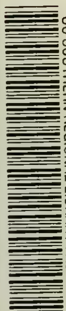
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THOMPSON, Robert Ellis, educator, b. in Lurgan, Ireland, in the spring of 1844. Coming to this country in his thirteenth year, he settled with his parents in Philadelphia, and, entering the University of Pennsylvania, was graduated in 1865, and in 1868 received the degree of A. M. In 1867 he was licensed to preach by the Reformed presbytery of Philadelphia, and in 1868 was chosen professor of Latin and mathematics in the University of Pennsylvania. He became professor of social science in 1871, and in 1881 professor of history and English literature, which chair he still holds. Since 1870 he has given instruction in political economy, and he is well known as an advocate of protection to home industry. In 1884-'5 he lectured at Harvard on protection and the tariff, and in 1886-'7 he delivered a similar course at Yale. In 1870 he became editor of the "Penn Monthly," then newly established, and continued such for ten years. In 1880 a weekly supplement of notes on current events was begun, which in October of that year was expanded into "The American," a weekly journal of literature, science, the arts, and public affairs, which is still published in Philadelphia under his editorship. In 1883-'5 he edited the first two volumes of the "Encyclopædia Americana," a supplement to the ninth edition of the "Encyclopædia Britannica," but, his health failing, he was obliged to resign the remaining two volumes to other hands. In 1870 Hamilton college conferred on him the degree of Ph. D., and in 1887 he received that of S. T. D. from the University of Pennsylvania. Prof. Thompson is the author of "Social Science and National Economy" (Philadelphia, 1875; revised ed., 1876; partly rewritten, under the title of "Elements of Political Economy," 1882), and "Protection to Home Industry," his Harvard lectures (New York, 1886).

PROTECTION

TO

HOME INDUSTRY

FOUR LECTURES

DELIVERED IN HARVARD UNIVERSITY, JANUARY, 1885

BY

REV. ROBERT ELLIS THOMPSON, A.M.

PROFESSOR IN THE UNIVERSITY OF PENNSYLVANIA

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PREFACE.

THESE Lectures were delivered at Harvard at the instance of the Corporation and Overseers of the University, who did me the honor to appoint me Lecturer on Protective Tariffs for the year 1884–5, with the duty of delivering four lectures on that subject. I desire to acknowledge the courtesy with which President Eliot and his colleagues in the Faculty permitted me to make such an arrangement as would least interfere with my duties at home, and the kindness which made my stay at Cambridge one of the pleasantest experiences of my life. I also have to thank my colleagues in the University of Pennsylvania for their assumption of much of my work in my absence.

In preparing these lectures for the press, I have followed my notes of preparation, rather than my recollection of what I found time to say in the hour's space assigned for each lecture. The second lecture in particular greatly exceeds what could be delivered in that space of time. In the third lecture I have changed the mode of presenting the main point, in accordance with suggestions derived from a conference with a very intelligent young gentleman who discussed the matter with me afterwards in the rooms of my host, Prof. Palmer. But the lectures are substantially what I delivered to the evening audiences in Sevier Hall.

PHILADELPHIA, *January 4th, 1886.*

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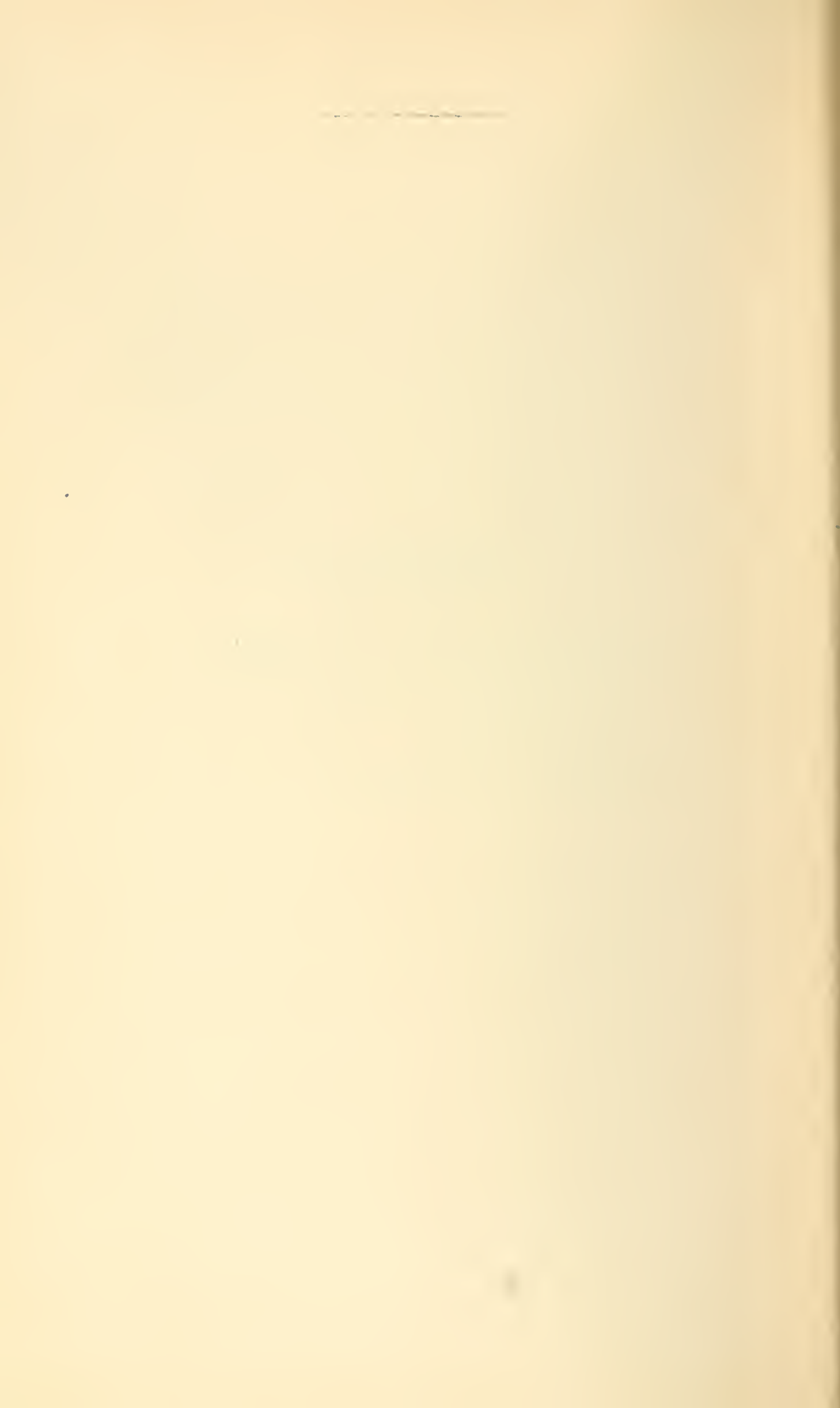

I.

GENERAL PRINCIPLES—THE FARMER.

Gentlemen of the University:—

I KNOW of nothing more admirable in the public life of the English people than the possession of a great body of agreements in advance of all partizan dissension. However Tory and Radical may differ as to the present policy of the Empire, they are agreed upon general principles to an extent, that enables them to discuss their difference without losing their heads, or forgetting that they both are Englishmen. They agree first of all that the honor and welfare of England is to be the primary object of all their deliberations and efforts. They are agreed that all solutions of present difficulties shall be within the lines of those great political traditions, which make up the British Constitution. And they are agreed that English questions shall be settled by English votes and voices, without foreign interference from any quarter. So long as English parties conduct their controversies within these bounds, and with this common ground of mutual understanding under their feet, England will be a great nation, capable of sustaining the shocks of adverse fortune, and of passing without break of her historic continuity through any change that may be demanded by the new conditions of new times.

It is my hope that as Americans we shall always seek to appropriate this wisdom in the conduct of our controversies. It is our duty to consider our agreements before entering upon the discussion of our differences. I shall seek to do so to-night, in making a beginning of what I have to say on this controversy between Free Trade and Protection, not more for the sake of showing where our agreements come to an end, than of cultivating that spirit which helps to keep all such discussions from degenerating into mere scolding of either party by the other.

First of all, then, I shall assume that we are of one mind in desiring without any reserves the welfare of our common country. Whatever duties we owe to mankind at large, we are Americans in the first place, and are put in trust with each others' welfare and growth in all noble directions, as with those of no other people. And while we desire for our country nothing that we do not wish for every other, and have no wish that she should prosper at the expense of any other, we all believe that our first thought should be given to this dear land of our birth or of our adoption, with a love as passionate as that of the Hebrew exile, who sang by the rivers of Babylon: "If I forget thee, O Jerusalem, let my right hand forget its cunning, and let my tongue cleave to the roof of my mouth!"

In the second place, we are agreed that the interference of government with the processes of industrial development never can be anything more or better than a necessary evil. We should seek to do without that interference as far as may be, and should leave as much as possible to the enterprise, the forethought and the initiative of individuals. We should minimize the

action of the state on the industrial life of the nation to the utmost, and should avoid paternal meddlesomeness. For the great laws which govern the industrial growth, are laws of nature, and therefore, as Burke says, "laws of God." There is a "constitution and course of nature" in economic matters, to use Bishop Butler's expression. The business of the economist is to discover its laws, and that of the statesman to remove all hindrances to their free operation. It never can be the business of either to set them aside, or to devise a substitute for them. It is impossible to improve upon them, and nothing but harm will come of trying. When the statesman attempts more than the removal of obstacles, he can only cramp industrial growth, cause deterioration of national character, and waste the human effort he thinks to make more efficient.

Now this may sound strange to you as coming from a Protectionist. But my conviction of its truth is deeper and higher than my belief in the wisdom of any measure of practical policy. I especially value the writings of our American economist, Henry C. Carey, because of the ability and earnestness with which he vindicated this great truth. It underlies all he wrote and taught in Political Economy. It is the basis of both his earlier works, in which he still advocated the Free Trade theory, and of those of his later years, in which he advocated the Protectionist policy. He believed that an economic science was possible, because he believed in an established economic order, whose laws express to us the beneficent will of God. He held that wherever the laws of this order were allowed free scope, there wealth would tend to diffuse itself among all classes, instead of accumulating in the hands

of the few; that there the laborer would obtain an ever increasing share of the joint earnings of labor and capital; that there the tenant would pay a steadily diminishing share of his harvest for the use of the land; that there men would grow in the command of the necessities and even the luxuries of life. Or, as he sums up all in one sentence, "men would pass from what is worse to what is better in land, in labor and in food." And on the other hand he teaches that wherever the poverty of the savage still perpetuates itself in the bosom of civilization, and great masses of wealth accumulate alongside deepening wretchedness, there there has been some obstacle, some resistance to the workings of the laws of this beneficent order.

Thirdly, I hope we are all agreed with Adam Smith, that this natural order of economic growth realizes itself in the balanced development of the three great industries within the state,—the farmer and the artizan in neighborhood with each other, and the trader serving both by facilitating their exchanges, while he is the master of neither. This I shall assume is the ideal we cherish for our own country. We none of us wish to see it reduced to the industrial level of an Ireland or a New Zealand, or think the cowboy the industrial type we should chiefly cultivate. However lovely the pictures the poets have drawn of the pastoral or the bucolic life, we are not content with that for ourselves. We love, as did M. Thiers, to "see the tall chimneys smoking," and to see gathered within the bounds of the commonwealth that various industrial life which interlaces the lives of men in mutual need and mutual help.

In the phrase of the modern sociologist, we desire for our people that large diversification of industrial

function, which will mark their industrial life as taking a high rank. We do not desire that simplicity of type and function which belongs to a low and rudimentary stage of existence. And this we are agreed is to be the outcome of the natural growth of society on the lines marked out by the laws of the economic order. Just as the upward sweep from lichen to oak, or from bathybius to man, is through the operation of natural law in the field of biology, so the movement that carries society forward from the predatory to the pastoral stage, from the pastoral to the agricultural, and from the merely agricultural to the complex industrial life of civilized society, is the outcome of a "constitution and course of nature" in things economical.

We are of one mind then as to (1) the loving regard we owe to our own country; (2) the existence of an industrial order, whose laws we are to obey, and not to improve or supersede; and (3) the necessity of the three great industries in something like a balanced development to the prosperity of a well-ordered and civilized community. But this brings us to the parting of the ways. I do not know of another step we can take together, or I should be glad to point it out.

The point at which the two schools come to a distinct disagreement is just this: *What are those artificial hindrances to the operation of natural law, which it is the right and the duty of the state to remove?*

There are some hindrances that present no sort of difficulty and cause no disagreement. When the Philistines forbid the Israelites to have the trade of the smith among them, and require every man of them to come down to Philistia if he is to have his tool

sharpened, we are agreed as to what that means and what the rights of the Israelites are. When England forbids her American colonies to set up mills for the slitting of steel, and crushes out the Irish woolen industry by hostile legislation, we are again of the same mind. We all see that these measures of the sword or of the law-book are taken to prevent that industrial growth to which the subject and dependent countries otherwise would attain. And we hold that such acts justify resistance by the sword.

Now Protectionists maintain that, without the use of either political authority or military force, nations of greater wealth and more developed industry can put obstacles in the way of the natural growth of poorer and more backward countries. And they contend that this exercise of what Burke calls "the tyrannous power of capital" is as much a hindrance to be removed by the collective action of the weaker nation, as was the prohibition laid by the Philistines on the children of Israel, or those laid by England last century on Ireland and her colonies. And they hold that laws enacted to remove such a hindrance are not attempts to interfere with the natural course and order of things, but are a right and natural resistance to what is wrong and unnatural.

At the same time Protectionists deny that there is any need for collision between the weaker and the stronger nation, or that a collision comes of necessity from the growth of either in wealth or industrial power. So long as a nation's growth is normal,—so long as it embodies itself in the balanced development of its own industries, its agriculture and manufactures standing in due proportion to each other and both to

commerce,—its advance will be helpful as a stimulus, an inspiration and an example to other countries. It is only when a false ambition has led it to destroy the balance of the industries at home, and to give an undue attention to those which it thinks the more profitable to itself, that it comes to seek that others may be held in a kind of industrial subjection and dependence upon itself.

The play of national ambitions makes up a great part of the world's history. These ambitions give direction to the development of national life more powerfully than laws could do. In this "industrial age" of the world's story, these ambitions very naturally take an industrial shape. The conflict for existence and for permanence is a conflict for markets. The most important battles of our time are those in which no shot is fired and no sword is drawn. They are fought with the purse and the yard-stick. And just as the old political ambitions led and still lead nations to seek an imperial position by the annexation of territories and the destruction of governments, so the new ambitions cause wealthy and powerful countries to add other lands by unfair means to their industrial area. To this end capital and skill are regarded as "weapons of industrial warfare" to crush out weaker and less established capitalists, and to reduce whole countries to the level of an insufficient and uniform employment. These conquests of the purse and the yard-stick are not less important or less cruel than those of the sword, and indeed they are the most constant provocation to wars of the better recognized type. Sir William Napier, the great military historian, says the history of modern warfare is that "political and

commercial men they are who always have recourse to the sword. They declare war, and generally for commercial interests."[1]

To prevent such conquests,—to secure to the country that industrial independence which is the complement of political independence,—we have Protective Tariffs.

Such Tariffs are based, first of all, on a view of what the resources and climate of the country suggest can be produced at home. It is not proposed to grow pine-apples in Minnesota, or to commit any other of the absurdities Free Traders kindly suggest as worth our undertaking. We believe that the highest wisdom has divided the area of the earth's surface into portions, each of which is designated by its natural boundaries as the home of a separate nation. And we believe that He who has thus "fixed the bounds of the nations" has given to each of them such natural resources as would enable its people to become independent of all others for the great staples of necessary use.

Protective Tariffs, in the next place, have regard to the difference of popular capacity and industrial ambition in each country, and they aim at giving full scope to that capacity. They do not measure it by what the nation has done already, lest,—as Lord Bacon says,—"by undervaluing their forces, they descend to pusillanimous counsels." A hundred and fifty years ago England had not produced an artist above the level of a sign-painter. Since Hogarth made a beginning, she has done better. Seventy years ago the United States had given but little reason to believe that its people possessed any special capacity for in-

[1] Letter of Sir W. Napier to Mr. Samuel Gurney, Nov. 21, 1851.

vention or the management of the industrial arts. Whitney and Evans filled up the short list of our inventors; and an Englishman defied us fight his country on the ground that if left to ourselves we "could not make so much as a mouse-trap" for ourselves! The collections at the Patent-Office tell a somewhat different story now. Protection is the policy of a nation that believes in its own undeveloped capacities, and looks to the future.

Protective Tariffs seek to adjust popular production to national demand. America is an exceptional country in this respect. In one sense it is a young country, making its start in life. But if you look at the elements which make up its population, you will see that each of them is the product of a long development in civilization, which has given them wants and desires as well developed as in any other body of people. We are made up of very old families, with and without pedigrees; and our notions of what we must have are the notions of old families. We must have glass in the windows, paper on the walls, china on the table, carpets on the floors, presentable furniture in our chambers, and all the paraphernalia of civilized life on the very outfront of civilization's onward march. We are full fledged citizens, with all the results of Europe in our heads from the start; and we will have all that Europe has used us to, whether we make or buy it. In fine we have the largest capacity as consumers at the very outstart of our career as producers.

