ON THE

COMPULSORY USE

OF

NATIVE MANUFACTURES,

A PAPER READ BEFORE

THE DUBLIN STATISTICAL SOCIETY.

BY

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This society was established in November, 1847, for the purpose of promoting the study of Statistical and Economical Science. The meetings are held on the third Monday in each month, from November till June, inclusive, at 8, p.m. The business is transacted by members reading written communications on subjects of Statistical and Economical Science. No communication is read, unless two members of the council certify that they consider it accordant with the rules and objects of the society. The reading of each paper, unless by express permission of the council previously obtained, is limited to half an hour.

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The subscription to the society for the year 1847-8 is one pound.
On the Economic Views of Bishop Berkeley and Mr. Butt, with respect to the Theory that a Nation may gain by the Compulsory Use of Native Manufactures.—By W. Neilson Hancock, LL. B., Archbishop Whateley's Professor of Political Economy in the University of Dublin.

The theory that a nation may gain by the compulsory use of native manufactures is directly opposed to the teachings of Adam Smith, and to those of the most distinguished economists throughout Europe. There are, however, some writers of no small reputation who have maintained this theory. Of these, two Irishmen have been frequently referred to in recent publications as authorities in its favour. The writers to whom I refer are Bishop Berkeley and Mr. Butt; and I propose, in this paper, first, to examine the general economic views which they have put forward, so as to ascertain what weight is to be attached to their authority; and, secondly, to notice some of the particular arguments adduced in support of the theory.

The views of Bishop Berkeley are contained in his "Querist," published upwards of a century ago, but which has, however, been recently recommended as a valuable manual of Irish political economy, quite as well suited to the year 1847 as it was to 1741. The idea of having a science of exchanges peculiar to Ireland, under the name of Irish Political Economy, is about as reasonable as proposing to have Irish mechanics, Irish mathematics, or Irish astronomy. But "The Querist" is quite unfit to be a scientific manual at the present day.

In the inductive sciences it seldom happens that any work, however estimable when it was written, can be a valuable manual a century afterwards. The nature of all these sciences is to be progressive. Increased observations not only enlarge but correct and mature our knowledge. Besides this, there occur in all sciences remarkable periods, when the application of some great mind to the subject produces an amount of knowledge that effects a complete revolution in the previous conclusions, and lays the foundation of a new style of investigation, leading to new and wonderful results previously unobserved or disregarded.

Both these causes have contributed to render the works on
political economy written in the early part of the eighteenth century entirely unfit as manuals of the science at the present day. The spread of political freedom and constitutional government has led to an increased study of the sciences subservient to government, in which political economy has partaken in a remarkable degree. The great work of Adam Smith effected in economic science as great a revolution as the works of Newton did in astronomy. To recommend writers before Adam Smith for use in the present day, is about as reasonable as to put forward an astronomical treatise based on the Ptolemaic system as a valuable manual of astronomy.

