McKINLEYISM

As It Appears To A Non-Partisan

BY JOHN BEATTY.

If there be any one that makes many poor to make a few rich, that suits not a Commonwealth.—*Cromwell.*

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Abraham Lincoln had broad and statesman-like views concerning our trade and commerce. We could learn much as the result of his example. I have been interested to note how ignorant many self-appointed champions of our industries are of the land-marks the fathers planted. Much criticism has been aimed at the policy which proposed more liberal trade relations with Canada, and some well intentioned brothers have supposed that in advocating such policy I had departed from the teachings of the Republican apostles. They seemed to have ignored or forgotten the fact that what I proposed had the support of Abraham Lincoln, John Quincy Adams, Robert C. Winthrop, Robert C. Schenck, Thomas Corwin and others, who carried the first banner that the Republican party ever flung to the breeze.—*Hon. Ben. Butterworth, Cincinnati, February* 15, 1894.

McKINLEYISM

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TO A

NON-PARTISAN

By JOHN BEATTY.

McKINLEYISM: Exercise of the taxing power of a nation directly for the benefit of a few selected industries, and incidentally for the raising of revenue to support the government.

2. Making the pecuniary success of a few capitalists the object of a national economic system; the well being of the men who work for them an incident to the system, and the great body of the people contributors to the beneficiaries of the system.

3. "The great American system:" A system of unequal taxation; a system which enables the manufacturer to sell fifty cents worth of shoddy for one dollar; a system which diminishes the sale of American food-stuffs in foreign countries; a system dictated by the woolen manufacturers of New England, the iron mongers of Pennsylvania, and other combines, monopolies and pools.

4. American goods cheap for foreigners, dear for Americans.

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PREFACE.

This book does not pretend to any literary excellence, nor to anything beyond a hasty discussion of the tariff question. A portion of it was written two years ago, but the larger part of it within the past month. It is simply a free and easy criticism of the dogma of high protection as it has been brought to the attention of the public by the speeches of Gov. William McKinley. In the discussion, if it can be called such, the Governor has been permitted to state his own views in his own words:

A duty or tax, great or small, imposed on such articles of foreign make and growth as come into competition with American products, must of necessity afford more or less protection to our home industries, and hence is to all intents and purposes a *protective tariff*.

The principle of industrial protection, whether embodied in what may be called a protective tariff, a revenue tariff, or a tariff by any other name, when properly and honestly applied will undoubtedly be productive of benefit to the country. I have no quarrel, therefore, with Major McKinley to this extent. I am a protectionist to a certain degree, and have been, and propose to continue to be. But I fear he has leaped to a dangerous extreme. It is the abuse of the principle of protection by the imposition of exorbitant duties for the benefit of comparatively few industries which have no exceptional claim to public favor, to which I object, and against which I desire to record my emphatic protest.

Protection when diverted from its legitimate course, and used to promote the interest of cliques and combines may be rendered as dangerous to the country as liberty when it degenerates into unbridled license. The abuse of the one leads to high-handed robbery, the abuse of the other to red-handed anarchy.

If legislation could prevent the organization of trusts and pools under a high tariff, the interests of the unprotected masses might, perhaps, in the main, be safely left to home competition, but Congress has thus far failed to provide a barrier against the extending evils resulting from commercial combinations, and hence those tempted by the prospect of exorbitant profits to engage in business, often find it easier and more profitable to join the combines than to fight them, so that in certain lines there is now practically no competition and no wholesome check on prices.

Geographically, Ohio stands midway between the great wheat, corn and cattle-growing regions of the West, and the great manufacturing and mining districts of the East. Combined on her own soil in fair proportions, are all the natural resources and elements of wealth of which either of the sections named, or both of them, can boast. Her position in the family of States, and the commingling within her boundaries of all the interests and industries of the two extremes, would of themselves suggest that she should occupy middle ground in this struggle between the manufacturers who demand more bounty, and the farmers and unprotected laborers who insist upon less taxation.

We should say to the one you shall not, if we can prevent it, be needlessly injured by foreign competition, and to the other, you shall not be mercilessly oppressed by the trusts and combines which develop and multiply under high protection.

The Republicans of Ohio, as will be seen from their State platforms, have for many years held tenaciously to this safe middle ground. If they abandon it now under the leadership of Major McKinley they may expect hereafter to lift up their voices in lamentation oftener than in songs of triumph.

Against Republicans who adhere to the old doctrine, and refuse to aid in committing the party to the new, the senseless cry of "free trader" will be hurled, but the accusation will be false and harmless. The man who has been carried by the inconsiderate and reckless driving of his party leaders away from his true position and natural abiding place, would be weak indeed if he refused to travel the road which led to his own home, because it stretched many miles beyond his proper residence, and, perhaps, terminated in a morass.

January, 1894.

THE LINES ON WHICH AN HONEST AND WHOLESOME TARIFF LAW MAY BE DRAWN, AND THE EXTENT TO WHICH THE PRINCIPLE OF PROTECTION MAY BE ADVANTAGEOUSLY APPLIED.

"Duties should be so high that our manufacturers can fairly compete with the foreign product, but not so high as to enable them to drive out the foreign article, enjoy a monopoly of the trade, and regulate the price as they please. This is my doctrine of protection. If Congress pursues this line of policy steadily, we shall, year by year, approach more nearly to the basis of free trade, because we shall be more nearly able to compete with other nations on equal terms. I am for a protection which leads to ultimate free trade. I am for that free trade which can only be achieved through a reasonable protection.

"Mr. Chairman, examining thus the possibilities of the situation I believe that the true course for the friends of protection to pursue is to reduce the rates on imports wherever we can justly and safely do so, and, accepting neither of the extreme doctrines urged on this floor, endeavor to establish a stable policy that will commend itself to all patriotic and thoughtful people.

"Modern scholarship is on the side of free trade."—*James A. Garfield.*

"But the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will after a time be able to dispense with it; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of accomplishing."

* * * * * *

"The expenses of production being always greatest at first, it may happen that the home production, though really the most advantageous, may not become so until after a certain duration of pecuniary loss, which it is not to be expected that private speculators should incur in order that their successors may be benefited by their ruin. I have therefore conceded that in a new country, a temporary protecting duty may sometimes be economically defensible; on condition, however, that it be strictly limited in point of time, and provision be made that during the latter part of its existence it be on a gradually decreasing scale. Such temporary protection is of the same nature as a patent, and should be governed by similar conditions."—*John Stuart Mill.*

"If then a nation be so situated, that a protective tariff is necessary as a means of introducing manufactures, or any new form of productive labor which it is desirable to have, there can be no doubt of the wisdom of such a measure, provided, the new form of industry is one that is so well adapted to the people and the country, that when once introduced, it can be carried on with profit, and without continued protection."—*Prof. W. D. Wilson.*

I.

GARFIELD'S POSITION ON THE TARIFF QUESTION — M'KINLEY'S CLAIM THAT A REVENUE TARIFF IS INCONSISTENT WITH PROTECTION CONSIDERED — WHO PAYS THE TAX OR DUTY — DOES A DUTY ON FOREIGN GOODS INCREASE THE PRICE OF DOMESTIC PRODUCTS.

Any duty, however small it may be, upon any article the like of which is manufactured in this country, affords protection to American manufacturers. It is not necessary to make the duty prohibitory in order to render it protective. No considerable number of men in this country advocate free trade; there is, in fact, no free trade party, but there are multitudes of intelligent Republicans who hold with Garfield "that one extreme school of economists would place the price of all manufactured articles in the hands of foreign producers by rendering it impossible for our manufacturers to compete with them; while the other extreme school, by making it impossible for the foreigner to sell his competing wares in our market, would give the people no immediate check upon the prices which our manufacturers might fix for their products. I disagree with both of these extremes. I hold that a properly adjusted competition between home and foreign products is the best gauge by which to regulate international trade."

"A revenue tariff is inconsistent with protection, it is intended for a wholly different purpose. It loses its force and character as a genuine revenue tariff when it becomes to any extent protective. It has but one object. It can have but one effect — that of opening up our markets to the foreign producer, impoverishing the home producer and enriching his foreign rival."[1]

The people of this country understand a revenue tariff to mean the imposition of a tax or duty on imports from which at present the country must of necessity obtain over $200,000,000 per annum in way of revenue, and this large amount of money must, to satisfy the people, be derived in the main from what are known as articles of convenience and luxury. It would be impossible, therefore, to obtain this vast sum without affording more or less protection to home products.

The line of demarkation where a tariff for revenue, with protection as the incident ends, and a tariff for protection with revenue as the incident begins, is somewhat obscure and hence difficult to trace. But the people understand exactly the difference between a low tax and a high tax; between a low duty and a high duty, and understand also in a general way that a high protective tariff has for its primary object, not the revenue needed to support the government, but the exemption from foreign competition which it will afford to certain manufacturers and producers.

The revenue tariff favored by the Republicans of Ohio in their old platforms did not contemplate raising the revenue referred to from tea, coffee and other non-American products,[2] but from such articles of foreign

[1] Major McKinley at Atlanta, 1888.

[2] The revenue tariff of 1846 imposed no duty on tea and coffee.

make and growth as might come into competition with our own products. It was their purpose, however, to make this duty or tax so low that it would be impossible for trusts or combines to destroy competition, control the home market and extort from consumers, and yet high enough to afford a fair margin of protection to such American industries as could, without too great a waste of labor and capital, ultimately render themselves self-supporting. It certainly never was their intention to expend two dollars' worth of labor in the production of one dollar's worth of goods, and to continue this losing business indefinitely by exacting tribute from more profitable industries.

"Under this system (the protective system) if the foreign producer would enter our market with a competing product, *he must contribute something for the privilege which he is to enjoy, and this something, in the form of duties, goes into the treasury, furnishing revenue to the Government*, and these duties operate to protect the joint product of labor and capital against a like foreign product."[1]

It will be observed that here Major McKinley affirms that it is the foreign producer and not the consumer who pays our customs taxes! Four questions are suggested:

1. Does a duty or tariff tax on imported goods make the goods dearer in the American market than in the foreign?[2]

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[1] Atlanta.

[2] In October, 1871, occurred the great fire in Chicago. In the winter following a bit of legislation took place in Congress in consequence, which unmistakably shows the sense of that body to be that tariff taxes raise the price of home products. A bill received the signature of President Grant April 5, 1872, which had passed both Houses by large majorities, *to exempt for one year all building material, except lumber, from the operation of tariff taxes for the benefit of Chicago alone.*—*Prof. A. L. Perry.*

2. If so, does the consumer pay this higher price when he buys foreign goods?

3. Does a duty levied upon foreign goods increase the price of domestic goods of like character?

4. If so, does the consumer pay this increased price when he purchases domestic goods?

As to the first and second questions, it is only necessary in this brief discussion to say, if the tariff does not enhance the price to the consumer, it affords no shadow of protection. For if English goods may be bought in our market as cheaply after the tariff as before, English competition continues as great after the tariff as before, and our demand for foreign goods is in no way affected by the law. And so long as this demand is not diminished by an increase of prices the supply will be afforded to satisfy it, and so long as the old demand, the old supply and the old price continue, no protection or advantage can possibly accrue under a tariff law to the home manufacturer, and hence the enactment of such a law, except for purposes of revenue, would be utter folly.

Major McKinley's assumption that a tax does not increase the price, and that an increased price is not paid by the consumer may find a shadowy support on the ground that what diminished supply adds to the price, diminished consumption deducts; but this hypothesis fails to take into account the fact that goods cannot be made and sold for less than cost of production, plus taxes and a reasonable profit to the middle man, and therefore necessarily involves an inability to satisfy reasonable wants distressing to the people, and hence inadmissible in any just scheme of legislation.

Protection does protect; it does so by making foreign goods dearer to the consumer to just the extent of the duty paid. By increasing the price of foreign goods it deters many people from buying them, and tends to give home products a monopoly of the home market, to the disadvantage often, if not generally, of the consumer.

According to Major McKinley's theory, the foreign manufacturer of all goods, the duty on which is a hundred per cent. and over, pays not less than one dollar into the United States treasury for the poor privilege of selling a dollar's worth of goods for a dollar, and when the duty is 350 per cent., as it is on some articles, the manufacturer pays two dollars and fifty cents for permission to give away a dollar's worth of his products.

As to the third and fourth questions. It may be said briefly that if a protective tariff does not in some degree lessen competition by the exclusion of foreign products, and thereby advance prices, it fails wholly to benefit those for whose protection and advantage it is adopted. Nobody would want a protective tariff if its effect were not to shut out competition, and increase profits of the home maker and producer; and whenever prices are advanced by either natural or artificial causes the buyer and consumer must of necessity pay the advance, for the simple reason that nobody else will do so. Why did the Ohio wool grower want a duty on foreign wool? To increase the price. Why did the Louisiana sugar planter demand, in the old time, that a duty be imposed on foreign sugar? To increase the price. This is the purpose of a protective tariff, and if this were not its direct effect such a law would neither be asked for nor tolerated by either manufacturer or producer. So that Major McKinley's argument with respect to these questions is illogical and inconsistent.

"A revenue tariff invites the product of foreign labor and foreign capital to occupy our markets free and unrestrained in competition with the product of our own labor and capital."

A duty levied is not a bonus paid or promised, and hence can neither be an encouragement nor an invitation.

"It is alleged as a serious objection to protective duties that the tax, whatever it may be, increases the cost of the foreign as well as the domestic product to the extent of such tax or duty, and that it is wholly paid by the consumer. This objection would be worthy of serious consideration if it were true, but as has been demonstrated over and over again it is without foundation in fact."

