English manufactures, 205, 206, 207.
Opinion of M. Dupin and Mr. Webster on this subject, 205.
Irish manufactures should be protected, 203, 205.
Population not excessive even before the late and present emigration, 161.
But congested, 162.
Re-distribution of the population necessary, 158.
Might be easily effected, 164.
Waste but cultivable land in Ireland, 162.
New and smaller rating districts necessary, 158.
Law of settlement, 158.
Present Irish poor law, 155–157.
Faint hopes of amelioration either from an English or Irish parliament, 166.
Swift's opinion on Ireland, 200.

J

JEFFERSON, PRESIDENT,
His opinions, 1.
JUDGMENTS,
From what time they ought to bind the land, 187.

L

LABOUR,
Thrown out of employment, will not, as is pretended, necessarily find other employment, 52, 53.
But may be forced abroad, 53.
The labour of the ancient world was slave labour, 262.
Required the interference of law, 262.
So does free labour, 262, 268.

LABOUR,
Requires the stimulus of self interest and competition, 349.
Socialism incompatible with that severe labour which is indispensable to progress, 349.
Its natural channels not always the most advantageous, 336.

LAISSEZ FAIRE, LAISSEZ PASSER,
See LET-ALONE POLICY.

LAND,
The greatest of producing forces, xlv.
The employment of the people on the land, the aim of all true political economy, 93, 352.
Dangers of land being in too few hands, 371.
Means of diffusing its ownership, 357–369.

LANDLORD AND TENANT,
Tenant requires the interposition of the law in contracts with his landlord, 94, 189.

LIMITATIONS, STATUTE OF,
Might with advantage be made more stringent, 189.

LET-ALONE POLICY,
Synonymous with indifference, inaction, impotence and folly, 16.
A prejudice founded in human nature, 11.
Has never accomplished any thing, 16.
Achievements of nations that have not been blinded by it, 14, 15.
Prevents the regeneration of Ireland, 153, 159, 166, 207.
Prevents the employment of the Poor, 228–236.
Examined, 11.
Prevents the cultivation of the land, 186, 187.
Prevents the diffusion of the ownership of real property, 187, 361.
Prevents the proper regulation of the currency, 171.
Prevents the due remuneration of labour, 271.
Prevents the benefit of association, 385.

LINEN,
See FLAX.

LISLE,
Manufacturing population of, 283, 284.
LYONS,
Manufacturing population of, 285.

M

MACHINERY,
Folly and ingratitude of complaints against its efficacy, 140, n.
Will necessitate more artificial arrangements between master and workman, 140, n, 266, 267.
MCCULLOCH, MR.,
Symptoms of change of opinion on some important topics, xliii.
His error when treating of home and foreign trade, 27, n.
His opinions on the theory of population, 210.
On Manufactures, 286.
On absenteeism, 246.
His notions on absenteeism pursued to their legitimate consequences, 247.
MALTHUS,
His theory of population, 209.
On the theory of rent, 219.
His notion that the natural wages of labour are a barometer expressing the wants of society respecting the population, 260, 261.
MALT-TAX, 44.
MAN,
The noblest product of the temperate zone, 15.
MANUFACTURES,
Infant manufactures always need protection, 64.
Their protection is essential even to ultimate cheapness, 64, 80, 81.
The Great Exhibition shows what, 64, 80, 81.
Irish manufactures before the union, 67, 205–207.
Evils incident to manufacturing industry, 282.
French manufactures, 282, 283.
Manufacturing population of Lisle, 283, 284.
Of Lyons, 285.

MANUFACTURES,
Extremes of wealth and indigence in the manufacturing department of the North, 284, 285.
Mr. McCulloch's opinion that manufactures require control, 286.
Precarious basis of the English cotton manufacture, 286.
Flax manufacture, 287, 288.

MARKETS,
The source of increase of capital, 149, 150.
What are the greatest markets, 270.

MARRIAGE CONTRACT,
Its despotic enforcement, the foundation of civilization, 12, 86.

MILL, MR.,
His observations on wages, 257.
His opinions on peasant proprietors, 355, n.
Truth of his remark, that the poor have profited little at present by mechanical inventions, 140, n, 259.
The elder Mr. Mill's clear exposition of the new theory of rent, 218, n.

