

With respect to taxation on articles of foreign trade. The first effect of a tax upon a commodity, is to increase the price of it; and the next, to reduce the consumption in a proportionate degree, of both the home and foreign consumer. This is intended by it; it is an indirect way of taxing income, which thereby cannot command the same quantity of consumable commodities as before. But it does not in the least diminish the general demand for labour and commodities. The object of the tax is to acquire income with a view to expenditure; and if the foreign consumer, from having to pay more in price, consumes less in quantity, the power of consuming the difference is acquired by government, and the foreign consumer thus contributes his share to the expences of the state.

## CHAPTER XVII.

*Tax upon Foreign Corn.*

WHEN the foreign demand, for the commodities of this, or any other country, determines the balance of payments in its favour, there are two ways in which the trade may be brought to a balance: either by a general elevation of prices sufficient to curtail the demand; or by an elevation sufficient to create an importation of the produce of the soil that will command labour and commodities enough to supply it.

In the latter case, no great rise of the national prices beyond those of the neighbouring countries trading with it would take place. Instead of the increased demand for commodities being paid for in money, it would be paid for with food and materials, by which an additional quantity of commodities, corresponding to the increased demand, would be produced. It is of no importance to a British manufacturer, for instance, from whence the demand comes which he supplies; or where the food is grown which he eats. If his bread be good, it is immaterial to him, whether it is the produce of Yorkshire, or of Poland.



The advantages which Great Britain would gain by such an additional trade, would consist in the increased manufacturing population it would support, and the profits of capital which its merchants and manufacturers would gain. Not half, it is probable, of the food and materials would be embodied in, and represented by the materials and labour which the commodities that were returned in payment for them contained. The rest would be retained as profits of capital, &c. and be consumed by the merchant, manufacturer, and capitalist, in the necessities, conveniences, and luxuries of life.

In this case, however, no great advantage would be gained by the proprietors of British soil. The incomes from their estates would not, as with an elevated standard of prices, command a greater quantity of foreign commodities than before. The trade would be little more than a commercial extension of territory. A greater surface of soil would, in the support of labour and profits of capital, pay tribute to our manufacturing superiority. If another county was added to Great Britain, it would confer no particular advantage on the rest of the kingdom, so far as the interest of the landed proprietors were concerned; neither by the same rule, does bringing the general produce of other soils to this country do so. Geographical situation is nothing in the eye of commerce. J. Conolly,

Esq. one of the witnesses before the agricultural committee of 1821, stated, that flour could be sent cheaper to Liverpool from America, than he could send it from his mills to Dublin, by only 44 miles of canal navigation. The American proprietor in the neighbourhood of a convenient place of shipment, is of course in that case as well situated for the trade of this country as the Irish proprietors in the neighbourhood of Mr Conolly's mills; nor could the Irish proprietors gain any advantage by such trade.\*

Very different, however, would be the case, were the importation of victual produce not allowed. Our demand for materials would then

\* "James Conolly, Esq. again called in and examined."  
 "You were asked on your examination, respecting the  
 "power of this country to compete with America in the  
 "article of flour, in the general markets of the world; have  
 "you any thing to add to your answer upon that subject?  
 "My object is to shew the effect of the importations of  
 "American flour upon these countries; America possesses  
 "a prodigious advantage over us in respect of freight, so  
 "much so, that at my mills, 44 miles from Dublin, which  
 "are very extensive, and from which there is a water carriage the whole of the way from the mill door to Dublin,  
 "and which water carriage, has cost at least 400,000l. (the  
 "grand canal goes about 33 miles, and there is a barrow  
 "navigation which takes up the remainder of it) notwithstanding that, flour comes from America to Liverpool, at  
 "a lower freight than it can be put on board ship (from  
 "that mill) in Dublin."—*Report, page 319.*



be necessarily confined to the consumption of that population which our own soil would support; the balance of trade in our favour would elevate the national prices; a less quantity, though an equal value of, British goods would be exported, and the rest would be consumed at home; foreign commodities would become comparatively cheap, and the incomes of proprietors would go further, in commanding all the luxuries of life. The higher the national prices, the richer of course a nation becomes; its income will command a greater quantity of foreign commodities. Almost all our luxuries are of foreign production, and would rather be reduced than increased in price, by any balance of payments which raised the general prices of the country.

