

Transcription, March 2015:

*The Examiner* (No. 3426) (27 September 1873): 968-969 (anon.).

[p. 968]

### ‘Free Trade in Minerals.’

It is a commonplace with philosophers that truths are apt to become petrified into superstitions by being detached from the reasons which gave them birth. A proposition is accepted upon certain evidence, and while the connection is kept up between it and the reasoning on which it is based, that reasoning affords a constant test of its import and extent. But in time it ceases to be impugned, and becomes authoritative. Persons who desire to establish other propositions endeavour to affiliate them to one which nobody disputes; and the vaguest and most elastic form of words in which that proposition has been expressed is the one which is most favoured. The truth which but a few years ago was derided as absurd is now looked upon as possessed of cabalistical properties. The wildest metaphors and most far-fetched analogies—the veriest puns which can be made to jingle with the phraseology in which it has been put forward—are assented to as almost axiomatic truths; till upon the dead dogma which was once a living truth is raised a superstructure of grotesque and noxious absurdities which, after producing the most mischievous results, become discredited, and reflect that discredit upon the foundation on which they have been raised.

It is not, perhaps, to be wondered at that the economic doctrine which declares the inexpediency of Government restrictions on the free exchange of commodities should have suffered from that deterioration to which all truths are liable. But it is somewhat of a shock to those who know anything of political economy to observe the very short time which free trade has lived as a popularly understood and accepted policy before the setting in of decay; and it compels us to question how far, as a logically built-up doctrine, it can ever be said to have been realised. The very lucid and persuasive letter which Mr A. R. Wallace has addressed to a contemporary on the bearing which free-trade principles have upon what is called the coal question ought to revive the true theory of commercial freedom, if that theory has not lost all vitality in the minds of the English people. Mr Wallace says, “it has now become an axiom with all liberal thinkers that complete freedom of exchange between nations and countries of the various products each has in superabundance and can best spare, for others which it requires, is for the benefit of both parties; and this principle is thought to be so universally applicable, that even when it produces positive injury to ourselves and is certain to injure our descendants, hardly any public writer who professes Liberal views ventures to propose a limitation of it.” He proceeds to argue, first, in two hypothetical cases, and then in the case of our two most important mineral products—coal and iron—that “the exercise of the unrestricted right of free trade becomes a wrong to mankind, and should on no account be permitted.”

No person not utterly blinded by custom can read Mr Wallace’s letter without seeing that there is a blot somewhere in our economic system; though whether he has hit it is another question. In order to ascertain the exact nature of the fault, let us consider the cases which are adduced in support of the thesis that free trade is not universally applicable. “Let us suppose,” observes Mr Wallace, “a country in which the springs or wells of water were strictly limited in number, but sufficiently copious to supply all the actual needs of the community who had always the use of the them, on making a nominal payment to the owners of the land on which they were situated. Acting on the principle of unrestricted free-trade, and

anxious to increase their wealth, one after another of the landowners sold their springs to manufacturers, who used up all the water except that required to supply the wants of their own workpeople, thus rendering the remainder of the country almost uninhabitable. A still more extreme case, but one rather more to the point, would be that of a country possessing a surface soil of very moderate depth, but of extreme fertility, and supporting a dense population on

[p. 969]

its vegetable products. The landowners might find it very profitable to them to sell this surface soil to the wealthy horticulturists of other countries; and if the principle of free-trade is unlimited, they would be justified in doing so, although they would permanently impoverish the land, and render it capable of supporting a less numerous and less healthy population in long future ages." These are the hypothetical cases put forward by Mr Wallace; and he has little difficulty in showing that in the case of our coal and iron we have a parallel differing from them in no material particular. To our large population they are almost as truly necessities of life "as are abundance of water and a fertile soil." But what are we doing with them? "Many persons will now ask whether those can be true principles which lead to the exhaustion of our coal-fields for the purpose of lighting South American cities with gas or building railways in every insolvent South American Republic, while our own hard-working population has to suffer the pangs of cold in winter, in consequence of the high price of coal which such reckless projects tend to cause." Mr Wallace concludes by remarking that it is "clearly our duty to check the further exhaustion of our coal supplies by at once putting export duties on coal and iron in every form."

