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A PRIMER  
OF  
TARIFF REFORM.

BY  
DAVID A. WELLS,  
*United States of America.*

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This was written for American circulation, to show the loss sustained there by a close Protective policy. It is equally instructive here, when, under the specious name of "Fair Trade," a revival of Protection is advocated in certain quarters. The author, the Hon. David A. Wells, has been for many years one of the most able and successful advocates of Free Trade in the United States. It has had a larger unsolicited circulation than any like publication ever had in the United States. And not even an attempt has been made by the Advocates of Protection in the United States to controvert its position, or answer its arguments.

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During the fiscal year 1883-4, the United States, by reason of taxation imposed and maintained for purposes of protection, collected from its people £20,878,725 more than was necessary to defray all its ordinary expenditures, including pensions and interest on the public debt. Had this enormous sum of money been remitted to the people, in place of having been extorted from them, it would have been sufficient to have bought two pairs of boots for every man in the country with an occupation, or two barrels of flour for every family; or it would add a week's wages to the gain of every manual labourer. It would have paid ten per cent. on a thousand million dollars of capital invested in agriculture, manufactures, or mining.

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## PLATFORM OF THE NEW YORK STATE REVENUE REFORM LEAGUE.

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The New York State Revenue Reform League holds :—That the only tax on imports which should ever be tolerated by a free people, is a tariff for revenue only. That the greatest burden now borne by the American people is the unjust and unequal system of taxation called a protective tariff. This tariff, levied upon nearly 4,000 articles, is a masterpiece of injustice, inequality, and false pretence. By seriously injuring many industries, it has reduced the wages of labour, restricted the opportunities for domestic employment, and unnecessarily increased the cost of the necessaries of life. It has almost swept the flag of the American commercial marine from the ocean. It has cut down the sales of American manufactures at home and abroad, and depleted the returns of American agriculture—an industry followed by half our people. It costs the people five times more than it produces to the treasury, obstructs the processes of production, wastes the fruits of labour, promotes fraud, and fosters the growth of monopolies.





## A PRIMER OF TARIFF REFORM.



*Q.* What is a tariff?

*A.* A tariff is a tax imposed on commodities imported from foreign countries.

*Q.* What is a tax?

*A.* A tax is the portion of property or product which the Government takes (by compulsion) from every citizen—not a pauper—for public purposes.

*Q.* What are public purposes, in the sense of this definition?

*A.* A definition given by the Supreme Court of the United States in 1874 was as follows: "for the purpose of carrying on the Government in all its machinery and operations."

*Q.* What is Free Trade?\*

*A.* Free Trade is the right of every man to freely exchange the products of his labour and services in such a way as seems to him most advantageous, subject only to such restrictions as the State may find necessary to make for the purposes of

\* The following definitions of free trade and protection appeared in the *Philadelphia American*, of August 7th, 1884, a representative Protectionist paper:

"The term Free Trade, although much discussed, is seldom rightly defined. It does not mean the abolition of custom houses. Nor does it mean the substitution of direct for indirect taxation, as a few American disciples of the school have supposed. It means such an adjustment of taxes on imports as will cause no diversion of capital from any channel into which it would otherwise flow, into any channel opened or favoured by the legislation which enacts the customs. A country may collect its entire revenue by duties on imports, and yet be an entirely Free Trade country, so long as it does not lay those duties in such a way as to lead any one to undertake any employment or make any investment he would avoid in the absence of such duties. Thus the customs duties levied by England—with a very few exceptions—are not inconsistent with

revenue or for sanitary or moral considerations. Conversely, it is the denial of the right of a free government to arbitrarily take from any person any portion of the product of his labour for the benefit of some other man who has not earned or paid for it.

*Q.* What is Protection ?

*A.* Protection, on the ground of advantages accruing directly or incidentally, advocates and defends the imposition of taxes on imports for other purposes than those of revenue. The protective system is opposed to the revenue system because the Government collects revenue on what comes in, while protection is secured only to the extent to which commodities are kept out.

*Q.* What is the idea underlying each ?

*A.* Free Trade assumes that a people like those of the United States might be left to themselves to decide what is to their own advantage ; Protection assumes that Congress can better decide what business the people shall do than the people themselves.

*Q.* What is a tariff for revenue only ?

*A.* A "tariff for revenue only" is one so framed that all the taxes which the people pay, the Government shall receive.

*Q.* What is meant by a tariff for revenue with "incidental protection" ?

*A.* The adjustment of a tariff for revenue in such a way as to afford what is termed "incidental protection" is based on the supposition that by arranging a scale of duties so moderate as only to restrict and not prevent importations, it is possible to secure sufficient revenue for the State, and at the same time stimulate domestic manufactures by increasing the price of competitive foreign products.

her profession of being a country that believes in Free Trade. They either are duties on articles not produced in England, or they are exactly equivalent to the excise duties levied on the same articles if made at home. They do not lead any one to put his money into the home production of an article, because they do not discriminate in favour of the home producer. It is, therefore, no concession to the protective principle when the Democratic platform says that 'since the foundation of the government custom house duties have furnished its main source of revenue,' and that 'this system must continue.' "

"A protective duty, on the other hand, has for its object to effect the diversion of a part of the capital and labour of the people out of the channels in which it would run otherwise, into channels favoured or created by law."

*Q.* Is this double object capable of attainment?

*A.* Undoubtedly; but it is also one of the most costly of all methods of raising revenue. For while revenue to the State accrues only from the tax levied on what is imported, another tax, arising from an increase of price, is also paid by the nation upon all domestic products that are sold and consumed in competition with the foreign article. A tariff for revenue so adjusted as to afford incidental protection, is therefore a system which requires the consumers, who are the people, to pay much in order that the State may receive little.

#### **A TARIFF FOR REVENUE "ONLY" ALONE CONSTITUTIONAL.**

*Q.* Has the Supreme Court ever passed judgment upon the question whether the Government of the United States has the right to levy taxes for any other than public purposes, as for example, for the protection or promotion of private interests?

