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REPORT
OF THE COMMITTEE ON MANUFACTURES.

[CONCLUDED.]

House of Representatives, May 23.

The commercial hostility of Great Britain was, however, exercised against us in war no less than in peace She began the war of 1793, by interdicting *all* neutral commerce with her enemy. She next undertook to declare provisions, bread, food for the support of the life of man, to be included in the list of articles, contraband of war. She undertook to exclude us from all commercial intercourse with the colonies of her enemies, because we were sometimes excluded from them in time of peace; but, when she took those colonies, she was constrained to admit us into them herself, and she was reduced to the necessity of inviting our people into her own colonies sometimes in violation of our own laws, prohibitory of the trade. In the midst of all this political chicanery, and all these vexatious crossings, so large a portion of the commerce and navigation of the world was, by the irresistible course of events, thrown into our hands, that all the floating capital of our wealth was turned into the channels of commerce, and scarcely any manufacturing establishments were attempted, until a continual series of aggressions, and at last an undisguised attempt to annihilate our commerce, and to engross even that with her enemies to herself, upon the ruins of *all* neutral navigation, disclosed on her part the deliberate purpose of forcing us into the war, either in league with herself, or as her enemy. In proportion as it became apparent that our neutrality must finally yield to the necessities of a self defence, the attention of our people was directed to the necessity of forming among ourselves manufacturing establishments to furnish supplies of the articles most indispensable to the comforts of life, and which we had been accustomed to receive by importation chiefly from the workshops of Great Britain. The injustice of belligerent practices and pretensions, in proportion as they became grievous and intolerable, threw us back upon our own resources, gave rise to a succession of measures restrictive of our own commerce, as well as of that with which we were contending, and induced a conflict which finally fretted into open war. In this state of things it was that our dependence upon the manufactural productions of our enemies was most sensibly and most extensively felt. Then it was that the conviction become general, that domestic manufactures, of all the articles essential to the comfort of human life, were among the primary elements of national independence. Let it be observed, that, this restrictive system, throughout, and the war in which they terminated, were pre-eminently Southern measures. The Delegation from S. Carolina, in both Houses of Congress, voted unanimously for the declaration of war. They had supported the administrations of President Jefferson and Madison in the whole series of their restrictions; in all their acts of non-importation, non intercourse, and embargo. These were not measures acceptable to the Northern and Eastern section of the Union. The people of that portion of the country, and a majority of their Representatives in Congress, remonstrated against them, opposed, resisted, almost rebelled against them. They were forced upon them by the prepondering weight and influence of the South, and by no State of the confederacy more steadily, more inflexibly exercised than by the State of South Carolina. For years before the war, the commerce, the navigation, the fisheries of the North, between the rapacious outrages of the belligerent nations, and the measures of their own Government for the *common defence* against those outrages, were ground as it to dust. But, by another operation of the same causes, the scarcity and want of all the articles of importation from Great Britain, and indeed from all the rest of the world, became intense. The capital and the industry of the Northern and Middle States was thus, by the double pressure of its own revulsion, and of the craving wants of the community, forcibly turned into the channel of domestic manufactures. For the establishment of these, and for the use of the labor saving machinery, without which they could not be maintained, extensive capitals, costly buildings, expensive and complicated machinery, burdensome purchases of land and water courses, a constant employment of large sums for the stock of raw materials to be wrought up, numbers of working hands to be constantly employed, and daily or weekly paid, were all indispensable.—Very few, scarcely any, individuals had command of wealth and credit competent to the formation of such establishments. They were formed, therefore, in the truly republican institution of joint stock companies, of which every class of the community may share in the benefit, proportionably to their means and their resources—the poor, even the feeblest and most helpless of the poor, females and children, by constant moderate labor and remunerating wages—the widow and the orphan, by the investment at interest of any disposable inheritance which may have fallen to their lot: the capitalist of every degree, however affluent or however scanty to deserve the name of capital, by participation in the stock, the merchant the mechanic, the farmer, by the market both of purchase and sale of every article required in the management of the concern, and for the supply of all the wants of the numerous individuals occupied in and by the establishment. It would be a very unfair and unjust estimate of these manufactures to consider them, as they are sometimes represented, the estates of idle and pampered lordlings, fattening upon the taxation of the indigent—They are the abodes of laborious industry—the principalities of the destitute—the palaces of the poor.