MILTON,
His opinion of depopulation, xliv, n.

MONEY,
Partly paper, better than a currency entirely metallic, 172, 173.
Effect of the Act of 1844 .. 178–180.
Distribution of the precious metals among the countries of the world, 180.
A great and permanent decline in the value of money probably to be expected, 244.
Various sorts of money, 175.
Coin, 175.
Bank notes, 175.
Checks, 175.
Bills of exchange, 175.
Money of account, 176.
Effects of high value of money, 186–188.
Effects of its declining value, 188, 179–181

MONEY,
Effects of its increasing value, 187, 188.
Distinction between high and low value of money, and high and low rate of interest, 181–183.

MONTESQUIEU,
A writer on political economy, 8.

MORTGAGES,
The law will not allow a man to mortgage, so that he forfeits his right to redeem, 89.
Powers of sale in mortgages, not so usual in Ireland as England, 188, 189.
Should be subject to a power in the owner to sell portions of an estate, 188.
Should contain a power of sale extending to portions of the estate, 188.
How mortgages and other incumbrances may be shifted off the land, 187, 188, 366–371.

MORTMAIN,
Provisions against, 86.
The new mortmain in the shape of incumbered estates, 186, 361.
Remedies for, 187, 366–374.

MUNN,
His system, 1.

N

NATIONAL DEBT,
Mischief done by incurring it, 127.
Not remedied by ceasing to pay the interest, 127.
Profligate augmentation of it, by borrowing in a 3 per cent. stock, 239.
This error suggests a scheme for its reduction, 240–244.
Not too heavy a burthen for the United Kingdom, 129.
Its pressure grievously augmented by the change in our commercial policy, 49, 180, 181.

NAVIGATION LAWS,
Their repeal confers on the foreigner the benefit of cheaper shipping than the English producer can employ, 121.

NAVIGATION LAWS,
Devised by Cromwell and the Long Parliament, 304.
What they were, 305, 306.
Adam Smith's opinion of them, 306.
Effects of their repeal, 307–316.
Not a tax for the benefit of a class, 274, 313.
NEW BRUNSWICK,
Its timber and ship-building, 101.
As an out-let for our population, 341.
Railway to Quebec, 341.
NON-CULTIVATION,
A legitimate ground of escheat, 190.
Or at least of liability to purchase by the public, 372, 373.
NORD,
Department du, its condition, 282–285.

O

OVER-GOVERNMENT,
Change of the opinion of instructed men on this subject, 84.
Observations of M. Chevalier, 85, n.
Opinion of Mr. Burke, 84.
Instances of beneficial interference of Government, 84–92.
Further interference where required, 91–97, 366–374.

P

PAS TROP GOUVERNER,
See OVER-GOVERNMENT.
PANAMA,
Isthmus of, obliterated, by the capital of the United States, 151.
PARTNERSHIP,
English law of, 380, 383.
Its perils, 380, 381.
PASSENGER ACTS,
Necessity of, 71.
PATENT LAWS, 86.

PAUPERISM,
Its political dangers, 229.
Employment of the able-bodied pauper, 229, 267.
PAWN-BROKERS,
Laws regulating, 88.
PENALTIES,
Equity, and even law relieve against, 89.
Anecdote of Sir Thomas More, 89.
PERPETUITIES,
Prohibited, 87.
PLAYFAIR, PROFESSOR,
His observations on the Spirit of System, 8, 9, n.
PLENTY,
Of two sorts, 144.
How attained, 144, 145.
POLITICAL ECONOMY,
Whether yet a science, 1.
Diligently studied abroad, xlix, l.
POPULATION,
Malthus's theory, 209.
Mr. McCulloch's opinion of this theory, 210.
Both branches of the theory irreconciliable with facts, 211–215.
Physical deterioration of the population, 214.
POWERS OF SALE,
Should always accompany a mortgage, 188.
Should extend to portions of an estate, 188.
Should be annexed to limited interests in the land, 366, 367.
No estate should be suffered to be in settlement without a power of sale, 368.
PRIMOGENITURE,
The mere abolition of primogeniture will have little or no effect in diffusing the ownership of real property, 360.
No primogeniture exists in Kent, 360.
PRODUCERS AND CONSUMERS,
Alleged taxation of producers for the benefit of consumers, 274–279.
Every consumer dependent on a producer, 277.

