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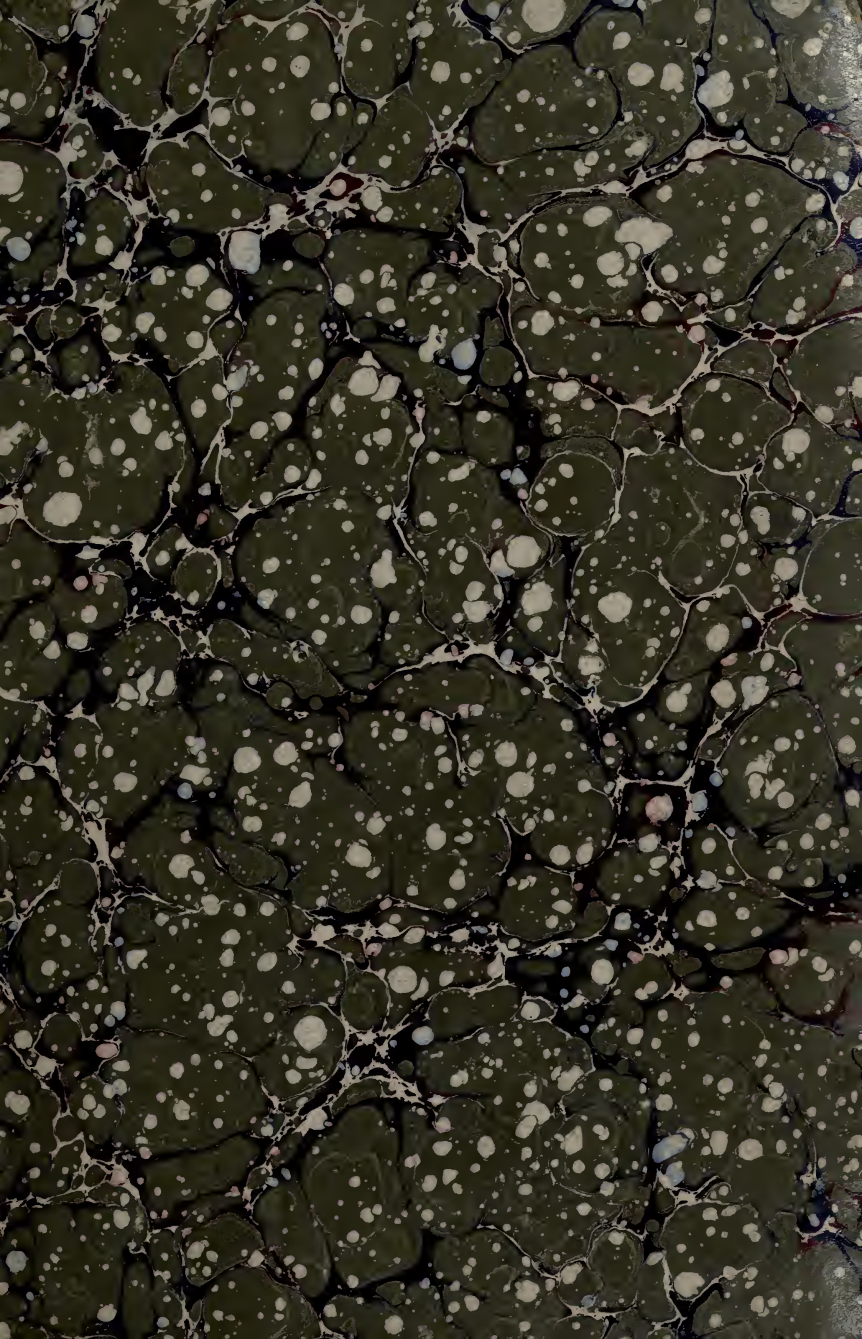


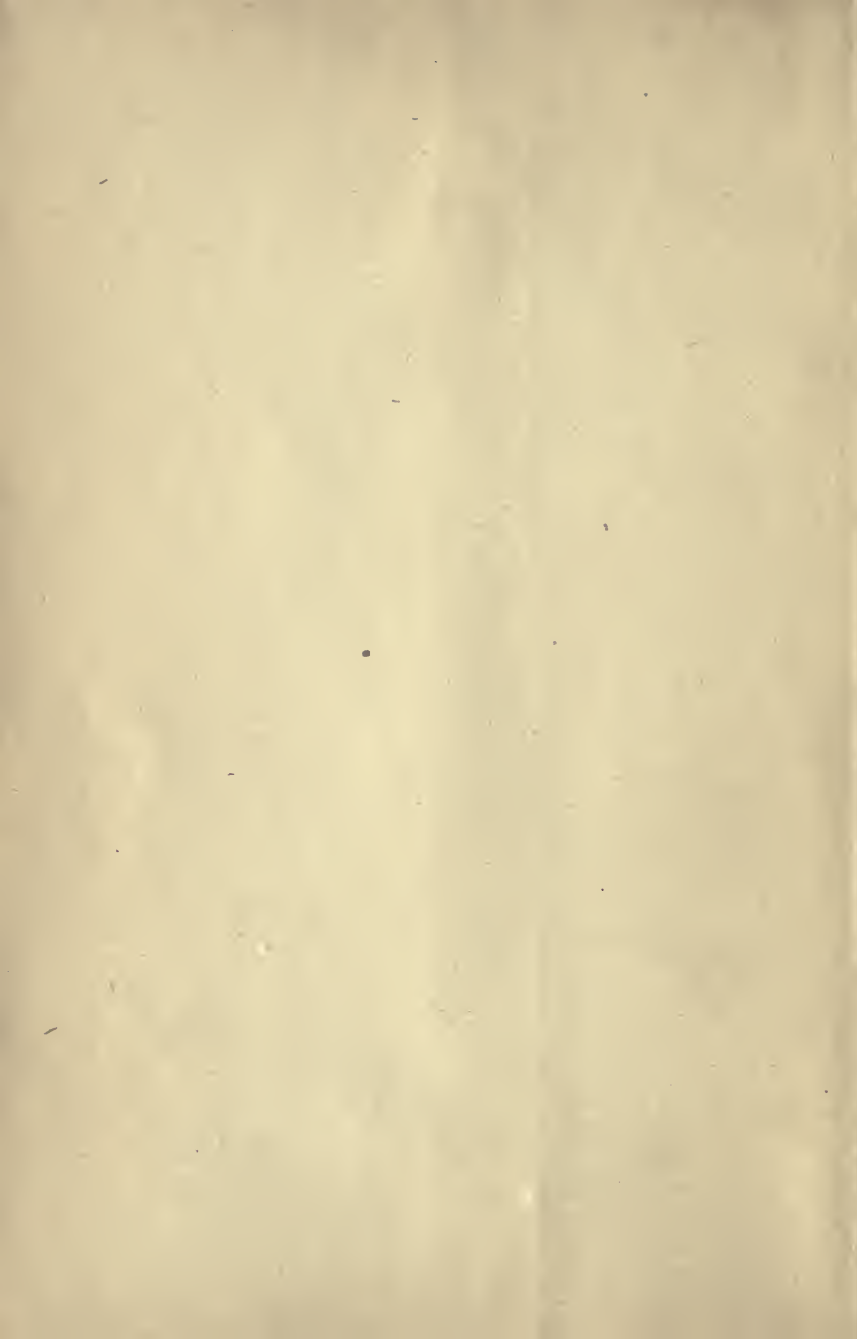
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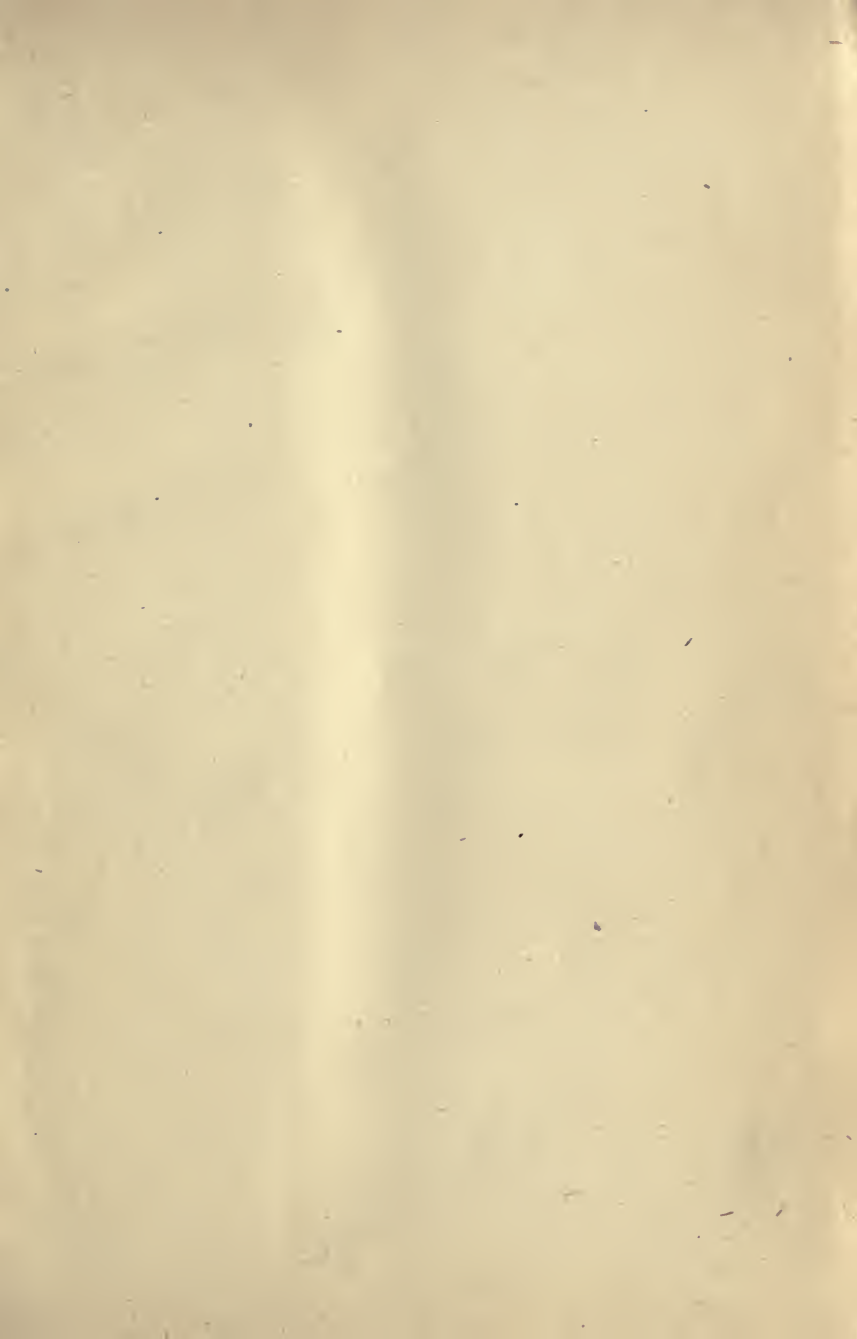
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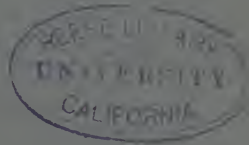
QUESTIONS OF THE DAY. No. LIV.