Of these establishments a considerable number was formed during the restrictive system which preceded the war—a much greater number during the war itself. They were then fostered by all the obstacles which the war itself interposed to protect them from the competition of importations from abroad, and by the double duties of imports upon all articles thus imported. The restoration of peace was a formidable crisis of their fate The double duties were soon repealed. The gush of foreign importations, upon the re-opening of the sluices of commerce so long closed, glutted the markets, and the domestic manufacturers were threatened with universal ruin. At the very close of the war they had, by the act of Congress, by the 18th Jan. 1815, been heavily visited with taxation themselves, and those duties only were repealed cotemporaneously with the tariff act of 27th April, 1816.

This act has been recently said to be only a tariff for revenue, but the internal evidence which it carries with it is amply sufficient to prove the error of that assertion.

It contains a graduated scale of ad valorem duties upon different articles from 7½ per cent. to twenty, to twenty-five, and to thirty per cent. and this graduation is obviously adapted to the condition of the several articles, according as they stood in competition with similar articles manufactured within our country.

The system of connecting the protection of domestic industry with the revenues collected by the duties of impost, has therefore, received its principal development since the conclusion of the last war with Great Britain. It has been, in truth, no other than a development of the faculties of the nation in the progress of its own improvement. This system, at three several periods, has undergone a full and deliberative revision by the Legislative Councils of the Union; at intervals between which two elections of members of the House of Representives had intervened—in the year 1820, 1824, and 1828. It has, at every one of those successive periods, acquired strength in the opinions of the people, and of their Representatives in Congress. At its first establishment, however, it met with opposition from that geographical section of the Union which it was forseen would derive from it the least advantage, and that opposition has increased, at every stage of revision which it has undergone. The discussions upon the several Tariffs which have obtained the sanction of Congress, have increased in animation, and collisions of interests between the different sections of the Union, have sharpened into a conflict, which, spreading from the Halls of Congress among the people of those sections, threatens the permanency of the Union itself.

They have led to the arguments which it has been one of the principal objects of this Report to meet and to refute. Of these arguments, that which contests the Constitutional power of Congress to protect the manufactures of the country, by taxation upon the manufactures of foreign nations, has arisen from this controversy. It had never been advanced at the early periods of legislation under our present organization. To prove that Constitutional power has, therefore, been the earnest endeavor of this report. But, waiving that question altogether, it it be admitted that the operation of this system of taxation is unequal upon the different sections of the Union—that it favors one portion of our common country while it acts oppressively upon another—that alone, in the opinion of the committee, is a conclusive reason for abandoning the system, or for so modifying it as to remove the inequality against which remonstrances so earnest have been made. To abandon it altogether, it would seem to be necessary to renounce the whole system of raising a revenue by impost. For, if it be true that duties of impost are paid, not by the consumer of the article, but by the producer of the article exported in payment for it, this result is equally applicable, whether the duty of impost be levied for protection or for revenue. The objection is against the levying of duties by impost altogether; and if the conclusions of this argument were correct, if it were true that the extraction of revenues from taxation by impost resulted in an equality of burden upon the different sections of the Union, the committee would have no hesitation in declaring it as their opinion that the whole system of our taxation should be changed; and that all our custom-houses should be closed for ever. Duties of impost are not the only means of raising revenue nor even the only means of protecting our domestic industry. If duties of impost necessarily result in burdens on one portion of the community for the benefit of another, instead of coming to the conclusion that those two portions of the community are under the influence of interests so diametrically opposite to each other, that they cannot continue members of one social compact, the committee would rather say, abandon your system of taxation, raise your revenues by direct taxes or by excise; tax your lands; tax your polls; stamp your evidences of title or of debts; tax the food of your people; tax the windows and the furniture of your dwelling houses; tax, as other nations have done, and do, the air that you breathe, and the light of Heaven that visits your eyes—but abandon at once your Union but with death.

Before we come to this extremity, however, the Committee believe it the duty of Congress to use every exertion in their power to conciliate with each other the two great interests which the course of events has brought into direct collision. The occasion is now presented of accomplishing that object; but, in removing and correcting that inequality of which the citizens of one section of our country complain, it is incumbent upon the common legislative protectors of the People to beware, in removing oppression from one part of the union, of transferring it to another. Especially to beware of converting—perhaps the more proper term would be, of perverting—the new and unexampled blessing of release from taxation, into a fire which shall consume all the manufacturing establishments of the country.