But there is a great injustice done to the distinguished writers of the past century in bringing forward their works for present use, without the slightest historical sketch of the scientific opinions prevalent when those works were written; for, in forming our opinion of the merits of a writer, we should always measure his views by what was known when he wrote, and not by the standard of present knowledge. Thus, Bishop Berkeley's arguments were brought forward to oppose the very erroneous views commonly entertained in his day, that gold and silver were the only kinds of wealth, and that foreign commerce was the only way of enriching a nation. In attempting to overthrow these errors, he fell into opposite errors himself. First, that of representing money to be of no value, but merely a counter. Thus, in query 23, he asks, "Whether money is to be considered as having an intrinsic value, as being a commodity, a standard, a measure, or a pledge, as is variously suggested by writers? and whether the true idea of money, as such, be not altogether that of ticket or counter?" And secondly, that of under-estimating the importance of foreign commerce. I say under-estimating, for it is quite a mistake to suppose that Bishop Berkeley recommended the prohibition of foreign commerce. His famous query, "Whether, if there was a wall of brass a thousand cubits high round Ireland, our natives might not, nevertheless, live cleanly and comfortably, till the land, and reap the fruits thereof?" was directed against those who considered foreign commerce the only source of wealth. His views on this point are more strongly shown in two subsequent queries, where he asks (541), "Whether it be not folly to think an increased commerce cannot enrich a state, because it doth not increase its quantity of gold and silver?" And again (548), "Whether the benefits of a domestic commerce are sufficiently understood and attended to, and whether the cause thereof be not the prejudiced and narrow way of thinking about gold and silver?" Bishop Berkeley, although disbelieving some of the economic fallacies of his own day, gave implicit credence to others; and his "Querist" contains grave errors on some of the most important principles of political economy. Thus he saw through the error on which the mercantile theory was founded, the belief that a country can be enriched by accumulating quantities of gold and silver. To this he has given a most successful answer, when he asks, "Whether we do not all see the ridicule of the Mogul's subjects, who take
from us nothing but our silver, and bury it underground in order to make sure thereof against the resurrection?" But he still held the theory founded on this error, and only ventured to hint that it admitted of exceptions. Thus in query 161 he asks, "Whether that trade should not be accounted most pernicious wherein the balance is most against us? and whether this be not the trade with France?" Then, in query 556, he asks, "Whether the general rule of determining the profit of commerce by its balance doth not, like other general rules, admit of exceptions?"

Among the grave errors contained in "The Querist," I may notice the following. As to wealth, one of the most important words in the science, he so far differs from other economists, as to consider that land is not wealth, although it is bought and sold every day.

As to the term value, another of the most important words in the science, I have already noticed his view that money has not intrinsic value, (q. 23,) although sovereigns are melted down for sake of the gold in them. As to banking, he was in favour of Law's project of a land bank, (q. 243 and 316) although Law's schemes had brought ruin upon France twenty years before "The Querist" was written.

As to the equality of different classes in the eye of the law, he partook of the prejudices of his day against merchants, and recommended their interests to be sacrificed to those of landlords. Thus he asks (q. 267,) "Whether a merchant cannot more speedily raise a sum of money, more easily conceal or transfer his effects, and engage in any desperate design with more safety than a landed man, whose estate is a pledge for his behaviour?"

But the most striking paradox that he has given the sanction of his name to is, the strange proposition that the national debt of Great Britain is a mine of gold (q. 233).

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After the samples of economic views which I have quoted from "The Querist," you will be rather surprised to learn that Mr. Butt recommends it in preference to treatises on the principles of the science, as suggesting their interests to be sacrificed to those of landlords. Thus he asks (q. 267,) "Whether a merchant cannot more speedily raise a sum of money, more easily conceal or transfer his effects, and engage in any desperate design with more safety than a landed man, whose estate is a pledge for his behaviour?"

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as a mine of gold? Can we attach weight to the authority of a writer who recommends such a work as suggesting correct notions of political economy?

Mr. Butt has himself deprived his lectures of any scientific authority, by giving them an avowedly unscientific character. Thus he says in the introduction, "In endeavouring to deal with a particular case, I have rather avoided than sought to lay down general principles, or form any system of general results." Now what authority would a treatise on astronomy have, if the author commenced with the statement that "endeavouring to deal with the case of a particular planet, he had rather avoided than sought to form any system of general results?"

