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I.—*Free Trade and Protection with reference to Ireland.* By George Coffey, Esq.

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SOME recent conversations on Free Trade and Protection with reference to Ireland, have suggested to me to bring before our Society the following short consideration of the subject. Within the next few years the question may become of more than academic interest to this country; and it is, I need not say, of importance that the ground of discussion should be in some measure cleared before entered on for action.

In the present paper I have not attempted the collection or examination of statistics. The effect of English trade monopolies on Irish industries have, it is true, during the past few months received some attention in the press. But the impossibility of obtaining trustworthy information, and the danger of being led into basing conclusions on a few particular instances—also, the difficulty of separating Irish returns from those of the United Kingdom, have inclined me to write rather with a view of suggesting lines of discussion than in any hope of final assertion.

The principle of Free Trade may be briefly stated thus. It is desirable that each country should direct attention to the production of such commodities as can be most easily produced in its present circumstances, supplying other requirements by foreign trade. And if men and governments were wise they would allow trade to be as free as possible, in order that all things should be produced where it costs least to produce them. Looking, then, at the world as a whole, the free-trader hopes ultimately to see all international barriers to trade removed, and, the commercial interests of nations being at length one, that under a wise territorial division of labour, the maximum prosperity for the world and for each country will be attained.

As a general proposition it is impossible to dispute the doctrine of Free Trade. In its universal application there is, however, I would submit, this fallacy—that it is assumed, nay, it is distinctly so stated, that every country can produce some things or thing better than its neighbours, to which, if the industry of its people be directed, the maximum of wealth and prosperity possible for that country will be reached. This is confidently assumed by the advocates of Free Trade, in the face of the fact that large portions of the earth are quite unproductive, and that between such waste spaces and the most favoured parts exists land of every degree of productiveness. It will perhaps be said that I overstate—that the application of Free Trade is only thought of with reference to countries possessing facilities for production, or the people of which have acquired a special aptitude for certain forms of industry. I believe, however, I am right in saying that this fundamental proposition of Free Trade—that every trading country possesses some facilities of production superior to its neighbours, is rarely stated in other than general terms.

The all important fact, one which the advocates of Free Trade seldom press, is thus cloaked over—namely, that under Free Trade population must flow from the poorer parts of the earth to the more productive. Nor will repopulation of such poorer parts take place, until, as in new countries, increase of population necessitates recourse to the less productive lands—increase of the world's population shall induce the re-occupation of the less favoured countries. And here it is desirable to note that between such re-peopled countries, from which population had been previously exhausted under the action of Free Trade, and their more wealthy neighbours, little if any commercial intercourse could arise.*

It may be that under any commercial system population will flow from poor to richer countries. It is, however, important that we should clearly understand that under Free Trade this must take place, and that countries, such as Ireland, of limited productive powers, must suffer when brought in contact with those more richly endowed by nature, unless some means can be found of either acquiring through technical education superior skill in manufacture, or developing industries in directions hitherto little thought of.

The question now arising, of in how far the trade conditions here indicated can be modified by the application of some system of protection or bounties, may be conveniently considered from two points of view.

* This and subsequent statements may at first appear in contradiction to the principle of "relative cost of production." If, however, the number of countries of superior facilities for production of given commodities exceed the number of commodities considered, it can, I believe, be shown that that principle does not apply, and that countries of inferior facilities for production of such commodities will be gradually excluded from trade with the richer countries. Moreover, as between two countries the principle of relative cost of production is limited in application, and is true only so long as the industries for which the superior country possesses the larger advantages are expanding; as with the development of the country the profit on such industries is reduced, attention will be directed to its lesser facilities to the exclusion of trade with the inferior country.

(1) With reference to home consumption—to what extent it may be advisable in some instances to reject foreign trade, with a view of promoting home markets.

(2) How far industries can be fostered by Protection or Bounties, with a view to foreign trade.

Discussing the question in the first aspect: consider for a moment the position of a country possessing many facilities for production, but all in inferior degree to its neighbours. It is conceivable that a country so circumstanced might, notwithstanding, attain to a high state of civilization, possessing art and literature, and a considerable share of material prosperity. Yet between a country thus conditioned and its neighbours little trading intercourse could exist—the surrounding peoples being, in the case we have taken, able to supply all their wants cheaper elsewhere.