If we compare the picture of natural prosperity presented in the Message of the President of the United States at the commencement of the session, with the representations of the condition of the country exhibited by those who are calling upon congress to break down the protective system of policy, under which that prosperity has been and is enjoyed, what must be our conclusions?

While the Chief Magistrate of the Union announces to the Representatives of the People and of the States, assembled from every quarter of this extensive country, announces through them to the People over whom he presides, and to the whole world of mankind, that the agriculture, the commerce, the navigation, the mechanic arts, the liberal sciences, the manufactures, that, in short every great interest of which the national well-being is composed, are in a state of increasing and unexampled prosperity; while from every quarter of the land a responsive voice is heard, from the very People whose happiness is described, declaring it to be just and true that such is their condition, that such is their prosperity—while this exposition of human felicity in its most balmy state upon earth, is sounding its glories to the shores beyond the Atlantic, and returning to us in echoes of wonder and admiration—are we to believe that all this is the delusion of a heated imagination? Are we to believe—a sense of decorum due to the station whence that portraiture of national glory and enjoyment emanated forbids us from stating the only other alternative upon which great and essential error could be attributed to that survey of our national condition—but are we to believe, that it was false and hollow—totally unfounded in fact—belied by the actual and notorious existence of reality?

Even so—So we must believe, or we must withhold our assent from the representations of those who are now urging us; with a vehemence and eagerness unsparing even of menaces to the existence of the Union itself, to seize the occasion offered us by this unexampled state of prosperity, to cast off a considerable portion of that burden of taxation which we have found so light, to avail ourselves of this happy moment to break down the fundamental system of policy for which that very prosperity has arisen—the System protective of Domestic Industry.

From the first establishment of the government of the United States, the payment of the debts and the protection of manufactures have been primary objects of the action of Congress. These two objects have been unitedly pursued, but they were in their nature totally distinct from each other. All the duties hitherto levied upon the People by the legislation of Congress have been to pay the debts, and provide for the common defence and general welfare. The time is at hand when there will be no further occasion for levying moneys to pay the debts of the Union, for there will be no debts to pay. But the obligation incumbent upon Congress to provide for the common defence and the general welfare, will not cease by the extinguishment of the debt. On the contrary, it will bear upon them with accumulated weight. The payment of debt has reference to the past—the common defence to the future. We have disincumbered the inheritance received from our fathers of the burdens which their necessities had imposed upon it. We are now to discharge the debt due from us to our posterity, by improving the condition of the estate we are to transmit to them. The improvement of the condition of the whole community is the first object of human association in civil society. It is for this that "Governments are instituted among men." It is the first of moral obligations which attaches itself to the institution of government. It is the purpose for which intellectual power was given to man by his Maker; and were it possible to conceive of an aggregation of men, who, in the very compact by which they should unite themselves together, should deny to themselves the exercise of the facilities by which alone their condition could be improved, we should see a society founded upon the violation of the first law of nature—a social compact of barbarism—a community of self-degration, abdicating the distinctive glory of the species, the capability of self improvement, and exhibiting the inconceivable spectacle of a corporate body formed of individuals eager in the pursuit of their own improvement, dooming themselves in their social capacity to the stationary condition of the brute creation.

The People of the United States have not so constituted themselves. Inhabiting a territory of vast extent, and existing already at the period of their national Union in distinct communities, with considerable diversities of municipal legislation, they adopted a government of complicated machinery, but formed of simple and homogenous principles—to form a *more perfect* union, to establish justice, to insure domestic tranquility, to provide for the common defence, to promote the general welfare, and to secure the blessings of liberty to themselves and to *their posterity* Is there one of these objects but includes; in its very conception, the power and the purpose of self improvement, external and internal, for the future and for the past—for after ages as well as for present time?

