

VIII.—*On the Impolicy of a Revival of Protection as a Remedy for the present Depression.* By J. Moylan, Esq., Barrington Lecturer on Political Economy.

[Read, 6th May, 1879.]

WITH the now extended experience we have had of the vast benefits of free-trade, with the generally increased prosperity of the empire consequent thereon, with the augmented population of the sister kingdoms, and the increased well-being of our own, it may appear an unnecessary task to attempt demonstrating the inexpediency of curtailing such benefits, of lopping off a portion of such advantages, with the view of bolstering up this or that class interest, for this, in reality, is what is meant by would-be protectionists; nevertheless, as these protectionist notions seem to prevail among some sections of the community, it may be worth while to examine briefly as to the prevalence of such notions, to show their utter inadequacy if carried into effect, of relieving the present distress, and in the present temper of the times, the utter impossibility of carrying them out into action.

As to the partial prevalence of protectionist notions, the causes are not far to seek. We are not far removed from the time when these notions formed the main portion of codes of home, colonial, and international trade—when it was implicitly believed that home manufactures ought to be encouraged, that every one as a consumer should do every thing he could to support his neighbours rather than to assist strangers, which would be considered unpatriotic to the last degree; that as much as possible every community should live in itself, and be as independent as possible of every foreign country; with a host of such other narrow views and poor conceptions of the general good. I need not say that the masses of the people are very tenacious of their notions; the more so when they were shared by those to whom the people would look for guidance. It is not, therefore, surprising that these notions prevail to a considerable extent at the present time. Again, almost every class is strongly inclined to identify its own interests with those of the nation, and when the nation is affected by any partial or pressing misfortunes, every class would propose to relieve such distress by supporting its own interest. Hence, when over-production is considered to be, as it were, the disease under which the nation is suffering, the nostrum is—shorten the working hours, but keep wages as nearly as possible up to the usual standard. When the national depression is thought to be owing to the low prices of grain and meat, limit the market by imposing a duty on imports, and thus shut out the produce at least of those who will not freely receive our goods in exchange. In fact, these and such other partial and interested remedies for passing national evils, bring forcibly to my mind the fable of the “town in danger of being besieged,” and the consequent aphorism, “there is nothing like leather.”

In reference to class interests thus, as it were, usurping the public weal, I may be permitted to state that in a paper on “Labour and Capital,” which I had the honour of reading recently before a pro-

vincial literary association, I endeavoured incidentally to controvert this notion of class interest *versus* the public good. In order to give a clearer idea of the scope of my argument, I trust I shall be pardoned for making the following brief quotation from that paper:—

“No matter how, on the one hand, you may classify the industrial masses of the people into producers and distributors of manufactured goods, or into capitalists and labourers, you can, on the other hand, reckon only the one great class—the entire mass of the community—as regards consumption; so that every possible means tending to the very cheapest production, while it may now and then do more or less injury to this or that class of producers, must benefit the whole body of consumers—that is, the entire community; and of this entire community, be it remembered, far the largest portion is made up of the industrial and working classes themselves. I think, then, that much good would result if the minds of the more thoughtful of the people could be thoroughly imbued with the idea, that while all are consumers of goods, only a comparatively small number can be producers—each class in its own way; and therefore whatever benefits *all*, must be of vastly more consequence than what benefits a *part*—often, too, a small part; and thus that free trade must be immensely more beneficial than protection to this industry, or bounty to that, or any other partial device for the sheltering of any particular interest from the beneficent action of free and open competition.”