Passing now to the consideration of a country possessing a facility of production in one direction, but in one only, superior to neighbouring countries, the conditions of the case are at once altered. If we suppose, for the purpose of fixing ideas, that in the instance under consideration there exists a facility for the production of ploughs; then if such facility is sufficient to permit of the whole population engaging in that manufacture, it is manifestly to their commercial advantage, putting aside the desirableness of diversity in occupation, that the country should, as far as possible, be turned into a plough factory. But if it be granted, which will be more in accordance with fact, that the facility for the production of ploughs is only sufficient to enable a portion of the population to take part in that industry, or that the conditions of the industry are such as to allow of the country in question obtaining a share only in the production of the world's ploughs, insufficient for the occupation of the whole population—then it is evident that such trading intercourse as can exist with surrounding countries, will, as far as the country in question is concerned, be confined to the holders of the industry mentioned, and a commercial isolation must speedily arise between the manufacturing population of the country and the rest of its inhabitants. The makers of ploughs, in the instance we have supposed, being able to obtain everything they require cheaper by foreign than by home trade, and consequently the non-ploughmakers, having nothing to offer in exchange for ploughs, must per force leave the country or sink to a dependent position.

To emphasize the instance—if we grant that the principal industrial powers of a country are concentrated in an island off the coast, it is evident that if the occupiers of the island are able to open trading relations with foreign countries of superior productiveness to the mainland, trading intercourse would, in a short time, completely cease between the island and the mainland.

And so under the influence of Free Trade, a commercial isolation or separation of classes, similar in effect, must inevitably take place within a country where manufacturing industries are few, occupying but a section of the people, the remainder of the population being engaged in one common industry, the facilities for which are small compared with other countries.

It appears to me that there is danger of such a state of circumstances as is here suggested arising in Ireland, if, indeed, such does not already partially exist. The importation of agricultural produce into an agricultural country can only indicate prosperity when taking place conjointly with an increase of population. Importation of agricultural produce into a country of decreasing population plainly indicates the decay of the agricultural industry of that country, and that such decrease in population is almost exclusively taking place in its agricultural population—that what I have called a commercial isolation or separation of classes has taken place: the population of the towns, manufacturing and professional classes, leaning more and more on foreign trade for supply of food commodities, to the gradual closing of home markets.

Looked at from the standpoint of Free Trade, *i.e.*, the acquisition of wealth irrespective of its geographical distribution, it may be commercial wisdom that an agricultural population so circumstanced should leave their country to settle in lands of greater capabilities. But men are not bound to country by ties of pounds, shillings, and pence alone, but by the feeling that *there* is their common home, by common traditions and associations—in fact all that distinguishes a nation from an aggregation of individuals. And it is a question which the circumstances of the particular case must determine, whether it may not be in some instances wise for a people to partially cut themselves off from foreign trade, with a view of, so to speak, throwing their country in upon itself. That this, in some conceivable instances, may be so, we shall see more clearly if we simplify conditions. Suppose a community of three individuals, A, B, and C, each producing some one or more things desirable to all, and trading among themselves to the advantage of all, and that the conditions of the industry worked by A are such, either natural or artificial, as to render it difficult for B and C to engage in it. Now if A should discover that the people of neighbouring land possessing exceptional facilities for the production of the commodities for which he had been hitherto dependent on the exertions of B and C, are anxious to obtain the products of his (A's) special industry, all trading relations between A, and B, and C, are at an end—A obtaining all that B and C can produce better and cheaper by foreign trade. Under such circumstances it would appear to me but an exercise of common sense on the part of B and C, should they say to A: We shall not allow you to supply these new friends of yours to our injury. We do not wish to prevent you altogether from trading with our neighbours, but you must first supply our wants, then any surplus goods remaining to you we shall gladly see you exchange with them. This, you will observe, B and C could effect by preventing the incoming of goods to A—in fact applying Protection, as effectually as by directly insisting on A trading a portion of his goods with them.

We are, I trust, far from the time when the adoption of such a course may be necessary on the part of the agricultural population of this country with reference to the manufacturing and professional classes; yet if means cannot be found of largely extending our manufacturing industries, it would seem to me, in presence of the

importation of food and raw material of recent years, that such a course may ultimately be necessary.

The importance of developing the manufactures of our country is, I need hardly say, fully recognized at the present time. The second of the two aspects under which I have proposed to consider the question of Free Trade and Protection—the application of Protection as a means of fostering native industries, with a view of, in time, establishing them in a position to hold their own in the world's markets—will therefore probably command most attention this evening.