Such a demonstration if it could be made, would defeat the very end, purpose and intent of a protective tariff, for if dutiable foreign goods could be sold as cheaply in this country as the non-dutiable, the home producer would have no protection, and the imposition of a duty for any purpose except revenue would be sheerest folly. Major McKinley may, perhaps, with some show of truthfulness, affirm that the tax or duty imposed on foreign products does not always enhance the price of domestic products of like kind to the full extent of such duty or tax, but no sane man will claim that the duty on imported sugar under the old law was not paid by the consumer; nor can it be truthfully maintained that the duty on tobacco and cigars under the new law is not paid by those who use them.[1]

"Wherever the foreign product has *successful competition* at home, the duty is rarely paid by the consumer. It is paid from

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[1] "We do not derive our ability from abroad to pay taxes. That depends upon our wealth and our industry; and it is the same, whatever may be the form of levying the public contributions. . . ."—*Henry Clay, April* 26, 1820.

"The duty constitutes a part of the price of the whole mass of the article in the market. It is substantially paid upon the article of domestic manufacture as well as upon that of foreign production. Upon one it is a bounty, upon the other a burden; and the repeal of the tax must operate as an equivalent reduction of the price of the article, whether foreign or domestic. We say, so long as the importation continues, the duty must be paid by the purchaser of the article."—*John Quincy Adams' Report on Manufactures*, 1835.

"I said it, and I stand by it, that as a general rule the duties paid upon imports operate as a tax upon the consumer. A few years of further experience will convince the whole body of our people that a system of national taxes which rests the whole burden of taxation on consumption and not entirely on property or income is intrinsically unjust.—*Hon. John Sherman*, 1867.

"Who pay these taxes? When the manufacturer of iron comes to the Senate and says: 'I can live or I can make a profit, if a certain duty is imposed,' what is he saying? He is simply saying, 'if you give me a certain duty you put it in my power to charge over that duty as an additional tax on the farmers of the United States.'"—*Senator Preston B. Plumb*, 1883.

"Our goods (American manufactures) are now met by foreign goods on our own shores at a price made up of raw material, plus labor, *and plus the present rate of duty*, on very nearly equal terms."—Minority report (Republican) Ways and Means Committee on Wilson bill (53rd Congress) page 3.

Again on page 7 same report. "The honest merchant who values them (imported goods) at their true market value and pays the duty demanded by the government," etc.

Again on page 28 of same report. "The American manufacturer has been receiving 38 cents for each dozen spools (of cotton thread) containing 200 yards, and the English manufacturer only 28 cents for the same quantity and quality of goods."

the profits of the manufacturer, or divided between him and the merchant or the importer, and diminishes their profit to that extent."

Competition to be successful must command the market, and where the home product does this the foreign product does not sell at all, and hence will not as a rule be offered for sale, and will not be imported. Nobody ever offers an English hoe or fork or farm wagon for sale in this country, and if anybody did he would be compelled to sell at a loss, for the article can be made cheaper here than in any other quarter of the globe. The foreign product would have, in this instance, what Major McKinley calls "successful competition at home," and if by accident a foreign-made hoe or fork or farm wagon were sent here for sale it would be sold at a loss to the sender, and the duty thereon, if duty there was, would not be paid by the consumer. But foreign manufacturers are not so unwise as to ship their wares to points where there is no demand for them. On the contrary the American importer does the buying, and like the country merchant, he buys only what he thinks he can sell at a profit; and in footing up the cost of the goods he buys, he adds to the sum paid the foreign manufacturer the money paid for transportation and the custom house taxes, and all three items, to-wit, the original cost abroad, the cost of transportation and the customs-tax, the consumer pays. That there may be occasional exceptions to this rule resulting from stringency in money, failure of merchant or importer, accidental over-supply of certain lines of goods, or an unanticipated diminution of demand, is freely admitted, and in such instances the stock may be sold at public or private sale at a sacrifice, and in such exceptional cases the consumer would neither pay for the original cost of the goods, the import duties, nor the importer's legitimate profit. It would be, in short, a forced sale, and the price paid might not be one-half the value of the articles sold.

"There is not in the long line of staple products consumed by the people a single one which has not been cheapened by competition at home, made possible by protective duties. There is not an article that enters into the every day uses of the family, which is produced in the United States, that has not been made cheaper and more accessible as the result of home production and development which was to be secured only by the sturdy maintenance of the protective system."

If Major McKinley's theory as to the cheapening effects of the protective system were sound, all nations would be hastening here to buy our products, and England would be the dearest market in the world.[1]

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[1] "Just so far as prices of the protected article in the market are enhanced by the tariff, all consumers pay a special tax for the benefit of the favored producer."—*Dr. Chapin.*

II.

THE LOW TARIFF PERIODS CONTRASTED WITH THE HIGH TARIFF PERIODS — TESTIMONY OF WELLS, ALLISON AND BLAINE AS TO THE CONDITION OF THE COUNTRY UNDER THE LOW TARIFF OF 1846 — BLAINE'S SUBSEQUENT ATTEMPT TO BREAK THE FORCE OF HIS OWN ADMISSIONS — SCHURZ'S REJOINDER — REPUBLICAN NATIONAL PLATFORM OF 1856 AND THE ACTION OF THE THIRTY-FOURTH CONGRESS.

"The revenue tariff periods of our history have been periods of greatest financial revulsions and industrial decadence, want and poverty among the people, private enterprises checked and public works retarded. From 1833 to 1842, under the low tariff legislation then prevailing, business was at a stand still and our merchants and traders were bankrupted; our industries were paralyzed, our labor remained idle, and our capital was unemployed. Foreign products crowded our markets, destroyed domestic competition, and, as invariably follows, the prices of commodities to consumers were appreciably raised. It is an instructive fact that every panic this country has ever experienced has been preceded by enormous importations."

Major McKinley seems to have forgotten that one of the most violent and destructive of all panics, that of 1873, occurred under the high protective system.

Fifty years ago the pioneers of Ohio were struggling with the forest, and their few open fields were studded with stumps; railroads were unknown, and wagon roads at certain seasons of the year impassable. Their houses were huts, and their live stock was unsheltered.

Grain was cut with the cradle and sickle; the fields prepared for seed time by use of the grubbing hoe and wooden plow. During many years of the period referred to by Major McKinley, their capital was imaginary; their banks' shaving shops and their currency "wild cat."

The great States west of Indiana were then almost unknown, and wholly undeveloped. The States east of us were more densely settled than Ohio, and their people lived in better houses, but they, like ourselves, were afflicted with a rotten currency and a craze for speculation similar to that which has recently run like a prairie fire through Kansas and Southern California, bankrupting tens of thousands. What portion of the financial and industrial troubles of the people from 1833 to 1842 should be attributed to an unsound currency; to the credit system; to wild speculation; to unfavorable surroundings; and what portion to the absence of a proper tariff law, it would take a wiser man than Solomon to determine, and yet this is true, to-wit: Wages in Massachusetts advanced from the high tariff period ending with 1830, through the low tariff period ending with 1860, fifty-two per cent., while they advanced from 1860 to 1883, only twenty-eight per cent.[1]

"From 1846 to 1861 a similar situation was presented under the low tariff of that period."

When Major McKinley asserts that during the low tariff period beginning with 1846 and ending with 1861, the country was not prosperous, he makes a statement

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[1] Mass. Labor Rep., 1885.

contradicted by history and by the vivid recollection of thousands of living witnesses. Mr. David A. Wells[1] says: "This tariff continued in force for ten years, from 1847 to 1857. During its existence the American mercantile marine touched its highest point of prosperity, nearly equaling in point of tonnage that of Great Britain. * * * There was also an increase in nearly everything else pertaining to business. These were the years in which nearly all of our great cotton factories of New England sprang into existence. * * * Between 1850 and 1860 the farm values of the country increased 101 per cent., while during the high tariff period between 1870 and 1880, they increased but 9 per cent., though population increased 30 per cent. * * * Most marked of all, manufactures themselves increased during this period 90 per cent. * * * There had never been such prosperity before; there has never been such prosperity since, as was realized in the whole ten years taken together of this so-called 'free trade' tariff of 1846."

Senator William B. Allison,[2] of Iowa, said: "The tariff of 1846, although professedly and confessedly a tariff for revenue, was, so far as regards all the great interests of the country, as perfect a tariff as any we ever had. * * * We find that the increase of our wealth between 1850 and 1860 was equivalent to 126 per cent."

Mr. Blaine[3] said: "The tariff of 1846 was yielding

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[1] Speech at New London, Conn., 1890.
[2] U. S. Senate, 1872.
[3] Twenty Years in Congress.

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. * * * 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. * * * 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."

It should in fairness be said that in a discussion with Carl Schurz, Mr. Blaine undertook to attribute the prosperity of the country under the tariff of 1846 to other causes, and to deny that this prosperity resulted from tariff legislation; but no fair-minded man, I think, can read Mr. Blaine's Canton speech and Mr. Schurz's rejoinder without coming to the conclusion that Mr. Blaine's effort to escape the force of his own admissions with respect to the low tariff period was an utter failure. But whether this is true or not, the fact remains that Major McKinley made a palpable mistake when he affirmed that "the revenue tariff periods of our history have been periods of greatest financial revulsions and industrial decadence, want and poverty among the people."

Major McKinley in a speech at Ada, Ohio, during the gubernatorial contest of 1891, referred to this controversy between Schurz and Blaine as to the condition of the country under the tariff of 1846, and affirmed substantially that Mr. Blaine had successfully accounted for the prosperity which then prevailed, by calling attention to certain accidents of the period which had no relation whatever to tariff legislation.

In order to afford the reader an opportunity to determine for himself whether Mr. Blaine succeeded in his effort to account for the good times which he admits extended from 1846 to 1857 without according any credit to the then existing tariff, I shall give the main points of his argument and also those embodied in the reply of Mr. Schurz.

The fortuitous circumstances which Mr. Blaine alleged rendered the country prosperous during the period covered by the tariff of 1846, were:

1. The Mexican war, which caused the government to disburse one hundred millions in one year.

2. The Irish famine, which called for extraordinary exports of bread stuffs.

3. The discovery of gold in California which added greatly to our wealth.

4. The revolutions of 1848, which "paralyzed the industrial energies of Europe."

5. The Crimean war, which "paralyzed France, England and Russia for two years and a half in their industries."

On the other hand, with respect to the high tariff period since 1861, Mr. Schurz affirmed that:

1. "From 1861 to 1865 we had a war compared with which the Mexican war was a holiday excursion * * * causing the government to disburse * * many thousands of millions.

2. "Since 1861 there has indeed not been a great Irish famine, but not a few crop failures and local dearths abroad to call for our breadstuffs in more than ordinary quantity."

3. "The supply of the newly discovered California gold did not stop with the end of the low tariff period; on the contrary, while the production of gold and silver averaged from 1849, inclusive, to 1860, per year $53,400,000; it averaged during the twenty years of the high tariff period from 1861 inclusive, to 1880, as much as $66,500,000, and after that over $80,000,000. In addition to this we had to contribute to our wealth a new product, petroleum, worth annually the output of scores of gold and silver mines."

4. "There were no revolutions in Europe as great as those of 1848, but many smaller ones, one in Greece in 1862, a Polish rising against Russia in 1863, revolutionary movements in Spain in 1866 and 1868; the great Carlist insurrection in the same country in 1872," etc.

5. "While the revolutions were comparatively limited there was a full supply of wars — the French-Mexican war from 1862 to 1867; the second Schleswig-Holstein war in 1864; the great war between Prussia and Austria in 1866; the great Franco-German war in 1870–1871; the war between Russia and Turkey in 1877–1878, and several similar conflicts. The Crimean war was but a petty affair compared with these all together."

Thus, it will be observed that the high tariff period since 1861 has been even more favored by contributions from our gold and silver mines and by accidents of history, than the low tariff period extending from 1846 to 1860.

That the tariff of 1846 was not regarded by the statesmen, the manufacturers and the people of that period as objectionable because of the low duties which it imposed on foreign products, is conclusively shown by the action of the first Republican National Convention.

This convention was held in Philadelphia — the center of the protection sentiment of the country — in 1856. The platform of principles and purposes which it promulgated made no demand for an increase of customs-duties. The tariff law of 1846 was then in force, and the people of the whole country were not only opposed to a further increase of duties but practically unanimous in favor of a reduction, and hence Democrats, Republicans and Americans of the Thirty-fourth Congress united in a measure for the reduction of tariff rates and passed the bill known as the tariff act of 1857. It cannot be truthfully claimed that this law was a Democratic measure and passed by Democratic influence, for Nathaniel P. Banks, of Massachusetts, was speaker of the House of Representatives in which it originated, and Republicans and Americans — all Republicans in fact — constituted a majority of that body.

III.

M'KINLEY'S STATISTICAL ARGUMENT IN FAVOR OF A HIGH TARIFF BRIEFLY CONSIDERED — IS THE FACT THAT A NATION BUYS MORE THAN IT SELLS AN EVIDENCE OF POOR MANAGEMENT — THE PANIC OF 1857 CAUSED BY THE FAILURE OF THE OHIO LIFE AND TRUST COMPANY, AND NOT BY TARIFF LAWS. — DOES A LOW TARIFF SEND MONEY ABROAD.

"Contrast this period (the low tariff period from 1846 to 1860) with the period from 1860 to 1880, the former under a revenue tariff, the latter under a protective tariff. In 1860 we had 163,000,000 acres of improved land, while in 1880 we had 287,000,000, an increase of 75 per cent."