It may be only a pardonable vanity if I say that I now attach much more importance to the above extract than when I first wrote it, for this reason—that in it I am quite in accord with the celebrated Bastiat, who has ably developed the above principle in *Abundance and Scarcity*, one of the essays in his *Economic Errors*, recently re-published, and which came under my notice since the paper I have referred to was written. Bastiat, adopting the Socratic method of reasoning, clearly proves that if the interest of producers or sellers only be considered, scarcity must result; while if the interest of consumers or buyers be considered, abundance must be the consequence: and he gives in support of his argument instances so quaint and striking, that one or two may be cited. He says:—

“As to producers, we must agree that every one of us has anti-social desires. Are we market gardeners? We would not be sorry if it froze on all the gardens in the world except our own! *That is the theory of scarcity.* Are we owners of iron-works? We desire that there may be no other iron in the market but what we bring there, whatever want of it the public may have, and exactly in order that this want, strongly felt and imperfectly satisfied, may occasion a high price to be given for it; *this is also the theory of scarcity.*”

Again, further on, dealing with the counterpart of his argument, Bastiat says:—

“If we now come to consider the immediate interest of the consumer, we shall find that it is in perfect harmony with the general interest, with the claims of the well-being of humanity. When the buyer appears in the market, he wishes to find it abundantly supplied; that the seasons should be propitious for crops of every kind; that inventions more and more wonderful should put within his reach a greater number of products and gratifications; that time and labour should be spared; that distance should be obliterated; that the spirit of peace and justice should allow the weight of taxes to be lessened; that barriers of every kind should be thrown down: *in all that the immediate interest of the consumers follows the same parallel line as the public interest well understood.*”

I shall only give two other very brief remarks from Bastiat; the one is so well established and the other so important, that it would be inexcusable to omit them. After some preliminary observations, he writes:—

“I don't fear saying that the theory of scarcity is much more popular.”

And as a sort of counterpoise to this, he says:—

“And although it may appear extraordinary, it is certain that political economy will have fulfilled its task and practical mission, when it shall have made popular and rendered irrefutable this simple proposition: ‘The wealth of mankind is the abundance of things.’”

The interests of the consumers, that is of the whole community, being thus identical with the public good, it must be obvious that any state measures adversely affecting consumers would be a retrograde policy, and could not be too much deprecated. As people have the clear and undoubted right to satisfy their requirements, by buying the best and cheapest home products they can get, so also ought they have the full and free right to buy whatever else they require in foreign markets—in other words, there should be neither let nor hindrance to the importation of foreign produce, and thus all would be allowed to share to the fullest extent the combined results of the bounty of Providence, and of the most productive industry of man. The whole scope and tendency of foreign commerce is, if left untrammelled, to do this in the best possible way. It may not then be using too harsh words to say how wicked it would be to impose restrictions tending to mar such beneficent consequences. The benefits of commerce are cosmopolitan; it tends to the more equable distribution of the products of all countries, brings nations into closer intercourse, thereby smoothing down asperities and allaying national prejudices, and what is of more consequence from the purely economic point of view, causes labour and capital to be employed to most advantage everywhere.

That free trade then must be immensely superior in its beneficent effects to protection, cannot admit of the slightest doubt in the mind of any one who has examined into the working of both. To sustain this assertion authoritatively, I beg to make the following extract from Fawcett:—

“It has been proved as a possible theoretical result, that the landowners (and they only, at least permanently), may be injured by the abolition of protective duties. The experience which has been derived from the introduction of free trade into this country has shown that the landowner will generally receive compensation in various ways. The rent of land has not diminished but has considerably increased since the passing of free trade. This fact may be readily explained; for although the price of wheat has been reduced by foreign importations, yet a more than corresponding rise has taken place in the price of other kinds of agricultural produce. Meat, dairy produce, and even barley are much dearer now than they were previous to the repeal of protective duties. It must, moreover, be remembered that the rise in the price of these articles is in a great measure due to free-trade. Our commerce, released from the trammels of protection, has expanded in the most extraordinary manner. An augmentation in our export trade amounting to £100,000,000, represents an enormous addition to the accumulated wealth, or in other words to the capital of the country; but if the capital of the country is augmented, the wage fund must

also be increased, and thus the additional wealth which has been created by unrestricted commercial intercourse has been distributed amongst the nation at large. The population having largely increased, and the people having been made wealthier, a greater quantity of meat, dairy produce, and beer, is consumed. Meat and dairy produce are expensive to import, and barley after being for a length of time in the hold of a ship does not make good malt. Hence these commodities have all greatly risen in price; farmers are consequently now (1874), able to pay higher rents than they could when they were protected by prohibitive duties; and growing prosperity for the landed interest has been substituted for the impending ruin which was so often gloomily predicted by protectionist statesmen."

