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## REPORT ON MANUFACTURES.

(Continued.)

VII. As to the creating, in some instances, a new, and securing in all a more certain and steady demand, for the surplus produce of the soil.

THIS is among the most important of the circumstances which have been indicated. It is a principal means, by which the establishment of manufactures contributes to an augmentation of the produce or revenue of a country, and has an immediate and direct relation to the prosperity of agriculture.

It is evident, that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to the steadiness or fluctuation, adequateness, or inadequateness of the markets on which he must depend, for the vent of the surplus, which may be produced by his labor; and that such surplus in the ordinary course of things will be greater or less in the same proportion.

For the purpose of this vent, a domestic market is greatly to be preferred to a foreign one; because it is in the nature of things, far more to be relied upon.

It is a primary object of the policy of nations, to be able to supply themselves with subsistence from their own soils; and manufacturing nations, as far as circumstances permit, endeavor to procure from the same source, the raw materials necessary for their own fabrics. This disposition, urged by the spirit of monopoly, is sometimes even carried to an injudicious extreme. It seems not always to be recollected, that nations, who have neither mines nor manufactures, can only obtain the manufactured articles of which they stand in need, by an exchange of the products of their soils; and that, if those who can best furnish them with such articles are unwilling to give a due course to this exchange, they must of necessity make every possible effort to manufacture for themselves; the effect of which is that the manufacturing nations abridge the natural advantages of their situation, through an unwillingness to permit the agricultural countries to enjoy the advantages of theirs, and sacrifice the interests of a mutual beneficial intercourse to the vain project of selling every thing and buying every thing.

But it is also a consequence of the policy, which has been noted, that the foreign demand for the products of agricultural countries, is, in a great degree, rather casual and occasional, than certain or constant. To what extent injurious interruptions of the demand for some of the staple commodities of the United States, may have been experienced, from that cause, must be referred to the judgment of those who are engaged in carrying on the commerce of the country; but it may be safely affirmed, that such interruptions are at times very inconveniently felt, and that cases not infrequently occur, in which markets are so confined and restricted, as to render the demand very unequal to the supply.

Independently likewise of the artificial impediments, which are created by the policy in question, there are natural causes tending to render the external demand for the surplus of agricultural nations a precarious reliance. The differences of seasons, in the countries which are the consumers, make immense differences in the produce of their own soils, in different years; and consequently in the degrees of their necessity for foreign supply. Plentiful harvests with them, especially if similar ones occur at the same time in the countries which are the furnishers, occasion of course a glut in the markets of the latter.

Considering how fast and how much the progress of new settlements in the United States must increase the surplus produce of the soil, and weighing seriously the tendency of the system, which prevails among most of the commercial nations of Europe; whatever dependence may be placed on the force of natural circumstances to counteract the effects of an artificial policy; there appear strong reasons to regard the foreign demand for that surplus as too uncertain a reliance, and to desire a substitute for it, in an extensive domestic market.

To secure such a market, there is no other expedient, than to promote manufacturing establishments. Manufacturers who constitute the most numerous class, after the cultivators of lands, are for that reason the principal consumers of the surplus of their labor.

This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is of all things, that which most effectually conduces to a flourishing state of agriculture. If the effect of manufactures should be to detach a portion of the hands, which would otherwise be engaged in tillage, it might possibly cause a smaller quantity of lands to be under cultivation; but by their tendency to procure a more certain demand for the surplus produce of the soil, they would, at the same time, cause the lands which were in cultivation, to be better improved and more productive. And while, by their influence, the condition of each individual farmer would be meliorated, the total mass of agricultural production would probably be increased. For this must evidently depend as much, if not more, upon the degree of improvement, than upon the number of acres under culture.

It merits particular observation, that the multiplication of manufactories not only furnishes a market for those articles which have been accustomed to be produced in abundance, in a country; but it likewise creates a demand for such as

were either unknown or produced in inconsiderable quantities. The bowels as well as the surface of the earth are ransacked for articles which were before neglected. Animals, plants and minerals acquire a utility and value, which were before unexplored.