The tariff never chopped down a forest and thus cleared a farm.

"In 1860 our farms were valued at $3,200,000,000; in 1880 the value had leaped to $10,197,000,000, an increase of over 300 per cent.

God made the country, with its hills of coal and iron; its fertile valleys, uplands, and boundless plains. The tariff did not.

"In 1860 we raised 173,000,000 bushels of wheat; in 1880, 498,000,000. In 1860 we raised 838,000,000 bushels of corn; in 1880, 1,717,000,000 bushels."

The tariff did not convert the great prairies of the west into fields of wheat, corn and hay, and never invented a reaper, mower, binder or thresher.

"In 1860 we produced 5,000,000 bales of cotton; in 1880, 7,600,000 bales, an increase of 40 per cent."

The tariff did not break the shackles from 4,000,000 slaves, and make them free and willing workers in cotton fields and elsewhere.

"In 1860 we manufactured cotton goods to the value of $115,681,774; in 1880 the value reached $211,000,000, an increase of upward of 80 per cent.

All made from untaxed raw material.

"In 1860 we manufactured of woolen goods $61,000,000; in 1880, $267,000,000, an increase of 333 per cent."

If woolen goods are cheaper now than in 1860, improved methods in manufacturing, not the tariff, have made them so.

"In 1860 we produced 60,000,000 pounds of wool; in 1880, 240,000,000 pounds, an increase of nearly 300 per cent."

And yet the wool-grower gets less per pound for his wool now than he did in 1860. (Why? See wool page 84.)

"In 1860 we mined 15,000,000 tons of coal; in 1880, 79,000,000, an increase of over 400 per cent."

We had more wood in 1860 than in 1880; fewer railroads to transport and distribute coal; fewer people to use it in the Middle States, and comparatively no population at all in the vast timberless regions of the West.

"In 1860 we made 987,000 tons of pig iron; in 1880, 3,835,000 tons."

It is estimated that American consumers of iron and steel, from 1878 to 1887, paid $560,000,000 "in excess of the cost of like quantity to the consumers of Great Britain."[1]

"In 1860 we manufactured 235,000 tons of railroad iron; and in 1880, 1,208,000 tons."

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[1] D. A. Wells, Economic Changes.

Did a high protective tariff ever build a railroad? No; it simply extorts from those who do.

"In 1860 our aggregate of national wealth was $16,159,000,000; in 1880 it was $43,000,000,000."

How much of this vast sum in 1880 was in the possession of the Andrew Carnegies, and how much in the pockets of their employes?

In spite of vicious legislation; the schemes of political jobbers; the blunders of ignorance; the well-meant but mischevious expedients of monomaniacs, our people have prospered as no other people ever did before, because our advantages and opportunities have been vastly greater than any other people ever enjoyed.

"From 1848 to 1860, during the low tariff period, there was but a single year in which we exported in excess of what we imported; the balance of trade during twelve of the thirteen years was against us. Our people were drained of their money to pay for foreign purchases. We sent abroad over and above our sales, $396,216,161."

$396,000,000 in thirteen years. The people of the United States pay more than this in the way of taxes every year of their lives! But suppose the things they got in return for the money sent abroad cost half the sum they would have cost if manufactured here, then they made a clear gain of not less than $396,000,000 by purchasing abroad. Adam Smith said: "It is the maxim of every prudent master of a family never to make at home what it will cost him more to make than to buy." Jean-Baptiste Say said: "It is most for our advantage to employ our productive powers, not in those branches in which foreigners excel us, but in those which we excel in ourselves, and with the product to purchase of others."

It may be, therefore, that the prosperity which Mr. Blaine and others tell us prevailed from 1846 to 1860 resulted to some extent from an adherence in part, if not in whole, to the principles which the greatest of political economists affirm should govern us in our international as well as domestic exchanges.

"During the last thirteen years, under a protective tariff, there was but one year that the balance of trade was against us. For twelve years we sold to our foreign customers in excess of what we bought from them $1,612,659,755. This contrast makes an interesting exhibit of the work under the two systems. You need not be told that the government and the people are most prosperous whose balance of trade is in their favor. The government is like the citizen; indeed it is but an aggregation of citizens, and when the citizen *buys more than he sells* he is soon conscious that his year's business has not been a success."

This argument seems plausible, but it is nevertheless utterly unsound and hardly worthy of serious consideration. Had Major McKinley told us that when the citizen consumes more than he produces, and hence has left at the end of the year less than he had in hand at the beginning, he is on the high road to bankruptcy, we should have accepted it as the statement of a self-evident and wholesome truth. But a moment's reflection must convince anyone that a majority of Americans, whether engaged in agriculture, manufactures, trade or other pursuits, during many years of their lives, buy more than they sell and become rich and prosperous by so doing. This is especially true of the younger, more vigorous and enterprising element of our business population. The man who buys a farm, who builds a house, mill or manufactory, the men who construct a railroad, open a coal mine, build a vessel, erect a hotel, purchase improved breeds of horses, cattle, sheep, or swine, generally buy, during some years of their lives, more than they sell, and confidently look to future years for a return of their money increased many fold.

That "the people are always the most prosperous whose balance of trade is in their favor," is not more true of nations than of individuals. When articles of permanent value are purchased, profit is more likely to result to the purchaser from the transaction than loss. And even when such merchandise is bought, as may be consumed within the year, the purchase is often if not always an indication of the presence of accumulated capital; of financial prosperity; not of penury and want. The most prosperous people are often the most extravagant. Those who have money may spend it; those who have none cannot. The rich may sell their products; the poor must. The balance of trade which was against us during the revenue tariff period to which Major McKinley refers, could not have indicated a lack of prosperity in this country, for Mr. Blaine and hundreds of others bear witness to the fact that money was then abundant, speculation prevalent, and the country in a most flourishing condition. A better condition, Mr. Schurz, Mr. Wells, and others tell us, than it ever was in before, or ever has been in since.

In order to prove that the revenue tariff of 1846 was injurious to the country, I observe that at Lakeside recently (1891) Major McKinley read from President Buchanan's message of December, 1857, as follows:

"In the midst of unsurpassed plenty in all the productions and in all the elements of national wealth, we find our manufactures suspended, our public works retarded, our private enterprises of different kinds abandoned, and thousands of useful laborers thrown out of employment and reduced to want."

But Major McKinley, although addressing an audience composed of good Christian people, was especially careful not to tell them the whole truth. On August 25, three months before President Buchanan's message was published, the New York branch of the The Ohio Life and Trust Company suspended payment and precipitated the great panic of 1857, which was only a shade less violent and disastrous to the business interests of the country than the panic which resulted from the failure of Jay Cooke & Co. in 1873. The same logic which would attribute the panic of 1857 to a revenue tariff should attribute the panic of 1873 to a protective tariff; but I apprehend that no fair man would do either the one or the other.

"Our wealth increases $875,000,000 every year; while the increase of France is $375,000,000, Great Britain $325,000,000 and Germany $200,000,000. *The total carrying capacity of all the vessels entered and cleared from American ports during the year* 1886-7 *in the foreign trade was* 28,000,000 *tons.*"

How many of these ships carried the flag of the republic? Comparatively none. High protection has swept American vessels from the seas. In this connection let me quote again from Hon. David A. Wells, a statement which no one can successfully dispute: "During its existence [the low tariff of 1846] the American mercantile marine touched its highest point of prosperity, nearly equaling in point of tonnage that of Great Britian, and being nearly as large as the entire tonnage of all the nations of the world with the exception of Great Britain."

The United States has a larger population than any of the other countries mentioned. It is of broader area. It is a new and more fertile field. It is richer in gold, silver, iron, copper, coal and timber than any other nation on the globe. Why should it not grow wealthy with marvelous speed?

> "This (our country's) advancement is the world's wonder. The nations of the earth can not furnish such a splendid exhibition of progress in any age or period. We defy a revenue tariff policy to present such an exhibition of material prosperity and industrial development. Art, science and literature have held their own in this wonderful march. We are prosperous to-day beyond any other people. The masses are better cared for, better provided for, more self-respecting and more independent than ever before in our history, which can not be said of the masses of other countries."

This is simply declamation, not argument. It could have been delivered at any time within the past fifty years as appropriately and truthfully as now. Fourth of July orators have addressed their hearers in substantially the same grandiloquent language for generations. They, however, defied the despots of the earth instead of a revenue tariff. Centennial orators have traveled stiltedly over the same ground and indulged in precisely the same rhetoric; they, however, attributed our wonderful success, not to a protective tariff, but to the political, social and commercial freedom of the citizen. Reunion orators have dwelt with even greater particularity of detail upon the surpassing glory of our country and the marvelous prosperity of our people, but they have ascribed all the credit, not to an exorbitant duty on pig iron, but to the Union soldiers who fought the battles of the republic and won its victories.

"One of the striking differences between a revenue tariff and a protective tariff is that the former sends the money of its people abroad for foreign supplies and seeks out a foreign market. The latter keeps the money at home among our own people, circulating through the arteries of trade, and creates a market at home which is always the best, because the most reliable."

How can Major McKinley truthfully affirm that a revenue tariff "sends the money of its people abroad for foreign supplies?" There are at least three things under a low tariff always present to induce the citizen to buy at home and to deter him from making purchases abroad: First, the tariff tax; second, the cost of transportation on land and water; third, the middle man's commissions and profits. What further protection can the home maker and seller reasonably ask? Shall we give them control of the market, and thus enable them by combinations, pools and trusts to extort from the buyer and consumer any price they please? Major McKinley boasts of the freedom, culture and practical business sense of our people, and yet he declines to give them any liberty in commerce; he refuses to permit them to exercise their own judgment in making purchases, and assumes the right to oppress them with unnecessary expenses and annoying trade restrictions. Garfield stood squarely upon a low tariff platform and gave utterance to the convictions of a scholar and statesman when he said: "I hold that a properly adjusted competition between home and foreign products is the best gauge by which to regulate international trade." He had his eye on just such men as William D. Kelly and William McKinley, Jr., when he denounced that extreme school of economists who, "by making it impossible for the foreigner to sell his competing wares in our markets, would give the people no immediate check upon prices which our manufacturers might fix for their products."

It may be good policy to keep our money at home and it certainly is good sense to do so, unless by sending it abroad we can obtain something more valuable than money in exchange for it. But economic justice demands that the citizen who earns his money by the sweat of his brow shall not be robbed of it to enable the Carnegies to build castles in Scotland and surround themselves with all the splendors of royalty.

"Surely a new era of industrial development has come to the South. Nothing should be permitted to check or retard it. To her nature has been most prodigal with her gifts. Her hills and valleys have been made the store houses of richest treasure. Coal and iron mines wait impatiently the touch of labor and capital, and tempt both with the promise of lavish profit."

It may be remarked in passing that the orator at last concedes that the treasures of the hills and valleys are the prodigal gifts of nature, and not the benefactions of a high protective tariff.

"Raw materials are found at every turn to invite the skilled artisan to transform them into the finished product for the highest uses of man. She possesses the fibres in rich abundance; her skilled labor should weave the fabric."

Why, amid all this profusion of wealth, with iron, coal and limestone deposited in the same hill; cotton, corn and beef growing in the same valley, should anybody want a prohibitory tariff on pig iron, or a high protective duty on cotton cloth?

England descends a thousand feet below the surface of the earth to obtain her iron ore and coal. She comes to America to buy her cotton, carries it across the Atlantic to her own looms, and when the iron is in the pig and the cotton in the cloth, she must transport them three thousand miles by water and six hundred miles by land to bring them into competition with these southern products. A low tariff would afford all the protection needed—all the protection honest men could ask for; more than this simply gives the iron monger and the cotton manufacturer opportunities for extortion, which the great body of our people neither ask for nor obtain. There is certainly not, with respect to these products, "that properly adjusted competition between home and foreign products" which President Garfield favored, and which every fair-minded citizen should insist upon.

IV.

FREE RAW MATERIAL FOR EXPORT TRADE, AND DRAWBACKS — M'KINLEY LAW DISCRIMINATES AGAINST THE HOME LABORER AND IN FAVOR OF HIS FOREIGN RIVAL — COMBINATIONS, POOLS, AND TRUSTS — SHERMAN AND BUTTERWORTH.

"But if free, raw material be necessary to secure an export trade and the foreign markets, then I answer that our manufacturers to-day have substantial free trade in foreign raw materials which they make into the finished product in the United States, provided they export it. Sections 3019, 3020, 3021 and 3022 of the United States Statutes provide for the remission of duties on all foreign materials used in manufacturing for the export trade. The law is positive that all articles manufactured for export from imported materials upon which duties have been paid shall, when exported, be entitled to a drawback of 90 per cent.

It is 99 under the McKinley bill.

—of the duties paid on such raw materials. Some use has been made of these laws. The remission of duties in 1884 paid upon imported material manufactured for foreign markets amounted to $2,256,638. On some articles the drawback is equal to the duty paid, but in no instance where articles are imported to be manufactured here and sent abroad is the duty to exceed 10 per cent."

Major McKinley has already affirmed that the protective system "says to the world of producers: 'If you want to share with the citizens of the United States their home markets, *you must pay* for the privilege of doing it; your product shall not enter into free and unrestricted competition with the product of our own people, but shall be discriminated against to such an extent as to fully protect and defend our own.' "[1] If this be true, and the foreign producer has paid the duty to the United States Government for the privilege of entering our home market and selling his goods, then in that case it must be true that the home manufacturer has paid no duty; that he obtained his materials, wool and iron, for instance, at what they were worth abroad with transportation added. Why, therefore, in the name of common sense should the government pay him $2,256,638? If this vast sum belongs to anybody except the government, it belongs, according to Major McKinley's logic, not to the manufacturer, but to men who paid for the privilege of selling their goods in this market. In fact, however, it does not belong to them, for they got in return for the money the very identical privilege for which they paid, to-wit: the privilege of entering our market and selling their wool, iron, etc., in competition with the products of our own people.