We are so far from considering the extinction of the public debt as presenting an occasion for casting off that portion of the burden of taxation which is devoted to the common defence, that the Committee do not hesitate to declare their belief that it is the duty of Congress to retain a portion of the revenues, which have been applied hitherto to the discharge of the debt, for the purpose of enlarging the appropriations for the objects of great national importance. Relieved entirely from the burden of the debt, it would neither be a wise nor a salutary policy to relax into langour and inactivity the energies which have been exercised for the accomplishment of the end. It cannot be doubted that the whole amount of the annual appropriation, which, from the close of the late war with Great Britain, has been applied to the gradual extinction of the debt, might, with the greatest advantage to the nation, for an equal number of years to come, be applied to those great works to which the sanction of Congress has already been given, and to others already suggested, and equally entitled to engage the attention and to occupy the resources of the country. This however, they neither recommend nor deem expedient. They recommend a remission of existing duties, equivalent to little less than the yearly ten millions of the sinking fund; but they would deem it great improvidence to give up at once taxes to that whole amount.

The experience of our own history has amply confirmed that maxim of political wisdom, which relies upon prepation for war as the most effective security for the continuance of the blessings of peace. The situation of the European world, and especially of those portions of it with which our relations are the most extensive, and the most liable to be affected by changes of policy among themselves, admonish us to beware of hazarding our own peace by our own inefficiency. A revenue founded almost entirely upon imposts vanishes at the first sound of war. A large annual reservation of the revenues raised by taxation, for purposes of defensive preparation and of national improvements, may, beyond all question, be applied in promoting the safety, the comfort and well being of the whole community, during the continuance of peace, and serve at the same time as a fund of reserve, at all times susceptible, on a sudden and unexpected emergency, of being converted to a fund of more direct and immediate common defence, at the approach of war. It is a short sighted policy, forgetful of all the lessons of human experience, which sees in profound peace a motive for a nation to slumber, in the security that the approaches of war will be slow and long foreseen. The revolutions, now in progress among the principal nations of Europe, have one aspect in which it may be prudent for the people of the United States to contemplate them, at once with deliberation and composure. It is impossible not to perceive, in those revolutions, the agonizing struggles of human rights against ancient and abusive human institutions. While that struggle continues, all our warmest sympathies have been, are, and will be, on the side of the energies exercised for the recovery of rights. We wish, we hope, and we trust, that the result will be a signal and glorious triumph of human rights, and we believe that when it shall be achieved, the nations by whom this mighty change shall have been accomplished will emerge from the contest greater, wiser, happier, and more formidable than they have ever been before. And what will then be their relations towards ourselves? We may perhaps reasonably hope, that, among the greater improvements effected in their condition, will be that of their political morals. That, in re-settling their governments upon principles of natural right and equal justice, they will be as deeply impressed with the sense of their obligations to others, as with that of the maintenance of their own rights; that their love of peace will expand in proportion to their acquisitions of power; and that in the enjoyment of their new liberties at home, they will infuse into their deportment towards their brethren and neighbors of the human race, the spirit of the good Samaritan, the spirit of good neighborhood, of conciliation, and of peace. That their Legislators will no longer narrow down their liberality to the puny ambition of being known to the world and to posterity as British Statesmen. That their warriors will no longer claim exclusive dominion over the deep. That no American merchant vessel shall be robbed of her mariners upon the High Seas. That no orders in Council shall interdict the access to foreign ports, of neutral navigation. That no secret mandate from Whitehall shall sweep from the face of the ocean, a thousand of our richly freighted ships, sailing in the security of lawful traffic, and by a preconcerted whisper to the Admiralty Courts, call up from the forgotten records of exploded former injustice, a rule of the war of '96, to condemn them as lawful prize. We hope and would willingly trust that the renovated European man will be renovated in the sense of his duties as well as in the enjoyment of his rights. But the freedom and independence of one nation was never yet maintained by reliance upon the justice of another. We hope and believe that our elder brothers of the Eastern Hemisphere, our juniors in the Science and in the possession of Freedom, will, when disenthralled from all the shackles by which they have been bound for countless ages, exercise their emancipated energies for the improvement of their own condition and not for the depression of ours. That the ancient maxim of British policy, divulged and avowed by one of her own Statesmen most affecting the praise of liberality, will be discarded as a detestable principle of false and spurious patriotism, and that the fundamental principle of christian morality, the rule to do unto others, as you would that [illegible] in place. Even then, and should the most sanguine of our hopes in this respect be realized, another and far more glorious contest will arise between the man of Europe and the man of America—an emulation of self improvement, a rivalry of speed in the progress to social perfection. The energies of the human mind are incompressible. Long misapplied and wasted as they have been in establishing systems of injustice and wrong, in rivetting the chains of tyranny, and in forging the fetters of oppression, with what tenfold elasticity will they spring to the improvement of their own condition, when in the full enjoyment of their faculties—and in the possession of peace? When populous and civilized nations are engaged in war, the inventive genius of their people is chiefly turned to the purposes and necessities of their condition; to the advancement of the warlike arts. When they are at peace, the labours and discoveries of the mind are applied to the cultivation of the arts of peace. The honest pride of every nation, and its ardour for self improvement, is stimulated by the example of every other.