PRODUCING FORCES,
Of a nation, what they are, xliv.
PROGRESS HUMAN,
Delusive and extravagant expectations of, often entertained, 347, 348.
PROTECTION,
Indispensable to infant manufactures, 64.
To the general diffusion of industry throughout the world, 58.
And to the due cultivation of the land in old countries, 41, 42, 61.
Protected manufactures not sickly, 73.
Protection required by the labour, 65, 257.
Protected manufactures, not the sickly ones, 73.
Does not destroy foreign trade, 115–118.
Amount of protection that ought to be conceded to the production of home grown food, 41 to 45–121.
To Irish agriculture, 166.
PRUD'HOMMES, CONSEIL DE,
Its functions, 266.
PURCHASE MONEY,
See SALE OF ENCUMBERED ESTATES.

Q

QUARANTINE LAWS, 87.
QUEBEC,
Railway from Quebec to Halifax, 341.

R

RAILWAYS,
A set-off against the National Debt, 148–151.
Increase the productiveness of land, 148.
Monuments, not of capital *sunk*, 148.
But of capital *created*, 148.
Their use in the new planting of Ireland, 164.
Between Halifax and Quebec, 341.
RECIPROCITY,
No compensation for the loss of home production, 18–34.
Distinction between reciprocity in its ordinary sense, and complete reciprocation, 29–33.

REGISTRATION OF TITLES TO LAND,
Desirable and practicable, 189.
RENT,
The modern theory of rent stated, 218.
The gratuitous and incorrect hypotheses on which it is founded, 219.
Best land not always nor even generally first cultivated, 220, 221.
Capital applied to land does not always yield successively diminishing returns, 221, 222.
Fallacious consequences deduced from the theory, 223.
RENTS,
Injustice of Corn Laws merely for the purpose of keeping up rents, 121.
Decline of rents in itself no evil, 139, n.
RICARDO,
His view of the comparative advantages of home and foreign trade, 29, n.
His theory of rent, 218.
Lord Brougham's opinion of Mr. Ricardo, 219, n.
ROMAN ROADS,
Their magnificence and utility, 97.
RUSSIA,
Her vast extent, 76.
And varied climate, 77.
An infant but a herculean power, 76.
Wisdom of Peter the Great, 166, 167.
Russia has tried and abandoned a liberal tariff, 77.
Consequences of protecting her industry, 77.
Growth of corn in Southern Russia, 44, 45.
Mode of carriage, 45, 46.

S

SALE OF ENCUMBERED ESTATES,
Investments of the purchase money, 188, 367.
The puchaser should have a new title, 188, 368.
Which should be subject to the interests and charges before affecting the land, 188, 368.

SALE OF ENCUMBERED ESTATES,
Mortgages should be subject to a right in the owner of the equity of redemption to sell part of the land, 188, 368.
And powers of sale should also enable incumbrancers to sell part, 188, 368.
SAVINGS' BANKS,
Government guarantee and supervision necessary, 97.
The land the best Savings' Bank, 354.
SAY, JEAN BAPTISTE,
Admits the double value of the home-trade, 20, 21, n.
His observations on gluts, 145, 150.
SLAVERY,
Unforeseen consequences of its abolition in the West Indies, 102, 263.
Slavery of antiquity, 262.
Slavery of the little children of the poor in Great Britain, 268, 269.
SMITH, ADAM,
Not the first writer on true Political Economy, 3.
His estimate of the comparative value of the home and foreign trade, 18, 19.
His inconsistency, 142.
SOCIALISM,
Destroys the only adequate motive to incessant toil, 349.
An impracticable scheme, 349.
True value of the objections urged by the socialists against competition, 349.
SOLITARY CONFINEMENT,
A barbarous punishment, cruel but not exemplary, 344.
SPIRIT OF SYSTEM,
What is it, 7.
Professor Playfair's observation on it, 8, 9, n.
STEAM,
Steam communication with the Colonies should be assisted by public aid, 97.
Its effects in war, 298.
Large steam vessels that will soon be used for emigration, 341.