There is evidently, therefore, either a defect in Major McKinley's argument, or the manufacturers are robbing the United States treasury by wholesale.

There is another feature of the present tariff system, suggested in the paragraphs just quoted, which should be seriously considered. This is the fact, that on the pretext of protecting home industry it accords to foreigners valuable favors which it denies to our own people.

Articles composed in part or in whole of dutiable

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[1] Atlanta, 1888.

material, when manufactured and sold here, are loaded with the customs tax which has been paid on this imported material, the tax ranging anywhere from sixty to one hundred per cent. The American citizen pays this tax in full on all of the product consumed here. But if goods of the same brand and make are sent abroad the foreigner obtains them after this duty, ranging from sixty to one hundred per cent. has been stricken off, and hence gets them at a considerably less price than that paid by our own people for substantially the same things. In other words, the $2,256,638 which Major McKinley says were refunded to exporters of this class of goods in 1884 indicate the exact sum which the home consumer would have to pay for the same quantity of goods, over and above what the foreign consumer did have to pay for the goods exported. In brief, the foreign consumer obtained the goods referred to $2,256,638 cheaper than it was possible for the American consumer to buy them.

This would seem to be a decided discrimination against the home laborer and in favor of his foreign rival, and goes far to support the belief entertained by many honest and thoughtful men, that what a high protective tariff gives to the workingmen of America with one hand it takes away from them with the other.

"And yet we are gravely told by the tariff reformers that we cannot reach foreign markets on account of the high tariff on the raw material, when in fact, for foreign trade, foreign raw materials are practically free. This principle was recognized as early as the administration of George Washington and has been enlarged and made applicable to all imported materials, the drawbacks varying from 60 to 100 per cent."

These drawbacks show exactly how much farther the foreign laborer's wage goes in the purchase of the comforts and conveniences of life than the wage of the home worker.

"But if any of our people are sighing for a foreign market, and value it more highly than our own, they can import foreign raw material practically free of duty, and after advancing it into the higher forms of manufacture, can go out and possess the world's markets. Taxed raw materials do not stand in their way, and it is hypocrisy to claim otherwise."

The workingmen of this country are not sighing particularly to possess the world's markets. They could be humbly content with a market at home in which they would not be robbed in a genteel and legal way by a multitude of trusts, combines and pools.

Combinations to limit production, destroy competition, control the home market and advance prices, were unknown to the low tariff period, and are the direct and legitimate outgrowth of the protective system. Mr. Carl Schurz said in a recent speech,[1] "I have before me a list of twenty-seven industries carried on under trusts, combinations, agreements or understandings of various kinds, having the control of production and of prices in view. Almost all these industries produce, directly or indirectly, things of common use, the prices of which are of great importance to people of all classes, especially to those of limited means."

Senator Sherman said,[2] "The great danger of the tariff and of all schemes for building up domestic industries by law, is that the beneficiaries themselves,

[1] Boston, 1890.
[2] Tariff Debates, United States Senate.

capitalists and laborers alike, will not be content to realize the advantages they enjoy, but will combine and confederate in order to cheat the people of that which they have a right to enjoy. This protective policy must not degenerate into monopoly — into trusts or combinations to raise prices against the spirit of the common law." [1]

Senator Sherman's note of alarm and of warning was sounded too late. The high protective policy engendered its first brood of monopolistic combinations years ago, and has been breeding prolifically ever since. When the McKinley bill was under discussion in the House of Representatives, Hon. Ben. Butterworth, a stalwart Republican and one of the ablest debaters Ohio ever sent to Congress, said: "I propose to show that under certain tariff regulations, which have the

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[1] "A Cut in Prices.—The Carnegie Steel Company Desert the Combine.

"PITTSBURG, Nov. 9.—The announcement was made tonight and later confirmed that the Carnegie Steel company, limited, of this city, had broken away from the steel combine and cut the prices on steel rails $5 per ton, from $29 to $24."—*Ohio State Journal*, Nov. 10, 1893.

"A Cut in Prices.—Steel Companies Slash Rates.—Combination Falls to Pieces.

"PITTSBURG, Nov. 10.—Concerning the cut in steel rails reported last night, the Pittsburg Post will say tomorrow that it is in a position to state that the cutting on rails has been much greater than supposed. Within a few days the Maryland Steel company accepted an order for 15,000 tons of rails, delivered on the line of the Boston and Albany railroad, at $22 per ton, and within a couple of days the Carnegie Steel company has sold rails at the phenominally low price of $21.90 at the mill. This is slashing prices with a vengeance and is unparalleled in this branch of the trade. The effect of it has been the disruption of the pool that has been in existence for the last four years."—*Ohio State Journal*, Nov. 11, 1893.

approval of some of my friends, and which it is proposed in a large degree to aggravate, they have in fact *taken out of the farmers of the country*—out of our people—*hundreds of millions of dollars*, for which we seek to atone by presenting them pictures of prosperity. For instance, we propose to double, and more than double, the tariff on tin. It is proposed to continue to exact of this people a bounty for the producers of copper. It is proposed to enable certain individuals in the United States to have a corner on nickeled steel. * * * First, let us take the question of copper. During ten years, as I have stated, the people of this country have contributed of their hard earned wages many millions of dollars, for which they have no consideration whatever. It is a mere gratuity and extortion. The same may be said of one-half the money paid for nickel in the United States during the same period. The same may be said of the increased cost of tin proposed in this bill. Let me add also, the further amount we have paid to the producers of steel rails during the last two decades. The amount is simply fabulous. We will pay this year probably ten millions—*certainly five millions as a mere gratuity*. * * * I sound the note of warning, and whatever this House may decide * * * I assert that there never was a time in the history of the Republican party when it was in more danger of defeat than upon this one suggested idea that it is permissible to *levy tribute upon all the people* of this country * * * to *confer a benefit upon a few hundreds*, by going beyond the imposition of a protective tariff necessary to remove inequalities and impart to competition the quality of fairness."

V.

EFFECT OF TARIFF LAWS ON THE WAGES OF WORKINGMEN—THOMAS G. SHEARMAN'S STATISTICS ON THE SUBJECT—CARROLL D. WRIGHT—WAGES IN EUROPE.

"Upon what terms can we adopt a revenue tariff system in this country? In one way only; by accepting European conditions and submitting to all the discomforts and disadvantages of our commercial rivals. The chief obstruction in the way of a revenue tariff, are the wages paid American workingmen, and any return to that policy involves a reduction of the cost of labor. We cannot afford to have cheap labor in the United States. Cheap labor means cheap men and dear money."

The question of wages is here introduced. It is assumed that a low tariff would, by reducing wages, injure the working man, and that the high protective system must be continued in order to maintain wages at the present standard. It will be observed that this is simply assumption; no argument is presented to sustain it. [1]

From the census of 1880, we ascertain that less than one-sixth of our working population find employ-

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[1] "It is claimed that we ought to protect our labor against the pauper labor of Europe."

"Does a restrictive tariff do this? Does it prevent the laborers of Europe from entering into competition with ours? Does it not, in fact, bring them to our very doors?"

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"Instead of protecting American labor against the pauper labor of Europe, we have brought that labor here to meet the America citizen face to face, on a perfect level, with equal civil rights, and have given to him the advantage of our immense landed capital." AMASA WALKER.

ment in mines and manufactures.[1] Admitting, therefore, that the wages of this one-sixth are increased by the higher prices which their product sells for in the home market by favor of the protective system, does it not follow that the unprotected laborers, who constitute the other five-sixths, themselves pay whatever difference there is between the wage of the protected and the unprotected workingman? In other words, the workingman who got higher wages for making the glass goblet which Major McKinley recently (1891) referred to at Lakeside, obtained the higher wages because the goblet could be sold to other workingmen under a high protective tariff for more money than under a tariff for revenue, so that in fact, while the wages of the protected few were raised, the wages of the unprotected many were not only not increased, but the purchasing power of their smaller wage was considerably diminished.

Major McKinley cannot logically claim in this connection that high protection has not made the goblet dearer than it would have been under a revenue tariff without in effect admitting that a low tariff would afford to the glass industry all the protection it requires to defy competition and successfully and profitably supply the home market.

In this discussion we should not forget that but

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[1] "It would be far within bounds to say that four-fifths of all the present consumption of manufactures would be supplied by our national industry, irrespective of protection. All the matter, then, comes to this: Shall we impose heavy duties to force labor and capital into such channels as shall provide, at great expense, the remaining fifth of the manufactures we consume?"

AMASA WALKER.

three millions of our working population are employed in mines and manufactures, and that fifteen millions receive certainly no direct and probably no indirect advantage from our tariff laws. Indeed, it is extremely doubtful whether even the workers in the protected industries of the country derive any especial and substantial benefit from what Major McKinley calls the true protective system. Additional profit there certainly is to somebody, but this profit does not at the end of the year find lodgment in the pocket of the workingman.

Thomas G. Shearman affirms that protection does not increase wages, and that manufacturers "pay no greater wages than they are obliged to do by general competition among employers." This seems probable, for manufacturers are very much like other folks, and are not at all likely to pay a workingman three dollars a day when they can obtain his services for two. But Mr. Shearman presents some proof on this subject, a thing which Major McKinley carefully abstains from doing. He says: "In July, 1882, the tax on imported socks and other knit goods was raised from 35 per cent. to 80 per cent. Not only did the manufacturers of these goods fail to increase wages, but within four months afterwards they held a conference for the purpose of *cutting down* the wages of their workmen."

Again," In 1872 the protection on iron, wool and cotton goods was reduced 10 per cent. and wages were *raised*."

Again, "In 1875 the protection on these goods was *raised* 11 per cent. and wages were reduced that same year, and for four years thereafter."

Again, "Early in 1880 a strong attempt was made in Congress, with fair prospects of success, to reduce the duty on steel rails from $28 a ton to $10. While this was agitated the steel rail manufacturers paid their workmen higher wages than they had done for five years previously. They kept up these wages until a new Congress was elected which was known to contain a majority of protectionists, who would not allow the steel duty to be materially reduced. Just before that Congress assembled the steel rail manufacturers gave notice to their men of a *reduction of wages*. About fifteen months afterward another attempt was made to reduce the duty on steel rails, and as soon as that was defeated the manufacturers gave notice of an another and *larger reduction*."

Again, "The highest tariff taxes upon iron that were ever known in this country were levied from 1828 to 1846. During that period, as the manufacturers testified before a * * committee of Congress, they made no increase of wages whatever. Between 1840 and 1842 the duties on iron were reduced with no perceptible effect on wages. In the middle of 1842 the duties were more than doubled and remained high until December, 1846; official inquiries being made in the autumn of 1845, not one manufacturer pretended that he had increased wages. In December, 1846, the duties were cut down about one-third, and so remained until July, 1857."—

This is the revenue tariff period denounced by Major McKinley.

—"The manufacturers," Mr. Shearman continues, "during that period very largely increased wages in the iron trade, as well as in every other."

Again, "There never was before and there never has been since so rapid an advance in the wages of manufacturing workmen of all classes, estimated in gold value, as between 1846 and 1860, during which time the tariff taxes were lower than they have ever been at any other time since 1812."

Again, "The census of 1880 shows conclusively that the highest wages are *paid by those employers who are not benefited by protection*, and that the *lowest wages are paid by the protected classes*."

A paragraph in a report of Hon. Carroll D. Wright, formerly labor commissioner of Massachusetts, would seem to indicate beyond a peradventure that high protection tends directly to the impoverishment of working people. He gives the wages in 1860 and in 1881, and also the cost of living in those years, and says:

"Covering the whole period of twenty-one years, there was an average increase in wages of 31.2 per cent. and in prices 41.3 per cent. That is, between 1860 and 1881 the workingman has suffered a reduction of *ten per cent. in the purchasing power of his wages*, and this between a dead level year and one of general prosperity."

Admitting, however, that wages are higher here than elsewhere, and that some of our manufacturers should be protected against cheaper foreign labor, can any intelligent and fair-minded man doubt that a low tariff would afford all the protection necessary? Prof. W. D. Wilson, of Cornell University, hit the proverbial nail squarely on the head when he affirmed that "protection for its own sake, and with a mere vague notion of doing good somehow, is but an idle fancy of not a very clear brain."

Wages have, within the past fifty years, increased in all civilized countries. The increase for Great Britain is estimated at very nearly one hundred per cent. The larger proportion of this increase "has occurred within the later years of this period. * * * At London, in 1885, Sir Lowthian Bell stated * * * that all the evidence from France, Germany, Belgium and Austria goes to prove that while during the last forty years the cost of living in all these countries had been notably augmented (with an accompanying rise in wages), in the United Kingdom under free trade measures, with a large average rise in wages, the cost of living has sensibly diminished." [1]

From all the facts presented, but especially from the fact that "the average rate of wages," to use Mr. Wells' language, "has, within a comparatively recent period, greatly increased in all civilized countries," it would be manifestly unfair and untrue to attribute the rise in wages in this country to a high tariff, and equally false to claim that a high tariff must be continued in order to maintain them at the present standard. [2]

In closing on this point it is pertinent to say that

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[1] Wells' Economic Changes.