Every nation is impelled not only to avail herself of the genius of her own sons, but to adopt and to improve those of her neighbors. It is by their improvements in the mechanic arts, and by their application to manufactures, that the modern nations of Europe surpass so far those of the other quarters of the globe. It would be no exaggerated estimate to say that the very recent inventions of the Steam boat and of the Rail way have opened avenues of power to the nations possessing them, which their neighbors could not permit them exclusively to enjoy, and retain, without sinking into a state of defenceless inferiority before them. The Steam boat is an invention of our own country; the Rail-way is a corresponding achievement of European ingenuity, which we are enabled to appropriate to our own uses, and the immensity of the Continent which we inhabit, and the still multiplying millions of our posterity, which for long ages will continue to swarm upon its surface, and the Governments under which we live, and the freedom of thought and of speech, and of action which we enjoy, seem as if adapted by the beneficent hand of Providence, all to each other for the advancement of the welfare of human kind. The extensiveness of our Territory has often been adduced in speculative theory founded upon the experience of former ages, as an objection to the long continuance of our Union under one Government. To obviate the difficulties of combining with energy and despatch the action of one Government over a large surface of the globe, we have first formed a system of federative Government, interweaving the complicated texture of a double supreme authority, and distributing between two sovereign and overruling powers, the general and the particular legislation necessary for the administration of the common concerns. By the annexation of Louisiana and Florida to the Union, the extent of our Territory was more than *doubled*, and scarcely had the Mississippi and his tributary floods been transferred to our possession, when the discovery of steamboat navigation brought within the travelling compass of a few days, distances never before traversable in less than many months. The still more recently invented rail roads, accelerated by the same power of steam, have achieved approximations still more surprising. At the period of the acknowledgement of our National Independence, the wildest dream of the imagination would scarcely have conceived as a feasible project, that of which we are witnessing the reality. Such is the condition of our country in our own generation.—A very considerable portion of the globe is committed to our hands, with all its elementary creations, and all its susceptibilities of cultivation. Upon every part of this inheritance there are obstacles to be removed, and capacities of improvement to be exercised. The principle of undertaking and accomplishing these improvements by the labor and the fiscal resources of the people of the Union, has been assumed with solemn responsibility, time after time, by the Congress of the U. States. It has been undertaken in numerous instances, and with great success to the extent of many millions of dollars. The principle of internal improvement is not confined to the construction of roads, or the digging of canals. The Break waters in the Delaware, and the Merrimack, the whole of our light-house establishment, to which we now annually appropriate upwards of two hundred thousand dollars, the acquisition of Louisiana and of Florida by *purchase*, the millions upon millions of square miles which we have purchased from the Indian tribes, are all to be considered in the light of internal improvement, as much as the addition of an hundred acres to the lands of a farmer, or the purchase of a dwelling house to the inhabitant of a city, is an *improvement* of his estate. If, then, while we were heavily burthened with public debt—if, when the population of our country was in numbers less than half those of our recent enumeration, the resources of the nation were enabled, without sensible aggravation of those burthens, to assume a further debt of fifteen millions, to pay for the purchase of Louisiana—if, nearly at the same time, the additional burden was assumed of constructing the Cumberland Road—if, since that day, while we have passed through the ordeal of a desolating war, with the most formidable nation upon earth, have encountered all its sufferings, surmounted all its dangers, and discharged all its obligations—if we have laid the foundations of a formidable navy, have made large advances in covering the whole line of our sea coast with fortifications, and have expended millions upon improvements admitted to be within the Constitutional power of the National Legislature; and while all this has been accomplished, the nation has been advancing in population, in wealth, in physical and intellectual cultivation, in all the elements that constitute the prosperity of nations—what sudden blast of lightning from Heaven could strike with more fatal blindness—what inconceivable infatuation must lay prostrate all the faculties of our souls, were we capable of seizing the very moment of liberation from the heaviest burden we have borne, to throw off all those which are but the stores of seed, to be sown and cultivated into harvest of future plenty?