RELATION
OF THE
TARIFF TO WAGES

A SIMPLE CATECHISM FOR THOSE WHO DESIRE TO
UNDERSTAND THIS MATTER

BY

DAVID A. WELLS



NEW YORK & LONDON
G. P. PUTNAM'S SONS
The Knickerbocker Press
1888

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RELATION OF THE TARIFF TO WAGES.

“Were it possible for every voter of the Republic to see for himself the condition and recompense of labor in Europe, the party of free trade in the United States would not receive the support of one wage-worker between the two oceans.”—Paris Letter of James G. Blaine, May, 1888.

This means, according to Mr. Blaine :

(1) That if the United States was in all respects like Europe, “the condition and recompense of labor” in the United States would be the same as “the condition and recompense of labor” in Europe. But as nobody pretends that the condition of the United States is in any degree similar to that of Europe, or is likely to become so, there can be no sense in making any such assumption.

(2) It implies that if it was not for our existing high-tariff policy, “the condition and recompense of labor” in the United States would be the same as “the condition and recompense of labor” in Europe, which assumption is not only not true; but has not the slightest foundation in truth.

THE RELATIVE MATERIAL CONDITION OF EUROPE AND
THE UNITED STATES.

Q. In what acknowledged particulars is the condition of Europe unlike that of the United States?

A. In Europe all natural resources, originally the free gift of nature, have long ago been fully appropriated, and in part exhausted. Every foot of land has its owner or tenant; every mine, quarry, forest, or tree bearing fruit, its possessor; and even the right to fish in the sea, or capture the wild beasts of the field, or the fowls of the air, has become in a great degree an exclusive privilege.

Q. In what other marked respect is the economic condition of Europe unlike that of the United States?

A. The number of men in active service in the armies and navies of Europe for the year 1886 was reported to be 4,123,374, or 1 to every 15 of all the men of arms-bearing age.

The number of men in reserve who are armed, subject to drill, and held ready for service at any moment, was 14,252,915 in addition. Including the reserves, the present standing armies and navies of Europe require the services of 1 in every 5 of the men of arms-bearing age, or 1 in every 24 of the whole population.

Q. How does the number of men in the armies and navies of Europe compare with the number of men in the army and navy of the United States?

A. The number of men enrolled as in active service in the army and navy of the United States in

1886 was 36,291, or 1 in every 322 of all men of arms-bearing age, or 1 in every 1,610 of the whole population.

Q. What is the estimated annual expenditure of Europe at the present time for military and naval purposes?

A. At least a thousand millions of dollars.

Q. How much work performed—not that abundance of useful and desirable things may be increased, but decreased; not that human toil and suffering may be lightened, but augmented—does such an expenditure entail?

A. It is estimated that it requires the constant product of one peasant engaged in agriculture, or of one operative engaged in manufacturing in the commercial and manufacturing states of Europe, to sustain one soldier; that it requires the labor of one man to be diverted from every 200 acres; and that a sum equivalent to \$1.10 shall be deducted from the annual product of every acre.

R. What are the corresponding figures for the United States?

A. In the United States one man is kept under arms by the Federal Government for every 51,000 acres; and the annual tax for his support and for all other military expenditures is equivalent to an assessment of about three cents per acre.

Q. What is likely to be the outcome in Europe of such wasteful expenditures, diversion of labor from profitable to destructive employments, and consequent burdensome taxation and increasing indebtedness?

A. There is an almost perfect agreement in opinion among all who have carefully studied the situation, that the existence and continuance of the present military system of continental Europe is impoverishing its people, impairing their industrial strength, effectually hindering progress, driving the most promising men out of the several states to seek peaceful homes in foreign states, and ultimately threatening the destruction of the whole fabric of society.

Q. What is the present relative burden of national indebtedness in Europe and the United States?

A. The national indebtedness of Europe, which has been incurred merely for war purposes, was estimated in 1887 at the enormous sum of \$23,000,000,000 (£4,684,000,000), or at an average of over \$60 per head for every man, woman, and child of its population. For the commercial and manufacturing states of Europe the relative burden of debt is greater, and is at present estimated at an average of about \$80 per head.

The total debt of the United States on August 1, 1888, less available cash in the Treasury, was \$1,161,447,358, or less than \$19 per head.

Q. In what other particulars, besides exemption from enormous military and tax burdens, have the people of the United States an industrial advantage over the people of Europe?

A. They have a larger amount of cheap and fertile land—the original source of all wealth,—made readily accessible by unexampled and cheap means of communication—roads, rivers, lakes, canals, railroads,

and telegraphs,—than almost any other nation. Their territory offers a greater diversity of soil, climate, product, and employment to its inhabitants than any other equal area on the face of the globe; and, in addition to this wonderful field for labor, the intelligence, energy, and productive skill of the people of the United States surpass that of the people of any other country. What idiots the people of the United States must be, if they do not get more for their work than the people of Europe.

Q. When Mr. Blaine, Senator Frye, and others return from Europe, and descanting upon the poverty and the condition and recompense of its people, assert, or leave one to infer, that but for our peculiar system and amount of taxation, the people of the United States would be in a like condition, what inference from such talk is legitimate?

A. That they either mean to deceive, or do not know what they are talking about.

Q. But does not this condition of affairs in Europe compel its population to work for lower rates of wages than are paid in the United States in similar employments?

A. No one can deny that the rates of wages in most employments in Europe and most other countries are much less than prevail in the United States.

Q. Does not this prove, as the advocates of protection by high taxation assert, that the American workman, receiving higher wages, needs protection on the importation of foreign competitive products to prevent his being undersold in his own market; and that without such protection he would be compelled

to accept lower wages or be deprived of employment?