Lastly Protective Tariffs rest on experience as to the need of collective action to naturalize those industries which shall make the best use of our natural resources, which shall give our people the best chance to show

what is in them, and which shall enable a nation so exacting in its wants to adjust its environment to itself. The need of such collective action has been shown by a long series of experiences and of experiments, in which industries not sustained by it have been either crushed by the competition of foreign accumulations of capital, or have been just able to prolong existence without hope of coming up to the national demand. The beginner in such a country as ours finds very quickly that he is competing under very unequal conditions with his foreign rivals. He has no hold on the confidence of even the home-market; the channels of trade are in the hands of his rivals; he has to enlist and train a body of workmen who have had no experience of industrial methods such as he is applying. He will come to grief unless the nation say to him: "Go ahead. Build your factory. Put in your machinery. We will stand by you in making this country all that its resources and the capacity of its people fit it to be."

So a Protective Tariff is laid to equalize the conditions to the home producer, so as to give him as much advantage as is possessed by his foreign competitor. It checks the import of foreign commodities on the principle that a reasonable discouragement of the consumption of such commodities by developing home production will be for the general benefit of the nation.

But be it noted that a Protective Tariff is not a Prohibitory Tariff. It does not aim at shutting out completely the competition of the foreign producer, nor does it handicap him in his competition. It aims at equalization of conditions, not at creating insuper-

able bounds around home industry. How much duty is needed for this purpose in any given case, it is often very hard to say. I observe that Col. Carroll D. Wright of your Massachusetts Bureau of Statistics has been seeking to devise a kind of mathematical formula, by which might be determined what is needed in any given case. I hope he may succeed in doing so, for nothing would better serve the friends of the protective policy than the establishing of some method which would remove all arbitrary elements from the decision of that question.

A Protective Tariff differs again, and just as widely, from a Tariff for Revenue only. A Tariff for Revenue only either levies duties exclusively on articles not made at home, or it compensates duties on articles made at home by equal excise duties on the home production. A Protective Tariff selects for duty those articles which come into competition with home-made articles, and it taxes these on the principle that their consumption should be discouraged and that of the home-made articles encouraged. Its purpose is to divert a portion of the capital of the country into a channel in which it otherwise would not or could not flow, or would flow less freely. The British Tariff is one for revenue only, because, with the exception of the duties on segars and on one form of alcohol, it lays no duty on any article made at home, without compensating this by an equivalent excise duty. The Norwegian Tariff is still more thoroughly of this type, for it lays duties only on articles which cannot be produced in Norway. Thus it has a two hundred per cent duty on coffee and a similar duty on sugar and on tea. The Norwegians are taxed by this just as heavily as though

some of the duties had been laid on articles which could be made at home but are not,—such as cottons. The public burdens under their Tariff are just as great, and are felt very heavily by the poorer classes, while the people as producers derive no benefit from their Tariff.

It will be seen that a Protective Tariff is but a rough and ready way of solving an industrial difficulty. It is open to a plausible objection from some who would like to see the thing done more neatly. They say: "Your policy is a very clumsy one. It leaves too much to depend upon individual initiative. It gives no assurance that the industries it fosters will be distributed with anything like equality over the whole country. It takes the risk of leaving some parts of the country nearly as destitute of manufactures as are Ireland or New Zealand, or of exposing their beginnings in manufacture to an overwhelming competition from older and more developed districts at home. Would it not be better to have government take the whole matter in hand, and locate the factories as it now locates its forts and arsenals, with exact reference to the needs of each and every part of the national territory?"

It is no doubt true that Socialism could furnish us with a more exact solution of this as of many another difficulty, but always at the sacrifice of higher advantages than it secures. The enterprise, the independence, the initiative of the individual, the manly self-reliance of men, the right to make of your own life what you wish to make of it,—these are what it asks us to sacrifice by a return to an undeveloped social order, out of which our fathers escaped by blood and by tears.

Protection differs from Socialism just in minimizing what Socialism maximizes,—the interference of the state with the direction of industry. It maximizes what Socialism minimizes,—the initiative of the individual. It moves between two extremes which constantly meet, and mutually beget each other. The one is the theory that the state has no responsibility for the general welfare, that its duties are those of the policeman only, and that it cannot help if people starve. The other is the theory that the state must be everything and do everything, and leave as little as possible to the individual.

The Tariff is not an ideal solution of the difficulty to which it is directed. There are no ideal solutions in legislation. Every law is a compromise, by which some advantages are sacrificed in order to secure what its authors thought were greater advantages.

A Tariff does not at once effect an equal distribution of industries over a country like ours. The distribution might have been done more effectively by the collective action of the nation through its government. But it effects that distribution in the long run, as is shown by our own recent redistribution of industries. It puts a whole skin on the industrial state, within which the circulations of industrial life move freely and complete themselves. It proceeds on the postulate that a nation is an organic whole, within which things tend to an equalization more promptly than in the world at large. Capital, for instance, flows freely and almost without restriction within national boundaries, but it is exceptional to find it flowing across them. It seeks in our South and West for more favorable conditions to carry on great industries like the smelting

of iron and the spinning and weaving of cotton. It is said that Pennsylvania and Massachusetts are pinched by this new competition. They can stand it, for other channels lie open for the direction of their capital, and especially in the carrying those manufactures to a higher point of elaboration than we have attempted heretofore.

A Protective Tariff does not attempt to protect everything. It is not necessary that it should. There are some industries which enjoy a natural protection against foreign competition amounting to an absolute prohibition. So long, for instance, as we cannot import houses, the trades connected with that great business need not be mentioned in the Tariff. And it is just this "natural protection," which Prof. Thorold Rodgers says ought to be enough for us, that suggested the enactment of protective Tariffs in the first instance. In colonial times it was found that iron "hollow wares" were too bulky to permit of their import except at a great charge for transportation. Not only are they weighty, but they do not pack to any advantage on account of their shape. So the manufacture of pots, kettles, stoves and the like was begun in the Shenandoah Valley, at a time when the country was dependent on England for every other kind of iron ware. The American farmer was shrewd enough to observe that he was much the better off for having this iron business in his neighborhood, as it gave him a class of customers, for breadstuffs and the like, close at hand. He might be paying a little more for his hollow wares than if he could have got them carried cheaply from England. But when he compared the price he got for what he had to sell, with that he

paid for pots and kettles, he seemed to be not the worse but the better for the difficulty in bringing such things from Europe. So it occurred to him to ask if he would not be the better for other things being too dear or too bulky to bring across the ocean, and if it might not be his best policy to buy such things at home even if the cost were a little greater on that account. And when he got an effective government of his own over the country, and it had to raise a revenue, he thought it wise to collect that revenue in such a way as to give the country a little more of that "natural protection" which had done so well for a few industries. In so doing he was acting on just the lines suggested by his experience.

Be pleased to note, gentlemen, that Protective Tariffs are laid in the first instance by agricultural communities. It is the votes of the farmers that establish them, and for the benefit of their own business, because they have come to see how wasteful and unprofitable it is to carry on their farming at a distance from the artizans they feed, and whose services they must employ. We sometimes hear Protective Tariffs criticised as though we have such tariffs for the sake of the manufacturers and because we have manufacturers. It would be much nearer the truth to say that we have manufacturers because we have had Protective Tariffs through more than two-thirds of our history under the national constitution. This is especially true of New England, which clung to her shipping and her commerce and opposed the protective policy in the earlier years of the Republic, until she was forced to become a manufacturing country by the vote of the South and West, no less than of the Middle States.

I insist on this because the relation of the tariff to agriculture is a point on which the critics of our national policy love to dwell, and because it was the consideration that weighed most with myself in delaying my conversion from Free Trade beliefs. In my case the finishing touch was administered by one of those Western Farmers, to whom the Cobden Club appeals with such confidence for the overthrow of our protective policy. It was in a town in the Mississippi Valley nearly eighteen years ago that I attended a meeting of farmers called to establish a cotton factory by the combination of their savings. The place had neither water-power nor railroad communication ; and the beautiful prairie fields around the town seemed to admonish its people to stick to the one industry for which had been given them an abundance of resources, and to leave cotton-spinning to other localities. Besides, as I urged on one of them, they would be crushed out by the competition of the Eastern manufacturer. He answered me that farming, when it stands alone in any community, is a poor business ; that the growth of wheat and similar crops for one year after another did not enable them to find employment for the poorer and less robust members of their community, who were made dependent on the earnings of the rest. A factory would bring into wholesome action a large amount of human capacity which was running to waste, besides giving to the farmer a local market for many profitable crops and products, for which there is no sale in a merely farming neighborhood. Nor did he fear the Eastern manufacturer so long as the Tariff gave him a reasonable amount of security against English competition. So long as the

home production in this or any other article fell below the national demand, there was room for every fresh beginner without any interference with those who had made their start earlier. And this, he said, in a country growing as fast as ours, must be the ordinary condition of every kind of manufacture.

So the American farmer has reasoned, and he is justified by hard facts in thus assuming that he is going to gain by the neighborhood of the artizan, rather than by leaving him at a distance. The West knows why land in Pennsylvania is worth $49.00 an acre, and but $10.89 in Virginia; or $42.00 in Massachusetts and $5.56 in Mississippi; or $65.00 in New Jersey and but $4.30 in Georgia. There are three great counties that stand at the head in point of agricultural wealth in this country. They are Champlain in Illinois, Worcester in Massachusetts, and Lancaster in Pennsylvania. As I came home from the mountains this summer, the train carried me through the last of the three, just at the time when the harvest activities were coming to their close. As I looked from the windows of the carriage upon mile after mile of comfort and prosperity, I was constrained to ask myself: "Is there anywhere on the earth's surface an equal body of people whose lot is in every sense as advantageous as that of these American farmers of ours?" I believe there is not, and I also believe that at no time in the history of the country was that lot so enviable as in these last twenty-four years that they have spent under "the oppression of a Protective Tariff."

Suppose that that policy were reversed, and that we managed to retain all the manufacturing indus-

tries we have acquired under it. I cannot imagine any one whose acquaintance with the conditions of our industries makes his opinion worth considering, claiming more than this, if so much. But even on this supposition the growth of the country for many years to come must turn chiefly to farming. The tide of immigration would set toward the farm much more than it does at present. At the utmost, the farmer's customers would remain the same in number as at present, while his competitors would multiply. It is much more than probable that many of his present customers would be obliged to change their occupation and betake themselves to agriculture because the workshops in which they toil had been closed by the change of our policy, as in 1837 and 1857. Does any one suppose that the farmer is going to gain by a policy which will convert his customers into his competitors?

It is possible that the farmer pays for some articles more than he would pay under a Free Trade policy. Those who think that final, are welcome to the concession. But the farmer is not interested simply in the price he pays for manufactured goods. He is interested in the relation of the prices of those raw materials (including food) which he produces, to the prices of the commodities into which they are converted, and of which he is a consumer. The prices of these two classes come nearest to each other in those localities in which the one is converted into the other. Mr. Carey, who was a paper-maker, uses this illustration: Suppose that all the paper-mills of the country were located on the Schuylkill. At that point the price of a pound of rags would be compara-

tively high, and that of a pound of paper comparatively low. With every hundred miles you went Westward, the price of rags would fall and that of paper would rise. At the foot of the Rocky Mountains the divergence in the two prices would be as remarkable as was their convergence on the banks of the Schuylkill. The tendency of Free Trade would be to remove the area of convergence to the other side of the Atlantic, and to bring the whole country within the area of wide divergence. Will the farmer, whose crops are all, or nearly all, the raw materials of manufacture, profit by a change which enables him to buy less clothing or hardware with his bushel of wheat or his fleece of wool? And will he find any compensation for this change in the fact that his purchases are effected with smaller amounts of coin than before? That, I take it, is all that is really promised him, when it is said that he would buy more cheaply if there were no Protective Tariff.

It is objected that after twenty-four years of this Protective policy the American farmer is still dependent upon the foreign market. This is true to some extent, though by no means to so great an extent as is assumed. Those bulks which gather at a single point in commerce, are always thought greater in proportion than they really are. The wheat which passes through New York to the European consumer bulks larger to the public eye, than the far greater amount which goes to furnish food to the manufacturing districts of our own country. Of the entire food product of the Northern states, ninety-four per cent is consumed at home and but six per cent is exported.

That we should be obliged to seek a foreign market for even six per cent is due to a cause for which the Tariff policy is not responsible. It is that our Homestead laws have put such a premium upon agriculture in the West, as has made it impossible for any Tariff to secure an equal growth of manufacturing with agricultural industry. To secure the rapid occupation of our public domain we have given every new farmer there the site on which he is to pursue his industry, and the chief raw material he is to use in it, for a sum very little greater than the costs of the survey. We have made no restrictions as to nationality, if the new settler will but declare his intentions to become an American citizen. And some of the Western states have enlarged the offer by conferring upon such settlers all the prerogatives of voters in state and national elections, and have thrown state offices open to them, after a three months' residence.

This policy has drawn to the West between four and five millions of farmers, whose condition would be nearly as bad as could be, if it were not for the inducements the Tariff has offered to foreign as well as native capitalists and artizans to undertake that development of manufactures on American soil, which furnishes the American farmer with the only good and steady market he has for breadstuffs. Just in so far as his production of food exceeds the demand of this market, he makes his prosperity depend upon the chances of the weather in Europe, the possibility of competition from India, and other contingencies over which neither he nor the nation has any control. Our Protectionist plan is to extend our manufactures until we make at home the $258,000,000 worth of goods we

now import, and feed the workmen we employ in making them with the surplus of our agriculture we now have to export. To effect that there must be persistence in our tariff policy.

II.

THE EVIDENCE OF HISTORY.

Gentlemen of the University:—

My first Lecture was occupied mostly with some general considerations, which have led Protectionists to believe in the wisdom of a Tariff, which tends to restrict trade with foreign countries for the sake of a freer industrial movement at home. I now propose to reinforce those considerations by directing your attention to some parts of the history of national industry, which bear upon the controversy. I am aware of the necessity of employing this argument from history with care and discrimination, if we are not to be misled by parallels which lie on the mere surface of things. But I know of no test and corrective of economic theories except that experience of which history is the record. I know it is claimed by some economists that such controversies can be settled without any appeal to history. By the aid of such phrases as "of course," "everybody must admit," and "let us assume," they will prove to you that no country can really be held back by any other in its normal course of development, unless by force of arms or political predominance; and that no industries really worth the having can be built up by Protection or broken down by Free Trade. Protectionists do not find much that is con-

vincing in that kind of argumentation ; and the world is beginning to believe that a science based on mere assumptions is not one to whose direction great practical interests can be entrusted. Hence the not unjustified distrust of the claims of Political Economy to rank as a science at all; and hence also the rise of what calls itself the "Historical School" of economists, which professes to follow the opposite method, and to take its stand on facts rather than assumptions. There is an easy road into the land of unreality by the gate called "It Must Be So," and we shall endeavor to avoid both the gate and the land it leads to.

We shall commence with the country which stands forward as the especial champion of Free Trade. The economic history of England did not begin in the month of June in the year 1846, as some Free Traders seem to think. There is a long and instructive story before we come to Mr. Cobden and his Anti-Corn-Law League. At the beginning of that story we find England a poor, backward and unprogressive nation, practicing Free Trade with the continent, and getting little benefit from the practice. Although the Romans had worked the iron deposits in the Forest of Dean, the England of the Middle Ages was dependent upon Normandy for its supply of that metal, and the cost was so great,—Prof. Thorold Rogers tells us,—that the wear of plow and spade was an important part of the expense of managing a farm. She raised excellent wool, and sold it to the Flemings, who in return supplied the English people with all but the coarsest fabrics. She had substantially no manufactures, an impoverished agriculture and a half-starved people. While the whole population was employed in raising food,

there was what we would think but three-fifths of a sufficient supply for their wants.

A beginning of the policy that brings the farmer and the artizan into neighborhood was made by Edward III., who laid such restrictions on the export of wool in 1337, as forced the Flemings to bring their wool manufacture over into England. "Nor can we doubt," says Mr. Cunningham in his *Growth of English Industry and Commerce* (Cambridge, 1882), "that his policy was successful, and that the great woolen manufactures of England were in their earlier stages much indebted to his fostering care. This was protection, but protection of a type that Mr. Mill regarded as justifiable even in the present day." His method was to put up the expoit duty to forty shillings the sack, and to limit the amount that might be exported. Twelve centres of the new industry are enumerated as having been established by Flemish immigrants in his reign, and some of their settlements were so extensive that the communities they formed retain to this day linguistic peculiarities they derived from Flanders. In the last year of his long reign he took the farther step of requiring that every English subject should wear cloth of English weaving. He was the first English king who regarded the trade and industry of his people as anything but a source of revenue and an object of taxation.