[2] "Col. Carroll D. Wright, the Republican Commissioner of the Bureau of Labor at Washington, after a careful investigation of the subject, reported that wages had advanced as much during the last fifty years in England under free trade as in this country under restriction — a fact which proves that high tariffs do not make high wages."—*Chicago Herald.*

Prof. A. L. Perry affirms that the United States census reports show that "between 1850 and 1860 (the low tariff period) the wealth and wages of the country increased in a greater ratio than between 1860 and 1880," the high tariff period.[1]

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[1] "I have always been an ultra protectionist. I have made speech after speech about the pauper labor in Europe. I have tried to bring tears to the eyes of my auditors in describing the pitiful conditions and the hard times across the sea. The first thing when I got to Bremen I began to look for pauper labor. I hunted for it in Hamburg, in Saxony. I scoured Berlin for it, but not one pauper laborer could I find. There are more loafers in an American city than there are in all Germany. I affirm this as an absolute fact. There are two things they do not have in the fatherland — weeds and loafers."—*Hon. Ben. Butterworth.*

"Although wages are considerably higher in the United States than in England, much of the advantage which labor should derive from these additional wages is lost in consequence of almost every article in general use being made unnecessarily 'dear by protective duties.'"—*Henry Faucett.*

"Wages in America were higher than in any country in Europe when every country in Europe, England included, was high tariff up to the eyes, and this country was so much low tariff that it was pointed to as illustrating the blessings of free trade and low taxes."—*New York Times*, Nov. 12, 1893.

Protection and Wages. — "Of all the nonsense talked against the reduction of tariff taxes, the claim that they benefit the workingman is most transparent. The effect of these taxes is to increase the price of everything that the workingman sells his labor for, since the money he gets is only the medium with which he obtains what is the real object of his labor. Granted, which is only true in a comparatively few cases, that such taxes increase the profits of his employer. Do employers pay larger wages when they get larger profits? I do not, and even philanthropists do not.

"Take Mr. Andrew Carnegie, who gives like a prince out of the millions the tariff has enabled him to take from his fellow-citizens. He gives like a prince from his more than princely income, but he does not raise wages unless he has to."—*Hon. Tom. L. Johnson, a steel rail manufacturer.*

VI.

THE CONDITION OF A COUNTRY CANNOT BE INFERRED FROM THE AMOUNT OF ITS IMPORTATIONS—NON-DUTIABLE IMPORTS OF 1890—OUR HIGH TARIFFS HAVE DEVELOPED THE WHEAT GROWING INDUSTRY OF OTHER COUNTRIES.

"The increase of our importations in agricultural products has risen from $40,000,000 in 1850, to $256,000,000 in 1889. We imported in the last ten years more than $60,000,000 worth of horses, cattle and sheep."[1]

This paragraph was evidently intended to alarm the farmers, but when understood it will not have the effect desired.

The importations of 1850, amounting in value to $40,000,000, were made under the revenue tariff of 1846—a tariff which has been time and again denounced by Governor McKinley as an invitation and an encouragement to other countries to send their products hither to be sold in competition with those of the American producer; and yet he tells us that in 1889, under the high tariff of 1883, we imported $256,000,000 of foreign agricultural products, $216,000,000 more than had been imported under the low tariff of 1846. This statement, if accepted as it is presented by Governor McKinley, would not indicate that farmers were being at all benefited by the high protective system; for if a low tariff

[1] House of Representatives.

leads to the importation of but $40,000,000 of agricultural products, and the high tariff brings in $256,000,000, the former, according to the Governor's economic doctrine, must be a great deal better for farmers than the latter. The wonder, therefore, is that he did not qualify his statement, and, in so far as he could do so, make it conform to his theories. The truth is, however, that the Governer is "figure" blind, and when he takes to handling statistics is far more likely to hurt himself than to harm his opponents.

The population of the United States in 1850 was 23,000,000. In 1889 it had increased to over 64,000,000, and a larger amount of products was required to supply the larger population than was needed to supply the smaller. Again, during the thirty-nine years intervening between 1850 and 1889, our people had greatly increased in wealth, and this added wealth had not only multiplied their wants, but enabled them, without any perceptible diminution of their means, to fully gratify them. Again, the agricultural products imported in 1850 and in 1889 were in the main not such products as come in competition with the products of the American farmer, nor were they such products as the McKinley law now makes dutiable. They consisted of

1. Coffee and cocoa, (of which we imported in 1890)	$80,580,213
2. Sugar (same year)	89,734,684
3. Tropical fruits (same year)	6,867,670
4. Live animals for breeding	3,496,655
5. India Rubber and gutta percha	14,854,512
6. Spices, unground	2,973,994
Rice, molasses, sugar, from Hawaiian Islands under the reciprocity treaty	12,058,557
Tea	12,317,493

The products named constituted in 1890, $222,883,778 of the imported agricultural products referred to by Governor McKinley.

Under the McKinley law they are now all admitted free of duty, and it was at least unfair for the Governor to allow his hearers and readers to infer that they came in competition with the products of the Northern farmer.

"We imported within the last ten years more than $60,000,000 worth of horses, cattle and sheep."

Nine-tenths of these at least were for breeding purposes or the improvement of the farmers' live stock. This subject, however, will be discussed more fully hereafter.

"The farmers of the United States have, therefore, come to appreciate that, with the wonderful wheat development in India and Russia, the time is already here when the American farmer must sell his product in the markets of the world in competition with wheat produced by the lowest priced labor of other countries, and that his care and concern must in the future be to preserve his home market." [1]

The cost of farm labor is higher in the United States than in any other country of the world, and has been so under low tariffs and high tariffs for a hundred years and more; but none of the older countries can compete with us in the production of wheat for the simple reason that they lack not only in acreage suitable for wheat, but in that freshness and fertility of soil which, with intelligent labor in production, enable the American farmer, despite the higher price of labor, to

[1] House of Representatives, 1890.

excel all others in the growing of this cereal.[1] It was not, however, to call attention to this point in the discussion that Governor McKinley's words were quoted, but for the purpose of suggesting to the reader the cause of the wonderful impetus to the wheat industry of Russia and India to which he alludes.

The United States, although the greatest wheat producing country on the globe, has now for thirty-two years by exorbitantly high tariffs, signified its unwillingness to exchange products with other countries on fair terms. We have been eager enough to sell, but loth to buy, and other countries could not buy of us unless they sold to us, and hence from the day when we put high duties upon foreign products to deter their importation and diminish their sale in this country, they — and especially England — began to look elsewhere for breadstuffs, and the wheat industry of other countries received that stimulus and encouragement which have finally developed it into huge proportions. Our narrowness and niggardliness have thus been instrumental in bringing competitors into prominence who under a wise and liberal policy would have remained unknown, or at least undealt with. It is one instance of national importance in which short-sighted statesmen have disabled, if not wholly, killed the goose which laid the golden egg, and a forcible verification

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[1] "The Illinois or Australian farmer has to pay his laborers at least two or three times as much as is paid by the Dorsetshire or Wiltshire farmer, and yet wheat can be produced much more cheaply in Australia or America than in England. It is therefore obvious that other circumstances, besides the amount of wages which may be paid, determine the cost at which any particular article can be produced."—*Henry Faucett.*

also of the truth of Pitt's apothegm, "Small ideas and great empires go ill together." The danger which confronts us now does not lie in the probability suggested by Governor McKinley, that wheat may be brought into this country from Russia and India, but in the fear that wisdom may not be able to recall the profitable trade which folly has driven away.[1]

[1] "An import duty imposed upon wine in France, or on wheat in America, would therefore be of no advantage to the French wine grower or the American farmer. They are consequently precluded from receiving any compensation for the higher price which they are compelled to pay for the various articles that are made dearer through the operation of protective duties."—*Henry Faucett.*

High tariff advocates understand very clearly that the farmer is not benefited by the high protective system. In arguing against a low tariff the *Columbus Evening Dispatch*, of January 24, 1894, made the following honest confession in its editorial column:

"But when it comes to furnishing things for his table, the condition of the wage-earner is still worse. He will have less money to buy with, and the *chances are that the price of farm commodities will be increased. Certainly it will not be reduced by reason of a wider market.* He will have to pay the same, if not more, for his potatoes, and the same, if not more, for his eggs and meats, his flour and his cabbage."

VII.

DOES UNFAVORABLE CRITICISM OF THE M'KINLEY LAW IN OTHER COUNTRIES PROVE THAT IT IS A GOOD LAW FOR THIS COUNTRY? — MEMORIAL OF THE COLONIAL PARLIAMENT OF BERMUDA.

"The press of other countries has denounced the bill (McKinley bill) with unmeasured severity; the legislative assemblies of more than one distant country have given it attention in no friendly spirit; it has received the censure of foreign powers and diplomats for all which there is a manifest reason; it may pinch them, but no American citizen surely can object to it on that account."

When the people of other countries speak unfavorably of the McKinley law its putative father accepts it as proof conclusive that the child is perfect and that this unfriendly comment abroad should at once silence adverse criticism at home. But let us consider this phase of the question briefly, and ascertain whether there is anything in it of a comforting nature to the people of the United States.

Suppose the people of the coal regions of the Hocking Valley should say to the people of Columbus, "We will sell you coal for cash, but we will not buy goods of you." What would the people of Columbus naturally say and do in such a case? They would regret the action of the Hocking Valley people, and probably denounce it as unwise, and then they would look elsewhere for their coal, and so one avenue of profitable commerce would be closed to both parties. Men buy where they sell and sell where they buy, and find mutual profit and advantage in the exchange of products. Voluntary trade conducted on fair terms and for mutual advantage between friendly nations will be stable and uniform, and hence may be made the basis for timely preparation, while compulsory trade must necessarily be so irregular and uncertain that no forecast can make adequate provision for it.

Unfriendly comment on the McKinley law by other nations simply means that they will buy our food products when there is a short crop in other food producing countries, and at no other periods.[1] If there is anything in this calculated to encourage the American farmer I am unable to detect it.

Governor McKinley, in a speech at Beatrice, Nebraska, 1892, quoted the text of a petition of the colonial parliament of the Bermudas, islands that supply us to some extent with fresh vegetables before our own are ready for the market, in which the petitioners complain of the McKinley law, and affirm that "the market value of their products in the United States does not allow of *any advance in* price *commensurate* with so heavy a tariff." After reading this the Governor, with an air of triumph, exclaimed, "that being so who pays the tax?" and then concludes, of course, that the foreigner pays it, and that Bermuda products will continue as plentiful and sell as cheaply in this country under a

[1] "When our neighbors prohibit some manufacture of ours, we generally prohibit, not only the same, for that alone would seldom affect them considerably, but some other manufacture of theirs."—*Adam Smith.*

high tariff as under a low one. If the Governor had read the memorial thoughtfully, however, he would have discovered that the memorialists did not in their displeasure even claim that under the McKinley law they paid all the additional tax which that law had imposed on their products, but that the American people could not or would not pay them an advance in price "*commensurate* with so heavy a tariff," and hence, by fair inference, that the American market was, or would be, practically closed to them, unless some modification of the law could be obtained.

It may be, as I have stated elsewhere, that in exceptional cases the farmers of the Canadian and Mexican border, and those also of near-by islands like Bermuda, bring products of their own raising to this country, and especially such products as deteriorate rapidly, and hence must find a quick market; but whatever tax or duty even these small dealers have to pay in order to reach the United States consumer, is, as a rule, collected back from him. Whenever such a condition of the market exists as will not allow them to collect this customs tax from the consumer, and thus leave enough to cover cost of production, and a living profit, the tariff becomes prohibitory as to the things they have to sell, and they cease to visit us, and our opportunity to supply them with our own products has ended. Intelligent business men do not congratulate themselves on the loss of a customer, and I am therefore surprised to find that a statesman should be disposed to take credit to himself for driving profitable trade away. The islands within easy reach of the American continent should be generous consumers of American products, and they would be if treated by us with ordinary fairness and liberality. When Governor McKinley claims, as he does substantially, that the people of the United States are likely to get the worst end of a bargain in dealing with them, and hence need the interposition of the law, he underrates the intelligence of his countrymen and greatly overestimates his own. Suppose the council of Columbus had the power to impose a duty of twenty-five cents a bushel on potatoes, wheat, etc., offered for sale in its markets by parties resident outside the corporate limits of the city, and were to exercise that power, who would pay the tax? Either the people of Columbus would pay it, or the products of the adjacent farms would go to other towns. Under such a law grass would grow on High street, and Broad street would become an avenue of deserted mansions.

VIII.

OUR TRADE WITH CANADA — IS THE LUMBERMAN AN AGRICULTURIST — LUMBER SHOULD GO ON THE FREE LIST — SHOULD CANADIAN PRODUCTS BE EXCLUDED? BUTTERWORTH'S ANSWER — MILLS ON INCREASING THE DUTIES ON AGRICULTURAL PRODUCTS.

"If that be true (Prof. Goldwin Smith's statement with respect to Canadian exports to the United States) then the annual exports of about $25,000,000 in agricultural products will be supplied to the people of the United States by the American farmer rather than by the Canadian farmer; and who will say that $25,000,000 of additional demand for agricultural products will not inure to the benefit of the American farmer?"[1]

The Governor fails to recognize the fact that the United States farmer and the Canadian farmer are both American farmers; when speaking of the diverse interests of the two in the same paragraph, therefore, it would be well to say less of the American farmer and more of the United States farmer.

"If that be true," etc. In the first place, Prof. Goldwin Smith did not say that Canada exported $25,000,000 of agricultural products annually to the United States. In the second place, Governor McKinley in a few paragraphs preceding the one quoted, itemizes our agricultural imports from Canada, and makes them amount to but little over thirteen and one-half millions.