STEPHENSON, ROBERT,
His genius, 15.
STRIKES,
A barbarous expedient for settling wages, 265.
SUGAR,
Cuba eminently adapted to the growth of, 58.
Policy of encouraging its production in the British Indies, 102, n, 119, 120.
SWEDEN,
Best Iron from, 74.
SWIFT,
His opinions on Ireland, 200.

T

TAXATION,
Who really pay the taxes, 123, 124.
Who really receive them, 125.
Taxation not so injurious as vulgarly supposed, 123.
Possible that there may even be a tax by which the nation shall really gain, 124.
One-sided free-trade more injurious than taxation, 128, 129.
Taxation of consumers for the benefit of consumers, 274–279.
THIERS, M.,
His observations on the cultivation of the earth, 213.
On the let-alone system, 16.
On the cultivation of the South of Russia, 44, 45.
TRANSPORTATION OF CRIMINALS,
Whither it may safely and usefully be directed, 345.
TULIPOMANIA,
Its history, 378, 379.
TURKEY,
No gainer by her system of unregulated exchanges, 81.

U

UNITED STATES,
Their protective policy, 78, 79, 250, 251.
Their abandonment of a liberal tariff, 78.
Their manufactures, 79.

United States,
Their coming greatness, 100.
Their navigation laws, 308, 309.
Poor lands first cultivated, 220.
Opinions of their great statesmen, and writers, xlii, xliii, l.
Taking the lead of Great Britain in everything, 386.

V

Vicinity,
Of producers, and of producers and consumers useful, 61.
Utilizes all materials and products, 61, 62.
All land, 61.
All human creatures, 61, 62.
Opinion of President Jefferson on this subject, l.

W

Wages,
Expenditure of wages makes the great home market, 65, 269, 270.
Require protection, 65, 95, 96.
Sad effects of low wages, 189.
Immense aggregate expenditure of the labouring classes, 95, 96, 139, 270, 271.
Effects of introducing goods produced by worse paid foreign labourers, 139, 258.
Effect of custom on wages, 257.
Security against unlimited foreign competition necessary to an adequate rate of wages, 258.
True standard of wages, 260, 261, 272.
Ancient English laws regulating wages, 262–264.
A better system of arbitration for the settlement of wages necessary, 265.
Miserable system of strikes, 265.
Functions of the Conseil de Prud'hommes, 266.
A rise of wages no loss to the country or to employers, 269–272.
Mr. Malthus' notion that the natural wages of labour are a barometer expressing the wants of society in respect of population, 211, 213, 260, 261.

WAR,
The first real war will destroy our new commercial system, 292.
Vain hopes that there is to be no more war, 292.
Such hopes have been often deceived before, 296–298.
Difficulty of avoiding it, 296.
Our dangers in the next war, 298, 299.
Effects in the next war of the invention of steam, 298, 299.
WARNE, MR.,
His growth of flax in Trimingham, 289.
WARRANT OF ATTORNEY,
Debtors giving, protected by legal interference, 90.
WASTE LANDS,
Extent of—in Ireland, 162.
Planting the poor on, 158, 372, 378.
Laying land down to waste or allowing it to be waste, a legitimate ground of forfeiture, 190.
WEIGHTS AND MEASURES,
Settled by Government, 86.
WEST INDIES,
Enumeration of our Colonies there, 102.
Their present awful condition, 102, n.
The black population fast relapsing into barbarism, xlv, 102, n.
WINE,
Why it should not be grown in England, 55.
Wine of Australia, 105.

Z

ZOLVEREIN,
The project of Dr. List, xliii.
Its jealously protective policy, 75.
Its unparalleled prosperity, 75, 76.

INDEX II. TO THE INTRODUCTION AND NOTES

A

AGRICULTURE,
The most important of national industries, xxxi.
Condition of English, xxxiv, 328.
Remedies for the depression of, xxxvii.
AQUINAS, ST. THOMAS,
On an unreasonable law, 194.
ARGYLL, THE LATE DUKE OF,
On the primary facts and the sphere of economics, xviii.
ARISTOTLE ON MAN, xvi.
On Freedom, 193.
ARNOLD, MATHEW,
A pregnant query of, 351.
AUSTRALIA,
The population problem in, 215.