This was more than five hundred years before the repeal of the Corn Laws, and this long interval shows us a series nearly as long of laws for the protection of English industry, increasing in number and importance with the approach to our own time, and with the growth of England in wealth and in industrial power. This wise policy was favored by the events which at various

times drove large bodies of hard-working people into England to escape the religious persecutions which raged on the continent. This enabled Queen Elizabeth to naturalize the lace and cutlery manufactures, while the immigrant Huguenots a century later brought the manufacture of silk, felts, gloves and fine iron wares. These opportunities were seconded by fresh laws for the protection of those new industries. But the most notable piece of legislation in this direction was the Navigation Laws, which were enacted in Cromwell's time to destroy the Dutch monopoly of the carrying trade, and which remained unrepealed until 1849. By this law foreign ships were confined to the products of their own countries and their colonies, when they brought cargoes into the ports of England and its colonies; while English ships were free to bring the products of every land. It is admitted that this great Act laid the foundation of England's greatness as a commercial and ship-owning country, and it has had the approval of both Adam Smith and John Stuart Mill.

The most remarkable instance of the development of an English manufacture by Protection is precisely that one whose friends are the most pronounced enemies of the policy to which it owes its very existence. Originally the manufacture of cottons in England was forbidden in the interest of the wool-growers, and so unpopular was this fabric that a lady who appeared on the streets of London in a cotton gown ran great risk of having it torn from her back by the wives of the woolen-weavers. It was not until well on in the last century that the business was even legalized in England, and at the same time protected from foreign competition by heavy duties. At that time India stood

ready to supply England with cotton fabrics, fine or coarse, at a price with which no English manufacturer could compete. But East Indian cottons were shut out of the English market by prohibitions until 1832, and those of the continent of Europe were laid under a duty amounting to two-thirds of their value. Behind barriers of this kind Manchester made its beginnings in weaving and spinning this fabric. At that time the town was too insignificant to have a representative in Parliament, and the Northern shires of England were backward districts, notable chiefly for their devotion to the Pope and the Pretender. The long list of manufacturing centres, which now dot Lancashire and Yorkshire, had no existence. Nor had the country any natural advantage for this manufacture, except that of a damper climate. Nothing but Protection, in a form more extreme than any American Protectionist would like to justify, could have forced this industry into existence or enabled England to make a fair start in it.

But mark the result. In this case, as in nearly every other in which a manufacture is thus naturalized, new inventions and improvements in method followed rapidly. Ten great inventions and a great multitude of lesser contrivances to save labor and material were patented between 1738 and the close of the century, the chief being the power-loom, the spinning-jenny and the spinning-mule. And behind all these was James Watt's steam-engine, which had just begun its work of revolutionizing the industry of the world. The outcome of all was the factory system, devised by Richard Arkwright to give the precision of military drill to all the operation of manufacture. And that England's rivals might not profit by these great improvements, it was

forbidden by law to send any part of this machinery out of England, even to India or any colony or dependency of Great Britain!

This last piece of legislation is the best exponent of the spirit in which English policy was directed during this most critical period in the world's industrial development. In the heyday of these great inventions England had formed the purpose to make herself the world's workshop, and to bring the rest of mankind into an industrial dependence upon herself. Hence her efforts to secure an entire monopoly of the new machinery. She made it a penal offence to export it out of the kingdom, even to her own colonies, and she punished with equal severity any attempt to induce skilled artizans to emigrate. This later law was repealed through the efforts of Mr. Huskisson in 1824, but the former remained in force even after the repeal of the Corn Laws, and with the approval of that eminent Free Trader, Mr. J. R. M'Culloch. She thus seconded by legislation the ambition of her merchants and manufacturers to make the whole world tributary to her wealth and capital, through those memorable and critical seventy years which preceded 1846. She extended protection to every industry with which she now is fighting for the control of the markets of the world. She accompanied this with every kind of restriction upon her colonies and dependencies, which might contribute to obtain for her more customers or larger markets. She supported this policy by every diplomatic resource at the command of the most powerful of military and naval empires. She cajoled for trade, bullied for trade and fought for trade. And then when Protection seemed to have done its perfect work, she

abandoned it, not through any growth in moral insight or in love for her neighbors, but because Free Trade seemed now to serve better the great aim of putting England before all other countries and keeping her there.

To understand the meaning of what Free Traders have called "the peaceful revolution of 1846," it is necessary to look at another side of her history. Parallel with this gigantic growth in manufactures, was proceeding the revolution which deprived the English common people of the hereditary possession of land. At the Restoration of the Stuarts the greater part of the soil of England was held in small farms by tenures which were regarded as perpetual. The ownership was vested in the landlord, but the tenant was liable only for a fixed rent, which could not be increased through any act of the owner. The "unearned increment," of which we hear so much in these days, fell to the tenant, and it amounted to so much through the growth of society, that the rent was generally much below the annual value of the land. This lasted until the legislators of the Restoration period transferred the jurisdiction of these tenures to the King's courts, where no respect was shown to those maxims from which these customary tenures derived their permanence. On the contrary they treated all these "imperfect rights" as innovations on the rights of the land-owner, and proceeded upon the contrary principle that the landlord could "do what he willed with his own." This led to the application of trade principles to the land, and the small farmer was swept away to make room for the large farmer, for much the same reason that a trader prefers a large sale to many small ones. Par-

liament followed up this blow by grants of authority and loans of public money to enclose the common lands, which for time out of mind had been open to the use of the common people, and which furnished them with grazing and fuel. Within a century and a half one third of the soil of England was thus enclosed. The very greens of the villages, as Archdeacon Hare complains, were thus taken into the fields of the estate, leaving no room for out-door sports, and no common resort for the villagers except the ale-house. Hence the rural England of to-day, with a limited number of great land-owners, a small army of capitalist tenants holding by nineteen years' leases, and an agricultural peasantry living on wages, with no estate in the land,—" the thinnest and absolutely most joyless peasantry in Europe," Prof. Cliffe Leslie says.

At the time of the Reformation, Mr. Seebohm tells us, of those who earned their living by toil, one person in three lived by some other employment than agriculture. Now but one in four is employed in farming, and the other three are at manufactures or some other work that is not tillage of the soil. There has been a sixfold change in three hundred years. Nor has so great a change been brought about by any necessity. As the example of Belgium shows, a far larger body of both capital and labor could be expended in farming England, and with the result that England could more than supply her people with food without extending the area of her agriculture by a single acre. Belgium feeds four hundred and fifty people to the square mile, and one Flanders province has eighteen hundred and finds food for them all. A Belgian

farmer lays out twice as much on an acre as does an English farmer, and does not find "the law of diminishing returns from agriculture" at all in the way of his saving a large slice of his income. And in Great Britain there are twenty-three million acres of the soil which are lying absolutely idle, not even in use as game preserves. Of this, seven million five hundred thousand acres are in England, and much of it in the most fertile parts of the kingdom. It is not necessity, but the belief that manufacturing pays better than farming, and that it is not limited in profits by any "law of diminishing returns," which has driven the English people from the farms into the back streets of the great cities, where they furnish an inexhaustible supply of cheap labor for the manufacturing capitalist. It is this that has made England a top-heavy country, with an over-developed manufacturing system, and an under-developed agriculture, dependent upon the rest of the world for food and customers, and obliged to regard the growth of any other country in manufactures as a calamity to herself.

So 1846 found England with an agricultural system that was no longer able to feed the people, and that was falling behind the national demand steadily, in spite of laws for its protection from foreign competition. In the interests of her manufactures she could no longer maintain those laws. Lancashire and Staffordshire wanted cheap bread in order to keep wages down; and after a great agitation the Corn Laws were swept away as monstrous.

So England entered upon her new career as the apostolic nation, with the gospel of Free Trade to give to the world. As *The Saturday Review* says, she

adopted "a new religion, made up of Free Trade and the pleasanter parts of Christianity," about the year 1851 and with the Prince Consort as the chief-priest. This new doctrine is so much more sacred than Christianity, that it is hardly to be discussed, but rather to be accepted as a thing so nearly axiomatic that to doubt implies a certain unsoundness of mind. It stands on nearly the same footing as the multiplication table in point of certainty.

But to turn from sentiment and theory to the facts of the situation, we find the reason for so much positiveness in the necessities of England's position. She is a country which has destroyed the balance of her own industries, and therefore must seek to prevent others from effecting that balance for themselves. Her own economists compare her to a great manufacturer who has secured a foremost position in the world's trade and must face jealous rivals and make every exertion in maintaining it. They speak of our rise into a high rank, as a commercial and manufacturing country, as the most likely event to put a stop to her advance in prosperity and wealth. She does not manage to conceal the means by which she has sought and still seeks to maintain her industrial pre-eminence. Mr. Brougham in 1816 consoled her for the losses she had incurred by reckless exportations to America, on the ground that these would serve to "stifle in the cradle those rising manufactures in the United States, which the war had forced into existence contrary to the natural course of things." Mr. Tremenhere in 1864 in an official report to Parliament deprecated strikes on the part of English workingmen, on the ground that English capitalists had to make great sacrifices,

amounting in some cases to £300,000 or £400,000 a year to overwhelm foreign competition in times of depression, and thus to clear the way for the whole trade to step in when prices revive again. These great capitals he describes as "the only great instruments of industrial warfare" still left to England, since her rivals had come up to her in other respects, and he thought the English workman ought to feel under obligations to the capitalists who used their money in this public-spirited way. These Englishmen may talk to foreigners of Free Trade and international peace, but when they talk to each other they do not conceal the fact that their trade is industrial warfare on the part of a nation, which as long ago as 1864 had machinery capable of doing the work of four hundred and fifty million human beings. It must now be not less than seven hundred million.

One of the weapons by which they seek to make good their contention in favor of Free Trade is an assumption of superior wisdom and experience, which entitles them to pose as the economic instructors of the rest of mankind. It is this that makes them foreign missionaries to advise the Western farmer how he is to vote for members of Congress and other officers of the American government. Now let us see how far this superior wisdom has enabled them to manage with success the affairs of the countries which have become dependent upon their Empire. As we look, we shall be impressed, I think, with the fact that there is at times an irony in the workings of Providence, which allows people of themselves to make a jest of their most confident pretensions to exceptional wisdom.

The first we shall consider is India. When the

English first went there they found it a busy manufacturing country. Indeed it was to buy Indian manufactures that they began to go thither. Cotton goods were the great staple of Indian manufacture, and in some parts of the country every man, woman and child was engaged in spinning or weaving cotton. They produced every grade of the fabric, from the coarsest to some so fine that a lady's dress could be drawn through her finger-ring. Their machinery was of the simplest sort, a loom looking like an accidental concatenation of sticks and strings. The industry continued to flourish after the English had become masters of the greater part of peninsula, and even after the North of England had become a great centre of the manufacture. But in 1813, when Napoleon had shut out English manufactures from the continent, and the war with America had lost England our market for her wares, the cotton-spinners persuaded the home-government to put an end to the protective duties which had kept their goods out of India. At the same time there was no removal of the absolute prohibition of the importation of East Indian cottons into England. So Bengal was flooded with the cottons made by that English machinery, whose export to India was forbidden under severe penalties. The effect was ruin and distress, for which, says Sir William Bentinck, "no parallel can be found in the annals of commerce." Great cities relapsed into jungle. The people were reduced to the level of a single industry. The bonds of association among them were broken. They sank ever deeper into poverty under the otherwise just and peaceful government of England, until the problem of raising a revenue sufficient for the management of

public affairs became the most difficult problem in British finance.

India is now a palmary instance of the misery that can be inflicted on a country by the destruction of varied industry among its people. The country has nothing but an impoverished agriculture, and a few petty trades, such as the making of filagree ornaments. Nothing else flourishes than the business of the usurer, who in the Southern parts of the peninsula had reduced the ryots to a condition of virtual slavery, until the government stepped in with a general obliteration of debt. The dangers of such a position are extreme. The country has all its eggs in one basket, and woe to it if that basket fall. Whenever the periodical rains fail, the district thus affected suffers from famines more destructive than any in its earlier history that resulted from the calamities and desolations of war. In the famine of 1876–78 alone, Miss Florence Nightingale estimates, the deaths by starvation reached six millions. And so certain is the recurrence of this calamity, that the Indian government has raised by a special income-tax levied on rich natives a Famine Guarantee Fund.

The poverty of the people is so great, that the average income of the ryot or peasant is put by good authorities at thirty shillings a year, and of this the government takes twenty per cent as a land tax. Even this is not enough to pay the large salaries the English officers and officials require for doing duty in a country so unhealthy, and so dangerous through the possibilities of native insurrection. So it is supplemented by monopolies of the most objectionable kind. Of the opium monopoly you have heard, and of the manner in which the government's trade in opium is promoted

by keeping China open for the importation of this poisonous drug. Not a whit better is the monopoly of the liquor trade, by whose promotion the Hindoo is rapidly losing his character as one of the most temperate of beings. And worst of all is the salt monopoly. The Hindoo lives on rice, a grain singularly deficient in saline elements. He consumes large quantities of fish, and much of it in a half-rancid condition, because salt is too expensive to have it properly cured. He lives under a burning sun, and has a long sea-coast around his country; but if he be found trying to make any use of this advantage to supply himself with salt, the government sends him to prison for interfering with its monopoly. It used to be argued that the natives got plenty of salt in spite of all this. The amount supplied to soldiers detained in the military prisons was taken as the basis of the estimate, and it was said that the total annual consumption, if divided by the population of India, would give about the same amount for each inhabitant. But how was the population ascertained? By estimates made in each province by the civil authorities. In 1876 they left off guessing at the population and actually counted it. And they found it was greater by a hundred millions than they had supposed. So India must be short in its supply of salt by the amount needed by one hundred million people, to say nothing of what must be fed to the cattle, who were overlooked in the estimates I have mentioned!

In 1858, for the sake of revenue, the Indian authorities put a duty on imported cotton goods, the only article of import that was available for the purpose. From that time until its repeal in 1881, the English

cotton spinners kept a constant outcry against this duty. As Indian cotton is too short in the staple to be spun by machinery without a mixture of our longer staple, a duty of five per cent was put on the import of American cotton as a means of discouraging the manufacture, while the English cotton-spinners got their American cotton free of duty. But, slight as was the duty, it sufficed, with the disadvantage to importation caused by the decline of exchange on Calcutta, to enable the Bengalese to make their start. As the prohibition on the export of machinery had been removed, they built and furnished factories after the modern fashion. As half the human energy of India is running to waste for want of employment, they had an abundant supply of cheap labor, and could run their factories seven days in the week. To meet the English demand for the removal of the duties, the Indian government tried every way of making it as little protective as possible. At last, in the face of protests from officials of all kinds, that the revenue could not be spared, the home-government ordered its repeal. But it had done its work. The habit of manufacture on a great scale had been formed; the industrial forces had been drilled; and the market in India and even in China and Japan had been accustomed to the notion of looking to India for cottons. There is no chapter in recent history that so amply exemplifies the international benevolence which underlies English Free Trade.

From India we turn to Ireland, where Providence seems to bring the irony still closer home to the English people and their economists. Ireland is at her own doors. It is not a pagan nation at the other

side of the world, with unknown difficulties in the way of its peaceful development. Here is a people who have proved themselves capable of success in every country but their own, and who seemed to be doomed to perennial poverty and discontent so long as England retains the direction of their affairs.

I can imagine that I hear you saying, "We are tired of this endless talk about Ireland and Irish grievances!" Well, as the Irish themselves say in such cases, "You may be tired and begin again." You are pretty certain to hear a great deal more about the country and its grievances, in spite of Mr. Gladstone's laws for the reconstruction of its land system. And let me say that I yield to no one in admiration of the magnificent courage and conscientiousness with which Mr. Gladstone has attacked the Irish problem, and that I regret the unwillingness of the Irish people to do justice to these qualities in the man. At the same time I must regard his legislation for the redress of Irish grievances as predestined to failure, because it attacks not the disease but only its symptoms. What Ireland is suffering from, is not, as both Mr. Gladstone and Mr. Parnell assume, a bad system of land laws, but the want of varied industry, in whose absence any land system must work badly.

Ireland at one time had its full share of manufacturing industry. We find Fazio Degli Uberti, an Italian poet of the fourteenth century, mentioning her beautiful "white serges" as the finest woolen goods then known. Edward III. who laid the foundation of the woolen industry in England, fostered it equally in Ireland. The hand of English repression was laid on it first by Strafford in the reign of Charles I., that English

woolens might not suffer by its competition; while he also promoted the linen manufacture, which competed only with the Dutch. Ormond in the reign of Charles II. fostered both; and after the troubles of the Revolution of 1688 the Irish woolen business was rising rapidly into prosperity and importance, thanks to the abundant supply of the best wool produced in Europe. In compliance with the petitions of its English rival, the business was deliberately strangled by laws passed by the English and the Irish parliaments in this reign. The latter forbade the export of wool and of woolens to any country but England, and the former forbade their import into England. Having lost one industry, the Irish people turned to others. "The easiness of the Irish labor market," says Earl Dufferin, "and the cheapness of provisions still giving us the advantage, even though we had to import our materials, we next made a dash at the silk business, but the silk manufacturer was as pitiless as the wool-stapler. The cotton manufacturer, the sugar-refiner, the soap and candle maker (who especially dreaded the abundance of our kelp), and any other trade or interest that thought it worth while to petition, was received with the same cordiality, until the most searching scrutiny failed to find a single vent for the hated industry of Ireland to respire." The consequence was that the people were driven to the land, as the only means of getting a livelihood. The rack-rent system began, and in one generation the rentals of Irish estates were more than doubled. Swift, who was Irish in his hates at least, denounced the iniquity of forbidding the country to make the best of its own resources, and advised the Irish to retaliate by burning everything England sent them except her-

coals. He defended the people from the charge of idleness, by reminding their critics that English policy had left them nothing to do.

