

AMERICAN SYSTEM

Mathew Carey on protection vs. free trade

As the U.S. economy worked itself into a near official recession over the last quarter, Ireland, once the impoverished colony of the British Empire, continues its remarkable economic growth (see our ECONOMIC SURVEY).

Considering that irony, we are reminded of the little known—today—but influential political economic writings of Mathew Carey, the 19th century Irish republican who was a close working collaborator of Benjamin Franklin, Alexander Hamilton, and other fighters for the new American republic. Carey, in fact, came to the U.S. after being kicked out of Ireland for "defaming" the British.

In his speeches and writings, Carey advocated a national policy commitment to foster domestic industry in the United States. This included a policy of protective tariffs which in his time was the most appropriate defense against the economic warfare being waged by Great Britain under the rubric of "free trade."

We quote below from the series of addresses which Carey delivered to the Philadelphia Society for the Promotion of National Industry in 1819.

... Political Economy shall be the subject of these essays. In its broad and liberal sense, it may be fairly styled the science of promoting human happiness....

... As a preliminary step, we propose to establish the utter fallacy of some maxims, supported

by the authority of the name of Adam Smith, author of *The Wealth of Nations*, but pregnant with certain ruin to any nation by which they may be carried into operation....

....The main proposition which we at present combat, and to which we here confine ourselves is, that,

"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy of them with some part of the produce of our own industry, employed in a way in which we have some advantage."

The only rational mode of testing the correctness of any maxim or principle is to examine what have been its effects where it has been carried into operation....

Great Britain affords a felicitous instance for our purpose....

There are above a million people of both sexes and of all ages, employed in that country, in the woollen and cotton manufactures. By their industry in these branches, they make for themselves and families a comfortable subsistence. They afford a large and steady market for the productions of the earth, giving support to, probably, at least a million of persons engaged in agriculture; and moreover, enrich the nation by bringing into it a wealth from nearly all parts of the earth. The immense sums of money they thus introduce into their native country afford means of employment and ensure happiness to millions

of other subjects ...

From this cheering prospect, let us turn the startled eye to the masses of misery which Dr. Smith's system would produce; and we shall

ous contrast which, we trust, escaped the doctor's attention....

The East Indies could at all times, until the recent improvements in machinery, have furnished cotton goods at a lower rate than they could be manufactured in England, which had no other means of protecting her domestic industry, but by a total prohibition of the rival fabrics. Let us suppose that France, where labour and expenses are much lower than in England, has possessed herself of machinery, and is thus enabled to sell woollen goods at half, three-fourths, or seven-eighths of the price of the English rival commodities. Suppose, further, that articles manufactured of leather are procurable in South America, and iron wares in Sweden, below the rates in England. Then, if the statesmen of the last nation were disciples of Adam Smith, as "foreign countries can supply them with those commodities cheaper than they themselves can make them," they must, according to the doctor, "buy from them with some part of the produce of their own country," and accordingly open their ports freely to those various articles, from these four particular nations. Who can contemplate the result without horror? ...

Industry paralyzed and the enormous floods of wealth, drawn from their colonies, answering no other purpose but to foster and encourage the industry, and promote the happiness of rival nations; and all obviously and undeniably the result of the system of "buying goods where they are to be had cheapest," to the neglect and destruction of their domestic industry....