I must admit that this pleasing picture drawn by Fawcett in 1874, or previous, has now become somewhat dimmed in 1879. Nevertheless, it is only some of those passing clouds which occasionally, I might almost say periodically, dim the economic horizon. As the world progresses, new inventions come to be applied, changes supervene, improvements are effected, with necessarily some derangement and considerable alteration of the economic machinery for the time being—involving it may be the total disuse of some wheels, and the substitution of others; and then the machinery goes on again smoothly and beautifully till the progress of time renders further improvements necessary, with the view to the saving of motive power, or to increased efficiency, or some other great advantage rendered inevitable by the new conditions of things. In these changes the general good is promoted, while partial interests may suffer or be entirely annihilated. The means of locomotion at the present time, and some thirty or forty years ago, furnish a striking illustration. Car proprietors and owners of roadside inns, and stable-men and others, suffered pecuniary losses by the introduction of railways; but the general public have gained numerous and vast benefits. Many handicraft people, such as sawyers, stitchers, and various others, have suffered by the introduction of such machinery as superseded their labours, and thus seriously inconvenienced them till they could betake themselves to other employments; but the public good is thereby fostered and increased. Instances of this kind might be given to almost any extent, the most recent probably being the depression of the farmers' interests by the importation of American meat; but as the fall in the price of wheat caused by the free importation of a foreign supply was compensated by the rise in that of dairy produce, and of barley, so it is to be hoped—nay, it is almost certain—that some compensatory principle will arise out of the present changes, which in the not far distant future will more than make up for the temporary losses now being sustained.

Instead of trusting to the continued operation of free-trade to remedy the present inconveniences that have beset farmers and others, are we to have recourse to the old, and, at least in these countries, almost effete nostrum—protection? To this I shall be quite consistent in adding the further questions:—Are we, in order to restore sawyers and stitchers to their former position, to destroy the machines which now do many times the work that they were able to do? Are we to tear up our railways in order to restore to hostlers and country inn-keepers their former business? These questions may now appear silly, because we have quite got out of the former state of things which

they indicate, and fully into the present; but it is not a great many years since they had quite a formidable, indeed an awful significance. It is not a great many years since the introducers of sawing machinery in the city of Cork had their sight destroyed by having vitriol thrown on them by the irate sawyers or their agents or accomplices; and I remember myself in the city of Limerick, some thirty years ago, hearing a workman say that he would not hesitate to take the life of any man who, by the introduction of machinery, would deprive his children of bread. Instead of these threats being now uttered to, nay personal injuries inflicted upon, any who interfered with the workman's supposed rights, they are reserved for non-society men only or chiefly, as is the case in some of the coal districts in England at the present time. And I do not hesitate to assert boldly and broadly, that one gigantic error—one great mistake—underlies the action of trades-unionism as well as protection and other agencies artificially tending to run up prices of any kind abnormally—and that is, the notion of making the public pay whatever is necessary to maintain this or that class interest. This false principle is now so generally well known, that there seems little need to adduce any authoritative statement to illustrate its malevolent prevalence. However, as I happen to have a telling one at hand, I shall quote it as it is quite to the point. In a rather recent publication, entitled, *The Conflicts of Capital and Labour*, whose main purpose appears to be to vindicate trades-unionism, and as a matter of course to asperse as much as possible the science of political economy—in many ways, however, an interesting book and especially in its history of guilds and unions—I find on turning to page 463, from which, fearing I may do the author any injustice, I shall quote somewhat more fully than suits my limited space, thus:—