It is just at this point that we diverge from Mr Wallace, though fully sympathising in the object which he wishes to attain. It is clearly to the advantage of humanity that the mineral products which it requires should be obtained from the mines that can be worked at the least cost. If the most prolific sources of mineral wealth of a particular kind are situated in England, it is better that they should be worked in preference to others which yield a less return to a given amount of labour. The question remains—and a very important question it is—as to the adjustment of the account between ourselves and other nations. There are two stipulations which we may justly make. In the first place, we may require that, if those who pass their time upon earth's surface, amid the glories of vegetation or the artificial comforts of town life, warmed by the sun's rays and cheered by his light—ask our countrymen to pass a great portion of their life in digging out of the dark recesses of the earth fuel to warm them by day and light them by night, they should be prepared to offer good conditions. If men are asked to devote themselves to a dirty, dangerous, and laborious occupation, shut out from all the beauties of nature, no lover of his kind can desire that they should not be compensated by short hours and high wages. Housekeepers may deplore the high price of coals; but, in so far as cheap coals mean low wages for miners, we do not consider cheap coals desirable. The second stipulation we should make is, that those who ask us to part with our mineral resource should give us what will be an equivalent to ourselves and our posterity.

Now neither of these conditions is at all inconsistent with the principles of free trade; and indeed, so far as the foreigner is concerned, they are already satisfied. If the people of Buenos Ayres or Valaparaíso light their streets with gas formed from our coal, they may well plead that the price they pay for that coal includes wages for the miners and rent for the mines; and that, if the former have not been high enough, and the latter has been appropriated by individuals, it is through no fault of theirs. To posterity it matters not whether our coals be used up in Belgravian mansions or Brazilian cottages. The real evil is that the nation has allowed its natural resources to be taken possession of by a few private persons, and that,

instead of the rental of our mines forming a fund for relieving us from taxation, paying off our debt, improving the permanent instruments of production, and otherwise providing for ourselves and our descendants, the vast stores of fossil vegetation which were accumulated in ages before man made his appearance on this globe have been allowed to fall into the hands of individuals who, *inter alia*, make use of them to keep a large part of our land out of cultivation, and thus still further impoverish us.

We are aware that there is a school of free-traders—the school of which Bastiat was the head and of which Mr Dunning Macleod is the tail—to which it is not competent to make this reply; and against free trade as advocated by it Mr Wallace’s arguments are inexpugnable. But it is not fair to take the fallacies of this little body of eccentrics as having become axioms “with all liberal thinkers.” Free trade, as understood by the main body of economists, is the unrestricted exchange of all commodities which private persons should be allowed to possess. The evil, according to them, lies deeper down in our economic system than the point at which Mr Wallace stops. It is not only bad that a handful of people should be allowed to alienate our coal to the foreigner; it is bad that they should be allowed to sell it for their own advantage at all. It is shocking to think, not that mineral treasures which we can never replace are being used up, but that they are being used up in order that one in a hundred thousand of us may live in idleness and luxury.

If we advocate an export duty on coal, it is not for any protectionist reason. We should not aim at diminishing or prohibiting the export of coal. Our object would be to give the nation at large an interest in resources with which it should never have parted—to limit, *pro tanto*, the private ownership of coal mines. If anybody calls this protectionism, he must advocate the relief of buyers of stolen goods from prosecution as an interference with the freedom of trade. If public opinion were in such a state that the traffic in stolen goods could not be prohibited, it might be expedient to place a tax on it; and this expediency would be the same in kind as that which demands an export duty on coal. We say this altogether without prejudice to the right of colliery owners to full compensation for their proprietary rights. Those rights should never have been allowed to grow up; but they have been allowed, and the nation will some day, when it is wiser than at present, buy back the remnant of those bounties of nature which it has foolishly permitted to be frittered away.

J. H. L.

[\[Return\]](#)

*The Alfred Russel Wallace Page*, Charles H. Smith, 2015.