[1] House Representatives, 1890.

And in this calculation he includes the item of Canadian barley, $6,454,603, an article which is said to be indispensable to brewers of our Eastern States in the manufacture of the better qualities of beer; so that if Governor McKinley's itemized statement with respect to the value of our agricultural imports from Canada is correct, his general statement as to the amount must be an error.

It should be said however, that in his desire to swell the agricultural imports from Canada he included among them the item of "planks and boards $7,187,101," which I have taken the liberty to exclude. I apprehend the sensible reader is hardly ready to admit that planks, boards, sawlogs, bowlders, bear, deer and wild fowl are products of the farm. I am told that General Alger owns many thousand acres of the sandy pine lands of Northern Michigan, and that the duty imposed by our tariff laws on Canada lumber has made him a millionaire, but I never heard him referred to as a practical farmer or agriculturist, and I can conceive of no valid reason why the home-builders of the United States, and especially those of the prairie States, should be extorted from in order to render lands which cost him $1.25 per acre worth $125.

If there is one single article brought into the United States which above all others is entitled to a place on the free list it is the article of lumber

1. Our people should have cheap lumber, and the fact that under a high tariff it is imported, proves beyond a peradventure that we pay dearly for it.

2. We should be in no haste to consume the forests

of the United States — the growth of centuries, for the present benefit of a few Algers; on the contrary, in so far as possible, they should be spared and reserved for the use and comfort of our descendants. In brief, there should be no haste and no waste with respect to them, and they should receive the same vigilant care and protection from our legislative bodies manifested by the older countries of the world in the preservation of their timber lands. The man who encourages the destruction of a tree on any slight pretext is a public enemy.[1]

"From 1854 to 1866 — twelve years of reciprocity with Canada — we bought of them twice as much as they bought of us. Wherever we have tried reciprocity or low duties, we have always been the loser."[2]

Governor McKinley's argument in favor of excluding Canadian products by a higher duty, and his statements as to the extent and value of our trade with Canada, were answered by Hon. Benjamin Butterworth, a Republican member of Congress from Ohio, on the floor of the House of Representatives, as follows:

"During 1888 we bought from the Canadians agricultural products to the amount of over $17,000,000. What did we sell them? About $21,000,000, and the larger part of it corn and the products that we do not buy from them. To please the farmer of this country we have shut him out of the market where he sold his products to the

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[1] "The practically prohibitive duty on lumber confines us now to our own forests as the only source of supply for building materials. A removal of the duty would check the destruction of American (United States) forests to an extent which would most likely, under intelligent forestry laws, go far to establish a balance between the natural growth and cutting down of trees." —*New York Times*, *December* 30, 1893.

[2] House of Representatives, 1890.

amount of $21,000,000, and kept out, as a partial competitor, nearly $17,000,000 that we bought from the Canadian side. We have shut out eggs, and that is paraded as an important matter. I made a little calculation as to how that would affect our people. We imported 21,000,000 eggs; and by careful estimate that amounts to just one omelet a year to each of our people—one omelet a year! That is all. [Laughter.] This committee knows very well that my fellow-citizens do not, during one-half of the year, taste eggs at all. Our friends of the committee have not inserted in the bill any provision which would have enjoined upon the hens that they should lay regularly during cold weather as well as warm." [Laughter.]

A Member—"Give them a bounty."

Mr. Butterworth—"Well, I might have offered them a bounty. But I do not care to go into that. My honored friend stated, with the figures at his command, that in the trade between the United States and Canada, under the reciprocity treaty of 1854–65, which has been so much denounced here by many, the balance of trade was in favor of Canada. My friend is in error. He took into account Quebec and Ontario, while our trade was with all the Canadian Provinces, and theirs with us. Yet, during those ten years of reciprocal trade, so much deprecated and unfair as it was—I agree with my colleague in many respects—we had the advantage of the balance sheet of over $60,000,000, and in the last forty years in the trade between the Canadian Provinces and ourselves the balance in our favor is over $250,000,000.

"Strange, is it not? Against our own countrymen here on the north, in whose veins courses the same blood that courses in our own—united to us by a destiny which is above the control of kings or congresses—we shut the door, we refuse even to accept their lumber, but send our children shelterless to bed rather than have a fair exchange with them.

"But that is not all. Behold, we have just expended hundreds of thousands of dollars to establish unrestricted reciprocal trade with fifty-odd millions of peo ple south of us, of the Latin race. How stands the balance of trade with them during the last forty years? $2,100,000,000 against us. The five millions of our kinsmen north of us have bought of us $250,000,000 worth during that time in excess of what we purchased from them.

"What I insist upon is that enlargement of opportunity is what is desired, and as you multiply facilities you enlarge opportunity.

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"Ulysses S. Grant is not thought to have been unwise in his day and generation—a patriot, a soldier and a statesman alike, he negotiated, assisted by his Secretary of State, Hamilton Fish, a treaty designed to open the avenues of trade between the northern part of our continent and the southern, not only providing for a free exchange of manufactured and natural products, but opening up the canals and railroads in order that the healthful tide of our commerce might sweep North and South, as it does East and West.

"What prevented it? The avarice in certain localities. The opposition was dictated from the potato patch, from the cabbage patch, from the hop patch. [Laughter and applause.] And before the bill is over you will see my honored friend in charge of the hop brigade, associated with the Cabbage Cavalry, endeavoring to persuade the farmer that his highest good is in confining ourselves to a market where we do not sell now more than three-fourths of what we produce. [Laughter and applause.]"

Hon. Roger Q. Mills in speaking generally of the

McKinley bill, and particularly of the proposition to increase duties on agricultural products, said:

"The committee are greatly alarmed about our wheat-growers. That great industry is imperiled by 'a most damaging competition.' The American market must be kept for our own farmers and it must be held at all hazards; and like heroes advancing to the attack, they have scaled the walls, entered the city and spiked the enemy's guns. They have increased the duty on wheat, and that great product is safe. How many bushels of wheat are imported into this country? We exported last year 90,000,000 bushels in wheat and flour. In 1880 and 1881 we exported 150,000,000 bushels; but since then our importations have been falling off and that has caused a reduction in our exportations; and last year we exported only 90,000,000 bushels and imported the inconsiderable amount of 1,946 bushels of wheat. [Laughter and applause.] And that duty has been put on to protect American farmers against the damaging foreign competition from India and Russia.

"What did that 1,946 bushels of wheat cost? Our wheat was at an average export price of 89 cents per bushel, and the average price of the 1,946 bushels which we imported was $2.05. Seven hundred bushels cost in Germany $3.20 a bushel. What do you suppose that wheat was imported for? Do not all speak at once, please. [Applause and laughter.] It was seed wheat, imported by the wheat-grower of the West to improve his seed.

"We exported 69,000,000 bushels of corn last year and we imported into this country 2,388 bushels, an amount, we are told, that imperils the market of those who raise 2,000,000,000 bushels. [Laughter.] Why, it could all be raised in Texas by one farmer on 50 acres of ground. That corn came from Mexico into New Mexico, Arizona and Texas, along the border, and if you cut it out you cannot supply a single bushel of it from any of the corn-producing parts of the country, because the cost of transportation would be so great that they cannot import it; and if they cannot get this I suppose they can eat grass and go naked. [Laughter.]

"Why, sir, we cannot supply that corn from Texas, because the transportation from the settled part of the State to the boundaries on the Rio Grande would cost too much, and this market is supplied by the little contiguous farms lying along the Rio Grande and along the border of Mexico, whence it is brought into our country.

"How much rye did we import last year? Sixteen bushels! [Laughter.] It could all have been raised on a turnip patch. [Renewed laughter.] What did it cost? It cost in Germany, whence it came, $1.50 a bushel, while the rye that we exported from this country cost 57 cents a bushel, and we exported 287,252 bushels."

IX.

THE CANADIAN FARMER AND HIS WHEAT — LIVERPOOL MAKES THE PRICE FOR AMERICAN WHEAT — THE IMPORTATION OF CANADIAN WHEAT NO INJURY TO THE UNITED STATES FARMER.

"If you want to know who pays the tax (on imported goods) go ask the Canadian farmer. He brings his wheat to Erie county, New York — to the city of Buffalo, and the Erie county farmer brings his. They meet at the same market place. The Erie county farmer takes ninety cents home with him. The Canadian farmer takes ninety cents less twenty-five cents, the American tariff." [1]

Here Governor McKinley again makes the unqualified affirmation that the foreigner pays the tax or duty on imported goods, and that this duty, therefore, does not increase the price of the imported article to the American consumer. But the case he alludes to is exceptional, if not wholly fictitious. Canadian farmers, do not as a rule, seek a market for wheat in the United States. They can obtain just as much for it in Toronto, Montreal, Quebec and other Canadian cities as they can get for it in Buffalo. They would manifest a lack of ordinary business intelligence, therefore, if they were to pay twenty-five cents for permission to sell a bushel of wheat in Buffalo for ninety cents when they could sell it at home for ninety cents, without the payment of any duty whatever.

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[1] Governor McKinley at Ada, 1891.

It is not at all improbable, however, that comparatively inconsiderable quantities of seed wheat are imported, and that Canadian farmers living near the St. Clair River, the Detroit, the Niagara and the St. Lawrence may be able to find a city in the United States much nearer their own domiciles than the market town of their own county, and for these farmers it may be a saving to pay the duty on an occasional basket of eggs or bag of grain rather than to spend a day's time in traveling to their more distant home market; but this possibility, probability or ascertained fact no more affects the general proposition that the consumer pays the customs tax on imported goods than the taking of a few buckets of water from the Niagara River would affect the statement that the waters of that river flow into Lake Ontario.

The price of wheat in this country and in Canada is based upon the price for which it sells in Liverpool, and, so far as price is concerned, it matters not at all to our farmers whether the surplus wheat of North America is handled in Canada or in the United States, for both countries are equally distant from the market which establishes the price, and may reach that market at the same cost for transportation; so that whether the wheat is shipped from this country or from that, the price of wheat will be the same in both, and hence our farmers cannot possibly be injured in the purchase of Canada wheat by shippers, millers or consumers in the United States.

If it is granted — and it must be, for there is no escape from it — that the price of wheat would neither be diminished nor increased by the introduction of the Canadian product into the United States, it must also be admitted that the imposition of high duties for the purpose of deterring the Canadian from seeking a market for it in this country, is extremely unwise, if not the rankest of legislative folly. If he were induced to sell here, he would buy his farm supplies here, and these supplies would in the main be the product of our own labor. Again, if he sold here our workingmen would find employment in handling the grain and transporting it to the seaboard, and possibly to its ultimate destination abroad.

X.

FARM PRODUCTS IMPORTED IN 1890 — HOW WE OBTAIN CHEAP CLOTHING — THE EXORBITANT PROTECTION ACCORDED TO THE WOOLEN MANUFACTURER — THE M'KINLEY LAW DOES NOT LESSEN IMPORTATION OF WOOL — THE WOOLEN MANUFACTURERS' ASSOCIATION'S INFLUENCE POLITICALLY — IT MAKES THE PRICE OF AMERICAN WOOL — THE M'KINLEY LAW DISCRIMINATES AGAINST THE AMERICAN WOOL GROWER — FACTS FOR THE OHIO FARMER TO CONSIDER — HIDES AND SKINS.

In a speech at Niles, Ohio, 1891, Governor McKinley said:

"It is over and over again asserted that the farmer cannot possibly be benefited by a tariff on farm products — that he has a surplus, and therefore that he must seek a foreign market to dispose of it.[1] There seems to be a general impression that no products come into the United States in competition with American farm products. An examination of the imports of 1890 most effectually disposes of this assumption. Let me enumerate some of them: (1) Value of cattle, horses and sheep imported in 1890, $3,270,277; (2) breadstuffs, $6,034,272; (3) fruits, $13,871,809; (4) hay, $1,143,445; (5) hops, $1,053,616; (6) flax, $2,188,021; (7) hemp, $7,341,956; (8) meat and dairy products, $2,011,314; (9) rice, $2,042,-120; (10) linseed, flaxseed and other seeds, $3,530,631; (11) leaf tobacco, $17,605,192; (12) vegetables, $4,455,374; (13) wool, $15.-264,083; total, $79,812,102."

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[1] "Farmers are one-half the community; the direct benefits of protection lie almost wholly with the other half.

"It follows, then, that the burdens of protection fall chiefly on farmers."—*Prof. John Bascom.*

"Besides, 15,062,076 dozen eggs were imported in 1890, worth easily $1,500,000, on which no duty whatever was paid. It will be seen that in 1890 we imported fully $80,000,000 worth of farm products, many of which, it is believed, will be produced here under the protection afforded by the new tariff law." [1]

The several items enumerated by Governor McKinley will be considered in the order in which he has placed them.

1. "Value of cattle, horses and sheep imported in 1890, $3,270,277." The whole truth is that the value of cattle, horses and sheep imported in 1890 was $6,766,932, but of this amount $3,496,655 was paid for animals which were "pure bred of a recognized breed and duly registered;" and these under the law were admitted free of duty. Possibly an inconsiderable number of the cattle, horses and sheep referred to by Governor McKinley, as amounting in value to $3,270,277, on which duty was paid, were bought in Canada or elsewhere, for use or food, but by far the greater number were of improved breeds, and many of them "pure bred of recognized breeds," but not "duly registered in the book of record established for that breed," and hence under the law made dutiable, although imported from Canada or from Europe especially for the United States farmer and used by him for breeding purposes, and for the improvement of his live stock. The duty paid on them, therefore, was paid by the farmer, and was a burden to him, not a benefit.

