

indeed upon local rates—a matter essential to be thought of at the present time, while in a year of pressure not likely to improve. The 3,350 lunatics, so touchingly reported upon by the commissioners, would be rescued from their sad fate by simply extending completely, and in a prompt and generous manner, laws that have been in successful operation in England since 1844, in one case, and since 1853, in another.

The Commissioners of Inquiry call attention in a very marked manner to the necessity of immediately dealing with the question—as the arrangements which the permanent officials were making with no stinted hand for meeting the evil have been suspended, pending the consideration of the suggestions of the commissioners. Suppose the adoption of the English and Belgian system were considered only as an experiment, it would meet the admitted and reported evil without any permanent cost of buildings, and would not stand in the way of the resumption, in more prosperous years, of either the inspectors' plan of asylum extension, or the commissioners' plan of workhouse auxiliaries, should their very valuable suggestions meet with the support of the government and the sanction of Parliament.

XII.—*Reciprocity.* By E. A. McCarty, Esq., Barrington Lecturer on Political Economy.

[Read, 24th June, 1879.]

THE existing depression of trade is the severest perhaps on record, and certainly has dragged us through as harassing a length of time as any that ever afflicted commerce. The distress sounds the circumstances of every class: the affluent and the poor realise the bitterness of industrial ills—the wealthy capitalist in gigantic losses suffers, while the labourer appears in the guise and condition of pauper, and landlord and tenant sigh at the prospect of the gale-day. Widely extended and varied in oppressiveness, depression has seized the nations with a rigour unexampled in former experience. And this, too, at a time when the resources of the world appeared and really were of a richness and a power never before within reach of man. The potent agents for the production of wealth were in every form growing still more powerful to enrich the peoples and to minister to man's material welfare. Yet at just such a brilliant point came the paralysis of trade with all its inevitable and crushing miseries.

Generally disorganised commerce, blasted personal interest, and widespread destitution, strike with telling force on the minds of men whose province is virtually within the sphere of business. Under such circumstances many a scheme is set forth to remove the disturbing causes, and to again establish prosperous order. It is not a subject of wonder then, though it is not to the credit of English public opinion, that reciprocity should be put strongly forward at the present juncture as a most desirable reform, and a panacea for

our industrial disorders. The producing classes are very numerous in England. With most of them depression gloomily reigns. Their combative selfishness is aroused by the spectre of foreign competition, and their ordinary dread of foreign imports is magnified into a horror. Prominent and influential men, who are looked upon as guiding stars in other matters, have taken up the cry—their voice and example have wrought on the shifting feelings of British interests, and there is a loud alarm rung about free trade. During such agitations the most prominent principle is sure to be made a scapegoat; and hence free trade is even at this intellectual date attacked in commercial England.

The magnificence of the national prosperity was supposed to depend on free trade alone. Appeals were constantly made to the fact that from the establishment of that great reform England's rapid progress in wealth was first distinctly marked. One was told to remember that from 1849 to 1861 our exports advanced from £60,000,000 to £120,000,000, and in little more than another decade doubled again, while our import trade kept equal pace. Forgetful of general fiscal reform, the development of railways, steam machinery, and other mighty propellers of the nation's progress to wealth, people identified free trade with prosperity, and seemed to glory in it on this account as a cardinal principle of success. A severe and lengthened period of adversity shook their faith; the blind belief not being distinctly formed on true grounds gave place to distrust and incredulity, and now the cry of reciprocity swells in volume, and makes a bold assault on that which the most prudent philosopher thought was the most firmly fixed and impregnable principle in English commercial faith.

Formerly the protectionists were to be found mainly in the ranks of the landholders. Their seeming interests still impel them in the same direction. Owing to the peculiar circumstances of the time, many of the trading and manufacturing class very eagerly adopt the new-fangled shibboleth, and there is serious practical danger threatened in a possible agitation by those two powerful classes. The deliberate action of the workmen's associations repeatedly shows that they, too, are infested with protectionist notions, and need but the position to carry them into practice.