*A.* The city of Topeka, in Kansas, under an act of the Legislature of that State passed in 1872, voted to give, and with consent of a majority of its electors, did give £20,000 to an Iron Bridge Company, on condition that the latter established and operated their shops within the limits of the city. When an attempt was made to meet this expenditure by taxation, the power of this city, as well as of any political organisation in the United States—Municipal, State or Federal—to levy taxes for any such purpose as the encouragement of manufacturing enterprises was denied, and the question thus raised, was finally carried to the U.S. Supreme Court for adjudication. The Court, with but one dissenting opinion, absolutely and unqualifiedly decided the question in the negative, and incorporated in its decision the following statement: "To lay with one hand the power of the government on the property of the citizen, and with the other to bestow it upon favoured individuals to aid private enterprises and build up private fortunes, is none the less a robbery because it is done under the forms of law and is called taxation. This is not legislation, it is a decree under legislative forms. Nor is it taxation. Beyond a cavil, there can be no lawful tax which is not laid for public purposes."

*Q.* Does this decision deny the right of Congress or of the

State Legislatures to levy and collect taxes for any other purpose than revenue?

*A.* It is clearly incapable of any other interpretation.

*Q.* Why then has not the "protective" system been abolished in the United States by applying this decision of its Supreme Court?

*A.* Because it is impossible to prove in respect to any particular tariff tax, that Congress had imposed it for "protection" rather than for revenue.

#### PROTECTION INVOLVES THE PRINCIPLE OF SLAVERY.

*Q.* What is the highest right of property?

*A.* The right to freely exchange it for other property.

*Q.* How do you prove this?

*A.* If all exchange of property were forbidden, each individual would be like Robinson Crusoe on his uninhabited island. He would have to live on what he individually produced or collected, and would be deprived of all benefits of co-operation with his fellow-men, and of all the advantages of production that come from diversity of skill or diversity of natural circumstances. In the absence of all freedom of exchange between man and man, civilisation would be impossible; and to the degree in which we impede or obstruct the freedom of exchange—*i.e.*, commercial intercourse—to that same degree we oppose the development of civilisation.

*Q.* Is it the intent and result of a "protective" tariff to restrict exchanges?

*A.* It invariably amounts to the same thing, whether we make the interchange of commodities costly and difficult by interposing deserts, swamps, unbridged streams, bad roads or bands of robbers between producers and consumers, or whether, for the benefit of some private interests, that have done nothing to merit it, we impose a toll on the commodities transported, and call it a tariff. In both cases there is a greater effort and an increased cost required to produce a given result, and a diminution of the abundance of the things which minister to everybody's necessities, comfort, and happiness. A twenty per cent. duty is like a bad road; a fifty per cent. like a broad, deep and rapid river, without any proper



facilities for crossing ; a seventy-five per cent. like a swamp flanking such a river on both sides ; while a hundred per cent. duty, such as has been levied upon steel rails, blankets, and window-glass, is as a band of robbers, who strip the merchant of nearly all he possesses, and make him not a little grateful that he escapes with his life.

*Q.* How does a tariff, enacted for so-called "protection," involve the principle of slavery?

*A.* Any system of law which denies to an individual the right freely to exchange the products of his labour, by declaring that A, a citizen, may trade on equal terms with B, another citizen, but shall not under equally favourable circumstances trade with C, who lives in another country, reaffirms in effect the principle of slavery. For both slavery and the artificial restriction of exchanges deny to the individual the right to use the products of his labour according to his own pleasure, or what may seem to him the best advantage. In other words, the practical working of both the system of human slavery and the system of protection is to deprive the individual of a portion of the fruits of his labour, without making in return any direct compensation.

*Q.* What is the argument generally put forth by protectionists to justify the restriction of freedom of exchanges?

*A.* That any *present* loss or injury resulting from such restriction to the individual will be more than compensated to him *indirectly*, as a citizen of the State.

*Q.* Was not this essentially the argument formerly used to justify the toleration of slavery in the United States?

*A.* Yes. The plea for slavery asserted that the system was really for the good of the slaves, and that any deprivation endured by them for the good of society—meaning the masters—would be fully compensated to them, through moral discipline, if not in this world, certainly in the world to come. It made the slave-owners, who enacted the laws, the sole judges of the question.

*Q.* Have not the same arguments employed for the restriction of exchanges—*i.e.*, indirect or future individual or social benefit as a justification for present personal restriction or injury—been always used to justify every encroachment by despotic governments on the freedom of the individual?

*A.* Yes; and especially in warrant of State persecution for heresy or unbelief; of enforced conformity with State religions; of abridging the liberty of speech and of the press and of restricting the right of suffrage. In short, the restriction of freedom of exchange for the purpose of subserving private interests, is one of those acts on the part of the State which are utterly antagonistic to the principles of free government, and which, if fully carried out, would be absolutely destructive of it.

### TAXES IN THE UNITED STATES.

*Q.* What is the average tax imposed upon dutiable foreign commodities by the United States?

*A.* For the years 1883-4, 42·6 per cent., or nearly one-half the value of the goods.

*Q.* What was the valuation of dutiable commodities imported into the United States during the year ending June 30, 1883?

*A.* £115,135,239.

*Q.* What amount of tax was paid upon these importations?

*A.* Over £42,127,000.

*Q.* By whom was this tax paid?

*A.* By the people of the United States.

*Q.* Was the revenue in 1883-4 more than was necessary to meet the wants of the Government?

*A.* It was very much more than was needed to support the Government, honestly administered.

*Q.* How do you prove this?

*A.* The net ordinary expenditures of the Government for 1883, and the interest on the public debt, were £53,081,600. The revenues were, during the same year, from all sources, £79,657,400.

*Q.* What was the rate of tariff before the war?

*A.* In 1860 the average tariff was 19·6 per cent. on all dutiable imports, and 15·6 per cent. on all imports.

*Q.* What is the total amount of taxes—national, state, county and municipal—at present annually assessed and collected in the United States?

*A.* More than one hundred and forty millions sterling. *The census estimate for 1880 was over £145,000,000.* Of this amount the Federal Government collected, during each of the years 1882 and 1883, about eighty millions sterling.

*Q.* What proportion does the total annual taxation of the whole country sustain to the value of its total annual commercial product.

*A.* The taxes absorb or represent more than seven pounds out of every hundred of product.

#### VALUATION OF THE UNITED STATES.

*Q.* What is supposed to be the value of the annual product of all the capital and labour of the United States?

*A.* In all probability, not in excess of two thousand millions of pounds sterling. *The census estimates for 1880 were £1,700,000,000.*

*Q.* The population of the country in round numbers, in 1880, was fifty millions (50,155,783). Accepting the census estimate of the value of the product of the country for 1880, what would have been the average annual share of each person?

*A.* About £34.