A. This question may be answered by what is termed the "Yankee way," of asking another. What sort of competition does a person engaged in any occupation most dread—that of the intelligent, well-fed man, possessing the best tools, ample capital, and good location, or of the ignorant, half-starved man, deficient in the ownership and knowledge of good tools, and with disadvantageous surroundings? What merchant can best defy competition? the one who pays thousands of dollars rent for a corner store, on the best street, or the man who occupies a small establishment on a side street, paying a few hundred dollars rental? Does any average American dread the competition of such persons in his own country? and does the drawing of the line on the earth's surface, and calling one side Europe and the other United States, make the competition of paupers different on one side of such line from what it is on the other?

Q. What must be the mental condition of a man who commences the discussion of the tariff question with the assumption that the condition and recompense of labor would be alike in Europe and the United States except for protective legislation in the latter country?

A. In a condition of muddle that wholly disqualifies him from arriving at any intelligent conclusions on this subject.

Q. What determines the rate of wages?

A. Supply and demand in the first instance deter-

mines the price (wages) of labor, as it does the price of every thing else one desires to sell. When the supply of labor in any department of industry—as in the manufacture of clothing—is in excess of demand, such excess of supply determines the rate of wages before any or all other considerations; and under such circumstances the lowest rates will be paid for labor that any laborer can be induced to accept.

Q. What other considerations influence and determine the rate of wages?

A. Although the supply of labor, as the supply of all other salable things, sometimes exceeds any current demand, yet in most occupations, and in every country, the conditions of supply and demand for labor are very constant, and not subject to extensive fluctuations, except during seasons of financial and business crises and panic, which are always temporary. Wages under ordinary conditions are, therefore, governed and determined by the resulting product of labor, and in every healthy business are ultimately paid out of such product. No employer of labor can continue for any great length of time to pay high wages unless his product is large. If it is not, and he attempts it, it is only a question of time when his affairs will be wound up by the sheriff.

Q. What then is the correct inference from the continuous payment of high wages in any industry and in any country?

A. The protectionist affirms that the continuous payment of a high rate of wages in any industry and in any country indicates an inability to produce cheaply; when the real truth is, that if a high rate

of wages continues to be permanently paid in any industry and in any country, it is in itself proof positive that the product of labor is large, and that the laborer is entitled to a generous share of it, and that the employer can afford to give it to him.

Q. What striking fact from economic history can be adduced in confirmation of this statement?

A. That just in proportion as the average wages of any country rule low, in a like degree is the demand made and the necessity felt for high protective duties, which will restrict or prevent the competitive import or sale of the products of all other countries paying higher wages. Thus, in Russia and Mexico, where lower rates of wages are paid than in any other countries claiming to be civilized, the protective duties established are in a great degree prohibitory of imports.

Q. Does the contrary of this rule hold true?

A. Taking England (the United Kingdom) for example, it does preëminently. England, paying the highest wages of any commercial and manufacturing nation, with the exception of the United States, opens her ports for the free admission and sale of almost all the competitive products of all other countries. The result is that the sales (exports) of British products to the six great protectionist countries of the world—the United States, France, Germany, Russia, Spain, and Italy—are continually increasing and not decreasing; and in respect to exports and imports—comparisons being made per capita—no other nation approximates England in like results to an extent sufficient to

fairly justify a claim in its behalf to even the holding of second place.

Q. What is the reason that wages in Great Britain are higher than on the Continent of Europe?

A. It is because the English have better institutions, more iron, more coal, greater facilities for commerce and exchange, less heavy expenses, less burden of standing armies, less taxation, and also the common-sense to buy what they cannot produce within the limits of their own country to the best advantage, and give in exchange what they can produce at lower cost and higher wages than are paid in any other country except the United States.

Q. With larger natural resources, and with higher average wages paid to labor in the United States, why, then, have not greater or at least corresponding results been achieved in the latter country?

A. No reason can be assigned for the inferiority of the United States except our laws, which obstruct the free interchange of the products of labor, and which by taxing crude materials unnaturally increase the cost of production.

Q. Can any other economic fact, derived from recent experience, be cited in confirmation of the proposition that high rates of wages imply a low cost of production?

A. During the last fifteen or twenty years there has been a great decline in the prices of almost all manufactured products, and more especially in the case of those whose cost of production and distribution has been reduced by the employment of improved machinery and skilled labor; but this de-

cline in the selling price of such products has been accompanied by a steady and large advance in the rates of wages paid to those engaged in their manufacture and distribution, or, in other words, the resulting products of a given amount of work having been largely increased, the laborer has naturally and legitimately come in for a larger share of such product, measured either in money (wages) or commodities.

Q. It is often asserted that protection has been the cause of reducing, within recent years, to the consumer, the cost of many articles he uses, especially such as are the result of improved machinery or new processes. Is there any truth in such assertions?

A. Not the slightest; for the reason that the same notable decline in the value of commodities in recent years has taken place throughout the world; in free-trade and protectionist, in civilized and uncivilized countries. There is hardly an article which has declined in cost in the United States under its protectionist policy since 1861, which has not declined in a corresponding or greater degree in England during the same period under a free-trade policy.

RELATIONS OF THE VARIATIONS IN THE PRODUCT OF LABOR TO WAGES.

Q. Are the products of labor in corresponding employments the same in quantity and value in all countries?

A. The products of labor in like employments vary greatly per workman, or per capita of the

whole population, not only between different countries, but also between different sections of the same country.

Q. What are causes of such variations ?

A. The causes of such variations are numerous ; but those which are particularly influential are as follows : (1) Differences in the natural resources of countries. (2) Differences in the efficiency of workmen, in respect to intelligence and skill. (3) Difference in the supply and use of the best tools and machinery. (4) Differences in respect to personal freedom and exemption from obstructions in exchanging the products of labor, either between different sections of the same country, or between one country and another.

Q. How do these general truths apply to the United States ?

A. Wages are higher in the United States than in Europe, by reason of the great natural advantages of the former. A given amount of labor, intelligently applied, will yield a better result in the United States, than in almost any other country.

Q. Has this always been our experience ?

A. Yes ; from the first settlement of the country ; and it has been the main cause of the tide of immigration that for the last 250 years has flowed hitherward. Hamilton, in his celebrated report on manufactures, made before any tariff on the imports of foreign merchandise into the United States was enacted, notices the fact that wages for similar employments were as a rule higher in this country than in Europe ; but he considered this as no real obstacle

in the way of a successful undertaking of domestic manufactures, for he says "the undertakers," meaning thereby the manufacturers, "can afford to pay them."

Q. Have any attempts been made to determine the average value of the annual per capita product of the people of different countries?

A. This subject has attracted great attention in recent years; and from accepted statistics respecting population, quantities, values, and varieties of products, wages, taxes, rents, and profits, conclusions, believed to be approximately accurate, are now available. The following table shows the comparative value of the annual per-capita product of the people of the leading commercial and manufacturing countries, and the per-capita amount of national taxation to be annually paid out of the same, as calculated by Mr. Edward Atkinson. See *Century Magazine*, February, 1887.

	Value of annual product per capita.	Burden of national taxes per capita.	Remainder available for local taxation, rents, profits, wages, etc.
United States.....	\$200	\$5	\$195
England.....	175	8 to 10	165-167
United Kingdom.....	150	10 to 12	138-140
France.....	120	15 to 20	100-104
Germany.....	100	8 to 12	88-92
Italy.....	80	10 to 12	68-70

Recent English investigations report the average earning capacity of the people of the United Kingdom at £35 4s. (\$172), and the average for the continent of Europe at £18 1s. (\$85.75).

Q. What practical facts further confirm these conclusions?

A. The American agriculturist, paying the highest wages for farm labor, competes with the poorest-paid help in the world—the peasants of Russia and Hungary, the “Fellahs” of Egypt, and the “Ryots” of India,—and yet in respect to 95 per cent. of all he produces, he can undersell all other nations. Why? Because by reason of the fertility of his soil and the use of machinery he obtains so much larger product in proportion to the number of men employed, that his wages cost him less per bushel of grain, or per pound of cotton or meat, than in similar competitive industries in any other country.

Q. What are probably the lowest wages paid in any country in a manufacturing industry?

A. The natives of India skilled in weaving the fibre of jute into bagging (gunny cloth) are glad to work for a wage of about 12 cents per day. But the American manufacturer, paying from seven to ten times as much per day to women operatives, can make a better article out of the same India jute fibre transported half round the globe, so much cheaper, that the “pauper” producer in India has been practically driven from the field of competition in this country.

Q. What is the worst-paid labor in England engaged in mechanical employments?

A. The women and children in the “Black Country” engaged in the manufacture of nails by hand labor, whose miserable condition has been so graphically described by Mr. Robert Porter in the

New York *Tribune*, and which is so often held up by protectionist orators as a warning to the American workman of his future fate, if he permits the shield of tariff protection to be withdrawn from him.

