

sugar, cotton, and generally the produce of the East or West Indies, and of wines, gold, silver, &c. in the price of which there is but little British labour or produce represented. The value of these commodities is only affected by the state of national prices in the countries from whence they come; they are as cheap as they would be with any state of prices in England. The national prices in England, however high, have no other effect than to lower those of every other country. In the purchase of these commodities, British labour or produce, however, has been exchanged; and it is the consumers in those countries, or deriving their incomes from those countries where these commodities are produced, who pay the tax levied upon the corn, in the payment of which they are returned.

By brandies imported into the Baltic direct from France, or tobacco from America, or tea from China, corn imported into England may also be paid for, the same as if they came through England. Goods, we shall say, are imported into France or America from Britain; and France and America having exported goods to the Baltic, for which we shall suppose they do not import an equal value in return, draw bills upon the Baltic for the balance. In England, in consequence of the importation of corn, there is a demand for bills upon the Bal-

tic. America and France, therefore, pay their debts to Great Britain with the bills they have drawn upon the Baltic, and these again are remitted to the Baltic in payment of the corn. The result consequently is, that the tax upon the corn is paid in the increased price of the goods sent to France and America, while the corn sent to England is paid for by the brandies and tobacco imported into the Baltic direct from those countries.

Teas imported into the Baltic from China, are often paid for in gold and silver, to purchase which England ships goods to South America. The gold and silver thus received, may be sent to the Baltic in payment of the corn, and from thence to China, or be shipped to the order of Baltic merchants direct for China. By these means the South American consumer of British labour and produce pays the tax upon the corn; while the corn itself is paid for by the teas imported into the Baltic direct from China. If imported by way of America, or any other channel not British, the American merchant who imports the teas from China, and ships them to the Baltic, draws upon the Baltic for them, and sells his bills in England for gold and silver brought from South America. Thus British goods are sent to pay for the gold and silver, it is remitted to pay for the tea, and the bills are sent to pay for the corn.



The amount of the tax proper to be imposed upon corn, is altogether a question of mercantile superiority, and ought to be determined on precisely the same principles as would govern a prudent manufacturer in similar circumstances. It can never be correctly determined by enquiries addressed to agriculturists. If it was too heavy, it would defeat its object as a tax by which to raise money. Were it to elevate the national prices so high as to enable other nations to undersell us, it would drive off into other channels that demand for commodities by which the demand for foreign corn was created. It must always be sufficiently low to preserve the demand for our labour and produce beyond what our own soil can support and furnish. Were the duty too high, as we have before stated, it would merely operate as a prohibition.

If a manufacturer could make so good and cheap a commodity as to prevent all competition, he would be anxious to make as much of his manufacturing skill as possible, and yet not raise his prices so high as to foster competition. In determining the price which he would set upon his commodity, his first point would be to ascertain the extent in lowness of price, and goodness of quality, in which he could exceed his neighbours, in any attempt which they might make to rival him. Having done this,

he would next ascertain how much of this arose from local circumstances, in which they could not compete with him, such as in cheapness of coal, facilities of carriage, &c. A price adequate to this he would lay on without any hesitation, as he never could be rivalled in these advantages. That superiority, however, which merely depended upon skill and capital, he would perhaps not be disposed to build upon too far; as if he did encourage his neighbours, by his high prices, to establish similar manufactures, practice might give them skill, and success might give them capital.

Upon principles similar to these, ought a nation to determine the amount of the tax it imposes upon foreign corn, if it be desirous to make the most of its manufacturing superiority; and that this or any other country should not be so desirous, it is impossible to conceive.

Although the parliamentary enquiries upon this subject have been upon the whole unsatisfactory, so far as they have gone they are extremely useful. It is evident that with a high state of national prices, land can be cultivated which would have to be thrown into pasture were those prices not maintained; and it is important to ascertain the prices at which inferior land can be preserved in tillage. As nature has made us equally carnivorous as well as herbivorous animals, it is perhaps intended that a great



part of the soil should be devoted to the rearing of cattle, in order to keep down its price to a level with that of grain, so that the labouring classes might be able to command a proportion of both. It is probably designed, therefore, that a considerable part of the soil should not pay for cultivation, in order to secure this. We might at the same time remark, that as the improved system of farming consists in rearing turnips and green crops for cattle, where they had not been reared before, the proportion of each, which it is the design of nature to preserve between animal and vegetable produce, is probably not at all altered by these improvements.

There can perhaps be little doubt, that in order to maintain all that land in cultivation which had been brought into tillage during the war, 80s. per quarter would be necessary. But, in order more clearly to show how this effect is produced, let us, for example, assume that the price of one half of the materials employed in working the land, and one half the wages of the labouring population of this country are determined by the price of foreign commodities. Let us also, in the first place, suppose, that foreign commodities are in all respects on a par with our own; that in our trade with foreign countries, the exchanges are equal in quantity as well as price; so that an acre of produce in Great Britain is only of equal value with an

acre of foreign produce. We should then have no manufacturing superiority. In this state of prices, there would of course be land which would just clear the expence of its cultivation, and nothing more. We shall suppose the produce of 50 acres of this to sell for £125, and the account of its produce and expence of cultivation to stand thus:—

Rent, by rearing cattle	£25 0 0	By produce sold for	£125 0 0
To the expence of its cultivation, determined by the price of British produce	50 0		
o ditto by the prices of foreign produce	50 0 0		
	£125 0 0		£125 0 0

Gain for the trouble of tillage, nothing.