*Q.* If each such person was obliged to live on the results of his own labour, what would be the average individual expenditure permissible, to meet the expenses of living?

*A.* About 2s. per day.

*Q.* What proportion of the wealth of the United States is represented by the value of land?

*A.* Fully one-half.

*Q.* What have been the chief reasons for the rise in the value of the lands in the United States?

*A.* *First.* The good quality of the land itself, due to natural causes. *Second.* Increase of population, due to natural causes, and an immigration unparalleled in the world's history, attracted by the fertility and cheapness of the land. *Third.* Great facilities for cheap and ready inter-communication. *Fourth,* and not least, the entire absence of all artificial restrictions on trade, or complete *free trade*, between the people of the different sections of the country. The tariff had nothing

to do with determining the natural condition of the country in respect to soil, climate, abundance of all minerals and timber, and easy methods of inter-communication, nothing to do with the establishment and perpetuation of free institutions, with facilities for education, or with the natural capacity of our people for turning these natural advantages to the best account.

*Q.* Has the tariff been influential in restricting the rise in the value of land in the United States?

*A.* It has, by increasing the cost of all tools and machinery, and by restricting the markets for the products of our land by interfering with free exchanges.

*Q.* What striking example can be given in proof of the former of these assertions?

*A.* The railroad system of the United States as it stands to-day (1884), at a nominal cost of over £1,400,000,000, is calculated to have fairly cost £1,040,000,000; of this cost fully one-fifth, or over two hundred millions of pounds, probably represents the result of tariff taxation for special interests.

*Q.* Has the value of farm lands in the United States increased uninterruptedly, irrespective of any tariff policy on the part of the Government?

*A.* All the evidence shows that the value of farm lands has increased more rapidly in the United States when the artificial restrictions on trade and markets were reduced through low tariffs to a minimum.

*Q.* The aggregate wealth of the United States has been estimated for 1880 at £8,800,000,000. Do these figures in themselves constitute any true evidences of the national welfare?

*A.* Not in themselves; and for the reason that the welfare of the people consists in abundant production, coupled with equitable distribution and the lightest taxation. The wealth of the few rich does not necessarily diminish the poverty of the many poor; and the wealth of the owners of the iron mines and steel works of the United States, which has been put into their hands by means of an obstructive duty on the imports of iron and steel, represents only a heavy tax, which the people of the country have been compelled to pay, but which neither the Treasury nor the iron-workers have received.

*Q.* The increase of the wealth of the United States in the

years embraced between 1860 and 1880, has been estimated at £6,000,000,000. As the average population of the country during this period was forty millions, what was the average share of each person of this large increase, as represented by annual savings?

*A.* \$37.50, or £7 5s.

*Q.* With this small amount of annual average savings, what has the protective policy of the United States done in the way of taxing its people under the pretence of protecting their industry?

*A.* It has taxed every man, woman, and child somewhere from \$10 to \$15 per head each and every year of this twenty, of which about \$8 has gone into the National Treasury, while the rest has gone into the pockets of the protected owners of iron, copper, and coal mines, Bessemer steel, quinine, bichromate of potash, barbed wire, and other privileged persons.

*Q.* How much is it possible for the people of the United States to save out of their annual product (exclusive of the increase in the value of land) and lay up as new capital for future production or as provision for old age, infirmity, or for their children?

*A.* Not more, under the most favourable circumstances, and when taxes are light, than from \$10 to \$15 per annum out of every \$100 of annual product. When taxes, as at present, are heavy, and prices are thereby enhanced, and the opportunities for employment are restricted or made irregular, it is almost impossible for those whose earnings are small to save anything.

#### THE BURDEN OF UNNECESSARY TAXES.

*Q.* If the hundred million dollars of taxes which the Federal Government collected in 1884, over and above all its requirements for expenditures, including interest on the public debt, had been paid in commodities in place of money, what would the amount represent?

*A.* One hundred and twenty-five million bushels of wheat at 3s. 4d. per bushel; or two hundred and fifty million bushels of corn at 1s. 8d. per bushel; or one hundred thousand houses, costing £200 a-piece; or five million tons of pig

iron (nearly the whole product of the country) at £5 per ton ; or a thousand million yards of cotton cloth, costing 5d. per yard.

*Q.* If this sum of £20,000,000 in taxes, collected unnecessarily in 1884, had been remitted back to the people, instead of having been extorted from them, what would it have enabled the people to have bought?

*A.* It would have given a pair of good boots to every man and a pair of good shoes to every woman in the country with an occupation. It would have given two barrels of flour or two tons of coal to every family ; or it would have added a week's wages to the gain of every manual labourer. It would have paid 10 per cent. on two hundred millions of capital.

*Q.* How have the protectionists proposed to deal with this great burden of taxation and unnecessary surplus revenue?

*A.* They have proposed on the one hand to take off the taxes on whiskey and tobacco, and maintain it on blankets, sugar, window glass, and all the essentials of common living ; and on the other to keep up the taxes on everything, and distribute the surplus revenues for various purposes among the States. The practical effect of the latter proposition would be to take money out of one pocket of the people and transfer it to another, and pay a corps of officials for the purpose of doing it.

#### DOES PROTECTION PROTECT ?

*Q.* It is constantly affirmed that if this system of taxation is not maintained, the United States will be subjected to a flood of foreign imports ; and that their labourers will be defrauded of opportunity of employment, and be reduced thereby to distress and pauperism. Is there any good basis for such assertions?

*A.* They are mere pretence and humbug.

*Q.* How can this be demonstrated? Can high-priced American labourers compete in the same occupations with foreign paupers?

*A.* Paupers in one place are the same as paupers everywhere. Their labour is always unskilful, slovenly, poor, and costly. They are not dreaded in competition by workingmen at home ; and for the same reason pauper labour is not to

be dreaded (if any such exists) in the manufacturing industries of Europe.

*Q.* Is there no other answer to this stock argument of the protectionists?

*A.* Yes; the real answer is to be found in the indisputable fact, that nearly every branch of work which is conducted in the United States, either of agriculture, manufactures, or mining, is done here, because it must be; because it is necessary that it should be; because no one will or can do it for us.

*Q.* Under what conditions, then, do the arts and manufactures of the United States exist?

*A.* Nine-tenths of all the arts and manufactures of the country exist by reason of necessity, and not by reason of any system of revenue laws; not by any discrimination in the imposition of duties; not from any cause which it is the power of legislators to promote, except by assuring personal safety, the enforcement of contracts, and an honestly-earned dollar as the unit of money.