“ One great difficulty in the way of successful arbitration is the entire absence of any definite principle which will serve as a basis upon which awards may be founded. Certain temporary expedients are, from time to time, resorted to, and these are considered sufficient for the dispute then pending. Sometimes the decisions given have the effect of inaugurating a system by which the prices can be adjusted in such a manner as to prevent any serious misunderstanding for many years. This has been the case in the hosiery and lace trades. In the iron trades it worked tolerably well for a time, but several defections occurred. It is now being tried in the mining industries; but the experiment has hardly had a fair trial, and it is doubtful if it will be permanently successful. Still it was the best thing that could be done under the circumstances, and therefore commendable as a beginning, even if it does not offer the best solution for the labour difficulty. *The error seems to be in making wages dependent on the fluctuations of the market, instead of prices being calculated on the basis of wages.* Economic and commercial facts and reasons are alone considered in this case, whereas moral and social grounds ought to have due weight and influence. . . . The name of economic science has been used to bolster up all kinds of abominations, and never with greater effect than in the case of the agricultural labourer and the factory worker; legislation has helped the latter; trades-unionism is working miracles for the former of these two classes.”

The *italics* above are made by myself, as the statement is of deep significance—being, as I have said, the basis, in its own way, upon which unions demand wages, and in the case of refusal strike for them—and as we all know in nine cases out of every ten ineffectually. And

clearly analogous principles to that above given—that wages should not be dependent on the fluctuations of the market, but that prices should be calculated on the basis of wages—are made the foundation of protective duties and of all artificial restrictions upon free-trade, and open competition of every kind. Such then would be a kind of summary of the instances given by Bastiat that producers are anti-social, and would do all they could to make scarcity of their own particular commodities prevail throughout the whole community.

How inconsistent it appears to us at the present time, in studying the social history of the time, a generation or two ago, to find protectionist statesmen making laws against trades-unionists, and they being in a sense trades-unionists themselves, endeavouring to adjust prices artificially for their own benefit, and preventing workmen doing the very same thing with regard to their time and labour! And how cheering to find, that notwithstanding that wide-spread inconsistency, laws were made leaving workmen free to combine as to the terms upon which they would give their labour; and not long after other laws made to break down the barriers of protection, and to throw open the portals of free-trade! How inconsistent it would appear of any employers—farmers, landlords, or manufacturers—to complain of the high wages of artizans artificially propped up by combination, while they themselves, if protectionists, would, if their party were in the ascendant in the legislature, combine to raise prices of commodities on the whole public! What virtuous indignation such people exhibit, when you talk to them of certain classes of Americans forming “a ring” and “rigging” the market, and thus mulcting their neighbours and fellow-subjects!

Look upon protection, then, in whatever way you will, you will find it analogous to, rather I should say identical with, much that is objectionable in trades-unionism; nay, you will find this further similarity, that as unions have recourse to strikes when their business is slack, and when strikes are ineffective, except for mischief, so protectionists would have recourse to prohibitive imposts when commerce is stagnant, and when such imposts would only intensify the hardships under which the empire at present labours. Protectionism, therefore, as it were, carrying its own condemnation, I need not attempt to refute the leading arguments adduced in its favour—such as its instrumentality in raising a revenue, or its serving as a means of making us less dependent on foreigners for our supplies of food, as these arguments have been worn threadbare by the discussions which they underwent just before the time of the repeal of the corn-laws, and subsequently in the books on political economy.

The only point that occurs to me as being of any consequence to notice is the fact, that though protection finds little favour in these countries, it is still widely popular, in I may say, all European and American nations, and in our own colonies; and I should feel that my essay would be defective if I were to pass on without adverting to, and in some measure accounting for this important circumstance.