Besides the unscientific character of these lectures, there are grave errors in them. Thus the advantage of commerce is stated to be much less than it really is, and this statement is modified in the notes, without, however, being made correct. Thus in the text we have, "The revenue of any country consists entirely of what is produced in that country itself. This, and this only, is the fund out of which all the wants of all classes in the community must be ultimately supplied. Foreign trade can create no portion of this revenue—it merely enables the nation advantageously to dispose of it." In the notes, these views of the advantages of foreign trade are said to be borrowed from the admirable treatise of Dr. Chalmers. But the substance of his views are said to be stated with extreme caution. It is certainly very equivocal praise to an admirable scientific treatise, to say that the substance of the views can only be stated with caution. What occasion is there for caution, if the views are what scientific views ought to be, to entitle them to be called admirable—viz., precise and sound? It is then admitted in the notes that Dr. Chalmers was mistaken—that there are cases where wages and profit can be derived from foreign trade. But a very simple case will at once clear up all this vagueness, and refute both Dr. Chalmers and his follower. The value of the labour and savingness employed in all trades depends on the extent of the market. If the sale be large, then the most advantageous arrangements for the division of labour and of savingness can be carried into effect. Every increase in the extent of the market raises the value of the labour and savingness employed; or, in other words, increases the wages of the labourers, and the profits of the capitalists. Now, the revenue of a country, whatever definition we adopt, must include the wages and profits of the inhabitants; yet here is a general case where foreign commerce, by enlarging the market, does increase the revenue of the country, and so may be said to create revenue, and this quite distinct from the benefit which the consumers derive from foreign commerce. And yet Mr. Butt's fundamental proposition is that foreign trade can create no portion of the revenue of a country, but only enable the nation advantageously to dispose of it. But the reasonings of Dr. Chalmers and Mr. Butt are on this point entirely at variance with Adam Smith's conclusions with regard to division of labour, which form the celebrated commencement of his "Wealth of
Nations." And, consistently enough, in the instance of the northern linen trade, Mr. Butt deprecates a change by which greater division of labour was introduced, and the trade thereby much extended.

There is, however, another point which requires to be noticed. Mr. Butt deprecates all general discussion of protective duties, and confines himself to the case of Ireland; and from the facts of this case he attempts to deduce conclusions at variance with the best established principles of economic science. Now you will perceive that in this line of reasoning the facts of the case are all important; in short, they are the only basis of the opinions put forward, as it is admitted that the general reasoning is all the other way; and yet, on two of the most important points of economic statistics relating to Ireland, Mr. Butt is entirely mistaken. The first of these is the linen trade, our chief manufacture. Thus he speaks of the "remnant of the northern linen trade, and some few factories in the neighbourhood of Belfast and Clonmel—we might say none." These few factories amounted in 1839 to 95, and gave employment to 15,000 people. The number employed in them had increased from 1835 to 1839, from 9,000 to 15,000; and if the increase has gone on in the same proportion, there are now upwards of 20,000 people employed. As to the remnant of the linen trade, or loss of the linen trade, I will quote a passage from Mr. M'Adam's essay on "Linen Industry:"

"There is no country which shows more clearly than Ireland the hurtful effects of protective duties. For a century there existed a Linen Board, to which important sums were voted by the English parliament to pay bounties on the export of linens, while heavy duties existed on the import of those of foreign manufacture. At this period the trade languished; the exportation did not exceed in any year at the highest thirty-five millions of yards. Now that this board, its bounties, and the high duties on foreign linens have all been abolished, the export is seventy millions of yards annually, value 10 millions of francs (4,000,000l. sterling).

"Again, in 1825, heavy duties existed on French cambrics, and this branch of Irish manufacture was then in its infancy. In that year, for every 1,000 pieces of French cambric sold in England, there were but 100 pieces of Irish. The duties were reduced; and yet so much did the Irish manufacture progress, that in 1845, for every 1,000 pieces of French, 16,000 pieces of Irish cambric were sold in the English market.

"Again, let us take the case of flax; a duty of 10l. per ton existed on the foreign article. Ireland produced about 25,000 tons annually. The duty was reduced to a merely nominal amount; and yet the cultivation of flax, in this country, had made such progress under the care of the Royal Society for the Promotion and Improvement of the Growth of Flax, that the production reached, in 1844, 39,000 tons, while the value was materially increased by the introduction, through the society, of the mode of managing the crop practised in Flanders.