This state of things continued until the uprising of the Volunteers secured the independence of the Irish Parliament in 1782. That uprising, like the American war of Independence with which it coincided, was mainly a revolt against the policy that was holding Ireland and the Colonies in a state of industrial dependence upon the English nation and its manufacturers. Its manifesto was Mr. Hely-Hutcheson's book "The Commercial Restraints of Ireland Considered," which a subservient Parliament had burned as a work of seditious character. Its watchword was the motto Napper Tandy hung upon his cannon: "Free Trade or this." Both Ireland and America demanded Free Trade, but by that they meant simply an end to the aggrandizement of England at the expense of their native industries. They meant that she must take her hands off and give other countries a chance to make the best of themselves. And when, after securing their political independence, they found her capital gave her the power to maintain the monopoly that her political dominance had established, they both defended themselves against this by adopting Protective Tariffs. The Irish Tariff was adopted in 1783, and laid heavy duties on imports from England as well as other countries. It continued in force until 1801. It found the habit of manufacture all but extinct in Ireland, except in the North-East counties, where the linen-manufacture had been always fostered by bounties and protective duties. It was opposed with great determination by statesmen who scoffed at the notion of

taxing the country into growing rich. But under its influence the woolen industry of the South and West revived, and the Irish people began to emerge out of their poverty and uniformity of occupation. "Black Jack Fitzgibbon," the Earl of Clare, had resisted the passage of the law with all the energy of his powerful but ill-regulated mind. But in 1798 he said, "There is not a nation on the face of the habitable globe which has advanced in cultivation, in agriculture, in manufactures with the same rapidity in the same period as Ireland." The Whig statesman Lord Plunket describes Ireland at this time as seeing "her trade, her manufactures thriving beyond the hope or example of any other country of her extent." Mr. (afterwards Judge) Webb, in a pamphlet of 1798, said that in fifteen years the agriculture, the commerce and the manufactures of Ireland had swelled to an amount that the most sanguine friends of Ireland would not have dared to prognosticate. The revenue had increased to three or even four times its former volume, without any increase in the burdens of taxation. And when the first proposal for a legislative union with England was made in 1799, it was rejected in an address from the Irish House of Commons to the King, in which they say, "In manufactures any attempt it makes to offer any benefit which we do not now enjoy, is vain and delusive; and whatever effect it is to have, that effect will be to our injury. Most of the duties on imports, which operate as a protection to our manufactures, are, under its provisions, to be either removed or reduced immediately; and those which will be reduced, are to cease entirely at a limited time. . . . Many of our manufactures owe their existence to the protection of these duties,

and it is not in the power of human wisdom to foresee any precise time when they may be able to thrive without them." The Treaty of Union was carried by wholesale bribery, one year later, and all the ill effects that were foreseen followed with it.

The Continental System of the first Napoleon had shut the markets of Europe against English manufactures at the date of the Union, and that of Ireland was the only one that was obtained to replace them. The repression of Irish manufactures, begun in the previous century by legislation, was again completed by "the tyrannous power of capital." The export of woolens, which in 1792 had amounted to three hundred and sixty thousand yards, fell off after the Union to twenty thousand yards. As late as 1822 there were still nine thousand five hundred persons engaged in the manufacture; by 1839 there were but one thousand three hundred and twenty-one. The cotton manufacture had furnished employment to thirteen thousand five hundred people; by 1879 the number was reduced to one thousand six hundred and twenty. In the silk business six thousand persons were employed at the Union; by 1879 the number was one hundred and fifty-two. A similar fate befel glove-making, stocking-weaving, calico-printing, and every other manufacture that had sprung up under the protection of the Tariff of 1783.

Destitution became general in the Irish towns; and throughout the country,—except in the North-Eastern counties, which were comparatively prosperous,—the people were driven back upon the land, and forced to compete with each other for the possession of the poorest bit of soil. The periodic famines which desolate countries engaged only in the production of food

warned English statesmen of the growing poverty of the kingdom, but the warning was unheeded. At last in 1846 the staff of bread was broken in a single night, the fatal 5th of August, and hundreds of thousands lay down to die. Yet in those three years of horror that followed, Ireland exported each year food to the value of £15,000,000. And this has gone on every year since. In 1879 the aid of the civilized world was invoked to keep the people from starving along the West coast. In our Philadelphia committee, the question was asked by the American members "What kind of food shall we send to Ireland?" Those of us who were of Irish birth answered, "Send none at all. There is a superabundance of food in Ireland. Remit money, and the food that else must be sent out of the country to pay rents and buy articles of manufacture, will be retained and given to the hungry." Because of the ruin of her manufactures by Free Trade with England, Ireland has to export food enough to pay for nearly every article of necessity, convenience or luxury, food excepted, which is used by rich or poor, and also enough to pay the rents consumed by her non-resident landlords in London or Paris. Every sloop, steamer and boat that leaves the East coast is loaded to the gunwale with food. In 1882, which was almost a famine year, five of the principal crops of Ireland produced nearly eight pounds of food a day for every man, woman and child in Ireland; and this did not include beef, dairy products, fish or garden crops of any sort. Yet we are told that Ireland is overpopulated, and that the wholesale deportation of her people is the only remedy for the evils from which she is suffering!

These facts should make intelligible my criticism upon Mr. Gladstone's Irish legislation, that he is dealing with the symptoms and not with the disease. His cure for Irish evils is laws for the alteration of land system. Now it is true that the Irish situation is one which gives the land-owner an immense power over those who have to rent land, that is to say over the great part of the Irish people. And whatever gives men an excessive power over their fellows, is certain to tempt to abuse of that power, and to bring out whatever meanness and baseness there is in our human nature. It might, however, have been presumed that the resources of civilized legislation would have furnished some means of destroying this excess of power, without interfering with the rights of property in land, and forbidding the landlord to take such price as he can get in the land-market for his farms. But this is what Mr. Gladstone has done by the Irish Land Law, which sets up a court to determine what is a fair rent for a piece of land, and lays a heavy fine upon the landlord who evicts the tenant who is paying this fair rent. You would not endure such a law in Massachusetts, and we would not in Pennsylvania. We believe in free contract between landlord and tenant. But say the English, the cases are widely different. "Free contract," says *The Spectator*, "implies free contractors; however, partly from historical circumstances, but chiefly from the absence of alternative employments, the poorer tenants of Ireland are not free; at least one half the adult population are compelled by the coercion of hunger to agree to any terms which will secure them the use of the soil." In other words, the Irish tenant would be emancipated

and made a freeman by the policy which would create on Irish soil those "alternative occupations," whose presence would relieve the pressure upon the land-market, without any socialistic meddling with the rights of property. Are there no means of creating such "alternative occupations" where they do not exist? Edward III. thought there were; Cromwell thought so; the Stuart kings and the first three kings of the present house thought so. But they have vanished out of "the resources of civilization" for English statesmen.

Even as regards the land, this new legislation must be a failure, unless there is a restoration of Irish manufactures. It is assumed on both sides that the conversion of the Irish tenant into a land-owner, or something nearly the same as that, must result in his permanent prosperity. The truth is that the Irish land-owner has fared nearly as badly under the ruin of the manufactures of the country, as has the tenant. I can give you the names of at least a dozen of Irish free-holders within the range of my own knowledge, who found Irish farming an intolerable business, although they paid no rent but a peppercorn or a farthing an acre to the Crown, and who have left the country to find a home in America. My own father was one of these. And the prosperity these persons have had in whatever walk of life they have chosen in this land of their adoption, has been such as to prove that they did not fail to get on in Ireland through any want of industry or perseverance. Have even the much-abused landlords prospered under this system, for whose evils they are held responsible? Great numbers of them have been absolutely beggared. The

famine of 1846 found in the poor-houses of the South-West men who had been the lords-lieutenant of their counties. In the decade 1848–1859 one third of the soil of Ireland was sold in the Encumbered Estates Court, and mostly at a fraction of its market value. It was bought up by people like Mr. Bence-Jones, whose utter want of sympathy with the Irish people stands in strong contrast to the character of many of the people they succeeded, and constitutes one of the most serious difficulties of the present situation.

The worst failure of Mr. Gladstone's policy is its failure to do anything for the great multitude who have no land, no employment and no prospect of getting either. The Irish correspondent of *The* (London) *Guardian* in 1882 reported that there were nine hundred thousand young people in the "proclaimed districts" of Ireland, who were in this sad condition. I wonder what our American Free Traders would do with Ireland, if they had the responsibility of governing it. I have no doubt they are glad enough to have no such responsibility! But we Protectionists of America would not hesitate to undertake to make the Irish people prosperous and contented, if we had the chance. We would apply to her case the remedies which have cured similar evils in this country, with the confidence that the result would be the same.

It may be said that America and Ireland are very different countries, and that analogies between them are misleading. It is true that they now are very different, but it is not true that they were so different a century ago. At that time they were suffering from the same repressive and selfish policy of England's part; and what difference there was, was probably in

favor of Ireland. America was permitted to carry on only such industries as suited the Mother Country to have established in her colonies. Thus the making of pig iron was encouraged, because the colonies had plenty of the charcoal, which in those days was used exclusively in smelting iron; but the manufacture of steel was strictly forbidden. In the pineries of New Jersey there still are found remains of the works, in which the steel manufacture was carried on secretly and far away from the observation of English officials. A hat factory in one of the colonies was declared a nuisance by the British Parliament, and the export of hats from one colony to another, at a later time was forbidden. In 1765 the emigration of skilled artizans to the colonies was forbidden by law. As a consequence of this policy the colonists were deeply in debt to the traders in England. One English authority calculated that they got not above a fourth of the advantage of their own products, and said it was England's best policy not to put too many difficulties in their way, but to encourage them to go on cheerfully!

By 1774 the cheerfulness had come to an end, and the struggle for independence began. It found its motive as much in the necessity for the diversification of American industry, as in the maintenance of the political rights of the people. One of the measures of resistance was the agreement not to import any more goods from England, and in 1774 the Continental Congress signed such an agreement for the whole country. Four months before the Declaration of Independence was voted, Congress recommended the colonial legislatures to exert their utmost endeavors to promote the culture of flax, hemp and cotton and the

growth of wool in the United Colonies; and to take the earliest measures for establishing in each colony a Society for the improvement of agriculture, arts, manufactures and commerce; and forthwith to consider of the ways and means of introducing and improving the manufacture of duck, sail-cloth and steel.

Much of the sufferings of the American armies during the war for independence grew out of the unprovided condition of the country, which had not a single one of the manufactures needed for the equipment of an army. As the war proceeded these were established on such a scale as made the country much less defenceless. With the return of peace, and the resumption of trade with the Mother Country, all these new industries were ruined. The general government had no power to restrain imports by imposing duties; the several states did it in such a way as to make the state boundaries into custom house lines, and to take as much advantage of each other as of the stranger. The American manufacturer was confined to the little compass of his own state, and had not the market necessary for the development of his business. As a consequence the country began to sink to even a lower level than it had held before the war, and the spread of discontent and of distress was such as to threaten the overthrow of the social system. While quarrels over trade were drawing the colonies farther apart, the presence of insurrection seemed to indicate the speedy ruin of the new nation, and the possible return of its elements to the British Empire. It was to save the country from this fate that the new Constitution was adopted, after a futile attempt to so modify the Articles of Confederation as to transfer the power to

levy duties on imports from the states to the nation. The Constitution gave the national Congress power to "lay and collect taxes, duties, imposts and excises," and specified as the purpose for which these were to be laid not only the payment of the nation's debts and the provision for the public defence, but also "to provide for the general welfare of the United States." How this clause was understood by its authors was shown by the first Congress which met under the Constitution. It passed a Tariff law reported by James Madison, and in the preamble it was said that one of the objects was "the encouragement and protection of manufactures."

The new Tariff was drawn on very modest lines, and showed how limited were the industrial ambitions of the fathers of the Republic. Neither woolen, nor iron, nor cotton manufactures are specified in its lists of protected articles. As a consequence, the Hartford woolen mill, which supplied Gen. Washington with the suit in which he was inaugurated, was sold out by the sheriff in his second administration. Nor were the duties high, but the cost of transportation and the interruption of commerce by the great wars of that time supplemented them heavily. Among the articles laid under a duty was cotton. This was not yet an important staple in America; it had been grown chiefly to make clothing for the slave population. But the American indigo business had been transferred to Bengal during the war for independence, and the Southern states were casting about for some article to take its place. So for a goodly number of years the women of New England paid a higher price for the West India cotton they twisted into lamp-wicks or

spun and wove into sheetings, in order that the South might have a chance to retrieve its fortunes. When at last the cotton-gin invented by a Yankee schoolmaster had put American cotton-growing on its feet the world was to see the cotton-planter of America joining hands with the English cotton-spinner to put down the policy to which each industry owed its very existence!

What was defective in the first Tariff was corrected to some extent by amendment while Alexander Hamilton remained the Secretary of the Treasury. But the general tendency of American legislation took a new direction with the accession to power in 1801 of a party which believed in minimizing the powers and the revenues of the national government. No farther advance was made towards making the country self-sufficient or creating those resources which fit a nation for war. As a consequence the second war with Great Britain again found America altogether unprepared to equip or furnish an army; and the disastrous conduct of that war by land was very largely due to this defect. Even salt was not to be had, and the blankets and tents for the regiments could not be furnished by any American producer. During the war and for a year after the return of peace all duties were doubled, and as a consequence there was a rapid growth of manufactures, especially in the Middle States. But with the return of peace, English exports to America rose to four times the amount sent here in any previous year. It was on this occasion that Mr. Brougham congratulated his country on the fact that their losses in America through excessive exports would "stifle in the cradle those rising manufactures in the United

States which the war had forced into existence contrary to the natural course of things." (Hansard, xxxiii. 1099.)

There was no disposition on the part of Congress to acquiesce in this "stifling" process. Especially the South was agreed to resist it. The British Tariff still discriminated in favor of cotton grown in India and the British colonies, to the exclusion of American. During the war there had been such a growth of cotton manufacture as furnished employment to one hundred thousand people, and furnished a steady market for Southern cotton. So Mr. John C. Calhoun and the other representatives of that section gave their support generally to the proposition that American industry should be protected, and they helped to pass the Tariff-law of 1816. The duties it imposed averaged about sixteen per cent *ad valorem*, which was thought to be sufficient, because the authors of the measure had no conception of the altered conditions of production and exchange. I shall tell the result in a quotation from a Free Trade writer:

"The Tariff of 1816 raised the price at first, and was all the encouragement that was desired. But in a little while another effect followed. The foreign manufacturers contrived to reduce the cost of producing their goods, by improved machinery and other means, and submitted to a reduction of their profits in order to keep as much as they could of the American trade by counteracting the Tariff; while the American manufacturers, who could only supply a part of the demand for broad-cloths, found their profits diminished by the rise in the costs of labor and subsistence, which was caused by the diversion of labor from its natural

channels. To this was added the more abundant capital of the foreign manufacturers, enabling them to give longer credits; their wider access to established markets enabling them to accept a lower rate of profits; and the great advantage of being already established, with machinery all built, trade all regulated, and in the midst of a superabundant supply of labor, which had no competing opening, and which therefore could be had for the asking, at the lowest wages on which people could live." (*The League*, May, 1868.)

So the sheriff had a busy time for some years under that well-meaning but futile Tariff of 1816; and where the factories did not stop work, they went on only because the new owners had bought them for a fraction of what they had cost, and therefore could afford to keep them going. Some kinds of enterprise stopped. The improvement of American sheep had received a great impulse during the war, and as much as a thousand dollars had been paid for a ram lamb. But now blooded sheep were sold off at a dollar, and great multitudes were slaughtered for their pelts.

Every president went on urging the effective protection of American manufactures as a measure of national defence, no less than as a means to national prosperity; but it was not until 1824 that a really protective Tariff was enacted, with duties averaging thirty-eight per cent *ad valorem*. It was amended in 1828 chiefly by increasing the duties on wool and woolens, and was reduced in 1832 without detracting from its protectionist character. By the admission of even its enemies it enabled a great advance in the diversification of American industry and in the elevation of the nation out of the poverty of the years which

followed the war. Henry Clay pointed to the seven years before 1824 as the most distressing, and the seven after that year as the most prosperous, in the nation's history.

But the prosperity was not equally diffused. Those states which still retained negro slavery had expected that their closeness to the source of the cotton supply, and their abundance of cheap labor, would serve to give them if not a pre-eminence, at least an equality with the rest of the country as manufacturing commonwealths. For this reason they had supported the Tariff of 1816, when New England had opposed it in the supposed interests of her commerce. But their hopes had been disappointed. They found that slave labor was not equal to the nice work required in manufactures, and that the poor whites of the South would not work, so long as the existence of slavery made work a badge of social inferiority. So the Tariff did its work chiefly in the Middle and Eastern States, while the abundant water-power of the South fell idly over the rocks. On the other hand the great improvement in the quality of American cotton had obliged the English government to cease discriminating against its importation, since that discrimination placed Lancashire at a disadvantage in competing for the markets of the world. So the South was no longer dependent upon the Northern market, and began to see the question of Free Trade in a new light. There arose that strange alliance between the American slave interest and the English cotton interest, which came to an end only with the Civil War. It was now that the cotton states made the discovery that Protection was a breach of the Constitution, and oppressive to their interests.