It has been assumed in the discussiion, that the picture of the national prosperity and happiness exhibited by the Message of the President of the United States, at the commencement of the Session of Congress, was not a creation of fancy, but drawn from the life. It has been generally acknowledged as such.—The general prosperity, at least, has not been denied. But in the existence of nations as well as of individuals, prosperity is not always the surest indication of happiness. Nations, like individuals are subject to grievous and perilous diseases, which [illegible] individuals, are liable, in the fullness of general health, to topical distempers, and even to sudden convulsions, threatening to life itself. In the midst of the comfort and well being with which we are surrounded, it is impossible to conceal from ourselves, and it were worse than folly to disguise, that there is a festering sore of discontent, if not a deep-rooted disaffection to the Union, pervading an extensive portion of our territory, and rapidly ripening into purposes and projects which will shake the Union to its foundations. It is not the province of the present enquiry to trace to their sources all the causes in which this condition of the Federal community originated, but among them we cannot but perceive that the existing system of taxation by impost is the most prominent. The existing Tariff of impost duties has excited a great mass of dissatisfaction in every part of the community.

It is represented by great numbers of our fellow citizens, and among them, by many of the first intelligence, and the purest patriotism, as deeply injurious to all the great interests of the nation, and to every class of the people, even to the manufacturers, for whose benefit it was introduced, and for whose protection it is now most pertinaciously defended and sustained.

The representative population of the United States, at the close of the year 1831, just expired, somewhat exceed eleven millions of souls. The gross amount of revenue levied upon them during the same year, may be set down, in round numbers, at twenty two millions of dollars. Supposing it to have been raised by a poll tax, it would have amounted to an average of two dollars a head. During the same year, in the Island of Great Britain, upon a population of about sixteen millions, there was levied by taxation, about two hundred and forty millions of dollars, or fifteen dollars a head. No other nation in Europe is so heavily taxed as Great Britain, and none so lightly as the United States. Considering only the amount of taxation in the latter, it might occasion some surprize that there should have arisen in *any* quarter cause of complaint.

The principal mass of taxation in Great Britain is by excise By that alone she raises more than one hundred millions of dollars of yearly revenue. The Government of the United States have resorted to excises and direct taxes only upon occasions of emergency. The mode of levying all, or nearly all, the revenues of the Union, by impost upon articles of merchandize imported from abroad, was originally adopted, and has been perseveringly pursued, because it had always been considered as a maxim in statistics, that duties of impost were always paid by the consumer.

Such, is no doubt, the first and superficial appearance of things. But the operation of all taxation, and especially of indirect taxation, is of a complicated nature upon the commercial intercourse and pecuniary concerns of mankind. The controversies which have resulted from the introduction and establishment of what has been termed the American System, looking to the protection of domestic manufactures, have given rise to two new doctrines of political economy; one of them advanced by the friends, and one by the opponents of that system; both, at first sight, highly paradoxical, both appearing, upon close examination, to be not entirely without foundation, and both, in the ardor of disputation, relied upon, it is believed, beyond just and rational warrant.

The opinion advanced by the friends of the protective system is, that the tendency of aggravating duties of impost upon articles imported from abroad, and have no competition with similar articles of domestic manufacture, is to reduce, and not to increase, the price of the articles themselves.

The opinion sustained by the free trade party is that the great mass of the duties of impost is paid, not by the consumer of the duties articles, but by the producer of the article, exported, to pay for the article upon which the impost was levied.