"Again, Ireland finding it useless to continue the hand-spinning
in the face of the cheaper yarns produced by machinery in England, endeavoured herself to embark in this manufacture. In 1829 the first spinning factory was established; and at the present day this trade in Ireland counts 312,000 spindles. And yet it had to struggle against the enormous capital, the experience, and the cheap fuel of England. In fact, the conditions were quite as unfavorable for Ireland entering on this competition as they have ever been for France, Germany, or Belgium. How does it happen, then,—to recapitulate the above examples—that in the face of every difficulty, and with the removal of protection, our linen manufacture has more than doubled within thirty years; our fabric of cambric has increased one hundred and sixty fold; our cultivation of flax has made such progress; an extensive machine-spinning trade has been established? Simply because Ireland possesses, in her soil, her climate, and the habits of her population, all the elements for the prosperity of the linen industry. Any country possessing these advantages will be equally successful, and will be equally independent of that protection, whose only effect is to enrich the few at the expense of the many—to blight all spirit of enterprise and improvement, and to inflict the greatest injury on the very manufacture it is intended to benefit.*

But the most important omission of Mr. Butt in his facts about Ireland, is the omission of all notice of the migration of labourers from Ireland to England, and the number of Irish labourers consequently in England. I called the attention of this society to the remarkable facts connected with this migration in a former paper.† There are at present fully half a million of native Irish in England and Scotland. Now one of Mr. Butt’s main arguments in support of the compulsory use of native manufactures is, that “if the rich, instead of devoting a portion of their income to the purchase of the productions of other countries, were to spend the same in the employment of Irish labourers at home, in works that could serve no end but to minister to their own personal caprice; in this case they would equally spend or squander their income on themselves, but the effect would be very different in its disposition. Irish labourers would, in the latter supposition, eat the food which, on the former, went abroad to those of another country. On mankind at large the effect, perhaps, might be the same: on the Irish labourer the effect would be very different indeed.” Now when there is such a body of Irish labourers in England, how can it be said that, in using English manufactures, the wealthy classes in Ireland do not give employment to Irish labourers. This is quite independent of the circumstance, that the wages of English labourers cannot rise without producing a rise in the rate of wages in Ireland; so that Irish labourers are interested in the employment given in England to even English labourers.

In examining the views of Bishop Berkeley and Mr. Butt, I


† "On the Condition of the Irish Labourer."
have hitherto called your attention to the general scientific errors contained in them. In discussions on difficult questions of economic science, it would be extremely desirable if this mode of investigation were generally adopted. If a writer’s views on the fundamental scientific principles applicable to a subject be not clear and precise, either admitting or directly contradicting the received principles, there is little use in following out the details, because the plausibility of the particular arguments must arise from some ambiguity or uncertainty as to the principles. This ambiguity is very difficult to detect and expose, if we begin with the particular argument, but is generally soon found out if we set out from first principles. If a writer explicitly oppose an established principle, then there is no use in examining the particular arguments deduced from his new theory, until it be decided whether that theory or the received one be correct.

But I proceed to examine some of the arguments by which the compulsory use of native manufactures has been attempted to be supported. These are, first—That the consumer must sacrifice his own interest in order to benefit the community. Second—That the poor can gain by government interference with the expenditure of the rich. Third—That wealth has a monopolizing tendency which requires to be controlled.

The first of these arguments is opposed to the well-established economic principle, that the interest of consumers and that of producers are really the same.

This proposition can be established by a very simple argument. It is the interest of consumers to be able to get commodities wherever and whenever they are most wanted. It is the interest of producers to sell their goods when and where they can get the greatest price, that is, where there is the greatest demand for them; or, in other words, when and where the consumers want them most. Thus, in the well known economic principle of buying in the cheapest market and selling in the dearest, the first part applies to consumers and the second part to producers; but the wording of the principle is very apt to mislead; for few people consider that whilst it is the interest of the consumers to buy in the cheapest markets and that of the producers to sell in the dearest, the markets are the same—since the cheapest market for consumers is generally the dearest for producers; or, in other words, that when a very advantageous exchange takes place, each party gains more than either gains when the exchange is attended by much less economic advantage. Indeed, the principle is but another form of the doctrine, that both parties gain in every free exchange. The opposition which exists in each particular exchange is only as to the proportion in which they shall share the advantage. But as this proportion is generally determined by the general laws of value, independent of the conduct of the parties, it is the interest of both parties that the entire advantage, or what is to be shared, shall be as large as possible.