The attempt of South Carolina, with the support of three other states, to nullify the Tariff of 1832 was suppressed by the courageous action of the President. But it led to the Compromise Tariff of 1833, which provided for the gradual reduction of all the duties on imports, until by 1842 they should stand at a level of twenty per cent. This agreement was accepted by the manufacturers at the persuasion of Mr. Clay, and because they were confident that the improvements they had made in machinery would enable them to hold their own without much protection. The result showed that they had overestimated their strength. A time of great depression and business disaster followed, of which the Tariff reductions were not the sole but a chief cause. When 1842 came, there had been a political revolution. Mr. Harrison had been elected by the Whig Protectionists to the presidency, and his untimely death did not prevent the passage of a thoroughly protectionist Tariff in 1842.

Before this Tariff was passed, the situation of both capital and labor had been wretched in the extreme. The monuments of the era may be found in the soup-houses of our great cities, which were devised to keep the working population from starving. The government's revenue had fallen so low, that it was obliged to seek a loan in Europe, and sought in vain, although a few years before it had distributed a much larger sum of surplus revenue among the states. There were some who ridiculed the idea that this distress could be even alleviated by increasing the duties on imports, and among these was Mr. Henry C. Carey, whose failure as a paper-maker under the pressure of the times had not converted him from Free Trade

opinions. But what they declared to be impossible was done. Mr. Nathan Appleton says that the Tariff of 1842 "adopted with the greatest difficulty, carried almost by miracle, changed, as if by enchantment, the whole scene. In the short space of a year, the whole country passed from the depths of suffering, idleness and depression, to a state of the most active prosperity and the fullest confidence. No one capable of tracing cause and effect can doubt that the change was the direct and immediate result of the Tariff."

I think its greatest achievement was the conversion of Mr. Carey by the undeniable evidence its results furnished for the vindication of the protective policy.

But Free Trade was "in the air" in those days. The victory of the Anti-Corn-Law League in England in 1846 produced a profound impression in America. The notion became common that the path to prosperity had been thrown open to us in the repeal of the English import duties on our grain. Mr. Walker, the new Secretary of the Treasury, lectured Congress on the wisdom of the *Laissez Faire* policy. Western votes were added to those of the South in support of Free Trade. The result was the Horizontal Tariff of 1846, which was passed by a party vote and in defiance of pledges given at the election of 1844. It was "neither fish, flesh, fowl, nor good salt herring." It put almost all duties at one of three *ad valorem* rates, without any intelligent reference to either revenue or protection. Some industries got a fair degree of protection; a few got too much; the majority got too little or none at all. Of the latter class was the iron business. The rise of the railroad system had made this metal of prime importance. American producers were furnish-

ing iron rails at $60 a ton, while the English maker offered them at $40 a ton. The reduction to thirty per cent *ad valorem* enabled the foreigner to secure an entrance to the American market, and to undersell the home producer, especially as the great crash of railroad speculation in England had diminished the English demand. Our furnaces began to stop working, and the Iron-men met in Convention in 1850 to lay their grievances before Congress. In their Memorial, prepared by Mr. Stephen Colwell, they warned the country that the price England asked for any article would depend a good deal upon the amount of our dependence upon her for our supply, and that if we made ourselves dependent upon her for iron, she would advance the price as soon as she had got our home competition out of the way. The prediction was fulfilled to the letter. In a short time we were paying her $80 a ton for iron rails, the duty on which was more at the new *ad valorem* rates than had been levied by the Tariff of 1842 by a specific duty. But it gave no protection in the sense of assuring the capitalists' investment in this industry.

As if the Tariff of 1846 were not bad enough, Congress in 1857 made a horizontal reduction of twenty-five per cent in all its duties. The opponents of the reduction predicted that it would cause a financial crash, and, as many of us still remember, their prediction was fulfilled. But they got no hearing, for, as Mr. Greeley sorrowfully said, the world seemed to have gone over to Free Trade. An enthusiastic member of Congress from New England proclaimed his hope of seeing every custom-house abolished from the face of the earth. But one man held out against the flood

of tendency. Mr. Carey said to Mr. Greeley, "If you will wait a little, you will see the world coming back." They both lived to see that,—to see, as *The London Times* expressed it, "a flood of protectionist sentiment sweep round the world."

The experiences of 1857 helped this part of the world to come back from its rush into Free Trade. The country was plunged into a depression nearly as great as that of 1837. Although already heavily in debt to English manufacturers, we increased our import of some important articles three hundred per cent. A great body of workmen were thrown out of employment. The revenue fell from a surplus to a deficit, and in a time of peace the treasury had to borrow money for current expenses at usurious rates. President Buchanan called attention to the harm that had been done by the reduction of duties and suggested their restoration. But Congress was too much occupied with the closing scenes of the great struggle between slavery and freedom to give the matter much attention.

In 1861 the Republican party came into power, pledged by its national declaration of principles to legislate on protectionist lines. The Morrill Tariff of that year was the fulfilment of promises made to the public and especially to the laboring part of the public, much rather than to the special representatives of the manufacturing interests. Many of these were timid, and wanted to be let alone in the course they were moving in. But the feeling of the Northern people and the necessities of the war, which had already begun, suggested a bolder course.

The period of protection thus begun is the longest of persistence in any one policy that the country

has had. That policy is challenged now to justify itself by its works at the bar of public opinion. We are not afraid of that test. We ask your attention to its broad results.

It has raised the average of our national wealth from $514 a head (slaves included) in 1850, to $870 a head in 1880.

It has increased the value of our manufactures five hundred per cent. and that of our foreign commerce in the same ratio, while the commerce of England increased but three hundred and fifty per cent.

It has secured higher wages to our workmen and better prices to our farmers, without increasing to either the cost of staple manufactures, as is shown by comparing the prices of textiles and hardwares before and since 1860.

It has diversified our industries and raised our people out of that uniformity of occupation which is the mark of a low industrial development.

It has stimulated inventions and improvements to the degree that some of the great staples of necessary use have been permanently cheapened to the whole world.

It has drawn the different sections of the country into closer business relations, and has interlaced the great trunk lines of railroad to the West with others running Southward.

It has brought the foreign artizan across the ocean, and has naturalized his craft on our shores, whereas Free Trade would have brought his work only.

It has made us as regards the great staples independent of all other countries in case of war, while it has consolidated the national unity and increased the

national strength to a degree that makes the rest of mankind anxious to be at peace with us.

It has created a sentiment in favor of this policy so powerful that no political party ventures to oppose it openly, and such that the friends of Free Trade are hardly heard in our national campaigns.

Around the splendid public buildings we are erecting in Philadelphia, there stood till very recently a stiff and angular structure of wood. It could not be said to add to the beauty of the marble edifice it encompassed. I never heard any one admiring it, nor do I know that the students of our School of Design, which looked out upon it, ever sketched it as a thing of beauty. But it was indispensable to the erection of the building, and it could not be taken down till the roof was on. We could not hire winged workmen to carry the hod and lay the stone work. Like that scaffolding is the Tariff around the edifice of our national industries. It is not æsthetic. It adds nothing to the beauty of the edifice. But we cannot do without it. We must have respect to the necessities of the case in the industrial edifice also.

Three times in our history, in compliance with the demand of theory, we have torn down that national scaffolding to our industrial system. Three times we have had to put it up again, in compliance with the demands of hard fact. Each time we have had to resume the building at a less advanced stage than that it had reached before we gave in to theory in making the change. This time the American people seem to me to have made up their minds that it is to stay up until the roof is on!

III.

THE WORKINGMAN.

Gentlemen of the University :—

THE argument I am about to present to-night is in a large measure independent of those I have already presented to you. It is that the protective policy is a necessary means to secure to the American workman such a compensation for his toil, as will enable him to live on that level of comfort which our American ideals require for him.

I may premise that the democratic ideal of equality on which we pride ourselves, and which found expression in Burns's song, "A man's a man for a' that!" is of very recent origin and of slow growth even in America. In Europe it may be said to have begun to have made headway about the year 1848, and in America about two decades earlier. But there lingers even among the educated classes in America another ideal, which belongs rather to the Middle Ages than to our industrial and democratic era. The way in which Trades' Unions and their strikes are still spoken of in our newspapers, appears to me to imply the temper in which the laws to fix the rate of wages were passed by the English Parliament five hundred years ago. It seems to be assumed that the workman has no right to refuse to work where the terms are not satisfactory

to him, and that his association with his fellows to secure fair play in the matter of hours and wages, is an unlawful encroachment upon the rights of other people. Every time a strike fails to secure the result its authors had in view, this is received with a certain exultation by perhaps a majority of our newspapers. The figures are gone over with a relish, to show how gigantic the folly which forfeited so large a sum in wages. A little sympathy with the workingman's position might bring us to see, perhaps, that the strike was morally necessary as an assertion of his manhood against what he regarded as an injustice. Of course this is no apology for the acts of violence which have attended some great strikes. But I venture the suggestion that a more sympathetic tone on the part of the public toward the workingman would tend to repress the evil tempers which break out in violence. Nothing is so likely to make an Ishmael of a man, as in the discovery that every man's voice, if not his hand, is against him.

Whatever view you may take of Protection or of Free Trade, I hope you will feel the responsibility you have, not only for acts, but even for opinions, which may affect the position and character of the most numerous class in our society. By doing so, you may each help to save our nation from the growth of great gaps and refts in the social structure, such as are proving so perilous to Europe. You must not think of such a peril as a thing of the past; rather it is a thing of the present. Even in the Middle Ages it was less than it is now. The old feudal baron dealt with his serfs and dependents face to face; and when human beings meet in that way, there is reached some *modus vivendi*, which keeps their relations human and natural. But the

changes which have taken place in the last century have brought it about that we are served by people who are for the most part behind stone walls to us. Our danger is that it will be out "of sight, out of mind," in their case, and they will come to feel that they are nothings and nobodies in the social estimate. Be assured that that feeling is as dangerous to society as the existence of solid grievances would be.

The protectionist policy stands, among other things, for an expression of the national interest in the welfare of the working classes. It is a declaration that the national concern is not for the wealthy only, but for the wage-earner as well.

But here I am met by the general objection that if it be true that the American workman is better off than his brother in Europe, this may be explained without any reference to the Tariff. It is said, "Our circumstances are very different from those of Western Europe. We have an abundance of unoccupied land. Every workman has his choice between the factory and the farm which he may obtain, and on which he will be his own master. It is this choice which makes wages high in America." I presume it will be admitted that this advantage existed equally in the period which came after the war for independence. There was even more unoccupied land then than now, and it lay much nearer to the more densely settled districts of the country. The artizan's opportunities of becoming a farmer were much greater than they are to-day. Yet his condition was not such as to suggest that he was a very highly favored workman. He was paid lower wages, and his mode of life was humbler and harder. My friend and colleague, Prof. McMaster, in his "His-

tory of the American People," describes the situation of American labor after the return of peace:

"There can be no doubt that wonderful amelioration has taken place since that day in the condition of the poor. Their houses were meaner, their food was coarser, their clothing was of commoner stuff; their wages were, despite the depreciation that has gone on in the value of money, lower by one half than at present. A man who performed what would now be called unskilled labor—who sawed wood, who dug ditches, who mended roads, who mixed mortar, who carried boards to the carpenter and bricks to the mason or helped to cut hay in the harvest-time—usually received as the fruit of his daily toil two shillings. Sometimes, when laborers were few, he was paid more, and became the envy of his fellows if at the end of a week he took home to his family fifteen shillings, a sum now greatly exceeded by four dollars. Yet all authorities agree that in 1784 the hire of workmen was twice as great as in 1774.

"On such a pittance it was only by the strictest economy that a mechanic kept his children from starvation and himself from jail. In the low and dingy rooms which he called his home, were wanting many articles of adornment and use, now to be found in the dwellings of the poorest of his class. Sand sprinkled on the floor did duty as a carpet. There was no glass on his table, there was no china in his cupboard, there were no prints on his wall. . . . Over a fire of fragments of boxes and barrels, which he lit with sparks struck from a flint, or with live coals brought from a neighbor's hearth, his wife cooked up a rude meal and served it in pewter dishes. He rarely

tasted meat as often as once a week, and paid for it a much higher price than his posterity. Everything, indeed, which ranked as a staple of life, was very costly. Corn stood at three shillings the bushel; wheat at eight and sixpence; an assize of bread was fourpence; a pound of salt pork was tenpence. Many other commodities now to be seen on the tables of the poor, were either quite unknown or far beyond the reach of his scanty means."

In 1793 the Schuylkill and Susquehanna Canal Company advertised for workmen, offering five dollars a month for the winter months, and six dollars for summer, with board and lodging. The next year there was a debate in the House of Representatives, which brought out the fact that soldiers got but $3 a month. A Vermont member, discussing the proposal to raise it to $4, said that in his state men were hired for £18 a year, or $4 a month, with board and clothing. Mr. Wadsworth of Pennsylvania said, "In the states north of Pennsylvania, the wages of the common laborer are not, upon the whole, superior to those of the common soldier." In 1795 skilled laborers, such as type-setters and the like, earned $1 a day in Philadelphia. A French traveller tells us that at Albany laborers could be had in great abundance for three (York) shillings a day. At Richmond wages ran from 1s. 6d. to 1s. 10d., except in harvest, when from 2s. 4d. to 3s. 10d. was paid, in Virginian currency worth $3.33 to the pound. In New York in 1794 hatters could earn as much as $2 a day, and carpenters 10d. an hour, while sailors were paid $24 a month.[1]

[1] For these facts I am indebted to the kindness of Prof. McMaster.

In 1797 a Rhode Island farmer hired good farm-hands at $3 a month; and $5 a month was paid to those who got employment for the eight busy months of the farmer's year. A strong boy could be had at that time in Connecticut for $1 a month through those months, and he earned it by working from day-break till 8 or 9 o'clock at night. He could buy a coarse cotton shirt with the earnings of three such months. The farmers could pay no better, for the price they got for produce was wretched. Butter sold at eight cents a pound, and when it rose suddenly to ten cents, several farmers' wives and daughters went out of their minds with the excitement. Women picked the wool off the bushes and briars, where the sheep had left it, and spun and knit it into mittens to earn $1 a year by this toilsome business. They hired out as help for twenty-five cents a month and their board. By a day's hard work at the spinning-wheel a woman and girl together could earn twelve cents. As late as 1821 the best farm-hands could be had for twenty-five cents a day, or twice as much in mowing time.[1]

Matthew Carey, in his "Letters on the Charities of Philadelphia" (1829) gives a painful picture of the condition of the working classes at that time. Every avenue to employment was choked with applicants. Men left the city to find work on the canals at from sixty to seventy-five cents a day, and to encounter the malaria, which laid them low in numbers. The highest wages paid to women was twenty-five cents a day, and even the women who made clothes for the arsenal were paid by the government at no higher rates.

[1] Mr. Thomas Hazard in *The Providence Journal.*

When the ladies of the city begged for an improvement on this rate, the Secretary hesitated lest it should disarrange the relations of capital and labor throughout the city! Poor people died of cold and want every winter in the city, and the fact seems to have made an impression only on benevolently disposed persons like Mr. Carey.

The spirit of the times was very different in this respect from what it now is. It was aristocratic rather than genuinely democratic. The American Republic was a country in which the property-owning class was vastly preponderant. The very war for independence grew out of a strike of the tax-payers against the imposition of illegal taxes. Property weighed more than manhood in public opinion. None but its owners were admitted to the suffrage; and in Pennsylvania there was a controversy whether a rich man who owned merely personal property should be allowed to vote. So essentially aristocratic was society, that the students in the American colleges were seated with strict reference to the social importance of their fathers. The wage-earning class was small and not much thought of. In such a community the maxims of the English economists found a congenial soil, and Matthew Carey tells us that appeals for charitable aid were met by Malthusian answers or profound indifference. He says that the condition of the workman in America was not essentially better than in Europe, and he quotes Dr. Ely as saying that the slaves of the South were better fed, clothed and lodged than the laborers in the North.

The existence of slavery had much to do with this. Even the Northern states were slave states which had

but recently abolished chattel slavery, and in many of them there had been large numbers of white slaves, called "redemptioners," who had been working out the cost of their passage to America. The taint of slavery still lingered in the social atmosphere, as it still does in the South, and slavery made labor a disgrace.

Various forces co-operated to change all this. One was the indirect influence of the levelling doctrines of the French Revolution, with which one political party coquetted, and which were coming to be believed. Another was the immigration of large bodies of Europeans, who had been imbued with those doctrines much more deeply, and who began to insist on a logical application of the principles of the republican system. These immigrants sought the free states, because they hated slavery and all its works. They demanded to be treated on the principles of equality, and they administered a fatal blow to the remains of privilege in America. The Irish of the Protestant faith, who "were out in '98," played an especially important part in moulding opinion in the new direction in the Middle and Western states.