The cry of an urchin, who in pure mischief yelled out "fire" and thus appealed to direct personal interests, often produced a panic of most calamitous effect in a crowded assembly. So this scream of reciprocity may in times of disjointed trade and demoralising distress produce most unhappy results. The question has assumed a phase and proportion to merit renewed discussion; but I hope that I won't exhaust your patience in stating arguments which have been advanced in principle so often before.

Advocates of reciprocity project their schemes in so many forms, and occasionally in such indefinite fashion, that a convenient way to treat the whole school is to group them together, and to deal negatively with them. What does reciprocity mean? It is but a name for protection. Some of its advocates repudiate protection; but their own pet is nothing less, but much worse, as it is based on a more vicious principle. Simple protection might be advocated by

its upholders honestly on its own merits, as an all-round commercial policy, fair to every nation, and productive of good to our own. Reciprocity is protection in the form of retaliation against a country which imposes protective duties upon the commodities of the reciprocitarians. Objection has been taken to the word "retaliation"; but some of the foremost reciprocitarians assert that: "England should practically prove to her foreign friends that if they will not support the great principle of free trade, she should show them at once the disadvantage of a retaliatory tariff." Again, in support of reciprocity, it is stated that the ever shifting vagaries of protectionist legislation in other countries is a constant influence of malign potency in British trade. "After acquiring a natural supremacy in any industry, we are suddenly shut out of a market by prohibitive duties, and subjected to the competition which these duties bring upon us—disturbance, loss, and suffering, are sure to be caused both to capitalist and workman. Is there either reason or justice in passively submitting to this deprivation?" This must mean that reciprocity is desirable as a measure of retaliation.

That we have a moral right of levying a duty cannot be denied; but is it not absolutely a childish spite—to deliberately incur the certainty of serious injury, for the purpose of lightly scratching an opponent? We are told that such a method would *teach* the erring nations the advisability of reforming. A more curious idea never took possession of men's minds. To descend to such a means would be to travesty international rights in the arena of contemptible squabbles.

Reciprocity would be quite ineffective as a measure of retaliation. Of the £366,000,000 imports in 1877, all except 10 per cent. consisted of articles of food and raw materials. Silk, woollen, and refined sugar are the principal articles worth taxing as imported manufactures.

Our average imports of manufactured silk from 1875 to 1877 were value for about £12,000,000: half of this comes from France. Suppose it is intended to "teach" France, on the reciprocity plan, through the medium of her silks. Now any endeavour to place a duty, on the reciprocity principle, on the silk of any one country would be easily frustrated by having the stuff nominally shipped from some other country. Added to this, a complex tariff would be too difficult of administration. So that for effecting any practical purpose the duty should be levied on *all* the silk imported. If the duty, then, say 15 per cent., were imposed on all foreign silks, the English manufacturer, having the advantage of protection to that extent, would be able to displace a great deal of French silks. The prices of all silk in the English market should rise. The competition of capital and labour, acting in the ordinary way, would soon prevent the realising of any extraordinary profit in that particular trade. No special gains therefore could accrue to the individual silk manufacturer; nor would any clear advantage be newly created for any other class. Assuming that the prices of silk were raised to the amount of the duty, this would be equivalent to a tax of millions per year on the entire nation. Only part of that taxation goes to the revenue of the state. The

heavy remainder represents the direct cost of causing a comparatively infinitesimal injury to French trade. Nothing is more certain than that capital, obedient to natural laws in all productive industry, will find its way into the most remunerative channels, bearing at once most profit to the employer and most largely increasing the national wealth. Under the artificial system above mentioned, a bulk of the national capital is forced into an industry which exists as a positive burthen on the thrift of the nation. We have therefore to add the indirect loss arising from the diminished producing powers of the country.

