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ART. I. — THE LET-ALONE PRINCIPLE.

THE seeming inability of a large part of mankind to see in what legitimate personal liberty consists is a little curious. That each individual member of society should be left free to seek his own good in the way he may deem best, and required only not to interfere with the equal rights of his fellow-men, is an idea so simple that it might be supposed that a man could not misunderstand it, whether he accepted it or not. It must be admitted that few misunderstand it in its application to themselves, when their natural liberties are interfered with. When, however, the principle is to be applied to the case of others, many advocates of liberty seem in practice to think that if they grant their fellow-men entire liberty to act as they the grantors think proper, they concede all that can be reasonably asked.

The most common misconception of the “let-alone” principle is that it is a mere abstraction, a doctrine which may answer very well in the millennium, but which is inapplicable to the present state of the world. The very opposite is the truth. It is no declaration of rights designed for an imaginary world, but one derived from our experience of the world in which we dwell. It is very easy to imagine cases to which it will not apply, and to conceive worlds in which it would work disastrously; but the application of it to men as they are has been advocated by the wisest and most far-sighted of the hu-

man race, and the general tendency of civilization is towards a more uniform adherence to it. The fact that cases may, and do, arise in which governments find it politic or necessary to violate the strict letter of the maxim, no more disproves its soundness, than our inability always to execute impartial justice between man and man disproves the value of law.

The let-alone principle may be regarded either as a declaration of rights or as a maxim of political policy. Although the result is the same in whichever way we regard it, yet the grounds on which it rests are altogether distinct in the two cases. In the first case, the principle declares that society has no right to prevent any individual who is capable of taking care of himself from seeking his own good in the way he deems best, so long as he does not infringe on the rights of his fellow-men. In the second case, the principle forms the basis of a certain theory of governmental policy, according to which that political system is most conducive to the public good in which the rightful liberty of the individual is least abridged.

In passing judgment on the principle from the first point of view, it is necessary to begin with some considerations respecting the natural rights of man, and the manner in which these rights are modified by the existence of society. The first argument which will be urged against the ethical basis of the principle is the familiar doctrine, that, in becoming a member of society, the individual gives up some of his natural rights, in order to secure more effectually the enjoyment of the remainder. The prevailing tendency, it seems to us, is greatly to exaggerate the extent of this surrender. There is undoubtedly a sense in which the individual may be said to give up all his rights to society. Practically, the individual is powerless in the hands of society, which will do with him as it pleases. He must therefore yield whatever society chooses to demand of him, and the liberty which may be left him he enjoys only on sufferance. In a sense, therefore, that which is thus enjoyed is not so much a right as a favor, and the individual has strictly no rights at all left. Such a theory of the relation of the individual to the state was not unfamiliar to the ancients, but we conceive that no one will now desire to carry the

doctrine of a surrender of rights so far. We must therefore admit that the power of society over the individual is limited by some moral law, binding on the former. When we speak, therefore, of the rights of the individual, we do not mean his legal rights, as defined by the legislative power of society, but his natural and moral rights as defined by the reason and the conscience of enlightened and civilized man.

If a man existed alone, it is universally conceded that his right to the use and enjoyment of all the objects and powers of nature would be absolute. His unrestricted use of them could violate the rights of no one. If, now, we suppose other men to exist along with him, and that they form a social organization, we find that this absolute right of the individual is, or may be, restricted in three ways.

First, in society the rights of each individual to the original gifts of nature — lands, minerals, trees, water-courses, etc. — are necessarily limited by the corresponding rights of others. Otherwise, different individuals might have an absolute and exclusive right to the same thing. The limits of their respective rights must then be determined by natural law. It is an unsettled question of natural law how far the gifts of nature should be regarded as the common property of the human race, and how far as the exclusive property of those individuals who first appropriate them. Happily, the rights of the individual with which we are here concerned are not his rights to the gifts of nature, but to the exclusive and unrestricted use of his own faculties for what he conceives to be his own good. In the presence of society this right is subjected to this limitation only, that he must not employ his faculties so as to violate the like rights of his fellow-men. Alone, he may make as much noise as he pleases: in society, he has no right to make a noise which will disturb his neighbors. Alone, he may build his house as he likes, to shelter himself from the elements: in a city he must not erect a house which might subject his neighbors to unnecessary danger of fire.

It is to be observed, however, that in all these limitations of ownership and of action, there is no surrender of any natural right. True, the individual has more limited rights than he would enjoy were he alone; but this abridgment of his rights

is in no way the voluntary work of himself or of society: it is simply a necessity growing out of the mere presence of other individuals, having equal rights with himself, and is altogether independent of social organization.

A second modification of the natural rights of an individual is effected when he voluntarily incurs an obligation to his fellow-man. He has no natural right to disregard or violate any compact into which he may have entered. His right to any object or service which he may have agreed to render to his neighbor is annulled. Nevertheless, his natural rights are not thus abridged, because, in exchange for his right in the object surrendered, he acquires from the other party to the contract some new right, which he values more highly than that which he has surrendered. It is a familiar truth of political economy, that by the operation of exchanging property or services, which is one of the most common forms of compact, the effectiveness of the labor of man in supplying his wants is increased almost indefinitely.

The enforcement of contracts in no way violates the let-alone principle, for the violator of a contract seeks his own good without regard to the recognized limitation of this liberty, that he shall not infringe on the rights of his fellow-man. Again, the act of binding himself by contract is the work of the individual himself, and not of society. It is not therefore in any sense a surrender of a portion of the rights of the individual to society, or a restriction imposed by the latter on the former.

The third limitation of rights which arises from the existence of society may be comprehended in the single phrase, "subjection to taxation." As we hold that this is the only respect in which the individual can be said to surrender any of his natural rights to society, it is important that it should receive a careful examination.

It is quite common to regard the social compact as a voluntary one. This idea, though supported by the propositions found in our constitutional Declarations of Rights, is, we conceive, a pure fiction. It is notorious that the individual is never asked to give his consent to the compact, nor allowed an opportunity to do so. The consent is taken for granted. It

may be said that consent is implied in acquiescence. But individuals are frequently found who refuse acquiescence with no better result than to be locked up in jail, or to be deprived of so much of their property as will satisfy the claims of society. No matter how consistently such an individual may, from the time he attains years of discretion, declare his independence of society, and refuse to ask the benefit of its protection, society will not allow him to redress his own wrongs, but will regard damage to his person or property as a public wrong which it will redress for him,—making him pay the bill, whether he consents or not.

There is at the present day too great a disposition to regard the will of the majority as that of each individual of the community. An idea seems to prevail that the principal object of government is to enable the majority to carry out its views. If this were so, the fewer limitations on the powers of the government the better, since they must act as obstructions in the way of the majority. But it needs only a consideration of first principles to make it plain that the main object of government is the protection of minorities, especially those most powerless minorities, individuals. The majority must, indeed, decide upon the way in which this protection shall be afforded; but this is all. When two highwaymen demand the money of a single traveller, they constitute the majority for the time being, and may, in support of their course, plead the rightful power of the majority with a good deal of force, if the doctrine now combated be correct.