The situation of the labourer, with a high state of national prices, would also be improved. Dearness and cheapness are relative terms, and only applicable to prices, which are raised above the national level, by scarcity, or reduced below it by abundance. When the average wages of labour, and prices of the necessities of life, are rightly apportioned to each other, according to the existing supply of labour, the labourer is enabled to say when necessities are dear and when they are cheap. But it is by comparison with a standard, determined by the quantity of money in circulation, that he is

enabled to make this deduction. This standard is of course quite arbitrary, so far as the supply and demand for necessities are concerned, and his wages, according to the supply of labour, are always accommodated to it. A labourer considers only those prices dear, and those cheap, which are above or below the national level, whatever that level may be. A state of prices which may mark scarcity in one country, may denominate plenty in another. If the inhabitant of a country with a low standard of prices, comes to spend his income in a country with the reverse, he considers all the necessities of life dear, because they are at prices which would betoken scarcity at home. On the other hand the inhabitant of a rich country, spending his income in a poor one, considers the necessities of life cheap, because they are what he would consider cheap at home; on the same principles that Gulliver found himself a giant in Lilliput and a dwarf in Brobdingnag. In neither case, however, would they be either dear or cheap, but only in both cases be measured by a wrong scale. Gulliver was neither a dwarf nor a giant in his own country; and it would have been absurd to have considered him either the one or the other, because he was thought so in countries to which his natural standard of admeasurement did not apply.



In countries with high national prices, it is found, in general, by experience, that the lower classes are in better circumstances than in countries where the national prices are low. Now the necessities of life must always be the first and principal object with every labourer, and luxuries and conveniences only a matter of secondary consideration. When, however, the latter are easily acquired, and it takes no great quantity of labour, or sacrifice of articles of more absolute necessity, to purchase them, it is natural to suppose that more will be consumed than if they were of more difficult attainment. In a high state of national prices, therefore, to which wages are accommodated: when money will command a much greater proportion of luxuries than of food; or where luxuries are comparatively low, while the money price of food is high,—the lower classes will be able to increase their comforts by the comparative ease with which they can be procured.

In countries, on the other hand, with a low state of national prices: where foreign luxuries are comparatively dear; to acquire them will take a greater sacrifice of labour and the more absolute necessities of life, than the working classes probably would make if they could, or could make if they would. They, therefore, learn to dispense with those articles of comfort which are common to the poor in richer coun-

tries, or rather never acquire a taste for them, and often live in a miserable and degraded state of abject poverty.

A high state of national prices, so far, in fact, from denominating dearness or scarcity, is the means and proof of abundance. A mere extension of trade, by the importation of corn, may increase the numbers, but high national prices increase the comforts of the poor, and are as much to be desired by them as by any class of the community.

If, however, a great manufacturing country were entirely to prevent the importation of corn, prices would probably rise so high as to foster a competition by other countries, which, in the end, might rival and reduce its manufacturing superiority beneath what, by the exercise of better policy, it might continue to uninterruptedly maintain. By a total exclusion of victual produce it might have a greater advantage for a time, but in the end gain less than by preserving its national prices at a more moderate standard.

That a country, however, should throw away its manufacturing superiority altogether, and by unlimitedly permitting the importation of corn, render itself dependant upon other nations for this principal necessary of life, merely for the sake of increasing its manufacturing population, will never, I should think, be con-



tended. That it is entitled to make a fair advantage of its manufacturing superiority, is too reasonable a proposition to be denied.

This may be done in a most advantageous manner, without going to either extremes, of a free importation, or an entire exclusion. A tax upon foreign corn, and other victual produce, would have the effect of maintaining the national prices at any level that might be desired, beneath what would be attained by complete prohibition. If a tax were laid upon foreign corn in this country, our national prices must attain an elevation above those of the country from whence the corn came, sufficient to cover the tax upon it, before it could be imported. The tax would amount to prohibition until this were the case. But this level we should be certain to attain ultimately, if our manufacturing superiority would command a favourable balance of trade at the elevation; while at the same time the tax would possess the advantage of being no burden on this country, but exclusively a tax upon foreign nations:—To illustrate this principle.

If, for instance, corn imported from the Baltic, the prime cost of which, to the importer, was one million, were subject to a tax of another, its selling price in this country must, at least, be two millions. The price of British

labour and commodities would consequently have to bear a price in proportion.

It is unnecessary, perhaps, to remark, after what we have before said, that the price of corn governs the price of labour, and *vice versa*; and that the prices of corn and labour govern the price of every thing else. If they are doubled, the amount of capital in trade is doubled, and the profits expressed in money are necessarily twice as great as before, &c.; although the merchants and manufacturers may be no richer, except in the additional command of foreign luxuries, which, by the altered state of the national prices, they acquire; and that consequently doubling the price of corn, doubles the price of all commodities so far as they represent British labour and British produce.

The prime cost, therefore, of this corn, would only command half the quantity of British labour and produce in return, that it would have done without the tax; while the million levied by government would command the other half, which would, either directly or indirectly, be consumed by those to whom the money thus levied was paid.

Neither is it probable that the tax would fall in any great degree upon the nation from whence the corn came. The returns which are usually made to the Baltic for goods imported from thence, consist principally of tea, coffee,