Q. Is not the description which has been given of the miserable condition of these nail-makers in free-trade England correct?

A. Entirely so. But those who use this illustration of foreign pauper labor are very careful not to explain the secret of the low wages paid for making nails by hand-labor in England; which is, that any person who now makes nails in England by hand has to compete against machines of American invention, which can make more nails in one hour than the paupers working by hand can make in a day, at less than one tenth of the expense.

Q. What wages do workmen receive in the United States engaged in making nails by machinery?

A. From \$3 to \$5 a day, or almost the very highest paid in any department of American mechanical industry.

Q. What is the protective duty on cut nails?

A. One and a quarter cents per pound, or \$1.25 per keg.

Q. What is the reputed cost of labor on a keg of nails?

A. Sixty-seven cents.

Q. What is the poorest-paid labor in the United States?

A. The men and women employed in making clothing.

Q. What is the protection offered by the tariff on clothing?

A. On cotton clothing, 35 to 40 per cent.; on woollens, from 51 to 88 per cent. ad valorem.

Q. Have we any exact information as to the relative cost of wages and the resulting products in the case of leading branches of industry in the United States and Europe?

A. Until within a recent period, there were no reliable data, but now we have very exact information on many points.

Q. What do we know of the comparative cost of manufacturing Bessemer steel in the United States and Europe?

A. The New York *Engineering and Mining Journal* of June 9, 1888 (a recognized authority), states that "the average annual production of Bessemer steel per 'converter' in England in 1887 was 24,635 tons, while in the United States it was 36,940 tons, or 50 per cent. greater than in England. And yet this enormous superiority in output per given plant is accomplished with even fewer men than are employed in England, so that in reality *our output per man is greater than that in England by more than 50 per cent.*"

Q. Other things being equal, the syndicate that controls the Bessemer steel interest in the United States could therefore afford, without any tariff protection whatever, to pay their workmen wages more than 50 per cent. in excess of what is paid for like employment in England?

A. Evidently, from the above undisputed data.

Q. But do they pay their workmen any higher wages than are paid in like occupations in this country?

A. They do not.

Q. What is the estimated amount paid for labor on a ton of steel rails?

A. About \$5.

Q. What is the existing tariff on the importation of steel rails?

A. Seventeen dollars per ton, to which must be added the cost of importation, about \$3.

Q. What is the comparative price of steel rails in Europe and the United States?

A. Steel rails sold in Europe in 1886 for less than \$19 per ton; the average price in the United States at the works in Pennsylvania, for 1886, was \$34.50. In 1887 the price was advanced for a time as high as \$42.

Q. How much does this increased cost of Bessemer steel increase the cost of railroad construction?

A. An increased charge of \$15 per ton increases the cost of railroad construction to the extent of \$1,500 per mile, which on a present annual consumption of 2,500,000 tons of steel rails in the United States, would represent a tax of \$37,500,000 per annum.

Q. Who pays this tax?

A. The railroads advance it in the first instance; but those who use the railroads for transporting themselves or their products, and the great mass of consumers, finally pay it all.

Q. Who makes any profit out of this tax?

A. One Englishman who has established works in Pennsylvania—Andrew Carnegie—is reported to derive an income from this protected industry to the extent of \$1,500 per day. He naturally believes in protection to American industry through high taxation; and has written a book entitled “Triumphant Democracy.”

Q. What are the relative wages in the weaving of print cloths, 64 x 64 standard, in the United States and Europe?

A. In Switzerland weavers earn from 44 to 49 cents per day; in Germany, 48 cents; in French mills, 53 to 58 cents, with a working day from five o'clock in the morning to half-past seven in the evening, and two and a half hours of rest during the day; in England, about 65 cents, with more working hours; in the United States, from 80 cents to \$1.12½ per day of ten working hours.

Q. Does not this prove that those countries where the higher wages prevail must, in default of protection, be unable to compete with others paying lower wages in the same occupations?

A. If all things were equal; if with the same machines and other agencies the results of a day's work per hand employed were the same, the high-wage countries would be in a hopeless condition. But all things are not equal; and in fact they are so unequal that the reverse is true; so that the cheapness of the labor product stands in an inverse ratio to the weekly earnings of the operative.

Q. How can this be proved?

A. According to the most recent data, the present cost of weaving—in wages—of 100 yards of print cloth, 64 x 64 standard, is in Switzerland 60 cents. In England 55 cents is paid, and in the United States 40 cents.

Q. What is the comparative number of looms operated by one weaver in making print cloths in different countries?

A. In Switzerland expert weavers operate *two* to *three* looms, in Germany and France *two* and seldom *three*, in England *three* and for expert weavers *four*; in the United States the average number worked by one weaver is six; in the Hamilton Mills at Lowell it is six and a quarter.

Q. What is the proportion of weekly earnings to print cloth produced in the cotton manufactories of different countries?

A. In Switzerland, with \$2.80 as the average weekly earnings of weavers, the weekly output per weaver would be 709 yards; in England, with \$3.90 as the average of weekly earnings, the weekly output would be 466 yards; while in the United States, with a weekly average of \$4.86, the weekly output would be 1,200 yards.

Q. What are the relative wages in the calico print-works of the United States and Germany?

A. In Lowell, Mass., printers get as much as \$4.50 per day. In Germany wages in similar establishments are not more than one third as much.

Q. Can the Lowell manufacturers under such circumstances compete with the Germans?

A. Yes; it is admitted by the owners of the most

extensive print-works in Germany that it is now useless to attempt to compete in the sale of these goods with the American manufacturers in neutral markets.

Q. Explain how such an apparently incredible result comes about.

A. In Lowell, one printer, paid \$4.50 per day, with a helper at \$1.50 per day, can turn out 20,000 yards per day, printed with three or four colors; or 12,500 yards printed with from eight to twelve colors. No such results are attainable in Germany; and in view of the daily production of such an immense product, it is a matter of no market account whether the wages paid for tending the printing machinery are \$6 or \$3 per day; or three one-hundredths or two one-hundredths of a cent per yard if apportioned to the product.

Q. How do the wages paid for the manufacture of clocks and watches in the United States and Europe compare?

A. The average wages paid in the famous Waterbury factories of Connecticut are \$10.71 per week, which is about four times as high as paid for similar work in Switzerland and in the Black Forest of Germany.

Q. Can the Connecticut factories compete with these low wages of their competitive foreign producers?

A. They do in a manner that is a wonderment to Europe—clocks and watches constituting one of the leading articles of our exports; the export value of which for 1887 was more than double the value of

our exports of wool and manufactures of wool for the same year.

Q. How does the cost of manufacturing boots and shoes in Europe and the United States compare?

A. In Lynn a pair of ladies' gaiters can be made as low as 35 cents for the labor, including the making of 24 buttonholes and sewing on of the buttons; and in some country factories they can be made for an even less labor cost. In Germany, at such places as Erfurt, where wages of the workingmen employed in the boot and shoe industries reach the lowest point, and are less than one half the average American rates, the labor cost of a similar shoe is nearly 100 per cent. greater, and the earnings of the German shoemaker are less than one half what they are in Massachusetts.

Q. What curious fact is further illustrative of the inability of the German artisan, considered from the wages standpoint, to compete with the American?

A. The German industrial census of 1882 showed that more than one half of all its population engaged in manufactures where small groups of workers were employed, averaged not more than five to each establishment. This condition of things of itself does not admit of the profitable employment of expensive power machinery, which is the equipment of almost every manufacturing establishment in the United States.

Q. From what source has the above information been derived?

A. From investigations recently instituted and

published by the United States Department of State.

Q. Is there any other independent testimony to the same effect?

A. Yes. For example, when Mr. Blaine was Secretary of State, he sent to Congress in 1881 a report in which he argued, and gave figures to support his argument, that the wages, measured by their resulting products, are in fact no higher in this country than they are in England. Indeed, it was the effect of Mr. Blaine's report to show that if there is any difference between wages in this country and in England, wages in England are a trifle better than they are here.

Q. What was Mr. Blaine's exact language?

A. He said: "Undoubtedly the inequality in the wages of English and American operatives is more than equalized by the great efficiency of the latter and their longer hours of labor."