B

BACON, LORD,
On custom, xvi.
On the nobleness of the human race, xix.
BALANCE OF POWER, THE,
What it means, 321.
Treated as an outworn delusion, 322.
BALFOUR, MR. A. J.,
On corn as contraband of war, 334.

BALFOUR, MR. GERALD,
A statement of, regarding our food supply in time of war, examined, 329.

BASTABLE, PROFESSOR,
His *Public Finance* referred to, 245.

BOER WAR, THE,
Continental view of, 323.

BOHEMIA,
The fostering of agriculture and industry in, 17.

BOOTH, MR. CHARLES,
His *Labour and Life of the People* referred to, xxxvi.

BOWRING, MR. C. A.,
Reply to Byles's *Sophisms of Free Trade* by him and Lord Hobart noticed, xii, 34, 98.

BREAD,
Cheap and dear, 143.
Supply of to England, whence obtained, xxxv, 328, 329.
Supply of to England, prospect of in time of war, 330.

BRIGHT, JOHN,
On adulteration, viii.

BRITISH EMPIRE, THE,
Vision of a self-sustaining, xxx.
Greatness of, 112.
Is essentially a maritime Empire, 318.
Command of the sea necessary to existence of, 319.
Depends upon the supremacy of our fleet, 325.
Certain overthrow of, in case of failure of food supply in time of war, 333.

BRITISH GOVERNMENT, THE,
Abdication of its duty by, 17.

Byles, Sir John Barnard,
Some account of, v.
Publication of his *Sophisms of Free Trade*, vi.
Object and scope of the work, x.
Its merits and faults, xi, xxi, 56, 78, 83, 122, 129, 134, 142, 151, 168, 183, 190, 208, 215, 226, 236, 244, 248, 255, 272, 279, 289, 300, 316, 345, 374, 386.
Is involved in the *Home Trade Fallacy*, xii, 34, 56, 70, 121, 142, 226, 279, 289.
Reply to by Lord Hobart and Mr. Bowring, xii.
A precursor of the Historical School of Political Economists, xxii, 10.
A sagacious observation of, xxxii.

C

Cairnes, Professor,
On the truth in Political Economy, xiv.

Campbell-Bannerman, Sir Henry,
On the number of the necessitous in England, xxxiii.

Capital,
Mills' "fundamental propositions" on, 57.

Carlyle,
His burlesque of Cobdenism, ix.
Ideals preached by him, ix.
On work and wage, xxxiii.
Byles's appreciation of, 236.

Cases of Conscience,
And the moral law, 192.

Cecil, Mr. Evelyn,
His work on Primogeniture referred to, 377.

"Cheap Money,"
Unfortunate use of the term, 184.

COBDEN,
On the foundation of morality and enlightenment, viii.
His political ideas, viii.
Progress of his gospel, 322.
COBDENISM,
Its "mealy-mouthed philanthropies," xxx.
COLERIDGE, SAMUEL TAYLOR,
On the doctrines of the "orthodox" Political Economists, xiii.
COLLINSON, GENERAL,
On the feasibility of an invasion of England, 301.
On the manning of the Navy, 326.
COLONIES, THE BRITISH,
Desirous of closer union with the Mother Country, xxx.
Vast extent of, 113.
COMPANY LAW,
Unsatisfactory condition of, 387.
COMPETITION,
Good and bad, 351.
CO-OPERATION,
Sensible and absurd, 351.
CORN,
Would probably be treated as contraband of war in a European conflict, 335.
COSMOPOLITANISM,
True and false, xxx, 71.
CREDIT,
Byles's definition of, criticised, 151.
CURRENCY,
Controversies on, 183.
CUSTOM,
The principal magistrate of man's life, xvi.

D

DENMARK,
Wise agricultural policy in, xxxvi.
DETERIORATION,
Physical, of our breed of men, xxxvi.
DIVISION OF LABOUR,
A horrible, 72.

E

EMPIRE, THE BRITISH,
See BRITISH EMPIRE.
Ex cathedra MANNER,
Of the "orthodox" Political Economists, xii, xxiii.
EXPORTS, BRITISH,
1872–1902..xxviii.