Another cause of the change was the rise of the American manufacturing system under the protection given by the Tariffs of 1824 and 1828. When the disasters of 1837 fell upon the country, the laboring class had attained a relative importance which it never had had before. It was the sufferings of the workingmen in 1837–40 that, more than any other circumstance, roused the people to expel from power the party which was held responsible for the depression of our industries, and which refused to undertake a remedy.

It is said that the workingman now appears in the arguments of the Protectionists because their other arguments had broken down; but this is not the reason. There is not an argument in any of Matthew Carey's multitudinous pamphlets, or in Frederick List's "Outlines of American Political Economy" (1827), or in Alexander Hamilton's Treasury Report, that is not used by Protectionists as freely as before 1840. The reason that we hear of protection for American labor since 1840 as not before that date, is that the workingman was rising to his rightful place in the American state through the decay of aristocratic prejudice, and that his increase in numbers made his injury from the Free Trade policy a much more serious element in the situation.

That opinion plays a great part in determining the rate of wages, is admitted by the English economists. They say in their definition of the "natural and necessary rate of wages," that this embraces what will furnish the single workman not only with the real necessaries of life, but with "those things which his class regard as necessaries." That is, the public opinion of a class, and that the weakest although the most numerous, suffices to add the price of beer to the English workman's wages; and if the temperance people were to persuade him to forswear beer, they would cause a corresponding reduction of his wages. What is thus ascribed to the public opinion of a class, is far truer of the general public opinion. It establishes an ideal of what the condition of the working man should be, and it is the great force which operates to lift or lower his condition. In aristocratic Europe public opinion has depressed him, because the conviction of human

equality which came in with the French Revolution is still the property of a minority. The translation of the ideas of that Revolution into economic fact has gone forward more rapidly in America, although far from complete. We are giving freer scope to the economic laws which tend to equalize the condition of the capitalist and the wage-earner, and which enable the workman to command the services of capital on terms increasingly favorable to himself. We are doing this by lifting off this class the weight of social prejudices, which once held it down even in America. We are enabling that progress from what is worse to better in the case of labor and wages, which is the law of economic development.

"But what has all this to do with the Tariff?" Much every way. The Tariff is the arrangement by which we give the law its chance. It is not the originative force in raising wages, I most cordially admit. But it is the means of isolating the field of our national industries from European competitions, to an extent which enables us to carry our ideals into practice. Remove the Tariff, and you throw the American workman into competition with the underpaid labor of Europe, and you force his employer to pay him at substantially European rates. I am aware that the rate could not fall so low as in Europe, and need not. Decades of high wages in America have lifted American labor in most departments to a level of efficiency, which would give it some permanent advantages. But this higher efficiency is not enough to achieve its independence of protection, and of this there probably would be steady decline in amount and effect, under the régime of low wages. Higher efficiency has been

in large measure due to the better spirit infused into the workman by wages that enabled him to feel that he could live like a human being and educate his children. Any decline from these,—and Free Traders generally admit that under Free Trade there would be a decline,—is to be deprecated on account of its social and moral as well as its economic effects. I know of nothing more touching the literature of labor than the protest made some years ago against a reduction of wages in the coal-mining districts of Pennsylvania. The authors of the protest said it was not a question of comfort merely. It was the social status of their class that was at stake. They dreaded going back to the wages of the years before the war, because they feared that it would take them down to the level of their life in general at that time.

The Tariff then is like the circle the magician draws around himself before he can work his wonders. It bounds and circumscribes for the sake of the greater efficiency thus to be had. In considering its results in this connection for the last twenty-five years in this country, it is but fair to bear in mind under what special disadvantages these have been achieved. The burdens, losses and ravages of civil war began this period. The pressure of a national debt greater than the country ever had known, and the evils of a depreciated and fluctuating currency, prolonged the mischiefs of the war into the years of peace. The rapid readjustments of industry to new labor-saving inventions have gone on as not since the era of Watt and Arkwright, and have disturbed the labor market to an extent which has hardly been appreciated. And whereas formerly this disturbance was confined to man-

ufactures, since 1855 it has affected commerce and agriculture equally. The sailor has been largely displaced by steam, and Mr. McCormick's reaper has enabled the harvesting of far greater crops at a far less expense for labor. Although patented in 1835, it had to wait twenty years before its merits were appreciated; and it did not attract the attention of the American farmer until its great success at the French Exhibition of 1855 showed the world of what it was capable. During the war it and a group of similar inventions did grand service in preventing the drain of men to the front from reducing our productivity in agriculture. But they have carried this difficulty of adjusting labor to new conditions into our farming. In manufactures the progress in this direction has been equally embarrassing. In some of our factories, the working force has been reduced to one-half of what it was, without any reduction in the output.

Yet in spite of all this there has been an undeniable and great advance in the condition of the American laborer, and an advance whose fruits have not been lost to him even by this world-wide depression of the last ten years. It is true that until last summer there was a disposition to call this in question, and it is to your Massachusetts Bureau of Statistics that we are indebted for evidence such as puts the matter beyond doubt or dispute. The Report made by that Bureau last summer is one of the most careful pieces of work that has been undertaken by modern statists. It shows by a comparison of English with Massachusetts facts, that the mass of labor least favorably situated in this country has attained a position which English laborers must envy. Until this Report of Colonel

Wright's appeared, it was said, "The Tariff takes from the working man as much as it gives him. It may be true that it secures him the doubtful advantage of higher wages; but what does this avail him if at the same time it increases the cost of living to such a degree that he has no better results in food, clothing, housing and saving than his English competitor?" Now Colonel Wright's Report shows that wages in Massachusetts average sixty-two per cent higher than in England; that living is but seventeen and one-quarter per cent higher; and that eleven per cent of this difference is due to the higher cost of house-rent. He shows that the actual standard of living is fifty per cent higher in Massachusetts than in England; and that if the Massachusetts workman were to eat as poor food, wear as poor clothing, and live in as mean a house as the English workman, he could save three-eighths of his income; whereas the English workman, living at that mean rate, can save less than two per cent. He shows that in the trades carried on in both Massachusetts and England, the English maximum wages are below $20 for men and about $6 for women; while the Massachusetts maximums are $40 and $20 respectively. One Scotch manufacturer said to ex-Governor Cheney of New Hampshire, when facts like these were pressed upon him, "Our people don't require so much as yours, and they are not accustomed to it."

Colonel Wright's figures were anticipated by the Special Report of Mr. Edward Young on "Labor in Europe and America" (Washington, 1875); and by Mr. Robert P. Porter's valuable letters in *The Tribune*. They may be said to run parallel to the figures furnished by the Agricultural Bureau, which show that

wherever the Tariff has done its work of bringing our industries into equilibrium, there the rate of wages is higher than in the more agricultural parts of the country.

To another Massachusetts statist we are indebted for a proof of the freedom with which the law of tendency towards equality is working in America. That law was enunciated by Mr. Carey very early in his career as an economist. It was adopted by M. Bastiat in his "Harmonies Economiques," without any credit given; and from M. Bastiat Mr. Edward Atkinson has taken it, apparently without any knowledge as to its real authorship. According to Mr. Carey the capitalist receives a constantly diminishing share of the joint earnings of labor and capital, while the share of the laborer is constantly increasing. The same is true of the distribution of the harvest between landlord and tenant. The landlord's share diminishes relatively to the amount of the harvest, even while increasing in absolute amount. And so important is this law in the view of Mr. Carey's school, that they would test the naturalness of any system by the degree to which this tendency to equality operates under that system. Mr. Atkinson, in his Address before the British Association at Montreal last summer, took for the basis of his argument the cotton industry of New England, with which he possesses an unrivalled familiarity. He showed, comparing 1830 with 1884, that the capital needed to start a spinning-mill was thirty-seven per cent less than in 1830; that the number of spindles was two hundred and seventy-six per cent greater on an average in each mill; that the number of operatives required to attend to a thousand spindles was sixty-four

per cent less; and that the product of each spindle was three hundred and fourteen per cent greater. But his most important fact was that while competition had kept the profits down to a level of not more than ten per cent on the capital invested, wages had risen. Profits had fallen eighty-three per cent, while wages had risen seventy-seven per cent. And he carries the comparison on to the other decades as compared with the present. That is genuine progress! Prices fall; profits fall; wages rise. Man gains and things decline in value.

Mr. Atkinson admits that American wages are higher than in Europe, and gives as the reason that we have no artificial land system and no system of caste or privilege. You know how heartily I agree with him on this point. We differ only as to his assumption that if the Tariff were out of the way, American wages would not be injuriously affected by the competition of countries in which caste and privilege are still built into the social order, and where the land system is one of the many expressions of this fact. If you join two tanks by an open pipe, the water in the two will find a common level. If you throw open the markets of America to English competition, then wages must come down to something like the English level. And this some Free Traders are candid enough and consistent enough to admit. It is a necessary corollary to the principle of the efficacy of competition in bringing things to a level.

Is this law of tendency to equality at work in England as freely as in America? Mr. Robert Giffen thinks he has shown that while the income of the capitalist class has increased one hundred and ten per cent since 1843, that of the working classes has in-

creased one hundred and thirty per cent. But the part of this income which is covered by the exact figures of the income-tax returns gives a different result. It shows an increase of but one hundred per cent, being ten per cent behind the gains of the capitalist class. The other part of his statement is based upon conjecture. And when we recall the fact that Mr. Mulhall finds the average wealth of the English subject to amount to $1100, while that of the American citizen is but $980, we see reason to doubt Mr. Giffen's estimates. Of this wealth a very large part has been accumulated in the last forty years, and yet English wages fall far below American. That can only mean that there has been no such operation of the tendency to equality in England as in this country. Mr. W. Cunningham, in his admirable book, "The Growth of English Industry and Commerce" (Cambridge, 1882), denies the existence even of such a tendency. He says, "Under the régime of free competition, which has been dominant for more than a century and a half, . . . there is a constant tendency for the position of laborers to be depressed relatively to that of capitalists." He admits that the wealth of the nation has advanced enormously, but insists that that of the laborer has not advanced so fast as the whole wealth of the country, or that of other classes. And Mr. Thorold Rogers in his "Six Centuries of Work and Wages," maintains that the condition of the working-man on English land was better in the Middle Ages than it is to-day. Of Mr. Giffen's Essay, he says, "I have read nothing lately, the results of which are more open to debate." Mr. Giffen's materials he pronounces "of very unequal value."

Even in considering such progress as has been made in England, it is not fair to leave America out of account. Forty years ago Mr. Cobden advised the English workman to save the price of a passage to America, and with this in his pocket to negotiate with his employer for such wages as he thought it fair to ask. If that advice has not been followed to the letter, its spirit has been acted on. The knowledge that America is so accessible, that it is a country where labor is honored, and that it furnishes a growing market for industrial skill, has had much to do with the terms on which English labor has been hired since the time we began to lift ourselves out of industrial dependence upon England. English masters remember it, and feel that their problem with their "hands" would be easier if we were not in their way.

"But there you have reached the *reductio ad absurdum* of Protection. You profess to protect labor, and yet you permit its free importation in any quantity. To be consistent you should put a protective duty on such importations." Nay; we should do better than that. We should put an absolute prohibition upon the importation of labor. We have done so with the imported coolie labor of China, and I hope to see a similar prohibition on all such importations, whether they are from China, or Italy or Hungary or Ireland.[1] The coolie, who comes here without his family, who strikes no root in our soil, who is a virtual slave until he has earned as much as pays his passage-money, and who only wants to save a pittance to spend at home,—him we do not want on any terms. He is the

[1] This was done by the Congress then in session.

imported laborer. But the free immigrant, who comes to cast in his lot and that of his posterity with the American people, to accept their standard of living, and to make a home here for the wife and children he brings,—him we do want always. It is true he is a competitor in one particular line of production with the workmen who are here already; but true also that he is a fresh customer for those in every other line of production that ministers to general wants, and especially for our producers of food.

Mr. Rathbone of Liverpool has made an ingenious criticism on our American wages system, which deserves some attention. He admits that American wages are higher than English, but he claims for the latter that they are steadier and therefore on the whole more beneficial. He finds in the comparative unsteadiness of American wages a "demoralizing" influence, which he says must work against the highest interests of those who receive them. This way of reasoning at once recalls Mr. Carlyle's "Ilias Americana in Nuce." According to Mr. Carlyle and other apologists for human bondage, the great merit of slavery was in the steadiness of condition it secured to the laborer, and the security it gave him against such shifts from better to worse as befell the free laborer. And there is no doubt that slavery did all this, which Mr. Rathbone thinks of such importance; and no doubt also that when a nation's work-people have been brought down to what the English economists define as "the natural rate of wages," there is for them also a stability not unlike that of the slave. When workmen have been made to live upon such wages as secure them the real and the supposed necessaries of existence, you cannot

bring them much lower than that. They may as well starve in idleness as starve working, so they are insured from depression of wages below that standard. But it seems that the English workmen are not content with that rate, and by their Trades' Unions have secured a higher rate, in spite of the demonstrations of the orthodox economists that a higher rate is impossible. And as the steadiness of the old rate has disappeared, the "demoralization" mourned by Mr. Rathbone has set in. An English rector quotes the working men's wives as saying that an increase in wages means little more than a larger consumption of strong drink, and a more liberal beating of wives.

In America it has meant something very different from that. In this State the deposits in the savings' banks have increased fivefold since 1861, and the number of depositors has nearly doubled. In the savings' banks of New England there are deposits exceeding by forty millions all the deposits in the English savings' banks; and in New York the deposits are fully up to the English aggregate. This is not due to the greater facilities given for such deposits in America. On the contrary we have nothing so admirable as the English Post-Office Savings' Banks, and in England every pains has been taken to make the habit of saving general and popular. It is due to the fact that the English workman has but two per cent margin for saving, while the American has a very considerable margin, and makes this "demoralizing" use of it. We do not use savings' banks to any great extent in Philadelphia, because we think we have something much better in our building associations. These are managed by the investors themselves, and they use

the savings of our workingmen to secure homes for their own class. They have added twenty per cent of the value of all the real estate in our city, and have covered a large area with small houses. I know of no finer sight in America than the one I had from the third story of a house in which I used to live in the South-western part of the city, where I overlooked nearly a square mile of such houses,—all the homes of those who were living by their toil in workshop and store, and who there enjoyed a family life in that privacy which is the first condition of refinement and social elevation. I see nothing "demoralizing" in such results as these.

It is precisely to the moral results of higher wages that we appeal as the real vindication of our policy and our ideals. Higher wages have made the American workman more effective as a workman. They have put a readier spirit into him. They have made him willing to turn his hand to anything there is to be done in workshop or factory, while the English workman is bound by rules which caricature the caste restrictions of aristocratic society. They have given him a promptness of attention, which is of incalculable value to his employer. At the Centennial an English capitalist bought a machine which works on the principle of a stamp. It was worked by an American workman, who never lost a stroke. When it went to England it was found that an English workman, with a boy to help him in getting his work ready, lost from twenty to thirty strokes out of every hundred. Higher wages have given the American workman a genuine interest in the success of the business in which he is at work. An employer once wrote to me

that he found that one of his men had been lying awake at night trying to devise an improvement which would overcome a defect in the machine he was using, and that without any expectation of reward for so doing. In many of our workshops there is a standing offer of remuneration for the invention of such improvements; and the remarkable achievements of our inventors are but the summit-peaks of the general high level of intelligence in our workmen. Mr. Tiffany's establishment has furnished as abundant opportunities for testing the quality of American and foreign labor as can be found anywhere; and his foreman declares that the American workman has no superior in the world.

Higher wages have made possible to the great body of our workmen a very different kind of home life from that which is usual in Europe. It is not merely that their homes are much superior as buildings, but that so large a proportion of their wives are at home and their children at school, where in Europe they would all be in the factory or even in the workshop. Take the case of nail-making. In the British Islands nearly all the nails are made by hand; it is only a few years since nail-making machinery from America was set up for the first time in Belfast, and was, I believe, the first of the kind known in the United Kingdom. Throughout the Black Country in central England, you will see women and girls cased in leather aprons working at the nail-forges. So with the hoop-iron ties used in the fastening of cotton-bales. In 1883 there was a great and a successful outcry against the duty on these ties, which are made in America by men exclusively. In England they are made by women and girls. Even

where women and girls are employed in our manufactures, it is in less laborious and unwomanly work than is required of them in England, Belgium and Germany.

"All this," we are told, "only illustrates the selfishness of the protective system. It means a refusal of the American people to give any employment to the toiling millions of Europe. It means that we are to be content to have them live in their hunger and nakedness, and not to minister to their wants." I have already given you my reasons for believing that we can render no higher service to the working classes of Europe, than to maintain our own workmen at the highest possible level of comfort. It is that which has furnished them with the fulcrum for the raising of their wages, so far as this has been effected already. It is that which is now giving them their best help in carrying on that peaceful, social revolution, by which the aristocratic ideals are driven out of politics and industry alike, and a truer conception of the worth of man and workman is taking their place. Whatever depresses the condition of labor in America, gives new strength to the friends of restriction and privilege in Europe. Whatever elevates that condition, makes the advance of the social forces of reform and equality more rapid. And as this is the effect of our Tariff, no other class has a greater interest in its maintenance than the working people of Europe.