The French government impose on raw sugar a duty, which is supposed to be returned as a drawback if the sugar is refined and exported. But it is found that this drawback really exceeds by about 10 per cent. the amount which is paid on the raw sugar. The duty being just as much as the value of the sugar, it follows that this drawback is virtually a bounty of 10 per cent. on the value of the sugar exported. Free working competition amongst the French manufacturers obliges them to be content with the ordinary rate of profit, so they are unable to appropriate any of this 10 per cent. as additional gain. The result, then, is that England and other countries can buy French sugar at considerably below cost price. This is very good-natured of the French government, who in this matter directly tax their own people to supply sugar-loving nations with the article on such easy terms. It is evident that the British community are directly benefited by this system—though the benefit is very widely distributed, and probably not apparent to many individual consumers.

In a recent letter to *The Economist*, Mr. Martineau, Honorary Secretary of the English Sugar Refiner's Association, states that in consequence of the French bounty on loaf sugar, the natural and inevitable result has been that nearly every loaf-sugar manufacturer in this country has had to close his works. Thus has been lost a manufacture which, if there were no bounty, would amount to at least 120,000 tons per annum, to which we should add a considerable portion of 250,000 tons which are now exported to other countries from bounty-fed sources. This shows clearly that an undoubtedly serious injury is done to English sugar refiners by the French bounty, and reciprocitarians have some ground for the grievance which they so clamorously submit to the English government. They demand the imposition of a countervailing duty. But why should not England enjoy and continue to enjoy the advantage gratuitously offered by France? It is to be regretted that any class should suffer such losses as those of the British refiners. But to place an import duty on French sugar would be to proceed on an unjust principle—to tax the whole nation—to levy a great poor-rate—to enable a few individuals to live by a certain calling.

Turning to other countries: it is admitted that if a policy of reciprocity should be adopted against any country, such a measure should be taken against the United States, from whom we purchase more than half (just three-fifths) of the aggregate amount of her exports, while scarcely any article of English produce is allowed

untaxed into her markets. Of the £77,825,973 imports from the United States into England in 1877, about one-tenth consisted of manufactured goods of all kinds. Articles of food and raw materials for our various factories are the chief items in her exports to us.

The injury which is done us by American goods forcing their way into our market is very slight. We are ever hearing of the mischief which our cotton industry suffers by the importation of cotton goods from the United States; but in reality it must be inappreciable. On the average of years from 1875 to 1877 inclusive, the amount of manufactured cotton imported was only value for £236,625; and even these figures are exceptionally high. The levying of a duty on such a petty trade could not have any effect worth considering.

A tax on food-stuffs or on raw materials would be more effective in "teaching" the foreign nations which export to us—if by a smart injury they could be educated in the required direction. But what a price should we pay for the experiment. The figures already quoted show that we should strike at the agricultural interests of America, in order to make her materially experience our power of retaliation. It is estimated that the area of arable lands in the United States exceeds 1,500,000,000 acres, while the area at present under cultivation is 174,091,000 acres. More than half of the American people who are engaged in the ordinary pursuits of life are directly employed in agriculture.

Telling harm could, no doubt, be inflicted on her by hampering her produce with duties, and thus shutting it out from the English markets. But it must be apparent that such a course would be suicidal folly. In an effort to maim our rival we should mutilate ourselves.

Our raw cotton imports from America in 1877 were £23,621,480 worth. Say 5 per cent. was imposed on this commodity. The price being raised in consequence, the demand would fall off, and America by this would lose. But little is her loss compared with the distressing results to England. If the competition is so keen in the cotton trade that manufacturers are pressed hard by foreigners under ordinary circumstances, they should be much worse off after the imposition of the duty. An increase in the price of raw cotton, rendering cotton goods dearer, even the home market would be narrowed, while foreign manufacturers having a handsome advantage in purchasing raw cotton cheaper, would now be able—if they were before treading on his heels—to successfully compete with and oust the British producer from many markets. England would also have to endure the manifold evils which arise from a tax on one of the necessaries of common life. Such a duty on cotton therefore would cause to us infinitely more loss than to America.