F

FOOD SUPPLY OF THE UNITED KINGDOM,
Sea borne, xxxv, 328.
Probable failure of in case of war, 329.
FOREST RESERVE,
Necessity for a, 375.
FREE TRADE,
Vaunted as a panacea, vii.
Not an absolute dogma, xxiv.
The outcome of the "orthodox" Political Economy, xxv.
Its effect on British agriculture, xxxv, 17, 256.
Rejected everywhere except by the Englishman and the Turk, 83.
And Ireland, 208.
Unhistorical, 351.

G

GEORGE, MR. HENRY,
His *Progress and Poverty* referred to, xxxii, 237.
" " " quoted, 237.
GREATER BRITAIN,
The vision of a, xxx.

H

HALL, MR. J.,
On our food supply in time of war, 333.
HARRIS, LORD,
On the disappearance of the race of tenant farmers, xxxi.
"HOLDING," THE LEGAL TERM,
Significance of, 197.
Home Trade Fallacy, THE,
Referred to, xii, 56, 70, 121, 142, 226, 279, 289.
Exposed, 34.
HILDEBRAND, BRUNO,
His *Die Nationaloekonomie der Gegenwart und Zukunft*, xxii.
HISTORICAL METHOD, THE,
In Political Economy, 10.
HOBART, LORD,
Reply to Byles's *Sophisms of Free Trade* by him and Mr. C. A. Bowring noticed, xii, 34, 98.
HUXLEY, PROFESSOR,
On the condition of a large portion of the population, xxxiv.

I

IDOLS,
In Political Economy, 10.
IMPORT DUTIES,
Not necessarily paid by the consumer, xxxvii.

India
One cause of poverty of, 122.

Ireland,
The *corpus vile* of free traders, 83, 208.
The sickening sufferings and monstrous misgovernment of, 168.
Necessity of protection for, 208.

J

Jevons, Professor,
On the downfall of the "orthodox" Political Economy, xxiii.
His *The State in relation to Labour* quoted, 191.
His detestation of metaphysical entities, 192.

Jingoism,
Its vaunts examined, 326, 334.

Justum Pretium, xxxiii.

K

Keynes, Mr.,
On history and theory in economics, xx.

Knies, Karl,
His *Die Politische Oekonomie vom Standpunkte der geschichtlichen Methode* referred to, xxi.

Kropotkin, Prince,
His writings referred to, 215.

L

Land, Property in,
Its peculiar character, 196.

Law, Human,
What it is, 194.

"LAWS" OF POLITICAL ECONOMY,
What they really are, xxi.
LOAF, THE CHEAP, viii.
LOTZE,
On personality, xvii.

M

MACHINERY,
Its dissolving effect on the relations of masters and men, 143.
MAINE, SIR HENRY,
His *Early History of Institutions* quoted, 197.
MALTHUSIAN CATCHWORDS, 215.
MAN,
A political animal, xvi.
An ethical animal, xvii.
His distinctive endowment, 192.
MANIFESTO, THE,
Of fourteen Professors of and Lecturers on Economics, xxiii.
MARSHALL, PROFESSOR,
His *Principles of Economics* referred to, 152.
His teaching on the variation of the "national dividend" referred to, 279.
MCCULLOCH,
His view of the Navigation Laws dissented from, 317.
MILL, JOHN STUART,
On the truth in political economy, xiv.
His pronouncement on the laws of value, 6.
His "fundamental propositions on capital," 57.
On the protection of infant industries, 208.
A monstrous idol worshipped by, 215.
MORAL LAW, THE,
Universality an essential note of, 193.

MORLEY, MR. JOHN,
In sympathy with Cobden's doctrines, viii.
On the danger of vague and shadowy language in economics, xxiv.

MURRAY, CAPTAIN,
On our food supply in time of war, 330.

N

NATIONAL DEBT, THE,
True nature of, 129, 244.
Byles's plan for the reduction of, criticised, 245.

NATURAL,
Misapplication of the word, 16.

NAVIGATION LAWS, THE,
Not useless and injurious, 317.

NAVY, THE BRITISH,
Its vast importance to the country, 319, 325.
Momentous questions concerning, 325.
Inadequate supply of seamen for, 326.
Not invincible, 327.
Not its business to convoy food ships, 329.

NICHOLSON, PROFESSOR,
His *Principles of Political Economy* referred to, 38.