Nobody knows better than Governor McKinley that

[1] "Of all classes, those devoted to agriculture bear the heaviest share of the burden laid by the protective tariff, while they reap no direct benefit from it."—*Chapin.*

Americans do not as a rule import either cattle, horses, hogs or sheep, for any other purpose than that of securing superior breeds of live stock. On the contrary we are large exporters of domestic animals, and in the very year of 1890, to which he refers, we sold abroad cattle, hogs, horses, mules and sheep to the value of $33,638,-128. May we not, therefore, claim that Governor McKinley did not speak the whole truth, when he affirmed that the live stock imported in 1890 came into competition with the products of the American farmer?

2. "Breadstuffs $6,034,272." Of this amount $5,-629,840 was paid for Canadian barley, an article considered by American brewers superior to our home product for the manufacture of the better qualities of beer and ale. Indeed it is claimed that the best malting barley in the world is produced in Canada along the shores of Lake Ontario, and that this barley does not come in direct competition with the barley of our Western states, and further that it is indispensable to the brewers of the East. But we will waive all this and assume that we imported the amount of breadstuffs indicated by Governor McKinley.

The greater quantity and value of these breadstuffs, with the possible exception of barley, came, as we know, from Canadian farmers living just across a border line extending from the Atlantic to the Pacific. Whether a Canadian or a citizen of the United States paid the duty on them is perhaps immaterial. If the Canadian paid it his action was exceptional; if the man on this side of the boundary line paid it, it was a loss to him. A comparatively small amount of Mexican and Canadian products for reasons already assigned, will find their way into this country, let the tariff be what it may. The Canadian with his basket, or possibly skiff load, of truck will come to our market whenever it is ten or fifteen miles nearer than his own, and just so the citizen of the United States will go to a Canadian market with small quantities of farm products, when it is ten or fifteen miles nearer to him than his own county town. These exchanges of products in all cases, except perhaps that of barley, are made for convenience sake, often by poor people, who have neither the time nor the means to travel to distant markets, and hence are compelled to submit to cruel exactions.

But let the stalwart American land owner, who keeps open house and a hospitable board, and who would spurn to stoop to little acts of meanness, pause for a moment to scrutinize the petty thing which Governor McKinley plumes himself on having done for the farmer's profit and advantage.

The Governor tells us that we imported in 1890 breadstuffs amounting in value to a little over $6,000,000, and that he has attempted to protect us against this influx of food products by the imposition of higher duties; but he did not say what a candid man should have said, that while he was acting in this spirit of illiberality, the people abroad, unmindful of his narrowness, bought from the farmers of the United States, in 1890, breadstuffs amounting in value to $155,000,000!

The people who bought these immense quantities of our farm products probably did not even think of keeping us out of their markets by unfriendly legislation; and yet Governor McKinley assumes that he is rendering the farmers of the greatest republic in the world an important service by seeking to stop a trifling business which filters in across the boundary of Canada and the United States, where, in the ebb and flow of products, the farmers on this side of the line always come out ahead.

3. "Fruits, $13,871,809." What kind of fruits did we import? Apples, peaches, pears and such other fruits as are abundant in the Eastern and Middle States of the Union? No; on the contrary, we sold to other countries in 1890 green and dried apples, amounting in value to $2,270,118, and our total export of fruits for that year was $4,059,547. The dutiable fruits imported consisted of figs, raisins, lemons, oranges, plums and prunes, and such tropical or sub-tropical productions as do not come in competition with the hardier fruits of the great body of American farmers.

It is true that California is an orange, and to some extent, a raisin producing State; and oranges are also grown in Florida; but the farmers of Ohio, and, in fact, of all the Eastern and Middle States, could be no more benefited by a customs tax on fruits than they would be by a tax on ostriches. It is impossible, therefore, to conceive of a valid reason why the farmers of Ohio, who are content to make an annual profit of fifteen dollars per acre on their lands, should be taxed to enable the people of California to gather in a profit of from $300 to $500 per acre on their orange groves. The orange grower should at least be required to show that he cannot stand alone before asking charity from the less profitable, but self-sustaining and independent industries of the country.

4. "Hay, $1,143,445." Our exports of this product in 1890 amounted in value to $567,558, so that the balance against us in the exchange of hay was only $575,887, and not $1,143,445, as Governor McKinley would have us infer. Has any Ohio, or Indiana, farmer ever seen a ton of foreign grown hay? I think not, and yet for the past ten years our average importation of this product from Canada has amounted to about 100,000 tons per annum. Nine-tenths of this imported hay came into the country through the Vermont customs district, and the amount imported, not deducting, of course, the amount we export, is equivalent in quantity and value to less than one-fourth of one per cent. of the domestic crop; that is to say, we produce about 65,000,000 [1] tons in this country and import about 100,000 tons from Canada, and this latter amount is probably used to keep life in the live stock of the unfertile regions of New England adjacent to the Canada line. It may be the tariff is a blessing to the people of that sterile section of our common country; but it is not at all more likely that they grow fat on it than that their cows do. But whether they do or not is a matter of trifling importance to the western farmer, so far as his hay crop is concerned, for this crop is, in the main, consumed in the feeding of horses and sheep, and in the production of beef, cheese and butter. The loss of the sale of 100,000 tons of hay would not in any event di-

[1] In 1893 estimated crop 65,776,159 tons.

minish the annual profits of our farming population to exceed two and one-half cents per capita.

5. "Hops, $1,053,616." "The Belgian hops have a good reputation, but those of Bavaria are best of all, the aroma being more perfectly preserved by the method in practice there. The American hops are said to be very powerful, with a flavor so rank and peculiar that unless greatly improved by cultivation they are not likely to find a large demand."[1] It is assumed from this that climate, soil and culture affect the flavor of the hop as much as they do that of the tobacco plant, and as hops are used to impart an agreeable bitter flavor to beer, it is hardly correct to say that the Belgian, Bavarian and English varieties come into direct competition with the ranker flavored American product. That the latter is extensively used, both here and abroad, in combination with the former, may be inferred from the annual statement of exports and imports. Next to Germany the United States is the largest exporter of hops in the world, and in ordinary years we produce a large surplus, and in such years no tariff can be of any advantage to the hop grower. The crop, however, is an uncertain one, sometimes very abundant and at others almost a total failure. In 1885, for instance, the crop was most plentiful, and in that year we sold abroad over 13,000,000 pounds. But in 1886 it was short, and our imports exceeded our exports about 10,000,000 pounds. In the years when American hops are most abundant, however, our brewers use foreign hops, either in combination with our domestic product

[1] Appleton's Cyclopedia.

or separately, in the production of superior qualities of beer. If Governor McKinley had desired to impart the whole truth to his hearers with respect to the hop trade he would have told them that in 1890 we imported hops to the value of $1,053,616, and exported hops to the value of $1,110,571, and that in this exchange of hops the balance in our favor was $56,955. In the year 1891 the showing was still better for us; the imports were $1,797,406 and the exports $2,327,474, the balance in our favor being $530,068. These figures indicate most clearly that the demand for American hops, both at home and abroad, is largely increased by the fact that they can be advantageously used in combination with the foreign product. The statement that it is necessary to exclude the foreign in order to increase the sales of the domestic, is, therefore, misleading, if not wholly incorrect.

6. "Flax, $2,188,021." Flax is raised in the Eastern and Middle States of the Union for the seed. It is a quick crop, and soon turned into money, but not a favorite crop with farmers, because it exhausts the soil, and in the long run is found to be unprofitable. Since pioneer times the farmers of Ohio, and of many other States, have given little, if any, attention to the fiber, and have either burned it or permitted it to rot in their fields or barnyards. New York, Virginia and Kentucky have attempted to turn the fiber to profitable use, but have not been largely successful and no amount of protection could induce the farmers of the country generally to abandon less exhaustive and more profitable lines of agriculture, and attempt to

compete with the peasants of Belgium, Holland and Russia, and the people of Ireland and Egypt in the preparation of the flax fiber for manufacture into linens, or even coarser cloths. It is absolutely safe to say that no duty, however high, could tempt an Ohio farmer to grow flax with a view to manipulating the straw in order to render the fiber a merchantable product. That the flax fiber is prepared in this country for manufacture into certain coarse fabrics is, however, true; but that the finer imported flax comes into competition with the American product to any appreciable extent, is simply nonsense, and if Governor McKinley's contention in this regard "fools the farmer," it is not because the farmer is more credulous than other folks, but because—to use Barnum's suggestion—mankind like to be humbugged.

7. "Hemp, $7,341,956." There are but few States in the Union which give attention to the culture of hemp. Ohio, although mentioned as one of the four in which the industry has been successfully prosecuted, has now comparatively few fields devoted to it. In certain sections the crop is raised wholly for the seed, but in Kentucky, and perhaps to some considerable extent in Missouri, and possibly in Indiana, it is cultivated for the fiber. The crop is an exhaustive one on the soil, requires much care and cheap labor in manipulation, and hence is not a favorite with farmers.

There are numerous varieties of hemp, all having their special uses and adaptabilities. There are some kinds—probably many kinds—imported, which cannot with good reason be claimed to come into competition with the American product, any more than it can be fairly claimed that coarse cotton or woolen cloths compete with the finer grades of silk. Climate has much to do with the fiber of the hemp plant. There are plants grown which produce fine elastic fibers; others which produce fibers of coarse and brittle texture; fibers suitable for cordage, for canvas, for sheeting, shirting, towels and tablecloths, and fibers from which fabrics equal to the finest Irish linens are made. How many of these almost endless varieties of hemp do or do not come into competition with our domestic product, it is impossible to tell; some we know are absolutely necessary to us in the production of the finer qualities of goods, and some, in combination, increase the demand for our home-grown product. Indeed these various qualities of hemp are as indispensable to the manufacturer as a complete kit of tools to the mechanic, and yet the McKinley law blindly bears down on all with equal heaviness, "hemp twenty-five dollars per ton; hemp hackled, known as line hemp, fifty dollars per ton." The Ohio farmer, without receiving a shadow of benefit in return, helps pay this enormous tax when he buys his towels, table linens, and cordage.

The States in which hemp is produced in largest quantities favor a low tariff, and hence may, with good reason, be supposed not to regard Governor McKinley's high protective nonsense as essential to the success of either the hemp industry or any other.

"Meat and dairy products $2,011,314." The Governor was sorely pressed for suitable material when at Niles and elsewhere he sought to beguile the farmer into the belief that he was being started on the road to opulence by high protection and especially by the M'Kinley bill, or he would not have alluded to the fact that in 1890 we imported meat and dairy products to the value of $2,011,314. Two millions of course is a large sum to be expended for meat and dairy products when beef and pork, butter and cheese, are so abundant with us, but the farmers of the United States will derive great comfort from the fact not stated by Governor McKinley, to-wit: That in this same year of 1890 we sold to other countries meat and dairy products amounting in value to $136,264,506! In this traffic in meat and dairy products, therefore, the American farmer lost nothing; nay, he made something, for the balance in his favor was over $134,000,000.

Of the $2,011,314 expended abroad for the articles in question $1,295,506 went to pay for certain varieties of cheese not made in this country, and in no way competitors of our home product, and while we bought $1,295,506 worth of Neufchatel, Gouda, Westphalia and other rare varieties, including cheese made of goats' milk, we at the same time sold to other countries cheese and other dairy products amounting in value to $13,081,856.

9. "Rice, $2,042,120." I assume, without knowing whether my assumption is entirely correct or not, that much of the imported rice enters the country through the customs districts of the Pacific States, and that it is brought thither as return freight from islands with which those States have profitable commerce. The people of the Northern States have certainly no special interest

in rice, except to obtain what little they make use of at fair prices. The States of the Union where the product is an important one, are not favorable to high protection, and if they accept it at all they do so either under protest or in order to even up with bounty-fed manufacturers of the North.

10. "Linseed, flaxseed and other seeds, $3,530,631." We imported in 1890 flaxseed to the value of $2,-839,059 and other seeds to the value of $691,574; these two sums make the total amount stated by Governor McKinley. The bulk of the expenditure, as will be seen, was for flaxseed, a crop which, for reasons stated, when speaking of the flax culture (item 6), our farmers do not care to raise. The importation of this seed should be encouraged by low duties instead of restricted by high ones. The oil obtained from it is used by every man who owns a house, whether it be the cheapest of frame structures or the most elegant of mansions. Any duty or tax which adds to the cost of it encourages the unscrupulous to palm off inferior oils on the inexpert and unsuspecting. If flaxseed were a favorite crop with our farmers there would even then be no shadow of excuse for the imposition of high duties, for it can be grown in this country as cheaply as in any other; but it is not a favorite crop with them. The yield is light, ranging from six to ten bushels per acre; the straw cannot be put through a machine, because of the toughness of its fiber, and hence the seed must be taken from it by the trampling of horses or by the old-fashioned flail; the straw after threshing is of no value as food for live stock, and of no value otherwise to the

average farmer — not even as a fertilizer. All these considerations, with the additional one that the crop exhausts the soil, renders it so objectionable to farmers generally that no duty, however high, and no bonus which could in reason be offered by the government, would render it other than an occasional or exceptional crop in the United States, where land, without material injury to the soil, can be made to yield far better returns in the growing of grass, wheat, corn, oats, hay, etc.

It is true, I think, that there would be little, if any, flaxseed sown in Ohio, if the manufacturers of linseed oil did not, through agents, distribute the seed, and by personal solicitation induce farmers to sow it.