We sympathize warmly with peoples whose natural rights are abridged by the government of an emperor or an aristocracy; but, if they are to be disregarded at all, it makes little difference to the minority or to any particular individual whether those rights are disregarded by a despot, a highwayman, or a majority of their fellow-citizens, wielding the powers of government. In such a case all we could say in behalf of the republic misgoverned by the majority would be, that less than half the people were deprived of their rights, whereas under the despotism it would be theoretically possible that more than half should thus suffer.

The act of forcing the individual into the social compact can

be justified only on the ground of necessity. The individual enjoys nearly or quite all the advantages of government, whether he chooses to consider himself subject to it or not. Among these advantages is the assurance of each man that, owing to the general arrangements made for the punishment of evil-doers, his person and property are comparatively safe, and equally safe whether he has or has not given in his adhesion to the social compact. This advantage necessarily costs money. If we attempted to raise the money by voluntary contribution, the covetous and penurious would try to throw as much as possible of their equitable share upon their more liberal neighbors, and failure to carry on the government would be the result. Compulsory taxation, therefore, in the present organization of society, seems to be a necessity. The individual, then, must give up a certain equitable share of his earnings for the common good; the object of thus raising a revenue being to carry on the government, to which object taxation should be confined. To go beyond this is an interference with natural rights, which cannot be excused on the ground of necessity.

Because compulsory taxation is, strictly speaking, an infringement upon natural rights, it is not necessarily an infringement of the let-alone principle, because the latter does not cover the whole ground of natural rights. There is a broad distinction between *mandatory* and *prohibitive* legislation. Government may justly command the individual to perform whatever duties he owes to his fellow-man, and, if he fails to obey, may enforce the command. Legitimate taxation, however compulsory, exacts the performance of a duty of this class. It is a command to pay a debt. The only restrictions to which this legislation is always subject are, that the duties shall bear equally upon all, that they shall be as definite as possible, and that the individual shall be allowed to perform them in the way he shall find most convenient. Should these restrictions seem indefinite, it may be remarked, in excuse therefor, that there is little or no danger of the power of mandatory legislation being abused unless it obviously violates them. In this country, at the present day, the complaint of lovers of liberty is not that government exacts too much of

them. No class will, we apprehend, fail cheerfully to submit to whatever equitable tax the government sees fit to impose, in order to enable it to fulfil its proper functions. Their complaint is, that, after they have paid their taxes and done everything government dares in terms to demand of them, the latter is still not satisfied, but wishes to prevent them from doing things which they conceive to be for their own good, and which do not in any way affect the interests of their fellow-men. Their dissatisfaction springs rather from the prevailing disposition of government to interfere in contracts between individuals.

The natural right of the individual to seek his own good necessarily involves the right of two or more individuals to enter into any contract which they may severally deem fitted to promote their individual good, so long as no act under that contract works injury to any third person or to public morality. Now this right is violated whenever such a contract is either directly prohibited by the government, or unequally taxed for the purpose of preventing it, or is declared null and void. The most onerous forms of legislative interference with contracts are found in the establishment of protective duties, of usury laws, and of legal-tender laws. Let us glance at the relations of each of these classes of laws to individual liberty.

A "protective duty," as it is called, is one not levied solely for the purpose of raising revenue, but partly or entirely for the purpose of preventing, wholly or in part, the importation of the article thus "protected." The argument against such taxes is this: If you conceive it to be for your interest to buy your coat from a foreign tailor, and to pay him what he is willing to accept as an equivalent, you do not, in acting on this conviction, interfere with any right of any other human being. You only exercise your own natural right of disposing of the products of your labor in the way you judge most for your advantage, and by that act no right of your American tailor is violated. On what ground can he claim your custom, against what you believe to be your interest? You make no objection to your protectionist neighbors buying their clothes where they see fit, and repelling with all their energy the avalanche of cheap clothing which the foreign

paupers are trying to pour in upon them: why should not you be allowed the same privilege? Their claim, as a matter of right, can be based only on the ground that you were born under an obligation to buy your clothing of some tailor of your own country. It seems hardly necessary to deny that a man is born into the world under an obligation to serve, to his own detriment, the interests of any persons, save those whose relations to him create peculiar obligations.

The usury law is a relic of barbarism, the continued existence of which in this age of civilization is extraordinary. It is in direct conflict with the plainest dictates, not only of natural right, but of common honesty. If A lends B money at any rate of interest which the latter is willing to give, it must be for the advantage of the latter to pay that rate of interest; else he would not be a borrower. Moreover, A does what he is under no obligation to do, and he does it on terms more favorable to B than any other person can be found to do it, for otherwise B would borrow from this other person. Moreover, the transaction does no harm to anybody else. It therefore fulfils all the conditions of a valid and rightful contract, and government does a great wrong in stepping in to release B from his obligation. It increases the absurdity of the law, that, if A had refused to assist his neighbor on any terms or conditions, had allowed him to suffer financial ruin or whatever other calamity might have been the result of his failure to obtain the money he wanted, the law would have had no punishment for A, who would likewise have saved his money. It is like a statute making it lawful for any one to see his neighbor drown, without moving a finger to save him, but providing that if he should pull him out, but charge him for his loss of time, he should be punished.

The objectionable features of legal-tender laws generally arise rather from the construction put upon them by the courts than from anything inherent in laws of that class. A money unit of invariable value is a great desideratum of commerce, the nearest approach to which is found in a coin standard of invariable weight and fineness. A law fixing such a standard is unobjectionable, provided it govern the interpretation of all transactions in which that standard was in the minds of the

contracting parties, — and of those only. When construed to alter the meaning of contracts, such a law is an inexcusable wrong. In natural law a contract for the payment of a particular kind of money is as valid as one for the delivery of a particular brand of flour, and should be enforced in the same way; and every such contract should be construed according to the meaning of the words at the time when the contract was entered into. Under the laws in force in this country, before 1862, a contract for the future payment of money, pure and simple, meant payment of coin, and nothing else. But under the construction which has always been put upon the “legal-tender acts” of the war, all such contracts are satisfied by the payment of paper dollars. Nay, before the “specific coin-contract” decision of the Supreme Court, many of our courts had gone so far as to decide that these paper dollars were a legal tender in satisfaction of the most solemn contracts to pay specified weights of gold and silver coin. On the other hand, we have been threatened at various times with a decision that all contracts for the payment of paper money made within the last seven years could be satisfied only by the payment of coin, because Congress had no constitutional authority to make paper money a legal tender. A parallel to these constructions would be found if the Legislature of New York should interchange the names of Genesee and some other county; if the lower courts should immediately decide that all contracts for the sale of Genesee flour, though made before the change of name, should be satisfied by the delivery of flour from the new county; if all the dealers should then proceed to make their contracts by the new nomenclature; and if after several years a higher court should decide that the change of name was unconstitutional, and *therefore* that all outstanding contracts for the future delivery of Genesee flour must be filled from flour of the old and lawful Genesee County.