O

OWNERSHIP,
Not absolute, but fiduciary, 196.

P

PALGRAVE, MR.,
His *Dictionary of Political Economy* referred to, xi.
View of the Navigation Laws put forth in it dissented from, 317.

PANACEA,
What the word means in economics, 351.
PECKSNIFFIAN PLATITUDE, A, xii, xiii.
PERSONALITY,
What it means, xvii.
PIG-PROPOSITIONS,
Carlyle's, ix.
POLITICAL ECONOMISTS, THE "ORTHODOX,"
Revered as the evangelists of a new Gospel, vii.
The principle underlying their doctrines, vii.
Coleridge on, xiii.
Their materialistic individualism, xviii.
Their methods, xx.
Their iron yoke, xxiii.
Their extravagant suppositions, 57.
Their opposition to the Factory Acts, 98.
Their work for Ireland, 83, 208.
Responsible for Irish misery, 168–170, 210.
POLITICAL ECONOMY,
and Ethics, xviii, xx.
Causes and effects to be considered in, xxi.
Rise of and work done by the Historical School of, xxii.
Did not come into existence with Adam Smith, 5.
Application of the historical method to, 10.
Deals not merely with statical but with dynamical problems, 56.
POPES, THE,
Maintain the balance of power, 321.
POSSESSION AND PROPERTY,
Difference between, 194.
PRICE, MR.,
On the ethos of Free Trade and Protection, 71.
His *Money and its Relation to Prices* referred to, 343.
On the temporary realisation of Cobdenite ideals, 252.

PRIMOGENITURE,
Considerations on, 376.

PRIORITY,
The monopoly of, 71.

PROSPERITY,
Different meanings of the word, xxv, xxxii.
And increase of exports and imports, 134.

PROPERTY, THE RIGHT TO,
Whence does it arise, 191.

PROTECTION,
Growth of English commerce under, xxvi.
The foreign producer safeguarded by, xxvii.
Universal out of England, xxix.
Duty of the State in respect of, xxxi.
Is national, 71.
Necessity of for Ireland, 208.

R

REFORMS, ECONOMIC,
Suggestions for, xxxvii.

Report of the Recess Committee,
Referred to, 17.

RETURNS,
Increasing, the law of, its application, 71.
Diminishing, the law of, its application, 226.

RICARDO,
The real significance of his Theory of Rent, 226.

RIGHT, A,
Its origin and nature, 192.

RIGHTS, HUMAN,
The measure and limit of, 193.

ROUSSEAU,
His extreme individualism, xv.

S

SENIOR,
On Political Economy and Facts, xiv.
SIDGWICK, PROFESSOR,
His *Political Economy* referred to, 208.
SMART, PROFESSOR,
An instance of the migration of trade given by, 36.
SMITH, ADAM,
Largely influenced by the philosophic school, xv.
His moral philosophy, xviii.
His error on the home trade, 34.
On the organisation of labour, 37.
SMITHIANISMUS, xxii, xxiii.
SOCIALISTS,
As unhistorical as Free Traders, 351.
SWITZERLAND,
The fostering of agriculture and industry in, 17.

T

TAXATION, INDIRECT,
Not necessarily paid by the consumer, 130.
THUCYDIDES,
On τὸ ἀντίπαλον, 321
TITLE,
Definition of, 195.
TRADE, BRITISH,
Decline of, xxvii.
TRENDELENBURG,
His *Naturrecht. auf dem Grunde der Ethik* quoted, 195.
TURKEY,
Practises free trade, 83.

U

"UNLAWS,"
Of pseudo-science, 10.
USURY,
Necessity for further restraint of, xxxvii.
Byles's work on, referred to, 376.

V

VALUE, THE LAWS OF,
John Stuart Mill on, 6.

W

WAGES FUND THEORY, THE, xii, 272.
WALKER, MR.,
His doctrine of the danger of the degradation of the labouring classes anticipated by Byles, 273.
WEBB, MR. AND MRS.,
Their *Industrial Democracy* referred to, 72.
WILKINSON, MR. SPENSER,
On England's command of the sea, 320, 324.
WILLIAM III.,
Maintains the balance of power, 322.
WÜRTEMBURG,
The fostering of industry and agriculture in, 17.