But were our prices to rise to double those of our neighbours, the produce of an acre of land, would through the medium of our manufacturing labour, by this means, command the produce of two acres of any other nation, and that land which would pay no additional rent in tillage before, would now leave a rent of £50. The account would stand thus:—



To rent by rear- ing cattle, which would be dou- bled with the va- lue of cattle and other things	£250 0 0	By value of pro- duce doubled	£250 0 0
To expence of cul- tivation deter- mined by the price of British produce doubled also	100 0 0		
To ditto by the prices of foreign produce, redu- ced if any thing, but supposed to be the same	50 0 0		
To additional rent cleared	50 0 0		
	£250 0 0		£250 0 0

Gained for the trouble of tillage, £50.

It is upon this principle that land must be thrown out of cultivation, with a low state of national prices, which would leave a rent when prices were high. Our national prices were very much elevated during the late war, and land was brought into tillage which will not now pay for cultivation. The prices, however, at which the land in tillage would pay for cultivation, it

was important to ascertain. This has been done by the agricultural committee, and fixed at 80s. per quarter, and I have no doubt with great truth. But how far it may be proper to maintain the national prices at that standard, is another branch of inquiry. The particular cause of the high prices during the war, and the present low prices, we shall hereafter consider.

Although we should thus gain such considerable advantages by our foreign trade, it would still be the interest of foreign nations to trade with us. The cold regions of the north of Europe, and British America, can never become manufacturing countries. The extreme of cold, and even of heat, to which they are subject, forbid it; while their climate is very favorable to the growth of corn. On the other hand, the excessive heat of the tropical climates equally renders them unfavorable to manufacturing industry, but superabundantly fertile in all the vegetable luxuries of life. The temperate regions less favoured with natural fertility, but infinitely more so in the manual energy of their inhabitants, seem destined by nature to supply the rest of the world with the produce of art and labour, and be the connecting link by which the extremes of climate administer to the comforts of the population of each other.



The other nations of Europe, with climates equally temperate, and circumstances equally favourable for manufacturing industry, may perhaps object to take our manufactures were a tax thus to be levied upon them, and endeavour to improve their own; at least to the extent of supplying their own consumption. Any laws to this effect, however, it is extremely probable, if not certain, would be laws which would rather retard than promote this object. The first thing to stimulate a nation to industry, is to create a demand for its labour. The only way to do this is to provoke expenditure by the introduction of foreign luxuries. By this means a demand for commodities in order to pay for them is produced. The money made by the trade, and the knowledge gained of the demand, cost, and quality, of the foreign articles consumed, foster attempts to produce them; to which attempts, however, an existing demand is necessary. Manufactures will seldom to any great extent, be set on foot, if the parties have not only to make the commodity, but create a market for it; and this would have to be done if the habit of consumption be prevented by restrictions upon import. All experience has in fact shewn that foreign trade has proved the best mode of giving a taste for, and introducing domestic manufactures. It introduces both knowledge and enterprise.

When an individual has made money by the importation of any commodities, he is apt to acquire some knowledge respecting its manufacture; from this he is induced to attempt to manufacture it, and if the country is in that state to render the attempt practicable, he succeeds. In the mean time there is a demand for produce in order to pay for these manufactures, until the nation is fit for producing them itself, which would otherwise not exist.

All decrees to prevent the importation of foreign manufactures may be considered decrees of present poverty by the nation which enforces them. They destroy the existing demand for those commodities that have been sent in exchange for the prohibited manufactures, as well as deprive the country of the power of consuming the manufactures thus prohibited. They thus begin by paralyzing the whole system; and it is extremely probable that they retard rather than encourage the growth of that domestic industry which they are intended to promote. If a nation possesses natural facilities for manufacturing, with good laws and a free constitution, by which a stimulus is given to industry and enterprise, it will become a manufacturing country in time. It seems, however, most probable, that prohibitory laws will not accelerate that time, while they are certain to involve the nation in poverty, if not distress.



No judicious government would therefore hastily pass any laws of this kind. This, however, ought, I think, to be a matter of perfect indifference to the British nation. By properly encouraging a trade with her own colonies, and those countries and nations who are her natural customers, and will at all times be glad to trade with her, she may be sufficiently independent to be entirely indifferent to the policy by which those nations may govern themselves, who wish to be rich before their time.



## CHAPTER XVIII.

*Money.*

THERE are two things necessary to the price of commodities, viz. money, and the commodities the value of which it expresses. Price knows no distinction of persons, but is formed by their conjunction alone. In the market, the demand is represented by money, the supply by commodities. If there is a smaller quantity of any particular commodity brought into the market for sale, but the same quantity of money brought to purchase it, its price rises; the demand is greater than the supply. On the other hand, if with the same supply of the commodity, a greater quantity of money is brought in demand for it, a rise in price takes place precisely on the same principles; except that in the one case, it is produced by a reduced quantity of commodities, in the other by an increased quantity of money. Just, the reverse is the case when the supply of commodities is enlarged, or the quantity of money in the market diminished; in both instances, a declension of price is the consequence.