That protection is still rampant in other countries, while it is all but stamped out in our own, appears to be owing to the fact that Great Britain is not exclusively or mainly agricultural or manufacturing,

but that it is both; and these different interests co-existing, force upon the people, in a measure, the necessity of allowing them free scope; while in other countries it may be generally said only one main interest is found to predominate, and minor interests are sacrificed to it. This main industry usually absorbing the labour and energy of large masses of the people, they come to think almost exclusively of it, because they deem it so closely connected with their own welfare. The great body of workmen, for instance, in America and Australia, are ardent protectionists, probably owing to the fact, that they would not fail to observe the loss which may be inflicted upon particular classes of the community by unrestricted foreign commerce, while they could not clearly see the advantages which would more than compensate this loss. They would argue that their exports consist chiefly of the necessaries of life, and that the imports are mainly composed of commodities consumed by the wealthier classes, and that the cheapening of these would not compensate them for the diminished wages they would in that case receive for their home manufacture of them. An intelligent cotton operative in America, for instance, might be ready to admit that the aggregate production of wealth in his country would be increased by the importation of Lancashire cotton goods, but that in that case he would lose the benefit of his acquired skill, and be compelled to seek other employment in which he would necessarily earn lower wages. This no doubt would be true; but the good of the comparatively few should not work to the injury of the many. It is the old story of the interest of the producer against that of the consumer—the interest of a fraction of the community against that of the whole community. The only way to meet such arguments is, Fawcett says,

“To assert the principle that mankind in general is interested in having no unnecessary obstacles interposed to the production of wealth; that a government cannot be pursuing a just or wise policy if it cause the labour and capital of a community to work with diminished efficiency; that while the abolition of protective duties may do temporary injury to some classes it would eventually benefit all—admitting at the same time that the introduction of the greatest industrial improvements have always caused some suffering to individuals.”

It is easy, however, to say that the only way to meet popular fallacies is to assert fine principles; the difficulty is to get people to admit the justice of these fine principles. You may expatiate to a man on the beauties of a fine landscape, but to no purpose if he will resolutely keep his eyes closed; you may talk, but in vain, to an illiterate peasant on the beauty of English literature, or on the comprehensiveness of the theory of universal gravitation, but until you give some preliminary teaching from books, or from the every-day experience of common life, leading up to such high principles, you need not hope that much of them will be understood, still less will they be acted upon, or carried out into practice.

And here I will remark incidentally, that I felt much disappointed on first reading the Intermediate Education programme, at finding that political economy was wholly excluded—and this is the more surprising, when we find that subject included in the programme of examination even for women in the University Local Examinations in

England and Ireland. But certain it is, that political economy is not getting anything like the amount of public attention commensurate with its importance as a means of correcting popular errors, or as an interesting subject of the curriculum of intermediate or elementary education; so that at the snail's pace at which we are progressing in this regard, it will, I fear, be a long time till political economy will have fulfilled its mission of making popular and rendering irrefutable the simple proposition that the "wealth of mankind is the abundance of things."

There is only one other point on which I beg to make a few remarks before I bring this paper to a close, and that is, the impracticability, nay, the impossibility, of carrying into effect any protective schemes at the present time, even if free from objections in principle. Any measure in the present depressed times tending artificially to raise prices, would only find favour with the interested few; it would be sure to meet the most determined opposition in the legislature, as well as from the great masses of the people. In the discussions going on in the newspapers at the present time as to the best means of mitigating the present distress, and as far as possible guarding against its recurrence, other means than protection are being forced on public attention, foremost among these being the adoption of better systems of cultivating the land than those heretofore in use, and the consequent production of larger supplies of home-grown food. Much, no doubt, may be accomplished in this direction; for with all our boasted improvements in science, with all our discussions as to the relative advantages of farming on the large or the small scale, we are still far from getting the amount of produce from the land which it would give under better management of an obviously feasible character. Even the most cursory observer cannot fail to notice in country places the waste that goes on, through either gross neglect or downright ignorance, especially of manure, both solid and liquid—the former by long exposure to the action of the air and wind out in the fields previous to being covered in, and the latter by being allowed to run to waste about farm houses; and thus a considerable amount of fertilising properties is lost to the land, which must be partially replaced by the purchase, at much expense, of artificial manures.

If the discussions evoked by the present depression will tend to more care and skill even in turning our ordinary resources to better account, as well as in developing new agricultural resources, much permanent good will result, which will, to some extent, compensate us for the distress under which we now suffer, and to such a probable, and even more than probable, state of things we will hopefully look forward.