This abstract reasoning may be illustrated by a simple case of division of labour. If the butcher buys a pair of shoes from the
shoemaker, and pays for them in money, both parties gain. The butcher is more in want of the shoes than of the money he offers for them; for if not, why does he buy? The shoemaker is more in want of the money than of the shoes; for if not, why does he sell? If the shoemaker should, again, buy beef from the butcher, and pay in money, again both parties would gain by the exchange. The shoemaker must want the beef more than the money, and the butcher the money more than the beef; and so it is in every free exchange, both parties gain.

It follows at once from this principle, that you can never sacrifice the interest of consumers without sacrificing the interest of some class of producers; so that all plans for injuring consumers to benefit producers, are really propositions to sacrifice both consumers and some other class of producers to the class of producers proposed to be favoured.

But the second argument for the compulsory use of native manufactures is, that the poor can gain by government interference with the expenditure of the rich. Now the objection to interference with expenditure is that it involves interference with production. This necessary connexion between production and expenditure is entirely overlooked by the advocates of protection. Thus Mr. Butt, in his lectures which I have already noticed, says:

"The effects here anticipated from protective duties are, it will be seen, to control not the industry, but the expenditure of the country. How far it might be prudent or the reverse to give encouragement to any particular branch of industry, with a view of directing to that the energies of the country, in preference to other employments supposed to be less advantageous to the nation's wealth, is a question not even alluded to in these lectures." But why not alluded to? Why should it be proposed to interfere with the industry of the country without investigating the effects of interference? The expenditure of the country cannot be controlled without controlling its industry. You cannot restrain Irishmen from importing foreign produce, without restricting them from exporting linen and agricultural produce. This argument cannot be better illustrated than by taking the case of the linen manufacture of Ireland. The linen trade in the north of Ireland was formerly under bounties and protection, and it gradually decreased. Since the bounties and protection were taken off, the trade has gradually prospered. Now, the steady growth and prosperity of the linen trade is the strongest proof that it is the most productive employment for the people. Why should they be compelled to abandon this employment, and engage in the cotton and woollen trade, where they have not the same advantages? Then, with regard to agricultural produce, why should the agriculturists be compelled to change the growth of flax, and of the most expensive grains, and the production of cattle, pigs, and butter, for the coarser grains and potatoes, which must be done to a considerable extent if the use of native manufactures were made compulsory by law.

There is a great fallacy in the statement that if food were not exported, it would be consumed at home, and therefore it would
continue to be produced. Food would continue to be produced, no doubt, but not the same kinds of food; the same employment would not be given.

Another of Mr. Butt's arguments for interfering with expenditure is, that protective duties bring into action and play sources and powers of production which, but for their existence, would lie utterly waste and unproductive.

This argument is founded on the fallacy arising from using the words *productive* and *unproductive* instead of *profitable* and *unprofitable*. Thus it is quite true that protective duties almost always bring into action powers of production that but for their existence would remain unproductive; and this very fact is one of the greatest objections to them. In fact they can never lead to the employment of any powers, unless such powers could not be profitably employed without them; since if they could be profitably employed without protection, they would not be left unused; and, of course, the powers that in an existing state of society cannot be profitably employed are likely to remain unproductive. But I do not think they can be properly said to lie waste; for surely there is greater waste in employing powers that do not produce an adequate return for the labour and savingness expended on them. If a man lays out £100 on a farm, and only gets a crop worth £90, surely he has wasted £10, which he would have saved if he had left the land untilled. I may observe that a great deal of the discussions about the waste land of Ireland, the waterpower that is wasted, the fisheries that are going to waste, arises from this fallacy. These resources are unemployed, because in the present state of the markets and circumstances of the country, it would be unprofitable, and therefore wasteful to employ them.