*Q.* What branches of domestic industry owe their existence to a protective tariff?

*A.* There is not a single great branch of domestic manufactures which had not been established in some form in the United States long before a protective tariff had been or could have been imposed. The manufacture of iron is nearly as old as the history of every colony or territory in which there is any iron ore. The manufacture of woollens is as old as the country itself, and was more truly a domestic manufacture when our ancestors were clothed in homespun than it is now. The manufacture of cotton is almost as old as the production of the fibre on our territory. So also of the manufactures of leather, boots and shoes, hardware, furniture, wooden-ware, paper, spirituous liquors, &c., &c. And when you go beyond these, there is left only a comparatively few persons employed on glass, pottery, and silk.

*Q.* What articles can be specifically mentioned that cannot by any possibility be directly benefited by a protective tariff?

*A.* *First*, our great agricultural staples: our corn and our wheat, our beef and our pork, our lard and our tallow, our butter and cheese, our cotton and hay, and our fresh and canned fruits and vegetables. We export all these products,

and anything which can be exported regularly, and sold in competition in foreign countries with similar foreign products cannot be directly benefited by any tariff legislation. *Secondly*, an immense variety of the products of our other industries—our petroleum, turpentine, and rosin; nearly all building materials and constructions of wood, including vessels; our products of gold, silver, and copper; our stoves, tinware, shovels, axes, nearly all agricultural machines and implements, and most articles of common hardware; boots and shoes, and sole leather; coarse cotton and woollen fabrics, starch, refined sugar, distilled spirits and alcohol, most fermented liquors, waggons, carts, most carriages, harnesses, rail-road cars, sewing machines, all ordinary confectionery, the cheaper papers and paper hangings, photographs, picture frames, pianos, india-rubber goods, toys, watches, guns, fixed ammunition, newspapers, buttons, brooms, gas, clocks, and a great variety of other articles, not one of which, if the tariff was entirely abolished, would be *imported* to any considerable extent; and most of which, under free trade, would be manufactured and *exported* in vastly larger quantities than at present.

*Q.* What are other practical illustrations of the absurdity of the assertion of protectionists, that in default of a high tariff American industries would be wrecked by foreign pauper labour?

*A.* The whole number of persons who were engaged in the manufacture (including the mining of coal and ore) of a little less than 4,000,000 tons of pig iron in the United States in 1880, was less than 100,000. Their average annual earnings were £61 each.

*Q.* What would it have cost if England had supplied us in 1880 with this quantity of iron, in respect to the single items of freight, insurance, and other necessary charges, and had transported it to the centre of population or of the use of iron in this country?

*A.* It would have cost a sum equivalent to more than half the sum of all the wages paid to the whole force of labourers employed in the United States for 1880, in making pig iron; and in respect to iron mines and furnaces west and south of the Alleghanies, the natural protection created by distance and the cost of transportation would have been greater than the entire sum paid for making pig iron at these works.



Q. Is there, therefore, any pretext for the assertion that a high tariff is necessary to maintain the wages of the American coal and iron miners or the men in our blast furnaces, at a high rate ?

A. It is simply an impertinent pretext, whose acceptance depends on the general ignorance of the people as to the true facts in the case.

Q. What proportion does the whole value of the annual pig iron product and of the annual wool clip of the country sustain to the value of its entire product of all articles ?

A. Less than two per cent. ; and yet the representatives of these two interests assume, for the sake of private interest, to dictate the entire commercial policy of the whole country. *The value of the annual product of pig-iron in the United States for 1884 is estimated at £18,000,000, and of the wool product of the country for the same year at £12,800,000, total £30,800,000. During the same year the value of the poultry product of the country—poultry and eggs—was estimated at £36,000,000.*

Q. If nine-tenths of all the industries of the country exist and flourish by reason of natural circumstances, how does the remaining tenth manage to exist ?

A. By the taxation of the other nine-tenths.

Q. What is the greatest resulting evil of such a system ?

A. The burden of taxation—direct and indirect—is most heavy, but the great natural resources of the United States and the energies of its people have thus far enabled the country to bear it and still prosper. A greater and unmeasurably more disastrous evil is, that in the effort to protect a fraction of our industries through taxation and restrictions on exchanges, the cost of all the products of our entire industry is enhanced to such an extent, that as a nation, we cannot export our manufactured products, and so extend our markets and increase our opportunities for domestic employment, except in those cases where our natural advantages for production are so great, as in the case of agriculture, as to overcome the increase of cost of all domestic production, thus unnaturally and artificially created. Hence the periodical glut of our markets and suspension of our industries, and the consequent wrong done to labour. Hence the evils of the so-called “over-production,” which is simply a wrong name for mis-directed production.

*Q.* What proportion of the articles imported by the United States from foreign countries are articles of necessity, used in our domestic industries, or as the food, and for the comfort of our operatives?

*A.* Of articles of the above character it is estimated that we annually import above £32,000,000 in value, on which we collect from ten to twelve millions of duties or taxes; and these duties raise the cost of the manufactures into which they enter at least £20,000,000 higher than they need be.

*Q.* Is such a policy protection to American or foreign industries?

*A.* Twenty million pounds is ten per cent. on two hundred millions' worth of product, and we accordingly grant a bounty of ten per cent. on the exportation from Europe of £200,000,000 worth of finished products, by a useless tax of £12,000,000; and to this extent make war upon our own labourers.

#### THE PROTECTED CLASSES.

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

*A.* 17,392,099.

*Q.* How many of these were engaged in agriculture?

*A.* 7,670,493; or about 44 per cent. of the entire population.

*Q.* What proportion of the number could be injuriously exposed to foreign competition, in the absence of productive duties?

*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.

*Q.* How many persons in the United States were engaged in 1880 in manufacturing?

*A.* 2,739,907; or about 16 per cent. of the whole number—classified into 52,207 manufacturers and 2,587,700 workmen.

*Q.* How many of these could under any circumstances be subjected to foreign competition?

*A.* A careful calculation indicates 837,112, or not more than one-third of the whole number, and on a great part of even this number the competition would be but partial.

*Q.* How many persons in the United States in 1880 were engaged in occupations other than agriculture and manufactures?

*A.* 6,983,000; including 4,074,238 engaged in professional and personal service—lawyers, doctors, teachers, ministers, domestics, etc., and 1,810,256 in trade and transportation; or about 40 per cent. of the whole number of workers.