In other words, the American operatives work so much longer and do so much more work than the English operatives that they receive really proportionately less wages than the latter do!*

Q. Have we any concurrent testimony of eminent American manufacturers on the same subject?

A. Yes. Mr. J. B. Sargent of New Haven, Conn., one of the largest manufacturers of hardware in the world, and the largest single employer of labor in his own State, says: "I have found by personal investigation among the manufacturing districts of England and on the continent of Europe that although the workmen there get much lower wages than ours

* See page 45.

when counted by the day or week, yet when counted by the piece or by the results of labor, their employers pay them higher wages than we pay in America. I have found also on investigating the cheap labor of Japan, China, and India, that on account of the very small product per man, labor in those Asiatic countries is generally dearer than in America, although the common laborer gets in those countries only from ten to twenty cents a day. As a manufacturer I would not fear, under free trade, the competition of foreign cheap labor, so long as cheap labor stays where it is—foreign.”

Q. What, according to Mr. Sargent's observation and experience, is the greatest obstacle to the extension of the foreign market to the products of American manufacturing industries, and the consequent enlargement of the sphere and opportunity for labor for American workmen?

A. He says: “My observation has taught me that the greatest obstacle in American competition in foreign markets to nearly every class of goods is the high price of our raw materials. Take off the duty and we will send our goods everywhere. Wages would increase here under such a system rather than become lower.”

Q. What was the testimony on the comparative value of labor in different countries by M. Louis Blanc, the eminent French statesman and friend of labor?

A. In a debate some years since in the French Assembly, he stated that “the labor performed by

a mechanic in France in a week's service of seventy-two hours was not so great as that done by an English mechanic in a week's service of fifty-eight hours." The evidence produced by the State Department, and the testimony of Mr. Blaine and Mr. Sargent, further proves that the efficiency of the average American laborer working with machinery is greater than that of the English.

Q. How much of truth and common-sense is there then in the attempts to measure the cost of production of any commodity in different countries, by comparing the rates of wages respectively paid in such countries, or in the assertion that if one country pays higher rates of wages in the manufacture of any article than another country, that the labor of the former needs tariff protection against the competition of the labor of the latter?

A. All such comparisons and assertions are entirely fallacious, unless all the conditions of production are alike in both cases.

RESTRICTIONS OF MARKETS RESTRICT THE OPPORTUNITIES FOR LABOR.

Q. What proportion of the value of our large exports in 1887—amounting to \$703,022,000—was represented by manufactures, for the production of which machinery and skilled labor were extensively employed?

A. Not 15 per cent. of the total aggregate.

Q. How happens it that with the conceded greater productiveness of American labor, working in con-

nection with machinery, our foreign market for such products is so limited?

A. It is impossible to assign any good reason, as has already been pointed out, except the injurious influence of our laws respecting taxation and commerce.

Q. How do these injurious influences especially operate?

A. (1) We desire the people of foreign countries to buy the product of our labor, *i. e.*, manufactures, and then refuse to accept payment for the same in the products of their labor—the only things they have to any extent to pay with; and under such circumstances it is obvious that trade must be very limited.

Q. Are there really any laws on our statute-books that prevent a citizen of the United States from selling cotton cloth, hardware, boots and shoes, carriages, etc., etc., to citizens of Australia, Chili, the Argentine Republic, or other countries, and taking his pay in any thing he likes and can get from them?

A. There are no United States laws which expressly and in words forbid such transactions; but if a citizen of this country should take his pay for goods sold to the citizens of Australia, Chili, and the Argentine States in the staple products of these countries, and undertake to bring them home with a view of the using or selling the same, he would be fined (or what is the same thing, be taxed) so heavily by his own government as to make the whole business unprofitable.

Q. If these conditions of trade were reversed, and citizens of the United States were allowed to buy and sell freely with the citizens of the above-named countries, what would probably happen ?

A. Instead of selling American manufactures to these countries, to an aggregate value, as now (1888), of only \$19,000,000 per annum, our sales in a very few years would probably exceed \$100,000,000 per annum ; and to that extent the opportunities for the profitable employment of labor in the United States would be increased.

(2) The taxes which the existing tariff imposes on the import of raw or crude materials so increase the cost of American manufactures that they cannot be sold in competition with the like products of even less productive labor in foreign countries.

Q. How can this be shown ?

A. The United States collected in 1887 duties on the imports of crude or partially manufactured products, intended for use in our manufactures and mechanical arts, or in various processes of our domestic industry, to the extent of \$30,000,000. This would be equivalent to a tax of 10 per cent. on products of American industry into which such foreign imports entered as necessary constituents to the value of \$300,000,000. And burdened with such a tax, not one dollar's worth of this \$300,000,000 product could be sold in the world's market in competition with similar British-manufactured products, which are exempt from such taxation. Furthermore, the existence and imposition of such taxes on crude materials constitute a bounty of 10 per cent. on the im-

portation of foreign products manufactured in whole or part from such materials into the United States.

(3) Our national policy has for many years been so restrictive of our trade with foreign nations, and has so largely driven our ships from the ocean, that Americans have not the knowledge or facilities for controlling foreign markets that they once had; and the channels of foreign trade with which they were once familiar are now occupied by the representatives of other nations, who naturally push the sale of the products of their own country in preference to those of any other.

WAGES UNDER LOW TARIFFS AND HIGH TARIFFS—
THE LESSONS OF EXPERIENCE.

Q. The opponents of tariff reform contend that a reduction of the existing duties imposed on foreign imports will inevitably occasion a reduction of the wages of the American workingman. Has there been any thing in our national experience to justify such an assertion?

A. Tariffs have been frequently reduced in the history of the United States; but the instance is not on record where a reduction has ever resulted in a reduction of the wages of labor.

Q. How was it in respect to the reduction in 1845?

A. The reduction of duties then effected was very much greater than is now proposed. As the result, wages did not decline in any degree, but on the contrary they steadily advanced, and the nation expe-

rienced ten years of the most contented period for the laborer ever known.

Q. What was the result when the tariff was further reduced in 1857?

A. There was a panic in 1856—not in any way due to the influence of the tariff—which lasted for a very brief period. With this exception, the whole period of low duties, from 1846 to 1860, was a time of great material prosperity; and the law authorizing the tariff reduction in 1857 was supported by almost every Representative in Congress from the New England States. In the Senate the vote for reduction of duties was 33 to 12; and in the House 124 to 71. By this measure the average rate of duty on all imports into the United States was reduced to less than 15 per cent.

Q. Had not the civil war intervened and an imperative necessity for enormous revenue been thus created, what would have probably been the fiscal policy of the United States?

A. There can be but little doubt that the United States would very soon have rivalled Great Britain in freeing its foreign trade from all restrictions save for revenue and sanitary purposes, and have been led by its interest to have become the leading free-trade nation of the world.

Q. Were there any strikes during the low-tariff period from 1846 to 1860?

A. There were never so few strikes and so little discontent on the part of labor as during this period.

Q. What testimony respecting the national pros-

perity of this period of low tariffs has been given by Mr. Blaine?

A. In his book, "Twenty Years in Congress," he says: "The tariff of 1846 was yielding abundant revenue, and the business of the country was in a flourishing condition. Money became very abundant after the year 1849; large enterprises were undertaken, speculation was prevalent, and for a considerable period the prosperity of the country was general and apparently genuine. After 1852 the Democrats had almost undisputed control of the government, and had gradually become a free-trade party. The principles involved in the tariff of 1846 seemed for the time to be so entirely vindicated and approved that resistance to it ceased, not only among the people, but among the protective economists, and even among the manufacturers to a large extent. So general was this acquiescence that, in 1856, a protective tariff was not suggested or even hinted at by any one of the three parties which presented Presidential candidates. It was not surprising, therefore, that in 1857 the duties were placed lower than they had been since 1812. The act was well received by the people, and was indeed concurred in by a considerable portion of the Republican party."

Q. What, on the other hand, has been the effect on wages of the various high tariffs that have at different periods been enacted in the United States?

A. Every advance in the tariff, from the formation of the Constitution down to the present time, which has been sufficient to reduce the amount of importations, has been followed by a period of re-

duced wages, or, at the very least, by a period in which they were stationary. This was the case in 1824, in 1828, and in 1842. Wages in both agriculture and manufactures were as low in 1845, after the high tariff of 1842 had attained its full effect, as they were in 1824. They began to rise under the tariff of 1846, and steadily advanced until 1860. Under the higher tariff of 1861, wages declined until the immense demand for labor caused by the war started them again upward. After the enactment of the high tariff of 1864, the amount paid for wages in gold was for a considerable period less than in 1850, notwithstanding the great demand caused by the war. The advance which seemed to take place in 1864 and 1866 was purely nominal, being in irredeemable paper, worth only half its face.

Q. Is there any instance on record where a removal of taxes on crude materials has reduced wages, restricted the sphere of employment to the laborer, or failed to increase the prosperity of a country?