If it would be profitable to employ these resources, what prevents their being employed? Why do the fishermen that come from Cornwall to the east coast of Ireland not go to the west, if fishing be there so profitable? Why do the English capitalists that buy the salmon all round Ireland, at Derry, at Ballyshannon, at Ballina, at Limerick, and at Cork, not buy other kinds of fish? If it were profitable to them, would they not do so? If the water-power of Ireland could be all profitably employed, why is the Shannon comparatively unoccupied, when the Bann, the Lagan, the Liffey, the Barrow, and Suir have all their mills? Where water-power is profitable in Ireland it is employed; where it would not pay it is left unemployed—and such conduct is wise: when English capital can establish banks in every town of any size in Ireland—even in Skibbereen, (where, we have been told there was no commercial enterprise,) English capital has located two banks. If mills would pay at Skibbereen, would not the same enterprise which establishes banks erect mills. Those who so groundlessly reproach the Irish people with leaving abundant natural powers unemployed, never think of blaming the Americans for allowing the abundant water-power at the Falls of Niagara to remain almost unused. All the
water-power unemployed in Ireland by no means equals the quantity of power which is there neglected.

What would be thought of an American writer who should recommend a protective duty, prohibiting the import of steam-engines from England into New York, on the ground that such a duty would answer the great end of bringing into play the water-power at the Falls of Niagara? And yet the recommendation to prohibit the introduction of English manufactures, in order that the resources of Ireland may be employed, is exactly similar.

I proceed to notice another part of the argument about interfering with the expenditure of the rich.

The distinction between the expenditure of the rich and that of other classes in the community, which is involved in it, is most dangerous and objectionable. The aggregate expenditure of the rich is of but small amount, when compared either with the aggregate expenditure of other classes, or with the number of the labourers. To speak, therefore, of any trifling sacrifice of the rich producing a sensible effect (for good or ill) on the condition of the labouring classes, is a delusion. To direct the attention of the poor to the wealth of the rich as standing in the way of their comforts, is to make them envious and covetous of that which, if entirely divided amongst them, would produce to each but a trifling sum, insignificant compared with what they would gain in a short time by their own industry from the expenditure of the same wealth by the rich.

But this plan of drawing a distinction between the expenditure of the rich and of other classes is but another form of the next argument to be considered—namely, that wealth has a monopolising tendency, which requires to be controlled. This argument has been put forward by Mr. Butt in various forms. Thus he speaks of "the monopolizing power of wealth." Again, he puts it in a form calculated to enlist the prejudices of the poor against all the progressive advances in improvement by which the human race has attained its present state. Thus he says: "It is possible at least to conceive, that improvements in civilization may be teaching to the rich men possibilities of spending their riches in themselves, without the necessity of distributing them in wages to those around them. It is obvious that, with every creation of such possibility, the monopoly of wealth is freed from a check that mitigates its oppression of the poor." Again, he says "that he freely and unrestrainedly advocates the right of the artisan to protection against the grinding influence of riches."

Now, it is a fundamental principle of economic science that the interests of the various classes in the community are bound up together. The capitalist rarely derives profit without employing labour. The landlord cannot get rent unless both the labourer and capitalist have been engaged in the cultivation of his land. Wealth, so far from having a monopolizing tendency, cannot increase rapidly without increasing the demand for labour, and raising wages at the very time it lowers profits. The increase of
wealth, so far from oppressing the poor, is the greatest protection
to them—secures them a steady and regular demand for their
labour, and constant wages. Riches have no grinding influence;
they cannot increase without diffusing wealth, instead of misery,
amongst the labourers. The interests of the various classes in
the community are reciprocal. The capitalist cannot prosper
without increasing the wages of the labourer, and the rent of land.
If the labourer is well off, he increases the demand for the various
commodities he consumes, and so raises profits and rents. The
greater the amount of land rent, the greater the funds out of which
those classes can be supported who take care of the highest interests
of humanity. Such are the manifest conclusions of economic
science, the dissemination of which is calculated to produce hap-
piness, contentment, and peace—teaching, as they do, individuals,
classes, and nations that the true interest of each is the true inte-
rest of all; that one class can never be sacrificed to another with
impunity; that calamities and blessings alike extend their influence,
producing, like stones dropped into a lake, the greatest im-
pression where they fall, but extending their influence in circles
ever widening, till the effect has reached the entire family of man.