The doctrine of the let-alone principle respecting the power of the legislature over the currency is this: The power in question should be limited to the supply of a proper and uniform currency, in which all debts should be payable, unless it should appear that the parties had agreed on some other mode of payment. The stamp of the government should be simply

a certificate of the weight and fineness of the coin, but should not profess to give the latter any properties or privileges except those which should grow naturally out of its known character for weight and fineness.

In discussing the let-alone principle at this length as an assertion of the natural rights of the individual, we are not unconscious that it is by its good or bad results that it will actually stand or fall. We are satisfied if we have created at least a strong presumption in its favor, and thrown upon its opponents the burden of proving that the policy of leaving each individual to his natural and rightful freedom will lead to disaster. The practical question here presented is one of more importance than may appear at first sight, involving as it does the question how far individual men may be left to manage their own affairs. The real point in dispute between the friends and the opponents of free government and individual liberty is simply this : Is man a being to be taken care of, or is he able when protected in his rights to take care of himself better than any governing power, — congress, king, or parliament, — can take care of him ? The advocates of universal freedom claim that, if each man is protected in the enjoyment of his individual rights as a responsible member of the community, he can take care of himself, and manage both his own affairs and his share of the public affairs better than any one else can do these for him. This proposition is denied by the opponents of freedom in government and of freedom in trade, and these two classes employ nearly the same arguments against it.

The absolutist claims that, where the political power of a government is vested in the masses, the governors will represent and themselves possess only the average intelligence and foresight of the masses ; that the government will therefore be badly managed, and through its want of experience and dignity will fail to command proper respect either at home or abroad ; that through the fickleness of popular sentiment and the rancor of party spirit, frequent and disastrous changes from one extreme of policy to another will result ; and that all these causes will be likely at last to result in anarchy, revolution, and bloodshed : and in support of such views he can

make an effective appeal to history and to the state of contemporary republics.

In like manner the protectionist argues that, if each individual be allowed to import from foreign countries all the goods he chooses, these goods will be purchased in such quantities as to cause disaster to the industrial interests of the country. Immense amounts of labor wasted in the useless transportation of goods across the ocean, commercial revulsions arising from the drain of money to pay for the goods, even national bankruptcy from inability to pay for them at all, are among the evils which the protectionist sees arising from free trade.

If the doctrine of the protectionist is true, it affords at least a very strong argument in favor of that of the absolutist. The operation of buying and selling in such a manner as to serve the interests of the individual is much simpler than that of deciding questions of governmental policy. If, then, the citizen cannot correctly decide whether it is for his interest to purchase home-made or foreign goods, or if, when each individual decides this question on his own judgment, each will so act as to bring disaster upon all, how can the citizen be safely left to decide the more complex questions of governmental policy? If we can establish the affirmative in the free-trade question, that is, in the question whether it is safe to leave each citizen to judge for himself whether he shall use imported goods or those of home manufacture, we go far to prove that man is a being really able in all ways to take care of himself; and our faith in representative government will be greatly strengthened.

In discussing the utilitarian aspect of the question, we shall occupy ourselves mainly with an examination of the arguments which are employed by the opponents of free trade. There are, however, two propositions on which the let-alone policy, in its most general application, is founded, which we must set forth by way of introduction. They are:—

1. In the long run, each individual is a better judge of what is the most advantageous employment of his labor or his capital than any other man or set of men can be.
2. The advantage of the community is the sum of the

advantages of its component members ; and therefore to prove that a community prospers, it is necessary to show that its individual members prosper, or at least that the gains of those who prosper exceed the losses of those whose condition is made worse.

These propositions will probably not be disputed if once clearly understood. We shall therefore only remark, concerning them, that nothing sharpens the faculties and dispels prejudice as effectively as self-interest, and that no one will judge so well of an enterprise as he whose pecuniary interests are staked upon it. It is a simple matter to set forth, in a general way, the advantages of this or that neighborhood for the prosecution of this or that "industry"; but the judgment of the capitalist will be sure to take into account a great many minute but necessary details which those who have nothing at stake might easily overlook.

We shall begin by trying to meet, in a general way, the argument, or, rather, assertion, of the protectionists, that, if free trade in foreign commodities be allowed, we shall import more than we can pay for without injury to our interests. Since injury to the community means only injury to its individual members, let us see who will suffer most by excessive importations, if the assertion in question be true. In the first place, it is clear that the injury in question can arise only from the necessity of paying for the goods, and must consist in the sacrifices we are obliged to submit to in order to make that payment. (In saying this, we take for granted that the supply of our wants which is effected by the goods is not in itself an evil ; a proposition which will presently be considered at length.) In the next place, on whom will the sacrifice involved in payment fall ? Mainly on those who have imported, sold, and used the goods. The importer acted on the belief that retail dealers would be found willing to pay him for the goods all that they cost him, with a profit. If his belief was correct, he is certainly able to pay the foreigner for them. If more goods are imported than can be paid for, it is certain that some or all of the importers must have miscalculated the demand. The punishment will then fall on those who are responsible for the excessive importations, and on them alone.

True, those who have business connections with these importers may suffer also. But this suffering is the result of the mistake they made in trusting the importers, and they suffer only the consequences of their own acts. National bankruptcy from excessive importations will mean, then, in this case, only bankruptcy of the individuals who are responsible for the importations, and of those who are directly or indirectly connected with them in business.

Suppose, however, that the goods are paid for, but at a great sacrifice. If the importers have sold at a profit, they suffer nothing. The sufferers must then be the jobbers and retail dealers, or the final consumers. If the former, they have made the mistake of overestimating the demand for the goods, and suffer justly. If they also have sold at a profit, only the final consumers of the goods suffer; and they suffer simply from buying what they find it very hard to pay for,—an evil which no one thinks in any other case of curing by act of Congress.

It appears, then, that if we grant the possibility of excessive importations, all the evils attendant upon them fall primarily on those who are individually responsible for them, and only contingently on those who have business relations with them. We venture to suggest that those possible sufferers will judge the case with far more correctness than Congress or any other body can judge it for them.

Passing to the more special reasons assigned for the protective policy, we find two to stand out before all others in prominence. Reduced to their simplest form, these reasons are, first, that foreign goods by their cheapness injure our own industries; secondly, that they cost us more than if we made them ourselves. It is necessary to consider these arguments separately. In order to see on what foundation they really rest, we shall begin by stating them in as full and clear a manner as we are able.