But even if it were not so, the simple fact that it is best for American labor to impose restrictions on the competition with Europe, would be reason enough. Our first duty in this matter is to our neighbors at home. That word "neighbor" seems to me to be the

foundation of social ethics. It is a grand Bible word, to which we cannot give too much weight. It means that in the divine order of human life, I am not related equally and indifferently to all mankind. A few stand very close to me, and my duty to them comes first. To a much larger body I am bound by varying degrees of social nearness, or neighborhood;—to the community, to the state, to the nation. My neighbor is the man whom this divine order of life brings into my life, and whose claim upon me grows out of this nearness to me. It is not the man of my sect, or even the man of the same nativity with me, or of my race. It is the man who comes into my life who has the neighbor's claim. And if a collision were possible between the interest of workmen in Europe and of those in our own country, I for one would do what I thought best for the latter, and would feel that I had discharged the highest responsibility in discharging the nearest. In so doing I should be no more selfish, than in heeding the Apostle's words: "If any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel."

Nor is this code of ethics negative. You may turn maxims of this kind into mere negations,—into mere denials of your obligations to others than those whom you know, as some people urge their duty to "the heathen at home" as a reason for giving nothing to foreign missions. But if you take it the other way, and look at it as a positive law, you will find it a most exacting law. It will help to bring you into right relations with the imperfect specimens of humanity who rub elbows with you, with the brother whom you have seen and whose faults you cannot help seeing also.

Above all it will help you to recognize the kinship of humanity as binding you to all who render you industrial service, however humble ; and it will keep you from thinking of them as merely "hands," or tools for your service.

IV.

ANSWERS TO OBJECTIONS.

Gentlemen of the University :—

I SHOULD be sorry to have you suppose that my first three lectures covered the whole ground of the argument for Protective Tariffs. Some important branches of that argument, such as the necessity of Protection on the part of a less wealthy country for the retention of its supply of gold coin, I have not been able to touch upon at all. And instead of proceeding to deal with these, I feel constrained to occupy this last lecture with an answer to some of the objections to this policy of Protection, you are likely to hear.

Permit me again to remind you that there is no such thing as ideal legislation. Every law has in it an element of compromise; it sacrifices something for the sake of a greater gain. It is necessary to lay great stress on this point; for if we forget it, we lay ourselves open to those arts by which the doctrinaire seeks to discredit the best and the most valuable methods of social procedure. It is only necessary for him to fix attention upon the lesser good which the law sacrifices, to treat this as though it were the main thing to be thought of, and by exaggeration of its value to bring it to fill a place in men's thoughts to which it has no claim. Such men are they who provoked Burke's

saying that "a penny held close to the eye, comes to look bigger than a sovereign in the distance." There never was a marriage law, for instance, which did not work hardship by either its looseness or its severity. And there never was a Tariff law, to which human ingenuity could not find or devise some plausible objections. The best is but a rough and ready way of accomplishing certain economic results, and must be judged broadly by its effects.

Furthermore the Tariff is no cure-all. There are no panaceas in medicine, and it is only quacks who say there are. There are some well ascertained specifics for certain diseases; and the Tariff is like them. It is the specific for the evil of a defective home production in some line of industry which is essential to the national welfare. Its object is to effect such an equalization of conditions, as will induce and enable the capitalist at home to put his capital into the neglected and defective industry, and bring home production up to the level of national demand. It seeks in this way the diversification of our industry, and if it has accomplished that it has done its work, and is not to be censured for not making men wise, virtuous or anything else that is not within its proper scope. And yet for these things it is censured.

It is said, for instance, "The Tariff is the instrument of dishonesty. It enables excessive charges in the years after its establishment, in that it gives a kind of monopoly, until the amount of home capital invested in the industry has become sufficient to cause a vigorous competition for the home market." It is quite possible that there have been excessive charges made and excessive profits reaped under such circumstances. If

it be so, the remedy is both near at hand and certain in its operation. But certainly no censor of our business morals would think of selecting our protected manufactures as the most glaring illustration of want of principle and overcharges in their dealings with the public. He would speak of the great "Corners" in oil, pork and wheat, and of the speculations in railroad securities, as the darkest stains on our commercial morality. Dr. Lyon Playfair, who was in this country some years ago, wrote in *Macmillan's Magazine* on his return an expression of his admiration for the honesty of the work done by the manufacturers of New England, and said he recognized a survival of the old Puritan spirit in this.

It is said with equal unreason, that "the Tariff tempts men to undertake industries under conditions, in which permanent success is as good as impossible." It may be quite true that protected manufactures have been begun under such conditions. But so have unprotected manufactures. "Against stupidity even the gods are powerless." The shift of English cotton spinning from Manchester to Oldham shows that even the Manchester school may put an industry in the wrong place. And when an American tries to spin cotton yarn in central New York, away from the sea air which plays so prominent a part in the industry, we may expect that he will go to school to experience for a sharp lesson. But manufacturers have no monopoly of stupidity. It is seen among commercial men in at least equal measure. On the revolt of the Spanish colonies, English exporting firms sent invoices of skates to cities where ice and snow had never been seen, and enough Epsom Salts to some places to

physic the whole population once a day for several years.

The great objection to the Tariff, and one into which so many others resolve themselves, is to its effects upon prices of protected commodities. It is charged that "it operates to make things dear and scarce, and therefore it oppresses the country upon which it is imposed."

I answer, in the first place, that neither scarcity nor dearness is the object of the Tariff, but the reverse. Its object is to cause an increased production of the articles it affects. If for instance we had had no duty on iron, then the production of iron for the world's use would have been much smaller than it now is. And by consequence it would have been dearer to the world than it is. Free Traders vindicate England for leaving herself dependent upon other countries for her supply of wheat, by the argument that she is the more secure from scarcity and famine, since she draws her food supply from a larger area. Whatever then enlarges the area from which we derive our supply of the manufactures we need must tend in the same way to cheapness and plenty.

Sometimes a duty on an article not largely made at home before its imposition causes no increase in the price, either soon or late. The reason for this is that the profits exacted by the middleman are often excessive, and the Tariff has the effect of forcing him to be content with less. Mr. Thomas Hughes, when he was last in Philadelphia, told us that our Tariff had effected such an increase of prices, that what had cost him but a shilling at home, he was asked a dollar for in America. Let us look at that statement closely: The duties in our Tariff did not amount to so much as

sixty-six per cent *ad valorem*, or 8 pence on the English shilling. Deducting 1s 8d from the 4s which make a dollar, there is left 2s 4d. What became of that 2s 4d which was neither part of the English price, not part of the American duty? I will be told that Mr. Hughes put his case too strongly. I do not believe that he did. He came to this country with a preference, as was natural, for certain articles of English make and use, and in which there is little or no American competition. He had to pay accordingly. My own family had just the same experience, when we had not yet been sufficiently Americanized to make our purchases on American lines. We found the shilling was the equivalent of the dollar. And that was in 1857, under the nearest approach to Free Trade this country ever had or is likely to have.

In such circumstances the trader finds it necessary to accept a reduction of his profits to hold the market. Or he finds the law has cut so heavily into them, that it is better worth his while to sell the home-made article at the old price, than to try to keep the market for his foreign correspondents. This is the change which has been going on in New York for the last fifteen years. Firms which once dealt only in imported textiles or hardwares and were zealous for Free Trade, are now selling American goods alone, and are either friendly to the protective policy or indifferent. They know from their own list of prices that the country is served as cheaply as before with the goods they deal in. The lists of prices furnished in 1869 to Mr. David A. Wells by the principal New York dealers in textiles showed that prices were no higher than in 1859 under Free Trade. At present they are much lower.

Sometimes a protective duty keeps prices in favor of the consumer simply by enabling the home producer to extend his operations to a much greater scale. As in publishing a newspaper, every increase in the circulation enables the publisher to give a better paper at a lower price, so, but in a less degree, is it with manufactures. There are certain elements of cost which are equal with a great out-put and a small one. Every extension of the business makes the costs from these outlays smaller in proportion to the whole quantity. Thus the duties on cotton goods laid by the Tariff of 1842, instead of making those goods dearer, actually reduced the price.

Even where a protective duty does cause an increase in prices, this increase is very seldom permanent. If the profits in any line of production be above the average, capital will usually be attracted into that business, until the home competition pulls down prices and profits to the normal level. This levelling does not proceed with the rapidity and uniformity which the older economists took for granted. But it does operate sooner or later, and the Protective policy put no restraint on its operation. English Free Traders insist on this fact as a reason against Protection. They say, "Your tariff aimed at an increase of prices; but as it put no limit to home competition, that pulled prices and profits in the protected industries down to the usual level, and thus defeated the object of the Tariff." We reply, "That was the very intention of our Tariff laws, to bring prices and profits in the protected lines of production to the normal level." American Free Traders seem to differ from their English brethren, by denying that this will be the result. They seem to

assert that the amount of the protective duty will be added to the price, in spite of the home competition. In this they seem to me to abandon that faith in the efficacy of competition as an equalizing force, which is the foundation of Adam Smith's teaching. They "read themselves out of" his school, by taking this position.

There are more serious objections to this notion that the protected manufacturer can add the duty to price, than that it is in collision with Free Trade orthodoxy. It is in conflict with common sense. To use a favorite illustration of Horace Greeley's, would a thousand dollar duty on a ton of imported iron, put the price of iron up to a thousand dollars a ton? Does the duty of fifteen cents a bushel upon imported potatoes enable the farmers to extract fifteen million dollars a year out of the consumers, which we would not have to pay if there were no such duty. Suppose that our Tariff were prohibitory upon every article on which it imposes a protective duty;—would there then be no limit to the price at which those articles would be sold in this country? Suppose there were no other country on the planet than ourselves;—would our fifty-five millions not manage to supply each other with all the great staples of necessary use on reasonable and honest terms? Or are we to suppose that our only hold upon life's comforts and upon the Ten Commandments besides, is through the existence of other countries, which are eager to share in the work of supplying our needs? The very utmost that a prohibitory Tariff could do would be to throw us on our own resources to a degree which no protectionist ever has proposed or even thought of. Even in that case it would be found that there are laws which determine prices apart

from the duties of the Tariff, or the foreign competition it checks.

Is it safe to assume, as our Free Traders seem always to assume, that in the absence of the home competition which the Tariff has caused, we would be able to buy foreign goods at the lowest price at which they could be reasonably afforded, or that we would get them as cheap as we do now? Mr. Hughes suggests the contrary by his shilling and dollar argument. We have had repeated instances of the sudden lowering of prices upon the beginning of home competition with the foreign producer. The most notable case is that of steel rails. During the Civil War, when this manufacture was already established in England, an agent was sent by several of our largest railroads to ask at what price steel rails could be furnished at the wharf in Philadelphia. The answer was, "One hundred and forty dollars (twenty-eight pounds) in gold a ton." The price seemed exorbitant to those railroads, and they combined to establish the manufacture in America. Before a single rail had been rolled in this country, the English makers revised their offer and proposed to furnish rails at sixteen pounds a ton! If we now can buy them at half that price, it is because John Bull has not the monopoly of the business. In 1869--70 there was a sudden increase in our demand for pig-iron. At once the English producer put the price up to twice what it had been before. Here again we may borrow from our Free Traders the maxim that it is wisest to have "a large field from which to draw our supply" of necessaries such as iron.

Thus far I have been accepting and arguing from this assumption that the question of the price at which

articles can be bought is the main point in national economy. Let me now suggest that this assumption is itself a fallacy, and that the protective policy would be the wiser one, even if its effects were to increase the price of every protected article, both greatly and permanently. It is said, "We should buy in the cheapest market and sell in the dearest." But what if buying in the cheapest market leaves us no dearest market to sell in, but only a cheapest market for that purpose also? What if, by refusing to buy in the cheapest market, we can create at our own doors markets in which the relation of price to price is more favorable than is possible under any other arrangement? It is this matter of the relation of price to price that chiefly interests every one who has something to sell. It is little gain to him that he can buy cheaply, if he has either no market to sell in, or a wretchedly bad one. To fix his attention upon the one side of the account alone, and to distract his attention from the other, is not the work of a wise and just adviser. And this is exactly what makes up most of the arguments for the Free Trade policy. The citizen in these arguments is always buying. That he has anything to sell, and needs to look to both sides of the account, he is not reminded. Protection looks to both sides. It brings the farmer and the artizan into neighborhood, that the former may get a better price for his produce. It effects that diversification of industry, in whose absence there is no competition for labor, or only such a competition—Cliffe Leslie tells us—as results in forcing wages down. It secures that more rapid societary circulation, in which exchanges are made with greater rapidity and greater advantage to all par-

ties, and in which the demand for every kind of service,—intellectual as well as manual toil,—is constantly on the increase.

"Ah! Yes; the producer! That is all your cry. But we think of the consumer first and last. The interest of the producer is but the interest of a class, after all is said, while the interest of the consumer is that of society at large. Your protective legislation is legislation for class interests, and against the interest of the consumer, which is in getting things cheap, from whatever market or workshop they may come. Protective legislation is essentially anti-social."

This, I admit, is a very strong argument—for the longitude of London. It will have force and weight also in any community that resembles London society, —in which a great body of persons are living off the earnings and accumulations of others, without doing anything to earn a living for themselves. They are indeed consumers, *nati consumere fruges*, whose interest is only in the price of what they buy; for they live a butterfly existence whose industrial problems are summed up in the questions, "What shall we eat, and what shall we drink, and wherewithal shall we be clothed, and with what pastime shall we fill up the hours for which we have no useful work?" In a great city where such a class gives tone to society, there always is a large body of unwavering Free Traders. And this is the explanation of the contempt and indifference with which London has ignored the cries of distress which go up from the mining, iron-working and ship-building districts of Northern and Middle-England this hard winter. This is the reason of its attitude towards that Fair Trade movement, which has

taken root in even Manchester. It is the reason why London with every year becomes more alien in politics and otherwise from the feelings and convictions of the busy England she no longer represents.

But in America this worship of the Consumer has not rooted itself very deeply, or spread its branches very widely. We have a small butterfly class in our great cities, but a constant drain of its members to Europe in search of congenial elements keeps it small. In America we all are producers in some sort. By mind or hand we are adding to the resources of the community, and are interested in the prosperity of its producing classes.

These "hard times" serve to enable us to see how closely the welfare of society at large is identified with that of the producing classes. If the Free Trader be right,—if cheapness be the interest of the consumer, and if the interest of the consumer be identical with that of society,—then hard times are the best of times, are in fact the paradise of the Free Trader. For hard times are times characterized by a great cheapness of all kind of commodities, that being indeed one of their essential characters. Yet the Free Trader does not like hard times a bit better than any of the rest of us,—fails in fact to recognize his paradise as a paradise at all. He looks for an "improvement in prices" with as much anxiety as the rest of the world, and by that he means not a fall but a rise in prices. At times he abuses the Tariff for bringing about hard times, that is for causing this great cheapness of everything, just as before he abused it for making things dear. Surely he is hard to please! On his principles the Tariff could not do anything better for us than to cause hard times.

"But has not the Tariff overstimulated production? Is it not the cause of our making too much of everything, and is not over-production a chief cause of hard times?" If this question be asked by any one but a Free Trader, it is entitled to an answer. He is not entitled to any. Possibly it is true that over-production is a cause of hard times. Perhaps we are making more goods of all kinds—food not excepted,—than we have a right to expect a market for. And again, possibly we are doing nothing of the kind. There is such a thing as a normal demand for commodities, and there seem to be times when the demand is less than normal, through some obstacle coming between the producer and the consumer, and preventing the exchanges of commodities and services. It seems as if we were in just such a period now, and that the present strange distrust and paralysis of confidence stood in the way of exchange. These are the times when no man will purchase more than he must,—when the merchant lets his stock of goods run low, and the customer puts up with an old stove or an old kettle, which in ordinary times he would replace with a new one. And not until the stock of goods must be replaced and the old stove must give way to a new one, and the old kettle must be replaced, will there be a return to normal demand.

It is one of the unfortunate features of hard times that they tend of themselves to stimulate over-production, by making production so much cheaper. The article made at new rates of cost of raw materials and lower rates of wages, naturally can be furnished and used at more advantageous terms, than can what was produced before hard times began. English ship-

building, for instance, received a great impulse in the opening years of this period of depression, because ships could be built so cheaply that the ships already in use could not compete with them. The new ships "cut under" the old ones.

That Protection is the cause of hard times will be said only by those who shut their eyes to the fact that business depression is a world-wide calamity in these years. America has no monopoly of it, and our people are not suffering nearly so severely as are the working classes in England. The most pitiful tales of suffering reach us from the North of England in particular, and the suffering in Eastern London has reached a depth not known for many years even in that haunt of perennial want and misery. I think it very notable that the only workmen around Newcastle who are keeping their heads above water, are those who have a bit of land in connection with their cottages, on which they raise some food for their families. It is this that points to the true remedy for distress among the working people of England. The people who have been rent away from the land, must find their way back to it.