A. The records of civilization will be searched in vain to find one instance in which an abatement of taxation, or a removal of restrictions on trade and commerce have failed to augment the trade and industry of the country adopting such a policy. Business depression always flees away before the growth of freedom.

Q. What remarkable single result in recent years, in the way of extending the business of the country, has followed the removal of duties from the importation of a raw material?

A. Previous to 1872 there was a duty of 10 per cent. on the importation of hides and skins. In 1873 the importation of these articles was made free.

Q. What was the effect upon business and the sphere of employment for labor?

A. In 1872 the United States imported hides to the value of \$11,346,984, and exported leather and manufactures of leather to the value of \$3,695,639. In 1887 she imported hides and skins to the value of \$24,225,776, and exported leather and manufactures of leather, the product of American industry, to the value of \$10,346,138, or a value only about 30 per cent. less than the aggregate value of all our exportation of manufactured cotton for the same year.

In 1870, with a duty of 20 per cent. on the import of cinchona bark, used for the manufacture of quinine, we imported 1,490,000 pounds. In 1887, with bark free, we imported 4,447,000 pounds, all of which latter was used in domestic industry.

Q. What remarkable illustration to the same effect is furnished by the industrial experience of England?

A. When England abolished all duties on the importation of wool in 1844, the wool growers of that country were terribly alarmed; and people talked about impending disaster to the wool growers and wool manufacturers in the same manner as protectionists now talk in reference to the same matter in the United States. But the experiment was tried, and it resulted in enormously increasing the growth of wool in England, notwithstanding the

high price of land. Indeed, one of the chiefs complaints after the wool duties were abolished was that too great a portion of English territory was turned into sheep pasture to the detriment of the cultivators of the soil.

Q. What further lesson is taught by the experience of Great Britain?

A. During the twenty-five years from 1815 to 1840, when Great Britain maintained a high-tariff policy, there was complete stagnation of her industries. British exports, which were £51,600,000 in 1815, were only £51,400,000 in 1840. After 1840 her restrictive commercial policy was gradually abandoned, and at the end of the next twenty-five years, or in 1865, the value of British exports (or what she sold to other nations) had increased to £165,800,000; and in 1886, notwithstanding the depression and fall in prices which then prevailed throughout the world, they were £212,400,000.

Q. What has been the effect of the present liberal commercial policy of England on the wages of her laborers?

A. Wages in England, for the last thirty years, have tended constantly to rise and not decline.

Q. Have wages advanced during recent years more rapidly in Great Britain than in Massachusetts?

A. Yes. The Massachusetts report shows that, while wages advanced in England from 1872 to 1883 an average of nearly 10 per cent., they fell back during the same period in Massachusetts to the extent of 5.41 per cent.,—a fact which of itself alone completely refutes the tariff theory of the

maintenance of wages. Again, careful investigations recently made under the direction of the Manchester (England) Chamber of Commerce show that the increase in the average wages paid in the leading industries of that district of England of which the city of Manchester is the centre, between 1850 and 1880, was 40 per cent. In the United States, according to data afforded by the census returns, the average wages paid for the whole country during the same interval of years was 39.9 per cent.

Q. What countries of the world have within the last thirty years made the greatest material progress?

A. Australia, the United States, and the States of the Argentine Republic.

Q. What special advantages promotive of growth have all these countries enjoyed?

A. A vast abundance of cheap and fertile land, which has made possible a great increase in wealth and population.

Q. Of all old countries, what one leads in all things pertaining to civilization?

A. England; and making allowance for the exceptional advantages enjoyed by the United States and Australia, the relative progress of England has been as great as that of any country.

Q. What country in Europe is increasing fastest in population?

A. England; a fact most remarkable, by reason of the circumstance that for many years England has not had an acre of virgin soil on which she could put her great expansion of population.

Q. How is it about the savings-bank deposits in Great Britain?

A. In 1840, when Great Britain was under a high-tariff system, her working people had practically no deposits in savings banks or any other like institution. At the present time, if a comparison is made between Great Britain as a whole and the entire United States, the wage-workers of the former will be found to have saved more than the latter.

In short, if there was no such country as the United States, the argument drawn from relative wages, deposits in savings banks, pauperism, increase of population, extent of trade, diversity of industries, and general prosperity in England in comparison with all high-protection countries, would be perfectly overwhelming in favor of the former.

Q. What policy should a native of Ireland, residing in the United States, adopt who earnestly desired to further augment the prosperity, trade, and commerce of Great Britain?

A. He should especially strive to have the United States retain her existing tariff system, which, through its trade restrictions and unnecessary taxation, has done more since 1860 to establish the commercial supremacy of Great Britain than any other one cause, and has almost swept the flag of the American commercial marine from the ocean.

Q. What have been the comparative experiences of the other nations of Europe in respect to the protective policy?

A. During the period from 1860 to 1873, when there was continued progress in commercial freedom

and comparatively low tariffs, the trade of the six nations of Austria, Belgium, France, Holland, Italy, and Great Britain increased more than 100 per cent., while their aggregate population during the same period increased but 7.8 per cent. After 1873, in order to provide for greatly increased war expenditures, heavy taxes, under the pretense of protecting domestic industries, were imposed by most of the Continental States on their foreign trade and commerce with other nations. The result is that to-day, the poverty, industrial depression, and popular discontent of the several European states is in direct proportion to the extent and burden of their protective system of duties on imports.

Q. What are the most prosperous states of Continental Europe?

A. The two (Holland and Switzerland) that have maintained the lowest tariffs. Holland is the richest of all civilized countries, and her industries reckoned, per head of population, are larger than those of any other Continental state. And Switzerland, without a single mine, or navigable river, and hemmed in by great military and protectionist nations, holds her own industrial position almost unchallenged; has one of the best factory systems in the world, and spends lavishly for the education of all her people.

Q. When an attempt is made in the United States to illustrate the beneficial influence of the tariff by savings-bank deposits, why is the experience of Massachusetts and Connecticut always especially cited?

A. Because, apart from the New England States, New York, and California, the people of the remain-

ing States have comparatively small or no deposits in savings banks; Ohio reporting only \$15,065,000; Indiana, \$2,312,000; Iowa, \$9,969,000; Minnesota, \$3,891,000.

Q. If it is protection that has enabled so small a part of the people of the United States to accumulate so much in savings banks, why has it not worked in the same way throughout the entire country?

A. This is a conundrum that neither Mr. Blaine nor any advocate of high national taxation has as yet answered.

INFLUENCE OF THE TARIFF ON OCCUPATIONS AND WAGES.

Q. How many persons out of the whole population of the United States in 1880 (50,155,783) were, according to the census, bread-winners, or engaged in gainful occupations?

A. 17,392,099.

Q. How were they divided as regards occupation?

A. This will be seen from the following table:

	Per cent.
Agriculture	7,670,493 or 41.1
Professional and personal	4,074,238 or 23.4
Trade and transportation	1,810,256 or 10.4
Mining, etc.	1,104,517 or 6.4
Manufacturing	2,732,595 or 15.7
Total	17,392,099 100.0

Q. To what extent would labor in the United States be interfered with, if all taxation on imports except for strict purposes of revenue, were abrogated?

A. It would be extremely difficult to show that as many as ten persons out of every hundred who

are employed in gainful occupations in this country could be injuriously affected by any competition of laborers in other countries whose products could be sent here, even if there were no duties whatever on foreign imports.

Q. How can this be demonstrated?

A. We export in defiance of the competition of all the world nearly every variety of our agricultural products. Out of the whole number engaged in agriculture in the United States, not *five* persons in a hundred, and those mainly the growers of sugar, of rice, and of wool to a very small extent, can be subject to any foreign competition in the sale of their products.

Miners and engineers are not protected, and protection cannot extend to the lawyers or other professional men, or to servants and men engaged in trade and transportation.

Not ten dollars' worth in every hundred of all the manufactured goods, of every kind, which we produce, could be imported if there were no duties upon foreign goods of like kind, and if there never had been.

Q. So that under the existing tariff policy from 90 to 95 of the bread-winners in the United States are taxed to increase the wages of the other 5 or 10?

A. There is no doubt as to this being the case.

Q. Then there is no foundation for the claim that wages in the protected industries of the country regulate the general rates of wages?

A. Not the slightest. The protected industries of the United States are in proportion to the other

industries of the country, to state the case moderately, as 1 to 10, and it is the employment of the ten that fixes the general price of labor, and not of the one. The great mass of the farmers and mechanics, therefore, who are not protected make the standard of wages in the United States.

Q. But does not a protective tariff so affect the condition of supply and demand for labor as to increase the rates of wages ?