The foregoing considerations seem sufficient to establish, as general propositions, that it is the interest of nations to diversify the industrious pursuits of the individuals who compose them. That the establishment of manufactures is calculated not only to increase the general stock of useful and productive labor; but even to improve the state of agriculture in particular; certainly to advance the interests of those who are engaged in it. There are other views, that will be hereafter taken of the subject, which, it is conceived, will serve to confirm these inferences.

III. Previously to a further discussion of the objections to the encouragement of manufactures, which have been stated, it will be of use to see what can be said in reference to the particular situation of the United States, against the conclusions appearing to result from what has been already offered.

It may be observed, and the idea is of no inconsiderable weight, that however true it might be, that a state, which possessing large tracts of vacant and fertile territory, was at the same time secluded from foreign commerce, would find its interest and the interest of agriculture, in diverting a part of its population from tillage to manufactures; yet it will not follow, that the same is true of a state, which having such vacant and fertile territory, has at the same time ample opportunity of procuring from abroad, on good terms, all the fabrics of which it stands in need, for the supply of its inhabitants. The power of doing this at least secures the great advantage of a division of labor, leaving the farmer free to pursue exclusively the culture of his land, and enabling him to procure with its products the manufactured supplies requisite either to his wants or to his enjoyments. And though it should be true, that in settled countries, the diversification of industry is conducive to an increase in the productive powers of labor, and to an augmentation of revenue and capital; yet it is scarcely conceivable that there can be any thing of so solid and permanent advantage to an uncultivated and unpeopled country as to convert its wastes into cultivated and inhabited districts. If the revenue, in the mean time, should be less, the capital, in the event, must be greater.

To these observations, the following appears to be a satisfactory answer—

I. If the system of perfect liberty to industry and commerce were the prevailing system of nations, the arguments which dissuade a country in the predicament of the United States, from the zealous pursuit of manufactures would doubtless have great force. It will not be affirmed, that they might not be permitted, with few exceptions, to serve as a rule of national conduct. In such a state of things, each country would have the full benefit of its peculiar advantages to compensate for its deficiencies or disadvantages. If one nation were in condition to supply manufactured articles on better terms than another, that other might find an abundant indemnification in a superior capacity to furnish the produce of the soil. And a free exchange, mutually beneficial, of the commodities which each was able to supply, on the best terms, might be carried on between them, supporting in full vigor the industry of each. And though the circumstances which have been mentioned, and others which will be unfolded hereafter, render it probable, that nations merely agricultural, would not enjoy the same degree of opulence, in proportion to their numbers, as those which united manufactures with agriculture; yet the progressive improvement of the lands of the former, might in the end, atone for an inferior degree of opulence in the mean time; and in a case, in which opposite considerations are pretty equally balanced, the option ought perhaps always to be, in favor of leaving industry to its own direction.

But the system, which has been mentioned, is far from characterizing the general policy of nations. The prevalent one has been regulated by an opposite spirit. The consequence of it is, that the United States are to a certain extent, in the situation of a country precluded from foreign commerce. They can indeed, without difficulty, obtain from abroad the manufactured supplies, of which they are in want; but they experience numerous and very injurious impediments to the emission and vent of their own commodities. Nor is this the case in reference to a single foreign nation only. The regulations of several countries, with which we have the most extensive intercourse, throw serious obstructions in the way of the principal staples of the United States.

In such a position of things, the United States cannot exchange with Europe on equal terms; and the want of reciprocity would render them the victim of a system, which should induce them to confine their views to agriculture, and refrain from manufactures. A constant and increasing necessity, on their part, for the commodities of Europe, and only a partial and occasional demand for their own, in return, could not but expose them to a state of impoverishment, compared with the opulence to which their political and natural advantages authorize them to aspire.