The first argument is the popular one. Being, however, the less tenable, its supporters very generally abandon it, or explain it away when closely pushed. At the same time, on the cursory examination which the majority of voters are able to give the question, it looks very plausible, and it is therefore the

one which will always have most weight with them. It commonly takes some such form as the following :—

We must protect our home industry against the competition of the pauper labor of Europe. Take the iron industry for an instance. If we stop the importation of this commodity, iron-furnaces will be built, the ore which abounds in many parts of our country will be utilized, and thousands of our laborers, with millions of capital, will find profitable employment in the manufacture of iron, and a great impetus will be given to the national industry. Permit free trade, on the contrary, and opposite results will follow. Our markets will be overstocked with iron from abroad, sold at rates below the cost of production in this country. Our furnaces, in consequence, will all become valueless, our smelters will be thrown out of employment, and millions of capital will be swept away. We must therefore protect our home manufactures of iron against this competition.

This argument, which is or may be applied to every branch of production that can be carried on more cheaply abroad than here, if carefully examined will be found to present us on the one hand with a good to be sought, and on the other with an evil to be avoided. The good which we are exhorted to seek is expressed in the general term “industry,” and is found in the possession of immense factories, the exhibition of an unlimited amount of digging, hammering, roasting, and melting, and the active employment of great numbers of skilled operatives at high wages. This is the *summum bonum* of the protectionist. The evil we are to avoid consists in the absence of this show of industrial activity.

We readily admit that the policy proposed by the protectionists tends to increase this supposed good. Undoubtedly, if we cut off the foreign supply of any needful article, the result will be to give a great impetus to all the industries necessary to the production of that article. If we admit the foreign at a cheaper rate than that at which the article can be produced at home, that is to say, so cheap that producers can find more profitable employment for their labor and capital than in supplying it at the price for which it can be imported, that

particular industry will cease. But we meet the whole argument by denying the truth of the proposition that industry is in itself a good. It is only a means for the attainment of a desirable end, and the necessity of its employment is an evil rather than a good. In the instance we are considering, the end sought by the industry is iron. It will be observed that under either system, — the protective or the free-trade, — we get the iron, only in different ways. Under the first, we get it with a great deal of digging, hammering, and combustion of coal; under the second system, according to the protectionists, whose position we shall admit for the sake of argument, we get it without any industry at all worth speaking of. Which is the better way? This question can be best answered by carrying out to its extreme consequences the doctrine that industry and manufactures are in themselves just objects of national desire. To many the direct denial of this doctrine, which lies at the very bottom of the protectionist theory, will appear absurd. Let us then see what follows from it.

Perhaps the most telling *reductio ad absurdum* of this doctrine is found in the well-known petition of the witty Bastiat,* in which the makers of and dealers in chandeliers, lamps, candles, oils, whaling-vessels, and everything else used directly or indirectly in the production of light, are represented as petitioning the Chamber of Deputies of France for the general exclusion of sunlight from dwellings. In support of this measure they paint in glowing colors the great impetus that will be given to their several industries by its adoption. More cattle will be raised, to produce the tallow that will

* *Sophismes Économiques*, VII. : "Pétition des fabricants de chandelles, bougies, lampes, chandeliers, réverbères, mouchettes, éteignoirs, et des producteurs de suif, huile, résine, alcool, et généralement de tout ce qui concerne l'éclairage."

The nearest approach to this petition which we remember to have seen made in perfect gravity was in the case of a company engaged in the business of refining nitrate of potash, or some similar salt. When the great tariff bill was under discussion, three years ago, this company made an effort to have the crude article put on the free list, and a prohibitory duty levied on the refined article. Among the reasons urged upon Congress, in a pamphlet which the company circulated, was this: that the crude article (being half dirt) would give employment to twice as many American ships in bringing it over the sea, and thus help to revive American shipping from its present depressed condition.

be required; new meadows will be reclaimed, to feed them; the land will be planted with resinous trees; the whale-ships of France will cover the Arctic Ocean; the shops of Paris will exhibit a splendor never before dreamed of: every branch of industry will, directly or indirectly, feel the impetus thus given to production.

Grant the truth of the doctrine in question, that industry is, in itself, a good to be encouraged; suppose, also, the artificial light produced under the proposed policy to be as good as sunlight,— a supposition which inventive ingenuity might soon realize,— and the reasoning of this petition cannot be impeached. It cannot be denied that a great impetus would be given to every branch of light-producing industry, and a great increase of value to every natural product available in the production of light. As a protective tariff brings new water-powers into use, builds factories, and sets thousands of hammers and millions of busy fingers in motion, so would the exclusion of sunlight from all dwellings start up new gas-works, build factories for making every kind of illuminating-apparatus, and give employment to thousands in carrying them on.

Another parallel case is afforded by a labor-saving machine. When a machine is invented which, under the supervision of a single person, will do the work of fifty skilled laborers, the latter are immediately thrown out of employment and their skill is rendered worthless, precisely as they would be under the competition of foreign pauper labor. And, from the very same motives now presented against the importation of cheap goods, the English laborers of a century ago used to form mobs for the purpose of “smashing the machines” which were then beginning to compete with them. Even now we occasionally find workmen forming combinations to prevent their employers from using labor-saving devices, and maintaining the correctness of their action on good protectionist grounds. To them the machine is a competing pauper of the most incorrigible class. If destruction of industry is an evil, then the machine must be an evil; and if the protectionists wish to be entirely consistent in their arguments, they should oppose the use of all machinery which will lessen the sum total of industry necessary in the production of any article.

Let us, as a further illustration, take an extreme case of the evil deplored by the protectionist. Suppose some of our botanists should discover a tree which produced annually, instead of fruit, a suit of ready-made clothing. Mark the consequence of permitting the cultivation of these trees. All the tailors in the country would be immediately thrown out of employment, and the stocks of our clothiers would become worthless. They would all fail, and their failure would ruin numbers of others. The value of great numbers of our factories would be completely destroyed, and the skill of their operatives would be useless. Capital to the amount of hundreds of millions would be annihilated, and a commercial revulsion such as was never before known would sweep over the land. Then Congress would be smothered with petitions portraying the terrible character of these evils, and asking protection against them. The prohibition of the baneful trees, and the condign punishment of all who should dare to raise them, would be loudly called for.

Here is something which has the appearance of a great national calamity, of the same character with that threatened by free trade; but would it really be an evil to the country? We trust no argument is necessary to convince any reader that this seeming evil, resulting as it would in the whole country being clad without labor, would be a great blessing; and the privilege of purchasing foreign goods at a price lower than the cost of making them at home produces effects of the same character.