A. Any extraordinary stimulus given to any industry by either natural or artificial influences generally increases the rates of wages in such an industry, by occasioning an extraordinary demand for labor ; but such an increase is always temporary and limited in its sphere of influence.

Q. For what reason ?

A. Because no laborer in any country where personal movements and the choice of occupations are unrestricted will long continue to receive higher wages in a protected or unnaturally stimulated industry, than are paid for an equivalent service in industries that are unprotected and not stimulated ; and as the great majority of all the industries in the United States, as above demonstrated, is not protected by the tariff, and from the nature of the case cannot be, the average rate of wages paid in such industries must of necessity regulate the average rate paid in all.

Q. What was the value of the agricultural products of the United States marketed in 1880 ?

A. The estimate of the United States Commissioner of Agriculture was \$3,726,331,422.

Q. What was the estimated value of the products of agriculture of the United States that were exported or found a market in that year in foreign countries?

A. \$685,961,091.

Q. How many persons in the United States were dependent for their business and living on this export?

A. A careful estimate of the average product, in quantity and value, of the workers engaged in various agricultural pursuits, leads to the conclusion that the total number in 1880 was at least 1,412,137.

Q. So there are more persons engaged in agriculture in the United States who are dependent for their living on the sale of their products in foreign markets, and who cannot be protected by any tariff, but only injured, than are occupied in all other industries of the country that can be benefited by protective duties?

A. There is no doubt of this fact.

Q. If a foreign market could not be found for our enormous surplus of agricultural produce, what would happen?

A. The surplus would either not be raised, or it would rot on the ground; and the 1,412,137 persons who are employed in raising it would seek other employments; thus increasing competition and reducing the general rate of wages in all industries.

Q. There are 375,000 carpenters and joiners in the United States, who with their families dependent upon them represent about 1,100,000 per-

sons. Mr. Blaine asks: "What would they do, if any impairment of the protective system should arrest the building of great factories and store-houses?"

A. The answer is very simple; they would be engaged in constructing the other great factories and store-houses which would be brought into existence by removing the taxes on food, fuel, and other materials entering into the processes of domestic industry, or in enlarging those which already exist.

Q. What is the main factor of success in farming?

A. It is not good seed, "breeds," soil, implements, or industry, so much as a market.

Q. What do we mean when we speak of the surplus product of a farm or a country?

A. We mean all that is produced over and above home consumption. A home market means this consumption, while that sold abroad means a foreign market. From the first comes existence; from the last, profit and prosperity. The existence of the surplus of any product in any country shows that the capacity of the home market to consume such produce has been exhausted.

Q. The protectionists maintain that if the tariff is now reduced, the importation of foreign products will be greatly increased, thereby restricting the opportunities for the employment of American labor and entailing a great reduction of wages. Is there any warrant for such an assumption?

A. No. It is estimated that, including agriculturists and artisans, the exportations made by us each year represent the labor of nearly two million work-

ing people, or, counting their families, the sustenance of not less than eight million of the inhabitants of the United States. Now if, next year, in consequence of tariff changes, we should import twice the quantity of foreign products that we did last year, this importation would lead to the immediate employment of 4,000,000, instead of 2,000,000, workmen to produce the commodities which the United States would be compelled to export in exchange for what it imported. In other words, no article can be imported into this country to the displacement of American labor, from the fact that its importation necessitates either a past or a future demand for American labor to produce the exportable article for which the imported article is to be exchanged.

Q. When the advocates of high protection assert that the privilege of buying in the cheapest market is such an evil that the American people should be prevented from so doing by extreme tariff laws, what common-sense economic principle do they oppose?

A. A nation cannot buy without selling, or sell without buying. To buy in the cheapest market is to sell in the dearest, and there can be nothing more remunerative, to an individual or nation, than in so doing.

OUR PRESENT TARIFF POLICY CERTAIN TO REDUCE
WAGES.

Q. What is the acknowledged tendency of the protection policy?

A. To deprive every country adopting such a pol-

icy of a foreign market ; and with none but a home market, no country can be prosperous and progressive.

Q. What effect is the continuation of our present tariff policy, which restricts the sale of our manufactured products mainly to the home markets, certain to have on wages in this country ?

A. It is certain at no distant day to greatly reduce them.

Q. How can this be demonstrated ?

A. By reason of the great inventions and discoveries in recent years, an operator engaged in machinery production can now produce far more in a given time than at any former period. This is acknowledged to be especially the case in the United States, where machinery is more extensively used in the work of production than in any other country. The result is that the power of domestic production continually tends to be, and in most departments of industry already is, far in excess of the power of domestic consumption ; and unless a continually increasing foreign market can be obtained for such excess of product—especially a market among the people of other countries who do not produce with machinery—production must be curtailed, and as a consequence wages will be reduced.

Q. Have wages in consequence of the restriction on our foreign markets by the tariff been already reduced ?

A. Nominally they have not, really they have ; for there is hardly one of our great manufacturing industries—cotton, wool, boots and shoes, iron, Bes-

semer steel, paper, hats, etc.—which if worked to the full extent of its capacity could not in from six to ten months fully supply all that the home market could consume of its products in twelve. The number of operatives who might have employment is, therefore, smaller than need be; and for a part of every year the numbers who find occupation are, through a necessary suspension of production, deprived of employment; and this manifestly reduces their average annual receipt of wages.

Q. How many persons engaged in gainful occupations in Massachusetts were out of employment a part of the time in 1885?

A. 241,589, or 29.59 per cent. out of 816,470, the total number engaged in that year in gainful pursuits.

Q. In what branch of manufacturing industry is business and the employment of operatives most irregular and uncertain?

A. In the boot and shoe industry. In this industry in Massachusetts, in 1885, 67 per cent. of the male and 71 per cent. of the female employees were unemployed during a part of the year.

Q. How was it in other great manufacturing industries in that State?

A. In the cotton mills, 39 per cent. of the males and 43 per cent. of the females had periods of non-employment in that year. In the woollen mills the like proportions were 39 per cent. of the males and 45 per cent. of the females. Fifty-six other occupations were enumerated in this State, in which over one half of the whole number employed were idle part of the year.

Q. During the many periods of depression of business which have occurred in recent years in the United States, has the accompanying reduction of wages in the various industries been in any degree uniform?

A. The latter part of the year 1884 was a period of great business depression. A careful examination of the economic circumstances of this "depression," instituted by *Bradstreet's Commercial Journal* showed 14 per cent. fewer operatives employed at that time than there were in 1882, with extensive reductions of wages. It was also proved that the industries in which the heaviest reductions in wages had been made were those protected by tariff duties; and further, that these reductions had been generally in proportion to the amount of protection accorded to them.

Q. What were some examples of these reductions at that time?

A. In woollen and cotton mills the reduction was from 24 to 30 per cent., while there was no reduction in the wages of the unprotected house-builders, carpenters, stone-cutters, and brick-makers. In the iron industry the reduction of wages was from 15 to 22 per cent., while the pay of butchers, millers, bakers, tanners, and printers did not decline at all. Wages in the silk manufactures fell from 15 to 25 per cent., but the wages of agricultural-implement makers remained substantially unchanged.

Q. Have we any indisputable evidence of the falsity of the common protectionist assertion that the present comparatively high rate of wages in this

country is wholly due to the high-tariff policy of the last twenty-five years?

A. In 1883 the Bureau of Labor Statistics in Massachusetts exhibited the comparative wages in ninety different industries in that State in the years 1860 and 1880. The results showed an average increase in weekly wages during this period from \$8.18 to \$9.45, or about 15½ per cent.

Q. In what enumerated industries was the greatest advance in wages recorded?

A. In the industries which cannot be protected by tariff legislation, as brick-making, the preparation of foods, the building trades, boots and shoes, etc.

Q. What was the average advance in the tariff rates during that period?

A. From an average of 24 per cent. in 1860 to 48 per cent. in 1880.

Q. Did the general average of wages advance to an equal degree in England during the same period in the absence of tariff protection?

A. They did to an equal or greater degree.

Q. What is the comparative rate of wages in the cotton factories in Massachusetts and England respectively?

A. About the same in both, but rather higher in Old England than in the New England States, taken together.

Q. What is the authority for this statement?

A. The report made by Mr. Blaine, when he was Secretary of State, on the "Cotton Goods Trade of the World," viz.:

[Extract from Report of James G. Blaine, Secretary, of State,

on the 'Cotton Goods Trade of the World,' dated Department of State, Washington, June 25, 1881, pages 98 and 99.]