*Q.* Can any of the persons in the class be protected by the tariff?

*A.* Not unless the sphere of the tariff be so extended as to prohibit the emigration of lawyers, doctors, teachers, ministers, railroad employés, clerks, nurses, labourers, and the like.

*Q.* What are illustrations of the way that people of this latter class are injured by protection?

*A.* A female domestic servant cannot be protected against the competition of foreign paupers; but she is taxed on every yard of cloth which she buys for her dress, on every silk ribbon, on every pin, and in fact on almost everything she buys.

*Q.* How many of such persons were there in the United States in 1880?

*A.* Nearly a million (938,000).

*Q.* Give another illustration.

*A.* Women working for wages scarcely enough to maintain themselves in reasonable comfort—milliners, dressmakers, seamstresses, etc. None of the product of their work, save a few fashionable samples, could be imported; and yet this great class are taxed on every spool of thread they use, on every needle with which they sew, on every yard of cloth they make up.

*Q.* How many of these workers were there in 1880?

*A.* Over 280,000; outnumbering all the women and children who convert cotton and wool into cloth; and if to this 280,000 we add the manufacturers of clothing who work

in the great factories, it will be found that those who work upon cloth, where cloth is the raw material, outnumber by two to one all those employed in the great factories working raw material into cloth.

*Q.* How many men are engaged in the railroad service of the country?

*A.* More than 600,000, or more than can be found in all the branches of manufacture that could be subjected to foreign competition, even if there were no custom houses; add to this the average number engaged in the construction of railways for the last ten years, and we have an aggregate of about one million of workers, or about one man in every ten engaged in earning their living in this country, exclusive of those engaged in agriculture, in a business which can be taxed but not protected.

*Q.* What, according to the census of 1880, were the average wages of the unprotected railway employés?

*A.* £90.

*Q.* What were the average wages of the much smaller number of protected iron-makers for the same year?

*A.* £62 8s.

#### FOREIGN AND DOMESTIC TRADE.

*Q.* If we had perfect free trade, what amount and kind of foreign products would be imported?

*A.* 1. Not more than one pound's worth in one hundred of all our agricultural products could possibly be imported, if there were no duty on foreign products of like kind, and if there never had been any. 2. Not two pounds' 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 any.

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

*A.* It would be extremely difficult to show that as many as five persons out of every hundred, who are employed in gainful occupations in this country, could be injuriously affected by any competition of labourers in other countries, whose products

could be sent here, even if there were no duties whatever on foreign imports ; and if the changes were judiciously made new occupations would open for them faster than their old occupations would be affected.

*Q.* In 1883, the railroads of the United States carried more than 400 million (400,453,439) tons of freight. How many ships would it have required to have transported this amount of freight across the ocean ?

*A.* One hundred thousand of one thousand tons each, making four trips each in a year.

*Q.* Are there as many ships of this size in all the world ?

*A.* No.

*Q.* How many ships does Great Britain and her colonies control or own ?

*A.* In 1884, about 30,000, of a total tonnage capacity of 8,500,000 tons, and an average tonnage each of 283 tons.

*Q.* Suppose all of these ships should be engaged in transporting goods from Europe to the United States, and make an average of four trips each year, how many tons could they convey ?

*A.* 34,000,000 ; or less than one-tenth of what our railroads transport.

*Q.* If 30,000 British ships should undertake to flood the United States with the products of foreign labour, would their owners propose to give these products gratuitously to the American people ?

*A.* They would propose to sell every particle of such products at the highest possible price.

*Q.* In what would they have to take their pay for such sales ?

*A.* In equivalent products of American labour ; and when a man obtains some result of another man's labour by giving an equivalent result of his own labour, as for example, when the farmer gives wheat to the shoemaker for a pair of boots—there would be no loss, but rather a great gain to both parties for such exchange of products and services, unless one party in some way cheated the other.

*Q.* Would the American be obliged to buy any of these 30,000 shiploads of foreign pauper labour ?

*A.* They would not buy or exchange a single dollar's worth

unless they felt that it would be an advantage for them to do so; and when the Yankees have forgotten how to make a good bargain it will be full time for their Government to undertake to teach and protect them.

#### THE FACTS AS TO WAGES.

*Q.* It is constantly asserted that one positive effect of the (protective) tariff policy of the United States has been to secure high wages to the labourer in that country. Is this true?

*A.* No; and the proof is, that wages are the highest in the United States—absolutely and in comparison with the old world rates—in those industries which do not have, or confessedly do not need, protection.

*Q.* What are some illustrations of this?

*A.* The Report of Bureau of Labour Statistics of Massachusetts, for 1884, shows that the rates of wages in the industry of food preparations—all of which we export—are 250 per cent. higher in that State than in Great Britain. In brick-making, which is a wholly domestic industry, American wages are double those of the British. In the building trades, where foreign competition is impossible, unless houses are to be imported whole, American wages are again nearly double those of the foreigner. In the manufacture of boots and shoes they are more than double; yet in no department of manufacture has the superior genius of American mechanics been more triumphant. On the other hand, in metals and metal goods, and in carpeting, all highly protected industries, there is little of advantage to the American labourer; while in cotton manufactures wages are shown to have been actually lower in some departments in Massachusetts than in England.

*Q.* Do labourers work longer hours in this country than in England?

*A.* The Massachusetts Labour Report for 1884 shows that the average number of working days in a year is 309 in Massachusetts and 305 in Great Britain; and the number of hours per week 60·17 in Massachusetts, and 53·5 in Great Britain—so the longer hours prevail by 12 per cent. in Massachusetts.

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

*A.* Yes. The same 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 completely refutes the popular theory about the influence of protection in maintaining and increasing the rates of wages.

*Q.* Are wages higher in America than in Europe ?

*A.* Wages are higher in America than in Europe ; they are higher in England than in France and Germany ; they are higher in Canada than in England.

*Q.* Why are wages higher in this country than in Europe if the tariff has not occasioned such a result ?

*A.* Wages are higher in this country, because owing to our great natural advantages, labour, intelligently applied, will here yield a greater or better result than in old and densely-populated countries. It has always been so, ever since the first settlements within our territory, and that is the main cause of the tide of immigration that for the last two hundred 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 our successful establishment of domestic manufactures, for he says that the manufacturers " can afford to pay them."

*Q.* Are wages also higher in Australia and the Argentine States of South America than in Great Britain ?