Here, in justice to our opponents, we remark that their theory makes an arbitrary distinction between natural and artificial products, which they may plead as a reply to these absurd conclusions from their premises. The introduction of the former they profess to favor; it is only the latter that they would exclude. Now the sunlight, the fruit of the clothes-bearing trees, and the economy of the labor-saving machine are natural products, while the goods they would protect us against are mostly the products of human art. Inquiring into this distinction, we shall find that every product which is imported in such a state that it is fit for use without the expenditure of more labor, is an artificial product to be ex-

cluded, while the products to be admitted free of duty are those which require the expenditure of labor — the more labor the better — to make them serviceable.

We shall not pause to remark upon that curious aberration of intellect which sees evil in the introduction of an article which is in a state to be useful, and good when an article is introduced which is useless without further labor; for the distinction itself is in no way tenable. The question at issue is, whether a certain effect, namely, the destruction of our industry in consequence of our markets being flooded with articles which render that industry unnecessary, is a good or an evil. The protectionist argues that if these articles are the product of cheap foreign labor and capital, the destruction of the industry is a great evil. We retort by showing that the very same evil is produced by the sun, and by every improvement in labor-saving instruments. It is no reply to this to say that the evil has a different cause in the two cases. The general effect being the same, it makes no difference what cause produces it. We might as well try to comfort a man who had swallowed poison, by telling him the poison was a natural product, as to satisfy laborers who are thrown out of employment by a labor-saving machine, that it is all right because the machine is operated by natural forces. Moreover, it is impossible to maintain the distinction. Is not copper a natural product? Yet that was not adduced as an argument against the copper tariff last session. So far as our interests are concerned, every foreign pauper is himself a natural product and a machine, just as a machine is a productive pauper.

The general question at issue may be put in a different form. What is the use of manufactures? From the free-trade standpoint their only use is to furnish us with products, and the only evil resulting from the cessation of any manufacture is that we should have either to go without the particular product of that manufacture, or to get it elsewhere. But the theory of protection is founded on the idea that every manufacture has in some mysterious way a great national importance independent of the articles produced.

To elucidate this point, let us fix our attention on a paper-mill. What is its use to the community? To supply us with

paper, will be the universal reply. But is the supply of paper which it furnishes the entire measure of its usefulness, and all that can be placed to its credit? From the free-trade point of view it is. From the other point of view it is not; but its principal claim to our favor is the addition it makes to the number and variety of our manufactures and the power of our machinery, and the employment it gives to our manufacturing industry. At first sight the idea looks plausible. To show its falsity, we have only to consider the manufactures, the machinery, and the labor to be all in operation without the production of any paper, and to reflect on the small national importance the establishment would then have. The expenditure of industry in that case would be a positive evil. The only compensation we have for that evil is the paper the mill furnishes. If we cannot get the paper without the mill, the expenditure of industry in its manufacture is a necessary evil. If we can get it from any other source whatever at a less cost, the expenditure and the manufacturing operations are unnecessary evils, — just as unnecessary as the manufacture of artificial light when we can get light from the sun.

When a public-spirited citizen visits such a place as the Paris Exposition, he cannot fail to be struck with the elaborate character of the manufactures displayed; and as he thinks with admiration of the wonderful skill they indicate, he may wonder why his own country does not produce artisans of equal skill. He comes back, perhaps, with the belief that it can, if the right policy be adopted; and he is perhaps ready to sustain any measures which promise to accomplish this result. But bring the question home to him by proposing, as a very reasonable and effective way of taking the first step toward the realization of his desires, that his own children shall occupy their lives in carving a particular kind of exquisite ornament for furniture, or in working some inimitable piece of tapestry, — and how different the view he will take of it! To arrange things so that some persons shall be induced or made to spend their lives in this way is quite to his satisfaction; but he designs his children for better employments, and it is not likely that if brought into contact with one of these skilled artisans of whom he envies France the possession, he

will consider him intellectually, morally, or socially superior to the average mechanic of his own country. Remarkable as he considers the products of that foreign skill, he will estimate them only at their value in the market, when he has to consider their practical utility. Thus the seeming desirability of manufacturing industry proves to be only the effect of the enchantment lent by distance. On a closer examination, the immense national importance of our manufacturing industry resolves itself into the immense national importance of our being housed and clad, — objects the importance of which none deny, but which may be safely left to the operation of individual foresight.

It has been, we trust, made clear that the protectionist must either give up the doctrine that industry is a good in itself, or he must accept the absurd consequences which we have shown to follow from it. He will, of course, adopt the former alternative. But if that doctrine is given up, what becomes of the great mass of popular arguments against free trade? What becomes of the complaint that we cannot compete with the pauper labor of Europe, if we do not wish to compete with it? And why do we wish to compete with it, if the industry spent in the competition is useless, except in so far as it saves us the small expense of hiring the pauper labor? What becomes of the terrors of an avalanche of cheap goods, if cheap goods are precisely what we want? Suppose they do destroy our industry, — which they may do, by transforming that industry from a necessary into an unnecessary evil, — what harm is done?

Our opponents must finally take a position directly the opposite of that which we have been combating, as in fact they do when pressed in argument. After the protectionist has portrayed the terrible evils of cheap goods, and set forth in the strongest light and with much exaggeration the extreme cheapness of foreign goods, and the consequent injury we shall do ourselves if we are allowed to buy them, if it is shown him that these supposed evils are what each man's common sense recognizes that they are in his own affairs, namely, great advantages, he finds that we have either misunderstood him or have not heard him through. We discover that it is not the cheapness of the foreign goods of which he complains, but their

dearness; that his fears are not for the destruction of our industry, but for the increased labor and therefore increased industry which the foreign goods will finally cost us. He proceeds to count up the immense cost of foreign transportation, and to show how this will all be saved if we make the goods at home.

To our reply that, unless we get the goods cheaper, after paying all the costs and risks of the transportation, than we can make them ourselves, we shall make them ourselves, and no protection will be necessary, — our opponents answer that, though this may be true when we regard simply money values, it is not true when we measure cost by labor; that though the money value which the Minnesota farmer pays for foreign cloth may be less than the money cost of making the cloth there, yet the labor cost of the wheat he gives for it is greater than the labor cost of making the cloth in Minnesota. They tell the farmer that if he will only submit for a while to high prices under a protective tariff, factories will spring up in his neighborhood which will afford him a “home market” for his wheat, at a price so much higher than he now gets that it will more than compensate him for the increased price he has to pay for his cloth. But he must still protect himself by a protective tariff against the wiles of the enemy, who, in order to defeat the success of the home manufacture, stands without, offering his goods to the farmer at a price much below the money cost at which they can be made at home. If the farmer yields to the temptation, he is undone. The home manufacture ceases, the home market ceases with it, the price of wheat falls in a greater ratio than the price of cloth, and he is started on the road to poverty.

We claim, in answer to these propositions, that if the possible effects of protection thus set forth be real, no protection will be necessary, and that the cases supposed are inconsistent with each other. To take a concrete case, let us suppose, if possible, that under the free-trade system the farmer has to give one bushel and a half of wheat for a yard of cloth, and that, when the manufacture of cloth is naturalized on his own soil, he will get a yard for a bushel. To fix the ideas, suppose the following scale of prices under each system: —

Free trade Wheat, \$ 1.00 ; cloth, \$ 1.50.