Time was when Russia supplied us with the bulk of our imported wheat. Not very long ago out of fifty grain cargoes arrived at British ports, forty were Russian. Now America has replaced Russia, and each succeeding year increases her supply to us. If a duty were imposed on these imports, America would be undoubtedly injured by a falling off in the demand; but the mischief done her would be most insignificant when contrasted with the loss to this kingdom.

Except landlords, who might ultimately reap a golden harvest, the increase in the price of breadstuffs would act prejudicially on every member of the community. The general industry of the country should suffer as the cost of living is increased. Probably labour would quickly become a more expensive element in the cost of production, and the capitalist should recoup himself by higher prices. Dearer prices should for some goods narrow the home market, and seriously imperil English supremacy in foreign marts. A perceptible addition to the price of the first necessary of life would be sure to precipitate into the jaws of misery, absolute want, and dependency on the poor's rate, many who were before living on the verge of pauperism. Grinding poverty contributes to the stocking of our hospitals, asylums, and jails. Another charge therefore on the community would be the cost of supporting the newly-made destitute and criminal. It is clear, therefore, that in essaying to retaliate in this direction, more harm would accrue to ourselves than could possibly be caused to our rivals.

It is absurd to propose reciprocity as a remedy against depression in trade. The preventive tariffs of other countries should have preserved them from the evils of depression, if any virtue as a preventive existed in such tariffs. The United States, the most protected of all countries, has not been free from the plague of commercial distress. For over six years her manufacturing industries have had to bear a strain of depression at least as severe as that which has so sorely tried the British manufacturer. Her iron trade is struggling for a maintenance, and the cotton and woollen business is no better. The returns to the iron-masters are not remunerative, and wages have suffered to such an extent that workmen find it a scramble to live.

The average value of British pig-iron in 1873 was about 125s. per ton, and now it is only 50s. This was an immense fall and had a disastrous effect on iron workers. The protective tariff did not save the price of American iron. In 1873 the average price was about 170s. and now it is about 60s. Distinct causes may have effected the changes in each country; but such a consideration does not affect the matter at issue. Though the people of the United States are obliged to pay very much higher prices for their iron because they wish to support its home production, and though the cherished balance of trade is in their favour, yet their best efforts preserve not the manufacturer from the natural mutations of trade. Americans then are taxed heavily to support a few industrial adventurers, who, notwithstanding the vaunted efficiency of protection duties, are in a much more risky condition and have less chance than the opposing Englishman, of realising that fortune which real success awards. An investigation into the position of cotton and woollen manufactures shows an equally unfavourable case. While prices are on an average over 90 per cent. higher than in England, the American producer is merely able to sustain a dragging trade.

The fears of British capitalists are apt to hugely magnify the dangers of American competition: America is wonderfully rich in mineral resources; but her prosperity mainly depends on her wonderfully fertile soil, and its great agricultural development. It is calculated

that the next census will show a valuation of farms exceeding \$11,000,000,000 (£2,200,000,000), and an annual production of \$3,000,000,000 (£600,000,000).

France has a very mild tariff compared with that of the United States, yet the country has felt and feels the dead-weight of general depression. The silk and linen trades are crushed to a most serious extent. The latter seems destined to utter ruin. The value of French manufactured goods exported has been diminishing for the last few years; but taken all together her trade has not suffered as much as that of America. The value of French manufactures exported in 1876 was 1,894,268,000 fr. and in 1877, 1,846,093,000 fr., which shows that the decline is still current.