*A.* Yes ; and they are even higher in many departments of industry than in the United States.

*Q.* Assuming 300 working days in the year, what, according to the census of 1880, were the average daily wages paid in the leading industries of the United States ?

*A.* In the manufacture of cotton 3s. 4d. per day ; silk and and silk goods 4s. 0d. ; wool 4s. 2d. ; iron and steel 5s. 4d. ; iron ore mining 4s. 2d.

*Q.* What, according to the census of 1880, are the relations which the sums paid for labour in the great industries of this country sustain to the total value of the finished products of such industries ?

*A.* In manufactures of wool the wages paid represent on an average 16 per cent. of the value of the finished product; in iron and steel 21 per cent., in cotton 22 per cent., and in silk 37 per cent.

*Q.* If the prices of foreign fabrics of cotton and wool and of foreign iron and steel when landed in the United States are increased by reason of freights, commissions, insurance, and inland transportation, to the extent of only 5 per cent., how much additional, by reason of this natural protection, could American manufacturers of the above articles afford to pay their labourers?

*A.* They could afford to pay their labourers about 25 per cent. more than is paid by their foreign competitors and yet be on terms of equality, so far as such an increase of wages enters into and controls the value of their products.

#### THE TRUE PRINCIPLE OF WAGES.

*Q.* It is a common assertion that the inability which the American manufacturer now experiences in competing in the world's market with foreign producers of like articles, is owing mainly to great differences in wages in favour of the latter; or, stated differently, it is assumed that high wages necessarily involve a high cost of production. Is there any foundation for this assertion?

*A.* No. The truth is exactly the reverse.

*Q.* This seems paradoxical. How can it be proved?

*A.* Wages are labour's share of product, and in every healthy business are ultimately paid out of product. No employer of labour 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 is only a question of time when his affairs will be wound up by the sheriff. On the other hand, if a high rate of wages is permanently paid in any industry and in any country it is in itself proof positive that the product of labour is large, that the labourer is entitled to a generous share of it, and that the employer can afford to give it him.

*Q.* What are the comparative wages paid in England and in the States of Continental Europe?

*A.* They are very much less in the latter than in the former



in almost all avocations. Thus, in free-trade England, the average wages, according to the most recent investigations, are 42 per cent. higher than in Germany, and 58 per cent. higher than the average for France.

*Q.* Are the products of this low-priced German and French labour admitted free into England?

*A.* With the exception of wines, spirits, tobacco, and playing cards, they are absolutely so.

*Q.* Do the people of England ask for any protection against German and French labour? Has German or French competition ever reduced the wages of English labourers?

*A.* No. Wages in England for the last thirty years have tended constantly to rise and not to decline.

*Q.* If close competition and low wages on the Continent of Europe do not operate to reduce wages in England, why should the competition of these same low-priced labourers tend to produce an exactly opposite effect in the United States, a country more than 3,000 miles farther removed?

*A.* This is a problem for protectionists to answer.

*Q.* Wages in Mexico are very low. Living is also very cheap there, and the native enjoys a much higher protective tariff than that existing in the United States. Notwithstanding all this manufactures do not flourish in Mexico. Now, if a high tariff builds up domestic industries, why does it not so operate in Mexico?

*A.* This is also a puzzle for protectionists to solve.

*Q.* Has there been any recent confession on the part of the Government of any of the Continental States of Europe, the labouring population of which are in receipt of very low wages, of inability to withstand the competition of the more highly-paid labour products of the United States?

*A.* Yes. In 1882 the government of Austria created a new tariff, which largely increased the duties before imposed on imports, and one of the main reasons given by its finance minister for the new policy, was:—"An invasion of Western Europe by United States grain and pork, which threatens to close the markets for these products to Austro-Hungary."

"Self-protection," he said, "demands that the markets of Austria should be reserved for domestic trade, particularly in regard to grain, canned goods, meats, lard, leather, sewing

machines, agricultural implements, domestic utensils, cotton yarns and textiles, and refined petroleum."

#### THE WORLD'S MARKET.

*Q.* Is production in the United States now large?

*A.* Production was never before so great in the United States in relation to population as it has been in this last year (1884) of depression and want. The East is glutted with goods and wares; the West with corn and meat; the Middle States are burdened with coal and iron; the South, cotton and grain; and each section has what all the world needs.

*Q.* Why, under such circumstances, do men, willing to labour, want; why is business stagnant, trade depressed, and the opportunities for labour restricted?

*A.* Because our whole system of distribution has been paralysed by our bad system of taxation and a national commercial policy that has made us provincial and shut us out from the commerce of the world. The world wants all of our products that we can spare, and will give us in exchange a greater abundance of those comforts and luxuries that all desire; but the Government has assumed that it can control and give direction to the work of the people better than the people themselves; and its interference has culminated in obstruction and disaster.

*Q.* To what extent can the manufacturing industries of the country affect a market for our agricultural products?

*A.* Taking wheat as the standard of cereal consumption, the crop of 1880 was, in round numbers, five hundred millions of bushels (498,000,000). Of this quantity it is estimated that about 312,000,000 bushels were necessary for home use (food, seed and reserve), leaving 184,000,000 surplus.

*Q.* How much wheat in excess of their own production did the manufacturing States of New England, New York, New Jersey, Pennsylvania, Delaware and Maryland require to feed their own people in 1880?

*A.* Probably not over 35,000,000 bushels.

*Q.* To what extent would the manufacturing industries of these States have had to be enlarged to afford a domestic market for the surplus wheat product of the country in 1880?

A. At least fivefold.

Q. Are the manufacturing industries of these States already in excess of what is demanded?

A. The power of the manufacturing establishments of these States, and indeed of the whole country, to produce is far in excess of the demands of any market available to them to consume.

Q. If our surplus agricultural products could not be exported and sold in foreign countries, what would become of them?

A. They would either not be raised, or if raised would rot in the ground.

Q. When the Government gives subsidies, or bounties to private interests, either by direct appropriations or by protective tariff enactments, where does the money which measures these bounties or subsidies come from?

A. Governments never have any money except what they have previously taken from the people by taxation. If Congress enacts a law, the effect of which is to give a labourer in iron 4s. more than he could otherwise and naturally have earned, it can only do it by taking 4s. from a labourer in some other pursuit. If a manufacturer is paid £5 for a suit of clothes, under the tariff, which, without the tariff, could have been bought for £2 12s., the man who earned the £5 and bought the suit is robbed of £2 8s.