Protection Wheat, \$ 2.00 ; cloth, \$ 2.00.

Let us see what follows from these assertions. If it be true that, in the community in which they are both made, a yard of cloth and a bushel of wheat sell for the same price, namely, two dollars, then the money cost of production must be the same ; that cost being measured by the wages of the labor expended and the interest on the capital invested. If they cost unequal sums, though selling at the same price, one of the two classes of commodities, wheat or cloth, would be the more profitable to produce, and labor and capital would be diverted from the production of the other to it, until the respective selling-prices became proportioned to the costs. Consequently, according to the scale of prices just set forth as that of free trade, the people of Minnesota would produce wheat at one dollar per bushel, and at the same time give one dollar and a half per yard for cloth, when it would cost them no more to produce the yard of cloth themselves than to produce the bushel of wheat. In other words, a clear profit of fifty per cent would be offered to the manufacturer as compared with the farmer, and yet, under the malign influence of free trade, they would all persist in farming instead of manufacturing. They would not know, with the water-power before their eyes, what business would pay, so well as some theorist, who perhaps never saw a mill-privilege, can tell them by the simple process of evolving truths out of the depths of his own consciousness.

It may be asked, cannot some other scale of prices be supposed, under which the conclusion would be different ? No. Suppose any ratio of prices whatever, possible or impossible, by which the farmer would get more cloth for his wheat by a system of home manufacture than under the importing system, and it would inevitably follow that, under the latter, manufacturing would pay better than farming. If men should persist in doing what would not pay best, they would show themselves incompetent to attend properly to their own interests, and it would be better to put their entire capital into the hands of a committee of editors, who know so much better than they how it could be most profitably employed.

We have never yet met any conclusive arguments against

the general law of political economy that, when things are left to take their natural course, each "industry" and each manufacture springs up when it is wanted, and dies out only when it is no longer necessary. There is a natural growth in the manufactures of a country, and the employment of artificial means to force this growth is much like subjecting a boy to a daily stretching-process, that he may more rapidly develop into a man.

Great variety and refinement of manufacture, it is sometimes said, are the invariable accompaniments of national wealth. Suppose it were so. The same statement will apply to marble dwellings. Must the people of Pike's Peak therefore be encouraged, that is, compelled, to build themselves marble houses forthwith, that they may thus attain the highest degree of wealth? But we do not admit the truth of the proposition. If the wealth of a country is measured, as it ought to be, by the abundance of the material comforts of life which it can afford, not merely to the favored few, but to the great mass of its population, then our country is already wealthier than the most advanced manufacturing countries of Europe.

In fact, the natural wealth of our country is one of the sharpest thorns in the side of the protectionist. Why can we not compete with the cheap labor of Europe? Why have there been cases in which our raw material could be shipped to Europe, manufactured there, reshipped to this country, and finally sold at a price below the cost of home manufacture? One manifest reason is, that the rate of wages is so much lower in Europe. But why are wages lower in Europe than here? Simply because our great natural resources and comparatively sparse population offer so immense a field for the profitable employment of labor. We have millions of acres of prairie to be fenced and cultivated, interminable forests to be cleared, thousands of miles of railroad to be built, and whole States to be divided into farms and furnished with dwellings to accommodate the increasing population. Is it any wonder that we cannot compete in manufactures with countries having a population of hundreds to the square mile? Complaints that we cannot are as sensible as would be complaints of a lawyer in good practice that he could not compete with a laborer in the business of sawing wood. "Why do you wish to compete with

him?" would be the natural answer to his complaints. So, when we have such remunerative employment for our labor, why do we wish to compete with the laborers of Europe in the employments which the comparative poverty of their resources compels them to engage in? It is for our interest to avoid such competition, for precisely the same reason that it is for the interest of the lawyer to avoid competing with the wood-sawyer.

Having examined at such length the two great arguments which are constantly urged in favor of the policy of protection, it is hardly necessary to go into the long series of minor arguments found from time to time in our newspapers. We shall merely stop to speak one word of comfort to that patriotic class of our fellow-citizens who are anxious to see this country "independent" of Europe. We may very properly pronounce ourselves independent of a person or of a nation when we are able to dispense with the services of that person or nation, even though we may choose to continue to employ them. Therefore, the very fact that we can support a prohibitory tariff, without suffering any other evil than a retardation in the rate of increase of our wealth, shows that we are already independent of Europe. Poor, dependent nations cannot afford protective tariffs.

The question of the policy of usury laws we shall be obliged to dispose of quite briefly, for want of material to discuss. Most of the arguments in favor of them, if they can be called arguments at all, are too puerile to be worth refuting. The old colonial law of Maryland, still in force in the District of Columbia, was lately defended, in the United States Senate, on the ground that six per cent was enough to give for money. The senator apparently considered himself a better judge than the borrower as to how much the use of money was worth to the latter. A few years since, in an official report to Congress on the national banking system, the great scarcity of capital in the Western States was adduced as a reason why the rate of interest which might be charged by the banks should be restricted. Everybody who knows anything about the laws of business knows that the way to make any commodity flow toward any point where it is scarce is to make it profitable to send it thither, and that the way to remedy a scarcity of cap-

ital is to offer the capitalist a high rate of profit. The argument in question might therefore have been put forth with more plausibility to sustain a policy of compelling the banks to charge a very high rate of interest.

In this great dearth of arguments in favor of a legal restriction of the rate of interest, we are much obliged to Mr. Greeley for lately setting forth, in one of his papers on Political Economy, a reason for usury laws which can be appreciated. He objects to legalizing unlimited usury, that it tends to put the capital of the community largely into the hands of its more sanguine and headlong members, who will bid highest for loans, instead of into the hands of those who will use that capital most discreetly. We suppose this means that lenders of money have so little prudence that, if their operations are not restricted by the legislature, they will throw away their money by lending it to the sanguine and headlong class, who will lose it in reckless adventure. If neither party to the contract loses anything, if the ventures turn out profitable, and every one gets his money back, the good sense of the seemingly reckless investment will be vindicated, and no harm will be done. If otherwise, the losses will all fall on the reckless and on those who were so imprudent as to trust them. We are thus brought back once more to the original question, whether legislative assemblies or the owners and employers of the money are the best judges of what rate of profit it is safe to seek, and on what terms it is most advantageous to loan money. It is certainly a new doctrine that legislation is necessary to make capitalists seek sound investments.