Remarks of this kind are not made in the spi-

rit of complaint. 'Tis for the nations, whose regulations are alluded to, to judge for themselves, whether by aiming at too much, they do not dole more than they gain. 'Tis for the United States to consider by what means they can render themselves least dependent, on the combinations, right or wrong, of foreign policy.

It is no small consolation, that already the measures which have embarrassed our trade, have accelerated internal improvements which upon the whole have bettered our affairs. To diversify and extend these improvements, is the safest and latest method of indemnifying ourselves for any inconveniences, which those or similar measures have a tendency to beget. If Europe will not take from us the products of our soils upon terms consistent with our interest, the natural remedy is to contract as fast as possible our wants of hers.

2. The conversion of their waste into cultivated lands is certainly a point of great moment in the political calculations of the United States. But the degree in which this may possibly be retarded by the encouragement of manufactures does not appear to counteract the powerful inducements to affording that encouragement.

An observation made in another place is of a nature to have great influence upon this question— If it cannot be denied, that the interests even of agriculture may be advanced more by having such of the lands of a state as are occupied under good cultivation, than by having a greater quantity occupied under a much inferior cultivation, and if manufactures, for the reasons assigned, must be admitted to have a tendency to promote a more steady and vigorous cultivation of the lands occupied, than would happen without them, it will follow, that they are capable of indemnifying a country for a diminution of the progress of new settlements; and may serve to increase both the capital value and the income of its lands, even tho' they should abridge the number of acres under tillage.

But it does by no means follow, that the progress of new settlements would be retarded by the extension of manufactures. The desire of being an independent proprietor of land is founded on such strong principles in the human breast, that where the opportunity of becoming so is as great as it is in the United States, the proportion will be small of those, whose situations would otherwise lead to it, who would be diverted from it towards manufactures. And it is highly probable, as already intimated, that the accessions of foreigners, who originally drawn over by manufacturing views, would afterwards abandon them for agricultural, would be more than an equivalent for those of our own citizens, who might happen to be detached from them.

The remaining objections to a particular encouragement of manufactures in the United States now require to be examined.

One of these turns on the proposition, that industry, if left to itself, will naturally find its way to the most useful and profitable employment: whence it is inferred, that manufactures, without the aid of government, will grow up as soon and as fast, as the natural state of things and the interest of the community may require.

Against the solidity of this hypothesis, in the full latitude of the terms, very cogent reasons may be offered. There have relation to the strong influence of habit and the spirit of imitation, the fear of want of success in untried enterprises, the intrinsic difficulties incident to first essays towards a competition with those who have previously attained to perfection in the business to be attempted, the bounties, premiums and other artificial encouragements, with which foreign nations second the exertions of their own citizens in the branches, in which they are to be rivalled.

Experience teaches, that men are often so much governed by what they are accustomed to see and practice, that the simplest and most obvious improvements, in the most ordinary occupations, are adopted with hesitation, reluctance and by slow gradations. The spontaneous transition to new pursuits, in a community long habituated to different ones, may be expected to be attended with proportionably greater difficulty. When former occupations ceased to yield a profit adequate to the subsistence of their followers, or when there was an absolute deficiency of employment in them, owing to the superabundance of hands, changes would ensue; but these changes would be likely to be more tardy than might consist with the interest either of individuals or of the society. In many cases they would not happen, while a bare support could be ensured by an adherence to ancient courses; though a resort to a more profitable employment might be practicable. To produce the desirable changes, as early as may be expedient, may therefore require the incitement and patronage of government.

The apprehension of failing in new attempts is perhaps a more serious impediment. There are dispositions apt to be attracted by the mere novelty of an undertaking; but these are not always those best calculated to give it success. To this, it is of importance that the confidence of cautious, sagacious capitalists, both citizens and foreigners, should be excited. And to inspire this description of persons with confidence, it is essential, that they should be made to see in any project, which is new, and for that reason alone, if for no other, precarious, the prospect of such a degree of countenance and support from govern-

ment, as may be capable of overcoming the obstacles, inseparable from first experiments.