Q. What is the first essential for the prosperity of an agriculturist or a manufacturer?

A. Not good soil, seed, tools, intelligence, or industry, but a market for the products of his industry.

Q. What is a market in the sense of the term as here used?

A. The United States has at present a surplus product of almost every article which by nature or skill it has advantages for producing. By "*surplus*" is meant, all over and above home consumption, either of the individual producer, or of the nation. A *home market* means this consumption—while that part of the domestic product which is not consumed at home, but is sold (exchanged) outside of the farm, the workshop, or the country, means the *foreign market*, and that is the producer's profit. From the first comes our existence, from the last, our prosperity.

## PROTECTION AND PRICES.

*Q.* Does protection tend to cheapen manufactured products?

*A.* One answer to this is, that if protection is to be recommended because it leads ultimately to cheapness, it were best to begin with cheapness. Another answer is to be found in the circumstance that not a single instance can be adduced to show that any reduction has ever taken place in the cost of production in the United States under a system of protection which would, through the agencies of new inventions, discoveries, and economies, not have taken place equally soon under a system of free trade; while, on the contrary, many instances can be referred to which prove that protection, by removing the dread of foreign competition, has retarded not only invention, but also the application and use of improvements elsewhere devised and introduced.

*Q.* But how about the tables which are constantly presented showing the increased purchasing power of "farmers' articles," and of mechanics' wages since the establishment of the protective policy in the United States in 1860, as compared with a lesser purchasing power of the same articles, in former years under much lower tariff?

*A.* All such tables are defective, and intended to deceive, because they omit to show the reduction of prices which have occurred during the same period in free-trade countries. If the reduction of prices in the United States since 1860 is to be traced to the protection of the tariff, then the prices of like articles in England, where there has been no protection, ought to be higher. But, on the contrary, prices are lower in England: so the cause of the recent reduction of prices, or the increased purchasing power of farmers' articles and wages, must be due to some cause common to all countries.

*Q.* What is the cause?

*A.* Mainly the great improvements in the machinery of production and transportation. For example, the improvement in textile machinery in the past twenty-five years has been as important as it was in the previous fifty years, and the only thing the tariff has done has been to enhance greatly the cost of machinery; thus depriving the United States of the full advantage of the inventions of this most inventive age.

*Q.* It is constantly asserted, by the advocates of protection, that a tariff on imports "obliges a foreigner to pay a part of our taxes." Is this true?

*A.* No. The point itself involves an absurdity; for if there were any plan or device by which one nation could thus throw off its burden of taxation in any degree upon another nation, it would long ago have been universally found out and recognised, and would have been adopted by all nations to at least the extent of making the burden of taxation thus transferred in all cases reciprocal. Taxes on imports are paid by the persons who consume them; and these are not foreigners, but residents of the country into which the commodities are imported.

*Q.* What plain, practical test of this matter is available to every one?

*A.* Inquire of any dealer, what is the price of any dutiable imported article (the production and sale of which is not absolutely controlled by a monopoly) in bond, or free of duty, and out of bond or with duties paid. Sugar, for one example, has been selling for American use at  $3\frac{1}{4}$ d., while foreigners could buy it in bond for export at  $1\frac{3}{4}$ d. per pound, the difference being the exact measure of the increase of price occasioned by the duty, which in this case is  $1\frac{1}{2}$ d. per pound.

*Q.* The advocates of protection assert that it is impossible to "point to a single monopoly in the United States that has been created or fostered by the protective system." Is this true?

*A.* No, and note the proof that it is not. The owners of the copper mines on Lake Superior (which a few years ago were public property, and were subsequently sold for a pittance), under a duty so prohibitory of all imports of foreign copper, that in 1878, only one pound of copper (paying a revenue of five cents) was imported, have for years fixed and controlled the price of this essential article in the United States, at a rate higher than is paid in any other country; and after exhausting every demand of the domestic market, have exported and sold the surplus product of their mines to foreigners, twenty per cent. less than they would permit it to be sold to their own countrymen.

Again, the action of our great iron lords, protected from

foreign competition by duties ranging from 30 to 100 per cent., in uniting and publishing monthly price lists of their products which consumers must pay or go without, is also well known; while of other monopolies, these of quinine, bi-chromate of potash, wood-screws, barbed iron wire, and steel rails, are familiar.

### THE TEACHING OF EXPERIENCE.

*Q.* Is there any truth in the constant assertion of American protectionists that Great Britain adopted the free trade policy in 1842 only after she had attained great industrial strength and ability to withstand foreign competition, through the fostering for many previous years of all her industries, by a beneficial policy of extreme protection?

*A.* There is not a particle of truth in such assertions. Great Britain did, indeed, for many years adopt an extreme protection policy; but she was forced to abandon it, because its continuance had brought the country to the verge of bankruptcy, starvation, and revolution.\*

*Q.* Did the protectionists of England in 1842-6 resist the reductions of the British tariff?

*A.* They did most earnestly, and their speeches and arguments are an exact counterpart of those made by the protectionists of the United States at the present time. It was confidently predicted that a reduction of the British tariff "would shake the social relations of the country to their foundation, subvert the whole system of society, throw great quantities of land out of cultivation, render it impossible for the government to raise taxes, lower wages, and reduce the labourer to a lower scale of life." When Parliament repealed

\* "It is utterly impossible to convey by mere statistics any adequate picture of the condition of the nation when Sir Robert Peel took office in 1841. Every interest in the country was alike depressed: in the manufacturing districts mills and workshops were closed and property depreciated in value; in the seaports shipping was laid up useless in the harbour; agricultural labourers were eking out a miserable existence upon starvation wages and parochial relief; the revenue was insufficient to meet the national expenditure; the country was brought to the verge of national and universal bankruptcy,"—See Noble's *Fiscal Legislation of Great Britain*, page 11; also Leone Levi's *History of British Commerce*.

the British navigation laws, Mr. Disraeli and others confidently predicted that the ship-building trade of Great Britain would be ruined.