Among men intelligent enough to see the uselessness of usury laws, it is a common remark that they are of little importance, by reason of the ease with which they can be evaded; and the indifference with which they are regarded by this class is perhaps one reason why they have not long since disappeared from our statute-books. This view is a mistaken one. It is quite true that, if the laws in question were universally disregarded, and if the opinions on which they are founded and which they help to perpetuate were banished from the minds of men, they would cease to do much injury. The difficulty is,

that they are not uniformly disregarded, and the idea that there is a taint of dishonor in accepting more than the legal rate of interest is very general in the community. The majority of capitalists have too much respect for law to think of doing an act on which a stigma is placed. They therefore refuse even indirectly to lend their money at any rate of interest higher than that authorized by law. If the effect of this state of things were, to make them lend at or below the legal rate, the borrower at least would have no cause of complaint. But for an absolute refusal to lend money on any terms whatever, neither law, public opinion, nor conscience prescribes any penalty. Consequently, if the capitalist can find any investment for his money which he deems more profitable than lending it at the legal rate of interest, he prefers this investment, however small the additional profit, and refuses to lend, however great the need of the borrower.

“I have called to see whether Mr. Blank will lend me three thousand dollars for three years on a first mortgage of my house,” said a would-be borrower to the agent of a capitalist. “I can pay him eight per cent interest.”

“Mr. Blank, sir, never takes more than six per cent interest; so it is useless to offer him eight.”

“That, I take it, is equivalent to saying that Mr. Blank does not make long loans at all,” replied the applicant.

“It is, indeed, many years since I have known him to lend on mortgage,” was the reply of the agent.

The applicant left, without troubling Mr. Blank in person.

Thus entirely cut off from the great mass of floating capital, he who would borrow has but two resources, — either to go without money altogether, and submit to the consequences, or to borrow from that class who have no scruples against taking any interest they can get. Moreover, he must not only pay interest, but a greater or less percentage for the insurance of the lender against the danger of losing his claim through the operation of the usury laws. Thus the only effect of these laws is to aggravate the very evil they are designed to avoid, and to injure the classes they are designed to protect. They never enable the borrower to secure money on better terms than he could without them, but they may and often do drive

him to the pawnbroker or to ruin. Without such a law, and without the existing scruples against usury, any one who could offer good security would be reasonably sure of always being able to borrow on some terms, just as he is now reasonably sure of always being able to buy anything at some price. In the actual state of things, outside of the Eastern cities, it is highly probable that in the hour of his need he will not be able to borrow at all.

The currency question is that in which the let-alone policy runs most strongly counter to traditional views. In the popular mind money occupies a position altogether distinct from every other commodity. Imagine a Congressional committee engaged in the laborious duty of calculating how many pairs of shoes the population of our country required annually, what crop of wheat was necessary to supply it with food, what amount of fuel would keep it warm in winter, and how many pounds of quinine would be necessary to preserve it from ague. Imagine them spending the night in sleepless anxiety lest there might not be shoemakers enough to furnish the shoes, or the farmers should fail to sow a sufficient crop of wheat, or the chemists not know how much quinine to provide. Picture to yourself two legislators next morning, on the assembling of Congress, eloquently proving from history and reason, the one that fifty millions of pairs of shoes were sufficient for the wants of the country, the other that at least two hundred millions would be absolutely necessary.

At the first glance such scenes appear simply ludicrous. We should doubt the sanity of any legislative body which was found engaged in such discussions; and yet, did we not happen to know, by universal experience, that all these things take care of and regulate themselves, how different a view we should take! The opposite of what now seems ludicrous would then be incredible. Think of forty millions of people, scattered over a vast territory, every one of them requiring for his comfort and even for his existence hundreds of articles for which he is entirely dependent on his fellow-men,—distress and even death following any great failure in the supply of wheat, corn, or cloth. Each man is at perfect liberty to make what he pleases, in what quantity he pleases, and to

dispose of it as he pleases ; and yet disaster follows the producer if he makes more than is required, or sends his products where they are not wanted ; and distress falls upon the consumer if any one of the numerous articles is either not made, or, being made, is not brought where he can get it. If we had not tried the let-alone policy, how little faith should we have that it could be trusted in such a case ! Should the wisest men in the country then argue that there was no need of a central junta to calculate how much of each necessary of life was wanted in each section of the country, to determine how this amount could be most easily supplied, and to prescribe the times and places at which it should be made ;— and should they maintain that, if you leave every man to make, buy, sell, and bargain to suit himself, every single article that is wanted and can be made will be made in the right quantity, at the right time, and be taken to the right place, while at no time will there be a serious defect or superabundance ; that the hundreds of people whose labor must be combined in the making of a pair of boots— from the Texas ranchero who tends the cattle, the hides of which furnish the leather, to the dealer who sells them to the wearer— would all work together in the most advantageous way ;— what should we think of their argument ? A serious refutation no one would attempt. If universal ridicule were not showered upon it, it would be only because we should consider the whole project too crazy to deserve ridicule. If in these matters the regulating system had ever been in actual operation, what centuries of gradual trial would have been necessary to allow the let-alone policy to be seriously thought of ! And yet, what would then seem to be the vagaries of an enthusiast are truths so familiar to us that we find it difficult to put ourselves in the attitude of calling them in question.

In the face of such triumphs of the let-alone policy as these, to argue that it cannot be trusted in foreign trade, in money-lending, or in regulating the currency, is like doubting whether one who has just cast a mountain into the sea can move a mole-hill. It needs but a step more to take us to a standpoint from which the spectacle of a national legislature discussing the question of the amount of currency necessary to carry on the busi-

ness of the country, and the best way of supplying it, will be as ludicrous as that of a similar discussion about shoes. Was there not something marvellous in the views called forth by the "Specific Coin Contract" Bill from many of the honorable members of the Fortieth Congress? Suppose that among their constituents a grocer had petitioned for a law that all his contracts for the sale of flour should be satisfied by the delivery of an equal quantity of corn-meal, on the ground that enforcing specific flour contracts would lead to disastrous fluctuations in the price of that article, — would his request have been received with a grave face? Specific contracts for the delivery of any of the fifty metals known to chemists were unobjectionable, with two exceptions only, — gold and silver. Nay, if the gold and silver were to be not coined, it is quite possible that even they might have been included. If one of the honorable members had purchased a gold ring from his jeweller, and found, when the article was delivered at his house, that a greenback had been nicely rolled up into a ring and tendered him in satisfaction of his contract, even he might have voted for a specific gold-ring contract. Very different was the case if the gold was made into coin and stamped with the government mark. To enforce contracts for the delivery of that particular commodity would be disastrous!

The truth is, the let-alone policy with regard to the currency has hardly ever had a fair trial by civilized nations. It is always possible to persuade a large fraction of the public that their interests will be advanced by legislative meddling with the currency, and there are always so many persons who may make money by that meddling, that it is sure of vigorous support. Yet money is the one article which no nation having need of was ever found without. If any nation was ever destitute of a sufficient supply of money, or substitute for money, to effect all the exchanges individuals were willing to make, that fact has never been shown; and it is highly improbable that such a state of things will ever occur. Scarcity of credit is indeed a common thing, and is always called, and often mistaken for, scarcity of money; but every economist knows that the two are quite distinct. However, we are here treading on grounds so honeycombed with fallacies, that to point them out and pass

on with a sure footing would require a volume instead of an article. We must therefore confine ourselves to a brief outline of the policy suggested by the let-alone principle.