The arguments against Protection are chiefly these—that Protection, however disguised, is simply taxing the general industries of a country for the support of a favoured few, which, did the country possess the necessary advantages, would prosper without any such artificial aid; that the cost of production for the non-protected industries is thus proportionally increased, and that, in so far as the capital and labour of a country are forced into channels which if free they would not have sought, direct loss occurs.

It is not necessary to state at greater length the arguments against Protection. They are familiar to all who have in any measure considered the subject, and are admitted by the advocates of Protection. In pressing this side of the question, however, free-traders persistently overlook the fact that their conclusions, so triumphantly drawn, rest on the assumption that under the existing conditions of trade, countries are free to develop industries for which they possess the necessary natural advantages—in fact ignore the advantage of “beginning sooner.”

Consider the relative positions of England and Ireland.—Will it be maintained that, granting Ireland to possess equal natural advantages for production with England, Ireland could hope, in open competition, to pull up the start England has obtained during the present century. Is it not certain that for many generations the efficiency of labour and division of employment which large capital permits—also the body of skilled labour accumulated in industrial centres, would enable England to produce manufactured goods cheaper and better than this country. During such time, therefore, as Ireland, granting she possessed all natural advantages equal with England, should require to overtake England in the industrial race, if indeed possible, manufactures would necessarily be carried on at a loss in Ireland—in practical effect to the taxing of the other industries of the country.

It will be answered that under such circumstances Ireland should not attempt manufactures, but devote herself to the production of food and raw materials. I admit that under Free Trade the only workable basis of trade between countries so circumstanced, is that the behindhand country should be content to develop her position as a draw-farm for her more prosperous neighbour. The aggregate production of the world might thus be increased, though this appears to me open to discussion; but it is evident country No. 2 could not under such conditions reach that degree of prosperity possible if developed as a manufacturing country.*

* See the chapter on Free Trade and Protection in *The Dismal Science*, by William Dillon.

In the open markets of the world, it is true that the cheaper and better article will inevitably drive out the inferior and dearer. But if a country should make up its mind to forego a present good to secure future greater benefit, and with a view of promoting native industry be content to use for a time an inferior and dearer article than could be obtained from outside, then, at least, it must be admitted such country has obtained a monopoly of one of the world's markets—namely, its own. And with each year that passes, it is fair to argue, an increasing body of skilled labour, determined by the capacity of such home market, will grow up within the country, and the conditions necessary for the successful prosecution of an industry be gradually formed.

If it be economically sound for a number of individuals to form a company for the purpose of starting an industry, the early stages of which must be carried on at loss, I cannot see that it is not equally sound that a nation should invest in an industry, of the success of which there is a reasonable prospect. No doubt, in the first instance, the persons investing reap the profit, whereas in the latter case, the holders of the particular industry protected or subsidized would appear to obtain an undue return at the expense of the general investors. It is true, theoretically speaking, that if the nation as a whole invest in an undertaking, the nation should reap the profit. We have not, however, yet reached that stage of socialism in which such would be possible; and although the holders of a protected or subsidized industry may obtain an undue benefit, yet the gain to the country in the long run, in the form of trained and organized labour, permitting the development of natural powers which must otherwise have lain dormant, may well repay such present sacrifice on the part of the nation. It must not, moreover, be forgotten that trade as at present carried on is to a large extent a system of gambling, under which it cannot be said to be free, and to counteract which artificial state, artificial means are necessary.

Looking, then, at the question of Free Trade and Protection with reference to Ireland, it would appear to me to resolve itself to this: that if the people of Ireland are persuaded that the country possesses facilities in certain directions for manufactures, which want of private capital, skilled labour, and industrial organization preclude them from developing, and which, if started under present conditions, would, owing to the competition of established industries in other countries, have to be carried on for years at a loss, they would be economically justified in submitting to a general tax for the purpose of so developing the resources of the country. And against the burden of taxation which Protection involves, must be set off the value of the home market for the general industries of the country, formed by the population engaged in the protected industries, and which becomes of increasing importance when, as in the case of Ireland, the foreign market for present industries is contracting. Moreover, we should not overlook the fact that waste of wealth is continually taking place, and that there is thus a margin of expenditure which, if set free through increased thrift, will be available to meet in part the taxing effect of Protection.