The superiority antecedently enjoyed by nations, who have pre-occupied and perfected a branch of industry, constitutes a more formidable obstacle, than either of those, which have been mentioned, to the introduction of the same branch into a country, in which it did not before exist. To maintain between the recent establishments of one country and the long matured establishments of another country, a competition upon equal terms, both as to quality and price, is in most cases impracticable. The disparity, in the one, or in the other, or in both, must necessarily be so considerable as to forbid a successful rivalry, without the extraordinary aid and protection of government.

But the greatest obstacle of all to the successful prosecution of a new branch of industry in a country, in which it was before unknown, consists, as far as the instances apply, in the bounties, premiums and other aids which are granted, in a variety of cases, by the nations in which the establishments to be imitated are previously introduced. It is well known (and particular examples in the course of this report will be cited) that certain nations grant bounties on the exportation of particular commodities, to enable their own workmen to undersell and supplant all competitors, in the countries to which those commodities are sent. Hence the undertakers of a new manufacture have to contend not only with the natural disadvantages of a new undertaking, but with the gratuities and remunerations which other governments bestow. To be enabled to contend with success, it is evident, that the interference and aid of their own government are indispensable.

Combinations by those engaged in a particular branch of business in one country, to frustrate the first efforts to introduce it into another, by temporary sacrifices, recompensed perhaps by extraordinary indemnifications of the government of such country, are believed to have existed, and are not to be regarded as destitute of probability. The existence or assurance of aid from the government of the country, in which the business is to be introduced, may be essential to fortify adventurers against the dread of such combinations—to defeat their effects, if formed, and to prevent their being formed, by demonstrating that they must in the end prove fruitless.

Whatever room there may be for an expectation that the industry of a people, under the direction of private interest, will upon equal terms find out the most beneficial employment for itself, there is none for a reliance, that it will struggle against the force of unequal terms, or will of itself surmount all the adventitious barriers to a successful competition, which may have been erected either by the advantages naturally acquired from practice and previous possession of the ground, or by those which may have sprung from positive regulations and an artificial policy. This general reflection might alone suffice as an answer to the objection under examination; exclusively of the weighty considerations which have been particularly urged.

The objections to the pursuit of manufactures in the United States, which next present themselves to discussion, represent an impracticability of success, arising from three causes—scarcity of hands, dearth of labor, want of capital.

The two first circumstances are to a certain extent real, and, within due limits, ought to be admitted as obstacles to the success of manufacturing enterprise in the United States. But there are various considerations, which lessen their force, and tend to afford an assurance that they are not sufficient to prevent the advantageous prosecution of many very useful and extensive manufactories.

With regard to scarcity of hands, the fact itself must be applied with no small qualification to certain parts of the United States. There are large districts, which may be considered as pretty fully peopled; and which notwithstanding a continual drain for distant settlement, are thickly interspersed with flourishing and increasing towns. If these districts have not already reached the point, at which the complaint of scarcity of hands ceases, they are not remote from it, and are approaching fast towards it: And having perhaps fewer attractions to agriculture, than some other parts of the union, they exhibit a proportionably stronger tendency towards other kinds of industry. In these districts, may be discerned, no inconsiderable maturity for manufacturing establishments.

But there are circumstances, which have been already noticed with another view, that materially diminish every where the effect of a scarcity of hands. These circumstances are—the great use which can be made of women and children; on which point a very pregnant and instructive fact has been mentioned; the vast extension given by late improvements to the employment of machines, which substituting the agency of fire and water, has prodigiously lessened the necessity for manual labor; the employment of persons ordinarily engaged in other occupations, during the seasons, or hours of leisure; which, besides giving occasion to the exertion of a greater quantity of labour by the same number of persons, and thereby encroaching the general stock of labor as has been elsewhere remarked, may also be taken into the calculation, as a resource for obviating the scarcity of hands—lastly, the attraction of foreign emigrants. Whoever inspects with a careful eye, the composition of our towns, will be made sensible to what an extent this resource may be relied upon. This

(See last page.)