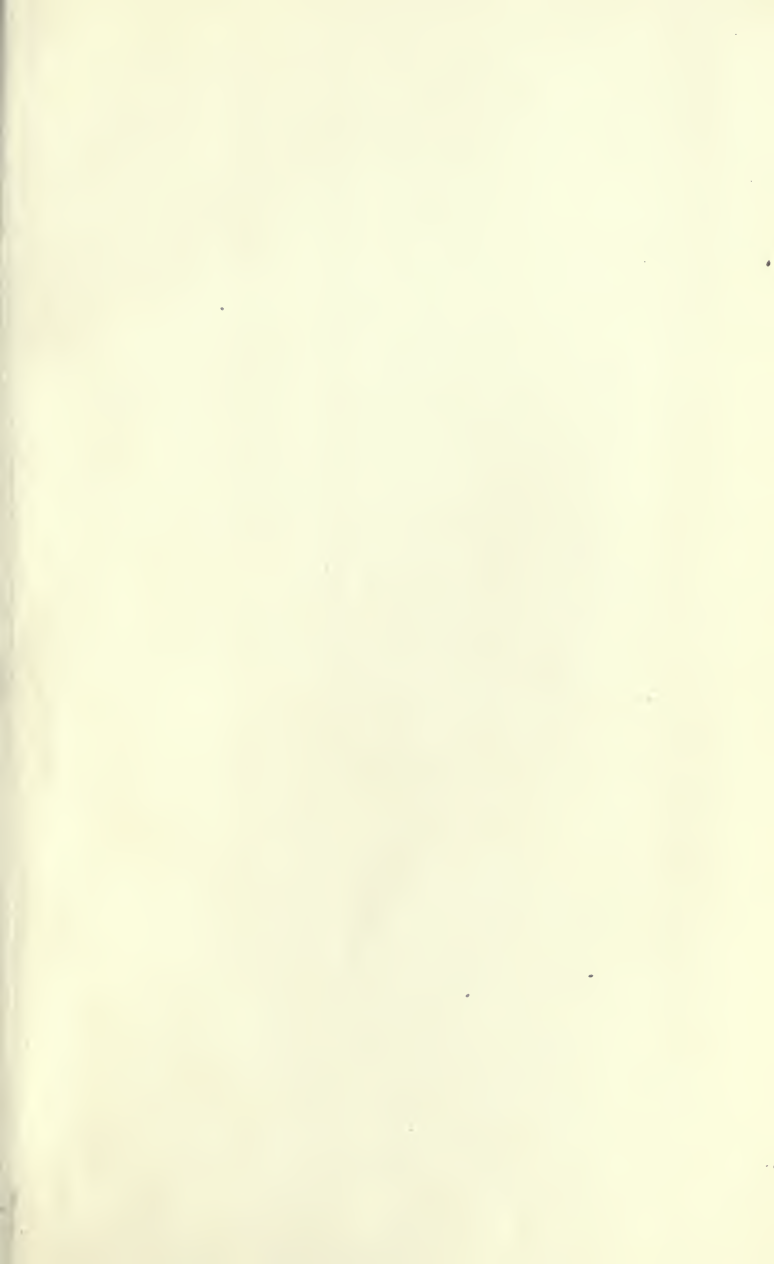
*Q.* Were any of these predictions verified?

*A.* Not a single one; for never in all history has any change in State policy been so magnificently vindicated. British shipping (registered tonnage of the United Kingdom), which before the repeal of her restrictions on ships, had for years been declining, commenced to increase, and rose from 3,096,342 in 1849 to over 7,000,000 tons in 1883. The results have in general been thus summed up by one of England's acknowledged authorities: "It has rendered agriculture prosperous, largely augmented rent, vastly extended manufactures and employment, increased the wages of labour, and, while securing the collection of an increased revenue, has, by improving the value of property, lessened the burden of taxation; and each successive development of this beneficent legislation has extended these results." The like results would follow in America if we extended the American principle of freedom to our intercourse with all the world.

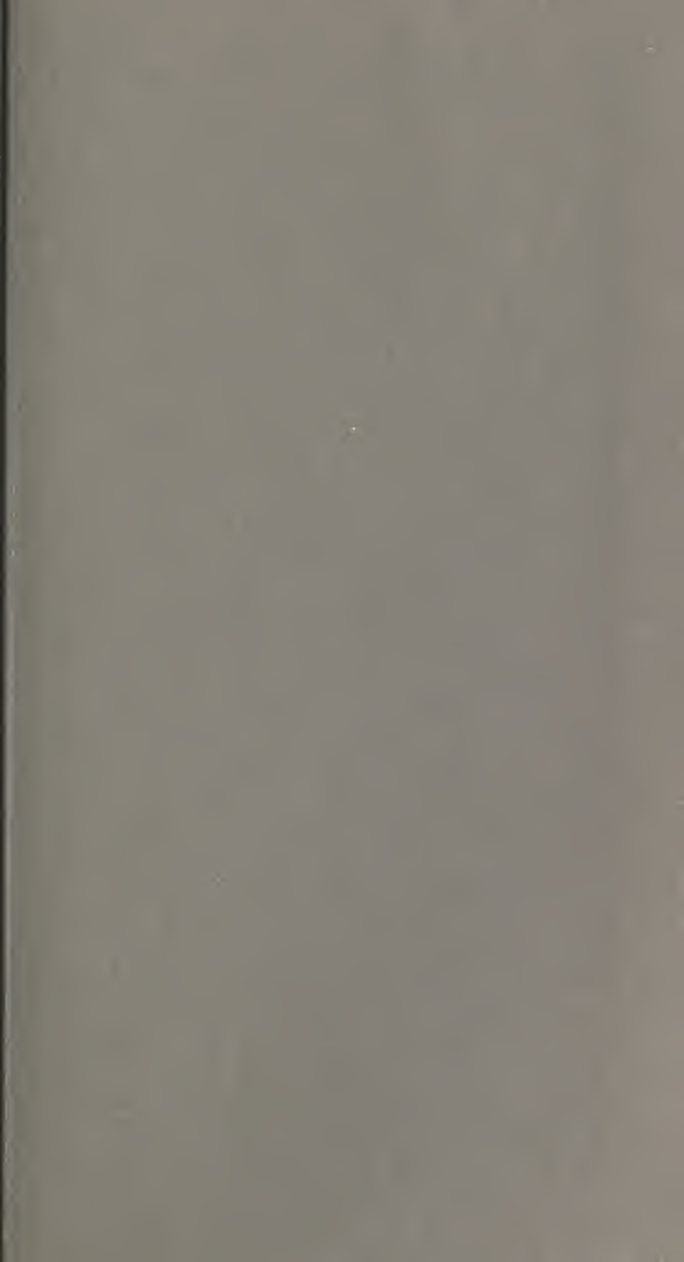












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