Germany suffers much more than her war-beaten rival, and from many causes, the principal of which do not seem likely to be soon removed. German iron-masters have been petitioning loudly for the re-establishment of import duties, and now that a thorough protectionist tariff is about to be imposed, a significant fact shows the immediate effect of the Imperial Chancellor's policy on trade. *The Economist* of 2d May, points out that in anticipation of the levying of protective duties in Germany, a very marked rise (from 9 per cent. to 29 per cent.) has occurred in the prices of the shares of companies, especially in those working iron and coal; and this rise in price represents, not a natural increase in value, but merely an estimate of what privileged classes may be able to obtain at the cost of the whole community. The economic future of Germany is dark and unpromising. Hundreds of thousands of armed men, withdrawn from industry, have to be maintained at the expense of the productive classes; and the nation is now called to make a further sacrifice in the same direction, as, whatever the ostensible reasons, probably nothing but the terrible rigour of financial requirements urged Prince Bismarck to such a disastrous course.

It is quite evident from this general survey that commercial depression is not dependent on the extent to which commerce is restricted by tariffs, nor is it contingent on the existence or non-existence of tariffs. The injury which is supposed to be done to British interests by foreign competition is grossly exaggerated; but if a really substantial injury were inflicted, a policy of reciprocity could not better the position. On an average of years from 1875 to 1877, the total quantity imported into England of iron and steel, manufactured and wrought, was value for only £1,462,000, so that as a matter of fact the importation can have very little influence on our gigantic trade. But supposing it has: if an import duty were imposed, the community would have to pay a somewhat dearer price for *all* their iron ware, and thus, while the revenue to the state would be only the amount of the duty on the small part imported, there would come from the pockets of the people an amount equivalent to a tax on all produced and imported. Home manufacturers are unable to retain any profit above the ordinary, and the greater share of the tax should ultimately go to the mine-owners, for whose benefit the entire nation would be mulcted. The consequences of the enhanced price of iron would be marked in every industry in the

nation. Scarcely a branch of manufacture exists in which the cost of the iron plant is not a most important item to the capitalist. Its expense once increased, the manufacturer could not produce his goods as cheaply as before, and foreign rivals would be gainers of a most advantageous handicap. This general loss, therefore, would increase the difficulties of home producers, and would only intensify any previously existing depression.

When these arguments have been advanced the believers in reciprocity often contemptuously unheed their value, and talk grandly about the wonders of a many-sided civilization which should exist under the ideal reciprocity, and which would powerfully aid the national development intellectually and morally. How the proposed policy could compass such desirable ends one cannot easily see. A greater isolation from the nations of the earth, a reduced production of wealth, less leisure, a weakening of the bonds in which the golden links of commerce have enwoven distant peoples, are not probable agents to move a community upward in magnificent progress.

The fruitfulness of nature, the efficiency of labour in any form, are not improved or enriched by any secret blessing in reciprocity. On the contrary, the production of wealth is diminished, man has less of the necessaries, comforts, and luxuries of life. A nation pays a heavy tax for the purpose of fostering exotic growths, wasteful of the bounties of nature, and the embodiments of labour and genius. Spontaneous tendencies, which lead to what is best, are crushed under by false and narrow considerations of vicious expediency. Sordidly jealous, men forget the higher ends of all action, and ignore, if not altogether lose, the ideal of the moral and intellectual evolution of humanity.

Unrestricted commerce between nations places the produce of all the earth within general reach. The useful and beautiful developed by nature in every clime, fashioned by particular craft or imparted by genius, however begotten, perfected, or embellished—all the advantages and pleasures nature and art bestow, may be obtained by a nation with the wealth to purchase, the mind to appreciate, and the *cultus* to properly enjoy.

XIII.—*Proceedings of the Statistical and Social Inquiry Society of Ireland.*

THIRTY-SECOND SESSION.—FIRST MEETING.

[Tuesday, 19th November, 1878.]

The Society met at the Leinster Lecture Hall, 35 Molesworth-street, Professor Ingram, LL.D., F.T.C.D., President, in the chair.

On the motion of W. Neilson Hancock, LL.D., seconded by Mr. Littledale, Mr. Perryng was elected a corresponding member of the Society.

Mr. Jephson read a paper on "Irish Statute Law Reform."