An indispensable preliminary, in the present state of our finances, is to look upon and make our legal-tender currency a debt, and not a means of paying debts. If it is deemed advisable to issue government notes, let the issue of them be regulated solely by a regard for the interests of the government, and not for those of individuals. If the latter choose to use them as a currency, well and good; but do not give them any official character as currency. Let them be redeemable in coin on demand at the Treasury, or in some other fixed and definite way, for the honor and credit of the government.

Second, take from the national banks the privilege of issuing notes not payable in coin. An irredeemable government currency is bad enough, but to have a bank currency floating upon it makes it a great deal worse.

Third, having thus demanded that the banks shall fulfil their obligations in the manner which reason and experience show to be the only satisfactory manner, release their hands, — repeal the law limiting the amount of their circulation and let them issue notes according to the demand. Repeal also the law requiring a definite and invariable coin balance to be kept on hand. If there is any danger that the banks will take advantage of these privileges, to make excessive issues, impose the severest penalties on any bank which shall fail, on any pretext whatever, to make good its obligations in coin.

The third restriction to be removed is that on the rate of interest which the banks may charge. The evils of this restriction are the same as those of the usury laws. Possibly, it may seem that, as the banks are privileged by government, it is only fair that they should not be allowed to charge the public a high rate of interest. But they ought not to be privileged. Besides, — who are the public? The banks can lend to whom they please, and refuse loans to whom they please. If they were free, they would, in a stringent money market, lend to the highest bidder who was “good,” that is to say, to the man who was most in need of money, and in no danger of losing what he should get. As things stand, when the press-

ure is severe, and the demand for credit far beyond what the bank can supply, the men who get the money are not those who most want it, but Mr. A, who is an influential politician; Mr. B, who has bought the privilege by keeping large deposits; and Mr. C, who is a particular friend of the cashier. These men are the public, for the time being.

One great object of banks ought to be, to help carry the country through commercial crises, by furnishing reservoirs of credit, to be drawn upon in such emergencies. Under the restrictions in question, the banks operate in the other way. It will be borne in mind that, under our present national banking law, the banks are required to keep a certain definite reserve of fifteen to twenty-five per cent of the circulation and deposits, according to location; and if the reserve falls below this limit, they are prohibited from discounting until it is regained. Now, the very time when the reserve will fall is that of a scarcity of credit, that is, when bank discounts are most wanted by the public; so that the time of greatest want is that of least supply.

Suppose that a city troubled with frequent scarcity of water should charter a company to build a reservoir, to be supplied from springs. Anxious to prevent a waste of water, and extortion by the company, the city imposes the following conditions: first, that no water must be sold above a certain fixed price; second, that the reservoir must always be kept half full, and if the water ever falls below this point, no water at all must be sold. What would be the effect? When there was plenty of water outside the reservoir, the keeper of the latter would have plenty to sell. When it was dry weather and water was scarce, he would have very little to sell, and that only to his particular friends, to influential men, and to those who had bought the privilege. When a drought reduced the supply of water below one half, there would be none to sell to anybody.

The supply of credit which can be furnished by our banks must, under our restrictive system, operate in the same way. If any legislative restrictions, except those against wrongdoing, are to be put upon the banks, they should be in some respects the opposite of those now in operation. Instead of

fixing a maximum rate of interest, the rate prescribed should be a minimum, below which the banks should not be allowed to lend. This minimum should depend on the ratio of specie reserve to deposits and circulation, increasing with every diminution of the reserve. For instance, it might be prescribed that no loans should ever be made below four per cent, and that if the specie reserve fell below

50	per	cent,	no	loans	should	be	made	below	the	rate	of	5	per	cent.
40	“	“	“	“	“	“	“	“	“	“	“	6	“	“
35	“	“	“	“	“	“	“	“	“	“	“	7	“	“
30	“	“	“	“	“	“	“	“	“	“	“	8	“	“

Such a regulation would impose upon the banks the same policy to which self-interest would prompt them if they were left free. The idea of prohibiting a bank from lending below a fixed rate of interest runs very strongly counter to our prejudices; but our present law prohibits all loans under certain circumstances. Which, now, is worse for the borrower, to be told that he can have money at twenty-four per cent; or, that he cannot have it at all, how great soever may be his need?

We have endeavored to show that the let-alone policy is of wider application than many are willing to admit, and that individuals may safely be left to take care of themselves in cases where they have been supposed peculiarly to need the supervision of government. At the same time we have taken care to set it forth, not as a principle universal and necessary, but only as affording the best attainable rule of conduct for governments, a departure from which will open the road to so many complications and abuses that the best course is to adhere to it as a principle. It cannot therefore be disproved simply by inventing special cases in which it will fail. Every law which a legislature can enact is subject to the same objection. For a similar reason it cannot be overthrown by simply showing that the fundamental propositions on which the justification of it as a policy is based are not universally true. One of these propositions is, that the individual is a better judge than government of what is the best employment for his capital and labor. Let us grant the possibility of cases in which the reverse would be true, — rare though they must be. It does not at all follow that it is advisable for government to

rush in and “regulate” the business of the individual. It must first be shown that government can practically employ greater wisdom, in directing or restraining the individual as to his interests, than he can himself command, and it must be further shown that the act of interference will not bring in its train greater evils than those it is designed to remedy.

The cases in which these conditions can be fulfilled are so rare ; it will so frequently be found that, after all, the individual was right and government wrong ; and all interference is so apt to lead to unforeseen complications, — that the best course for a government to follow is, to adhere to the let-alone policy as a matter of principle.

SIMON NEWCOMB.

ART II. — INDIAN MIGRATIONS.

BETWEEN the years 1600 and 1700 A. D., the entire area from the Atlantic to the Mississippi, and from Hudson’s Bay to the Gulf of Mexico, had been sufficiently explored by traders, missionaries, and colonists to render both the English and the French familiar with the location and condition of the several Indian nations within these limits. Some knowledge of the Dakotas and of the Missouri nations had also been obtained. But it was not until the eighteenth century that the same degree of information was acquired of the nations in the interior of the continent and upon the Pacific coast. Our systematic knowledge of the American aborigines belongs to the present century.

In a previous article * we considered the means of subsistence of the aborigines, both natural and agricultural ; the centres of Indian population ; and the natural highways of migration suggested by the topographical features of North America. It remains to investigate their migrations for the purpose of finding, if possible, the initial point or centre from which, in successive streams, these nations spread abroad. The addi-

* North American Review for October, 1869.