The doctrine, that duties of impost *cheapen* the price of the articles upon which they are levied, seems to conflict with the first dictates of common sense. But its supporters, first appeal with confidence to the fact, that most of the articles upon which additional duties were levied by the tariff of 1828, have since that time considerably fallen in price—and then they argue that it must be so, by the excitement of *competition* in the market. It is certainly contrary to the natural course of things, that an addition to the cost should be a reduction of the price of an article. True it is, that the duty gives a spur to the production of the article at home. The price of any article in the market must always depend upon the relative condition of the demand and supply at the time and place of sale. But very slight variations of time, or place, affect often, to a very great extent, the relative proportion of the demand and supply, and consequently, the price of the article. No safe conclusion can be drawn from the fact, that subsequently to the tariff of 1828, the prices of the articles upon which the duties were then increased, have fallen, unless from other circumstances it can be shewn, that the increase of the duty was the cause of the fall in price; nor will it be sufficient to prove so strange a paradox, to account for it by the excitement of *competition*. Wherever there is a profitable market, there will be a *competition*. Had the tariff of 1828 never been enacted, the *competition* in our markets would have been as great, and would have been as effectual to reduce the prices as it had been with the aggravation of the duties. In that *competition* our own manufactures might not indeed have shared—but it would have existed in all its force between those who furnished the supply, and could not have failed to reduce the prices to the level of the moderate profit necessary to the existence of trade.

But the duty upon the article imported from abroad *enabled* the domestic producer to enter into a competition with the importer from abroad. So long as this competition continues, the duty operates as a bounty or premium to the domestic manufacturer. But by whom is it paid? Certainly by the purchaser of the article, whether of foreign or of domestic manufacture. The duty constitutes a part of the price of the whole mass of the article in the market. It is substantially paid upon the article of domestic manufacture as well as upon that of foreign production. Upon one it is a bounty; upon the other a burden; and the repeal of the tax must operate as an equivalent reduction of the price of the article whether foreign or domestic. We say so long as the importation continues, the duty must be paid by the purchaser of the article. Some portion of it, however, is for a short interval of time paid by the foreigner against whose trade the domestic competitor is brought for[illegible] profits, which he endures for a time, but under the pressure of which he is finally compelled to withdraw from the market. While this struggle continues, the duty is paid by the foreigner or by the importing merchant here. The purchaser and consumer here are relieved from the burden of the duty, and may perhaps obtain the goods cheaper than if they were exonerated from the duty altogether.—But this relief is purchased by injustice, at the expense not only of the foreign manufacturer, but of the importing merchant, till the duty becomes prohibitory, and then the foreign manufacturer, the importing merchant, the shipper, the mariner, and the whole class of citizens to whom the importation gave occupation and subsistence, suffer by the extinction of the trade, precisely to the same extent that the profits of the domestic manufacturer are enhanced by the bounty paid to him for his competition with the foreigner. This struggle, if the statements often made by the friends of the Tariff are correct, is sometimes carried on by the manufacturer to a very extravagant and desperate extent. It has even gravely been asserted that upon the passage of the Tariff act of 1828, the British owners of forges and furnaces reduced the price of their iron not less than eight dollars a ton, to retain the control of the American market.—An operation by which as has been shown by the memorial of the Free Trade Convention to Congress, they must have incurred a loss of near five millions of dollars a year, to retain the profits upon yearly sales to the amount of perhaps 260,000 dollars. It is very certain, therefore, that the reduction of eight dollars a ton upon the price of British iron in 1828, though cotemporaneous with our Tariff act, was in no wise connected with it in the relation of cause and effect. We may, and probably do, often greatly exaggerate to ourselves the immensity of exertions and of sacrifices made by the British manufacturers to retain and preserve in their own hands the control of foreign markets. But that such exertions and sacrifices are and will be made by large manufacturing establishments, in which extensive capitals are employed, cannot be doubted. Whenever they are made and so long as they are continued, to counteract the effect of Tariff duties in foreign countries, the duties are paid by them, and the purchaser of the goods in the foreign country obtains them freed from the duty at the expense of the foreign manufacturer. But this career of losing trade cannot continue long. In the competitions between different lines of steamboats and stages, we have sometimes seen the rival interests underbidding each other, till the traveller has been treated gratuitously with his fare. But the result even of a very short contest of that nature proves utterly ruinous to one, if not to both the contending establishments. And so it is, and must be with any reduction of price in the market upon articles furnished partly by importation from abroad, and partly by domestic industry, which ensues upon the lavy of an additional duty upon the article imported from abroad.

The incidental effect of competion in the market excited on the part of the domestic manufacturer, by the aggravation of duty upon the corresponding article imported from abroad, to reduce the price of the article, must be transient and momentary. The general and permanent effect must be to increase the price of the article to the extent of the additional duty, and it is then paid by the consumer. If it were not so—if the general effect of adding to a duty were to reduce the price of the article upon which it is levied, the converse of the proposition would also be true;

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