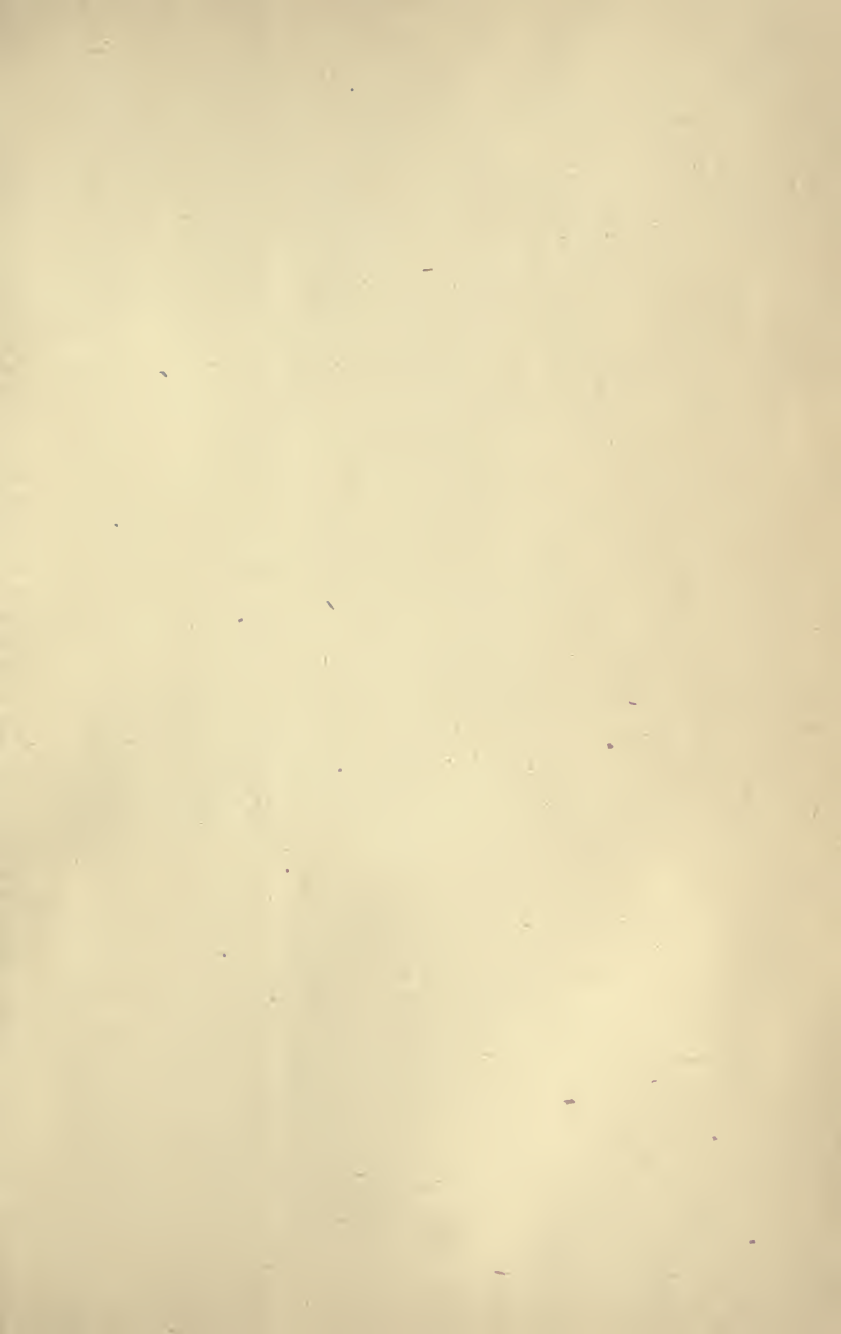
"Owing to the different arrangements of the English and American tables of wages, it is difficult to give comparative analyses thereof, which would show at a glance the difference in the wages of the operatives of both countries.

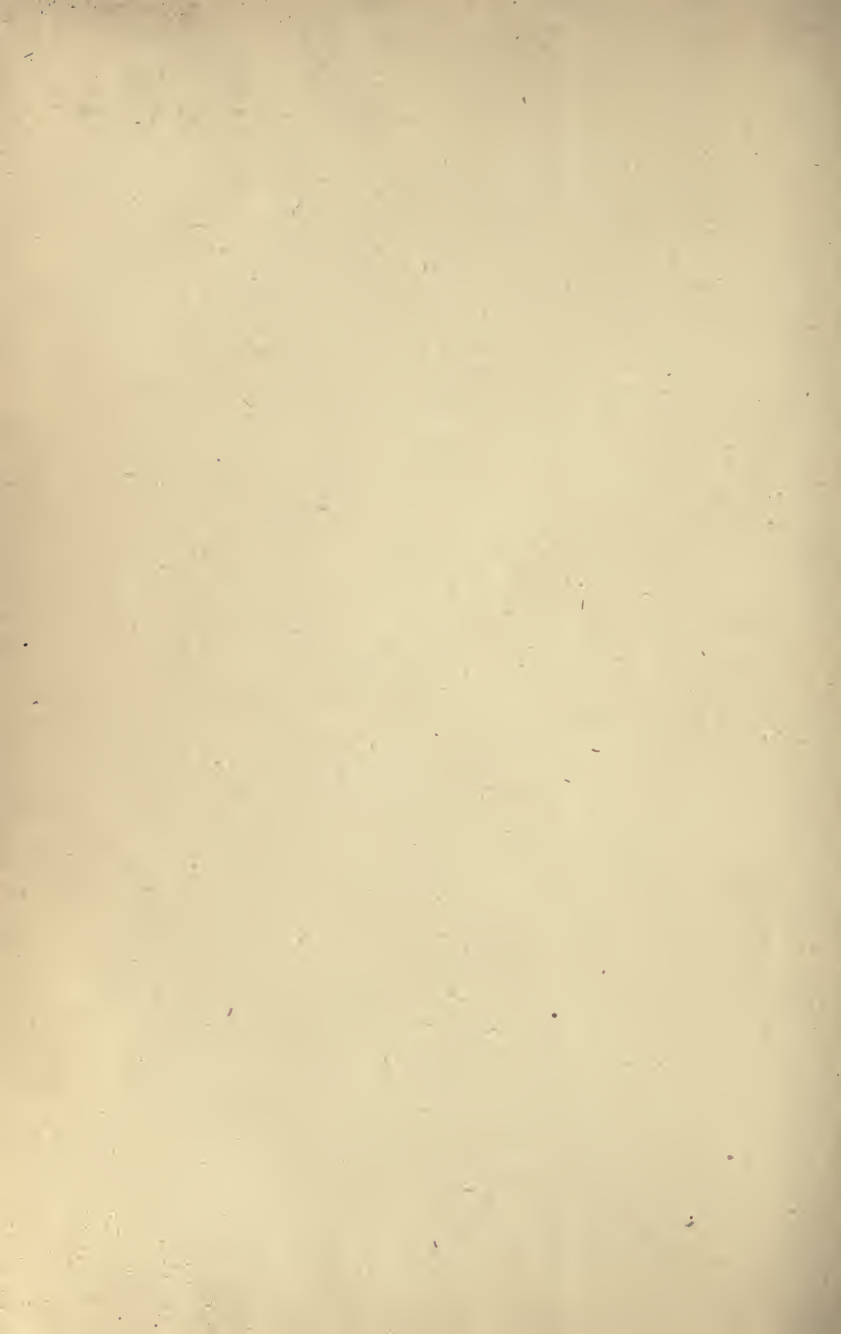
"The wages of spinners and weavers in Lancashire and in Massachusetts, according to the foregoing statements, were as follows per week: Spinners, English, \$7.20 to \$8.40 (master-spinners running as high as \$12); American, \$7.07 to \$10.30.

"Weavers: English, \$3.84 to \$8.64, subject, at the date on which these rates were given, to a reduction of 10 per cent.; American, \$4.82 to \$8.73.

"The average wages of employees in the Massachusetts mills is as follows, according to the official returns: Men \$8.30, women \$5.62, male children \$3.11, female children \$3.08. According to Consul Shaw's report, the average wages of the men employed in the Lancashire mills on the first of January, 1880, was about \$8 per week, subject to a reduction of 10 per cent.; women from \$3.40 to \$4.30, subject to a reduction of 10 per cent.

"The hours of labor in the Lancashire mills are fifty-six, in the Massachusetts sixty per week. The hours of labor in the mills in the other New England States, where the wages are generally less than in Massachusetts are usually sixty-six to sixty-nine per week. Undoubtedly the inequalities in the wages of English and American operatives *are more than equalized by the greater efficiency of the latter and their longer hours of labor.*"





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