Free Trade has not averted hard times; and if Protection in America has not done so, it has saved us from some of the worst consequences of depression. Ill off as we are, Free Trade would have made matters much worse. In that cold wave we had just before Christmas week, we who live on the hills above Philadelphia found it very hard to keep warm in our houses. We crouched around registers and fire-places to but little purpose. But I did not hear any one propose to tear down the house, and try how we could get on upon the open hill-side. And I do not see how hard

times are to be remedied by tearing down the Tariff, and making our ports the open dumping-ground for the goods with which the markets of Europe are surfeited. I know it is said that our chief need is larger exports, and that Free Trade, by effecting a general reduction in the cost of manufacture, would enable us to export more freely. But England has all the access to foreign markets which it is supposed Free Trade would secure to us, and yet she is at least no more happy or prosperous than we are without it.

"Protection," it is charged, "is the enemy of commerce. It has almost driven our flag from the ocean. It prevents exports by restricting imports, by raising prices and increasing the cost of production." What is commerce? As we use the word in Mr. Carey's school, it is the interchange of services or of commodities between persons or groups of different industrial functions. In this sense the United States has the greatest commerce in the world, and would continue to have it, if we had not a single port on our sea-board. It is a bit of English narrowness to make the word cover only the transactions represented by the tables of exports and imports. It is natural enough for England to measure her commerce by that standard, for the vicious policy she has been pursuing for the last century or more, has made her prosperity and almost her existence depend upon the exports and imports of commodities through her ports. But it is to shut our eyes to our own happier situation, if we identify our commerce with the amount of our transactions with foreign nations effected through the few harbors on our inhospitable coast. We have the largest commerce of any country in the world, in the

true and broad sense of the term, which is sanctioned by old English usage. And the tonnage we employ in moving it is the largest any country possesses, if we include all that floats on fresh as well as salt water.

Our ordinary collections of statistics are quite misleading in this respect. They gather up for us only those parts of our commercial exchanges, which take place under conditions which permit of easy calculation and collection. They fix our eyes generally on those bulks of commodities, which are gathered at some one point, and ignore the much greater bulks which never are so gathered. They tell us of the magnitude of the grain trade, and mean thereby the bulks of wheat and corn that come to New York and other seaports for export, and not the far vaster bulks that are consumed in the vicinity of the farm or cross the Alleghenies, not to touch salt water, but to be consumed in our great manufacturing districts. We need to pay much more attention to the aggregate magnitude of small amounts, if we are to estimate justly the course of our commerce.

But if we accept this English test of the bulk and value of exports, as showing the extent of our commerce, we shall find reason to believe that protective tariffs are not so great an impediment to its growth as is alleged. In 1848 the combined exports of France and the United States exceeded those of England in value by but £1,875,000. In 1878 their excess was £76,153,418. The growth was about equally divided, and these were the thirty years which followed the adoption of Free Trade in England. In 1881 their excess over England was £152,491,800.

It is said that our exports are chiefly food and raw

materials, and that we exported more manufactures proportionally in 1860 under Free Trade, than we now do under a Tariff whose purpose is to develop our manufactures. If this were true, it would prove the reverse of what is intended. If we make vastly more manufactures, and export less than in 1860, that must mean that the people's power to consume has been greatly increased in the meantime; and the power to consume is the final test of national prosperity. But great as has been the increase in the export of food and raw materials, that of manufactures has been relatively greater. In 1860 we exported twenty-eight per cent of manufactured and half-manufactured goods. In 1881 the proportion was forty-four per cent. We send stoves to fifty-two countries; machinery to fifty; tools to forty-eight; firearms to forty-five; files and saws to forty-two; cutlery to thirty-six; and twenty-five million yards of honest American cottons to England.[1]

"Why then cannot we export our whole surplus to other countries, and especially to South America, from whom we buy twice as much as we sell?" Chiefly because we have neglected the development of our merchant marine by leaving it entirely outside that protective legislation, by which the prosperity of other industries has been sought and achieved. The result has been exactly what any Protectionist would have foretold. While other countries were fostering their great lines of steamships by subsidies, America remained passive. At first something was done, and with good results. But in 1855 the United States

[1] Col. Grosvenor in *The New York Tribune*.

Senate, on the motion of Mr. Jefferson Davis, placed its veto upon the subsidy system, and at once the decline of our mercantile marine began. Other countries made it more profitable to sail ships under their flags, than it was under ours; and as we put no restrictions on their use of our ports, and discriminated in no way in favor of ships bearing the American flag, ours began to be the one most seldom seen at the mast-head of any but coasting vessels. The war helped the decline, not only through the destruction of our vessels by privateers, but by the transfer of many to English and other registrations. Since the war nothing has been done to retrieve the loss, and the country has followed Mr. Davis's leadership in this matter for just thirty years. As a consequence the countries which do our carrying-trade for us are free to arrange it for their own profit and advantage. Thus our purchases from South America are largely paid by the export of English manufactures from Liverpool to Rio Janeiro in vessels which load with coffee and hides for New York, and then return from New York to Liverpool with a cargo of grain. These three-cornered voyages enable English manufacturers to use our purchases to promote their sales.

It is said that if Americans had the liberty to buy their ships of British builders, there would be a much larger investment of American capital in shipping, and we would do our own carrying trade and thus increase our exports. Hence the cry for "free ships." But we have "free ships" now, and Americans are free to buy ships where they please, and to own them to any extent that they please. That there is no restriction laid by our laws upon either the purchase or use of

vessels of foreign build, is shown by the fact that many such ships are so owned. The Guion Line in New York for instance, is owned entirely or mainly by American capitalists. The American line in Philadelphia has recently been sold to a nominally Belgian Company, which owns several steamers of Belgian build. But that company is made up of Philadelphia capitalists, who find it more profitable to run their ships under the Belgian than the American flag, as Belgium pays a subsidy and we do not. Our laws place them under no disadvantage whatever in the matter of access to our ports and the incidence of charges, while till very recently our laws for the protection of the American sailor put American shipowners under very serious disadvantages as compared with their foreign competitors. A ship is the one article that comes into our country without paying a penny in discriminating duties. As for the common charges levied on all vessels, they are lighter in America than in any part of Europe. We have no light-dues for the maintenance of out Light-House system, as England and most of our commercial rivals have. This makes our ports the favorite haunt of "ocean tramps," which are "tooting" for a cargo. There is no place in the world so cheap for a ship to lounge in as an American sea-port.

What then does this cry for "free ships" mean? It is a demand for the repeal of our Registration laws, which exclude vessels of foreign build from American registry. Those laws were passed in President Washington's first administration. They have remained unrepealed through all changes of administration and of party policy since that time. Free Traders equally

with Protectionists have kept them intact. The demand for their repeal began after the war, when those ship-owners who had transferred their vessels from our registry to that of England wished to bring them back again. The country made answer, "If our flag is not good enough for you in time of war, you must just do without it in time of peace. We will alter no law for the benefit of people who did not believe the nation strong enough to protect them on the seas or to secure them redress of their losses from English-built privateers." The country still says that the ship that flies the American flag at the mast-head, shall bear the marks of the American hammer on its keel.

There are special objections made to protective duties on two classes of commodities. The first of these is necessaries. I hold that no class should be more steadily and effectively protected than these. You will find in the messages of our early presidents a constant urgency for such duties as will make the country independent of all others for the supply of necessary articles. The need for this was brought home to them by the experiences of both the first and the second wars with Great Britain. It was brought home to the South in the war for the maintenance of the Union. It was a great source of weakness to the Southern Confederacy that it allowed itself to remain dependent upon other countries for even such necessary articles as salt and paper. It was a great part of the strength of the North, that it was in a position to supply itself promptly with so much, and in a short time,—thanks to the Protective Tariff,—with all that it needed. How far that Tariff has brought us toward industrial independence, such as our elder statesmen

desired for the nation, may be seen by comparing our imports with our manufacturing product. We import one hundred and twelve sorts of manufactured goods. Of ninety of these sorts we produce eighty per cent of our annual consumption, and in many cases all but about three or four per cent. In but three of the one hundred and twelve, do the imports amount to the greater part of the consumption.

Special objection is made to the imposition of duties on the raw material of a manufacture. This objection is sustained by such good Protectionist authorities as Alexander Hamilton and Professor Bowen. I confess that even this high authority has not enabled me to see much force in the objection. The Protective Tariff has not for its object the promotion of manufactures only, but the development of the national industry in every direction in which the nation comes short of supplying itself with what its resources and the capacities of its people fit it to obtain at home. In this view the protection of the wool-grower, for instance, is as legitimate as is that of the woolen manufacturer. It is as necessary for the nation to have a home supply of wool and pig iron and the like, as to have a home supply of anything that is made of these. And in view of the fact that the American farmer has so much overdone the business of raising wheat, it would be especially desirable to give him every inducement to go forward with that remarkable development of our wool-growing industry which has been the result of the protective duty on wool since 1861.

It is objected that "A Protective Tariff is found to produce a surplus of revenue far in excess of the needs

of the national government. This excess of revenue leads to all kinds of jobs in Congressional legislation, of which some recent pension laws and River and Harbor bills are the best known specimens. It is demoralizing our national politics, and there must be a reduction of duties to bring the revenue within the compass of the needs of the government for legitimate expenditure." As a matter of fact we have no surplus yet, and will have none until the bonds within our reach are paid off, which will not be for years. If national money has been taken for jobs, it has not been because there has not been a legitimate use for every penny of it in paying the national debt. It is the American notion of a national debt that it is a good thing to get rid of as fast as the resources of the nation permit. There are those among us who call this foolish, and point us to the example of Europe as worthy of our imitation. But European financiers like Mr. Gladstone think we are wise to pay as fast as we can ; and nothing has done more to strengthen our position in Europe than our rapid discharge of our obligations. It was predicted at the close of the war that a party of repudiation would arise, and would wipe out the debt by a confiscatory law. But now Europeans are saying: "A democracy can deny themselves and make sacrifices, for the maintenance of the national honor and the payment of the national debt."

As to what shall be done when the bonds now accessible for payment are exhausted, there is no agreement among Protectionists. They are agreed, however, that if the revenue is to be reduced, it is not by the mischievous and uncertain method of reducing duties. A reduction of duties generally increases the revenue by

stimulating imports; and if we had a deficit of revenue instead of an excess, our Free Trade friends would be the first to remind us of this fact. It is only when a duty is in excess of what is needed for protection, or the reduction is very great, that a reduction produces a diminished income to the government. The revision of 1883 has removed from the American Tariff all such duties as fit the former supposition. Even our revenue reformers assure us that they do not mean to ask for any sweeping changes in the duties enacted for protection. It would therefore be extremely unwise to take their advice as to reducing the Tariff, as they would be almost certain to make the surplus of revenue more embarrassing than it now is.

Some Protectionists agree with Mr. Randall that the repeal of the remaining Internal Revenue taxes would be the most desirable course to take. They want "Revenue from the Tariff only" instead of "A Tariff for Revenue only." This plan is open to the serious objection that whiskey and tobacco are articles whose taxation in order to discourage their use, meets (and justly) with the general approval of the country. Nor is it true, as the friends of the plan have suggested, that the states can reimpose the duties for their own benefit as fast as the general government abolishes them. They cannot tax the *manufacture* of tobacco or whiskey, as this would drive the business from such states as did tax it into those which did not. Nor can they make any agreement among themselves as to the establishment of a common rate of taxation, for all such agreements are prohibited by the Constitution. Only the nation can deal with the question in this way. That a state cannot successfully tax the *consumption* of

whiskey even, has been shown by the failure of Virginia to do this. Nothing remains for the states but taxation by license to sell, and that most of them have already.

Other Protectionists propose the abolition of the sugar duties, and for this there is a very strong case. It is true that they were imposed with the purpose of developing our home production of sugar to the point of meeting the national demand. But the result has shown this to be impossible. We do not produce more sugar now than when the war began, and it is certain that the supply from Louisiana and other Southern states never will come up to our demand. In 1883 we produced but about two hundred millions pounds of sugar, and imported more that eleven times as much. On every pound of this import the American consumer paid duty,—a tax from which no one could exempt himself, and the only duty in the Tariff of which this could be said. On Protectionist principles the duty should be repealed, as it neither has nor can fulfill the purpose of a protectionist duty. If the country is to continue to favor our own sugar producers, it should be done by a premium on their produce.

For my part I think we need a better and more elastic means for the adjustment of revenue to expenditure, than can be effected by any alteration of duties. I look to the precedent of 1836 as pointing us to the wisest way out of the difficulty. I agree with President Jackson in his rejection of the plan proposed by Mr. Clay and revived by Mr. Logan and Mr. Blaine, to set aside definite parts of the national revenue for the use of the states. But I think that we might well

follow his suggestion, adopted by Mr. Calhoun and finally sanctioned by Congress, that any surplus of revenue should be distributed among the states on the basis of population.

The Constitution of 1787 effected a distribution of functions and of revenues between the states and the nation, which has proved in the main both practical and wise. But it has not been a faultless arrangement. And one of its most striking defects is that it gives the nation the command of all the easy and popular source of revenue, while it leaves to the states a much larger share of the duties and burdens of government than can well be met by direct taxation. And direct taxation on personal property and real estate is the only source of revenue to which the states can look, import duties being forbidden and excise duties impracticable. As a consequence of this the work done by the state governments and their subordinate local governments is both oppressively burdensome to their people, and as a rule it is done very imperfectly. No country in the world throws upon the payers of direct taxes so much of the public burdens as does the United States. It is not to be wondered at that the collection of such a mass of direct taxes as this should prove a most vexatious and often a demoralizing business. Each state has its own methods, and since Mr. David A. Wells has praised it, we venture to believe that ours in Pennsylvania is none of the worst. In some states, notably in Vermont, the methods are inquisitorial and annoying in the extreme. All of them, our own not excepted, are oppressive in the incidence of their amounts, and they put a constant premium on evasions and deceit. I am told that the

taxation system of Massachusetts has driven out of your state industries that otherwise would have made their homes here, and serves to account for the large number of things made in other states which are seen in use among you.

When we pass from the collection to the outlay of state and local taxation, we find a most unsatisfactory state of things. Here in New England, through the conscientiousness of your people and the efficiency of your town meetings, local government is more expensive and more efficient than elsewhere. In other communities much less is done, and that little as cheaply as possible. When I was in a school district of Southern Illinois, I was told that the office of school teacher was disposed of by the directors at a kind of Dutch auction, the lowest bidder being invariably accepted, to the just indignation of the mothers of the children. That is only an extreme case of the kind of local government meanness which exists almost all over this country, and the schools and the roads have suffered the worst from it. In wealthy and populous districts of America the roads are worse than in Connemara or the Mauritius. And the frightful amount of illiteracy among our American voters, which, in several of our states, puts a practical control of elections into the hands of masses who can neither read nor write, is a comment on the condition of popular education in a country whose public order rests on the intelligence and good will of the people. In these days there is a great awakening of interest in popular education in the Southern states; but the Southern people find themselves weakened in their efforts in this direction by want of money to establish and maintain schools.

Their local resources of revenue do not suffice for the proper education of their whole people.

This then is our national situation. We have too much in the big governmental pocket at Washington, and too little in the lesser pockets at the state and county and township centres of our system. And by reason of the constitutional restrictions we have laid on ourselves, we cannot divert the flow of this surplus from the big pockets to the little ones. We only can take the money from the former and transfer it to the latter, as did the statesmen of the last generation in 1836. Why not do it over again, since after all these pockets are all the pockets of Uncle Sam, although they are in different coats? If we did there would be, as Mr. Calhoun well urged, an end to congressional jobs of every sort. The members of the House would all become "watch dogs of the Treasury," in order to secure a larger share to their states by carrying out a policy of economy and retrenchment. As the share given to each state would be determined simply by its population, there would be no room for partizan favoritism or any other sort of manipulation, such as now attends the passage of appropriation bills for public works. The one danger we would have to guard against would be the temptation to cut down the appropriations for national purposes below the real needs of the government.

In connection with this plan it might be possible to secure the payment of the state and local debts of the country, both acknowledged and repudiated. A share of each distribution might be set apart for this purpose, and the payment might be made through the national Treasury in the order of the issue of the state or local

bonds, and without reference to any legislation by which the validity of contracts had been impaired.

Do not regard this proposal to distribute the surplus as standing in any essential connection with the policy of Protection. Mr. John C. Calhoun, certainly was not a Protectionist at the time he proposed it. It fits equally well into any fiscal policy, and obviates the necessity for a constant readjustment of our customs duties to the needs of the national revenue. It also furnishes the means to maintain the national revenue at the debt-paying point, through the interval when there will be no bonds within reach of the Treasury for redemption. Neither is it a proposal which must array one political party against the other. It was passed by the Jackson and Calhoun Democrats in 1836; it was taken up by the Whigs in 1842, and it was only Mr. Tylor's veto that prevented it from becoming a part of the settled policy of the national government.

In concluding these lectures, gentlemen of the university, I will not thank you for the courteous attention you have given me throughout them. That would be to assume that it was something less than your interest in these great questions which has brought you to hear one who came among you as an entire stranger and with nothing but his subject to commend him to your regards. I shall end therefore with the prayer that you may go from Harvard with higher and truer conceptions of that "partnership in all science, in all art, in every virtue, and in all perfection," into which you were born as citizens of the nation.

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