In speaking of the imports of seeds in 1890, it would have been no more than fair for Governor McKinley to have mentioned the fact that we exported seeds in that year to the value of $2,637,888 and oil cake, the product of seeds, to the value of $7,999,926; so that in this exchange of seeds and their product, the American farmer and trader came out over $7,000,000 ahead, and certainly did not need any higher protection than he had.

11. "Leaf tobacco, $17,605,192." Much, if not most, and possibly all of the unmanufactured tobacco, brought to this country, is used in combination with our domestic product. It imparts to the latter a more agreeable flavor than it would otherwise have, and thereby, unfortunately, perhaps, increases the demand for it.

In any fair scheme for obtaining revenue for the support of the government, tobacco, which is not only a luxury but often more or less injurious to the health of the consumer, should be made to bear the heaviest burden of taxation, and this taxation should be imposed not to encourage its production, but to diminish its consumption. We do not place a heavy duty on imported liquors to protect our American distillers, and stimulate them to increase their product. The heavy duty is imposed to limit importation, and diminish consumption, and so it is and should be with tobacco. I am somewhat surprised, therefore, to find that Governor McKinley would suggest that the very high duty on tobacco was imposed for the purpose of encouraging its growth among American farmers, and shall now expect to find him claiming that he put a duty of two dollars and fifty cents per gallon on brandy to encourage its production in this country. The truth is, that neither the whiskey nor tobacco industries need encouragement. Like ragweed both multiply only too rapidly, even under influences unfavorable to their well being.

The Governor has told us the amount of leaf tobacco imported in 1890 was in value $17,605,192; to this he should have added the manufactured tobacco imported in that year, $4,105,262, and we would have had a total of $21,710,454. As an offset to these large importations he should have told his hearers, also, that we exported in 1890 leaf tobacco valued at $21,479,550, and manufactured, valued at $3,876,045, making the total of our sales abroad $25,355,595. The balance in our favor in these exchanges of tobacco was $3,645,141, a very comfortable sum to get, and in this case Governor McKinley, who acts upon the principle that international commerce is war, may congratulate himself upon having inflicted a greater amount of evil upon the "effete monarchies of Europe" than they and all their dependencies inflicted upon us.

12. "Vegetables, $4,455,374." The vegetables imported in 1890 amounted in value, as Governor McKinley has told us, to $4,455,374. Of this sum $1,307,772 went to pay for beans and peas, and $1,365,898 was expended for potatoes. Potatoes, beans and peas are common products of the American farm, and are ordinarily very abundant and so cheap that no nation on the face of the earth can transport them hither and successfully compete with us in our own markets. Occasionally, however, the potato crop is almost if not quite a total failure, and at such times the people of our cities, and especially the poor, are dependent for this article of prime necessity upon other countries. In years of average plenty, therefore, the farmer needs no protection, and in periods of failure protective duties could do him no good, and would do the people of our great cities on the seaboard — especially those dependent for their subsistence upon the proceeds of their daily labor — almost infinite harm, by increasing the price and thus putting a sufficiency of this vegetable beyond their reach. The duty of twenty-five cents per bushel on potatoes, therefore, is not only absurd, but in exceptional cases, exceedingly severe.[1]

There was, I think, no failure of the potato crop in

[1] "Ireland sent us potatoes all last year and took our corn; but Congress made us pay a penalty of more than one-third of all the potatoes imported; not because the money was needed for revenue, but for the express purpose of preventing us from buying good Irish potatoes instead of rotten American ones."—*Thos. G. Shearman.*

1890, nor of the bean and pea crop, and I assume that our importation of vegetables for the year named was neither unusually large nor unusually small, but about the average of years when our domestic crops are fairly good. How, then, it may be asked, is this importation of vegetables in 1890 accounted for? Simply by the fact that it consisted mainly of new potatoes, green peas and beans, etc., brought into this country during the fall, winter and early spring, when fresh vegetables cannot be obtained of the American farmer, from places probably like Bermuda and other islands where summer continues all the year, or where seed time and harvest are not the same as with us. These products, therefore, do not enter into competition with ours any more than the green corn, known as roasting-ears, competes with the hardened corn of a previous year's crop. It is to be regretted that Governor McKinley has ridden his protective hobby to such an extreme as to insist that by diminishing the importation of fresh vegetables and attempting to compel our people to eat old potatoes, dried beans and peas, he has conferred a blessing upon the country.

13. "Wool, $15,264,083." It may be said briefly, and without wearying the reader with details not necessary to a clear understanding of the main features of the subject, that the tariff laws of the United States separate the wools of commerce into three classes, each class being so essentially different as to be easily recognized. The purposes for which these wools are used, either separately or in combination with each other, or

in combination with silk, cotton, flax, hemp or hair, are almost infinite in number and variety.

The first class embraces Merino and similar wools, and of these we imported in 1890 to the value of	$3,894,760
The second, long or combing wools, of which our imports amounted to	1,905,970
The third, coarse wools—wild wools, known as carpet wools	9,463,353
Total, including hair, etc	$15,264,083

On the first class the McKinley law placed a duty of 11 cents per pound on the unwashed; 22 cents on the washed and 33 cents on the scoured. Second class, unwashed, 12 cents; scoured, 36 cents. Third class wools are taxed at from 32 to 50 per cent. of their value, and of this latter class it will be observed we imported in 1890 $9,463,353, or nearly two-thirds in value, and nearly eight-tenths in quantity of our entire importations.

It should be remembered that under the McKinley law the duty on a pound of scoured wool of the first class is thirty-three cents, let its value or cost abroad be what it may, while the duty on scoured wool of the third class, based on value not quantity, rarely if ever exceeds ten cents per pound, and the duty on washed and unwashed probably rarely exceeds three cents per pound. One pound of third class scoured, if my estimates of cost abroad are correct, would, duty and transportation added, cost the American manufacturer not over thirty-two cents, and this one pound of scoured would be equal in quantity of actual wool to three pounds of merino wool as it is ordinarily prepared by the Ohio farmer for market. In other words, while the American wool-grower has, by the cunning devices of the woolen manufacturer, and the complicity of the committee, of which Governor McKinley was chairman, been deluded into the belief that he is protected against all foreign wools to the extent of eleven cents a pound on the unwashed, twenty-two cents on the washed, and from thirty-three to thirty-six on the scoured, he has had practically no protection at all against at least seven-tenths of the wools, and substitutes for wool, brought into the country.

I know it is said that these third class wools are not used for the same purposes as those to which the first and second classes are devoted. This statement should be true, but unfortunately it is not, and these cheap third class wools are now found in combination sometimes with better wools, sometimes with cotton, sometimes with the fiber of flax and hemp, in all the cheap carpets and low-priced, so-called, woolen cloths of the country. It is this fact which enables Governor McKinley, while advocating high protection, to boast with some show of plausibility of the cheapness of men's clothing. Why should they not be cheap indeed, when made of inferior wool, mixed with shoddy and cotton, materials practically untaxed?

On the pretence of affording the American wool-grower eleven cents per pound protection on unwashed wool, the woolen manufacturer is accorded by the McKinley bill prohibitory duties, and no one who reads paragraphs 391, 392, 393, 394 and 395 of our present tariff law can reasonably doubt that Hon. Benton McMillin, colleague of Governor McKinley on the Ways and Means Committee, told the exact truth when he affirmed that "whole sections of the bill were framed by interested parties, and are now the law of the land. This is notably true of the sections increasing the duties on women's dress goods, which was prepared by one of the greatest manufacturers of those goods."

A clause of paragraph 392 provides that on woolens cr worsted cloth, etc., "valued at above forty cents per pound, the duty per pound *shall be four times* the duty imposed by this act on a pound of unwashed wool of the first class, and in *addition thereto fifty* per cent. *ad valorem*." Now, let us see what protection the manufacturer is allowed on this pound of goods valued at above forty cents:

Actual value of goods, say	41
To which add four times the duty imposed on one pound unwashed first class wool	44
Add also 50 per cent. ad valorem	$20\frac{1}{2}$
And we have a total of	$105\frac{1}{2}$

or $64\frac{1}{2}$ cents protection on 41 cents worth of goods.

It is claimed that the specific duty of forty-four cents per ponnd of cloth accorded to the manufacturer in the above estimate is to offset the eleven cents per pound allowed the wool-grower on four pounds of unwashed wool, which are supposed to have gone into the pound of cloth; but the fact is that the law does not require the pound of cloth to be made of American wool at all, nor of any raw material on which there is a duty of to exceed four cents per pound (counting the raw material unwashed as we do in estimating the protection accorded to American wool). The law says with respect to the material which shall enter into the construction of this pound of goods that it may be "wholly or in part of wool, worsted, the hair of camel, goat, alpaca, or other animals," so that, in fact, the pound of cloth may be one-fourth wool, one-half cotton, and one-fourth ground woolen rags, or it may be composed of cheap foreign wool, on which there is what is equivalent to a three-cent-per-pound duty, and cotton on which no duty at all is paid, or it may have in it a trace, more or less pronounced, of good wool, on which there is a duty of eleven cents per pound. But whatever the relative proportions of the materials used may be, the pound of cloth is protected to the extent of over 150 per cent. on the assumption that it is wholly made of first-class American wool, or first-class foreign wool, when in truth and in fact this assumption is a fiction of the law maker, under and by virtue of which the woolen manufacturers obtain control of the American market, and charge whatever prices they please for their goods.[1]

In evidence of the fact that the higher duties imposed by the McKinley law have not in any way checked the inflow of foreign wool, and by lessening competition helped the American wool-grower, a statement of the importations for a series of years is given.[2]

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[1] Hon. William Lawrence, in a letter to the *Ohio State Journal*, July 21, 1891, said: "Last, but not least, (the McKinley law) makes duties substantially prohibitory on the importation of most kinds of woolen and worsted goods."

[2] Clipped from *New York Times* of December 18, 1893. Not entirely accurate, but substantially so.

IMPORTS OF WOOL IN POUNDS.

	All kinds.	Cheap Wools or Carpet Wools.
1890	109,902,105	80,851,229
1891	119,390,280	85,895,659
1892	134,622,366	90,560,125
1893	168,433,836	118,386,070

It will be seen that under the McKinley law the number of pounds imported has gradually increased, and that 70 per cent. of the quantities were wools which practically pay no duty.

The following paragraph from the *Bulletin* of the American Protective Tariff League would indicate that the wool-grower can look for no protection against the cheap wool producing countries:

"It is well known that the lowest grades of carpet wools are from wild sheep and *could never be produced in this country, except at a cost for production which would require from* 500 *to* 1000 *per cent. of protection.*"

The average value of these cheap wools is much less than ten cents per pound, and an ad valorem duty of from thirty-two to fifty per cent. is no protection to the American farmer.

The introduction of these low grade wools, however, and their abundant use in the manufacture of the low priced woolens with which this country has been flooded, are not by any means the only ways in which the American wool-grower has been deluded and circumvented under the so-called protective system.

The Woolen Manufacturers' Association is a compact body of shrewd business men, which controls millions of capital, and wields immense political influence. Its not widely distributed membership co-operate in the promotion of any cause deemed beneficial to the association with machine-like unity. It is in business what a well equipped army is in war. Its influence is felt not only in the vicinity of its mills, but this influence extends to every congressional district in which it can be made effective and then focuses in the legislative chambers of the National Capitol. The association sustains its political champions with princely liberality, not perhaps by direct donations, but by contributions for campaign purposes and long leases of official power. To it one hundred thousand dollars is proportionally no more than a five dollar bank-note to the average farmer. It recognizes the power of money, and knows enough to use it discreetly, if not at all times honestly. It, in conjunction with other manufacturing industries, supplies whatever argument its political emissaries may require in fighting its battles on the stump, and, whatever editorials the high tariff press may need to reconcile the voter to the absurd doctrine that high prices and high taxes render the poor folks who pay them exceedingly prosperous and happy

This association fixes the price of American wools. It controls the only market in which the wool-grower of the United States can sell a pound of his product. It establishes the price, and from its decrees there is no appeal. It may buy at home, but it is not obliged to do so. It can keep its machinery employed, and net a profit of 20 per cent. per annum on its capital, under the McKinley law, if it does not obtain a pound of domestic wool. It knows that the American wool-grower must sell to it soon or late at whatever price it may see fit to pay, and hence, if the association can save five or ten cents a pound on the whole American clip by a little delay in purchasing it can well afford to run its mills certain months of the year on such of the better grades of foreign wool as it may need. When the duty on foreign wool was raised by the McKinley law the manufacturers quietly boasted that it would not increase the price of the domestic, and it did not. Having used the wool-growers of this country to elevate the price of their own half shoddy product[1] the manufacturers have been, and are now, taking in the American clip at their own prices, without regard to the price of foreign wools, or to tariff rates.

Again, there is one feature of the existing tariff law which operates as a positive discrimination against both the American wool-grower and the American consumer. This is the system of drawbacks. The woolen manufacturer, if he were to make his cloth of domestic wool, for which he paid what foreign wool would cost with duty added, would have to sell his product in the home market if he sold at all, and sell at a high price. On the other hand, if the goods are made of foreign wool, he may sell at home if he can do so, or he may export

[1] Two years ago a gentleman made a statement to our committee remonstrating against putting wool on the free-list, which we were proposing to do, in order to give greater employment and cheaper clothing to our people, *because the duty on wool, he said, had developed a great American industry in this country, which was the manufacture of shoddy. He said we have* $15,000,000 *of capital invested in manufacturing shoddy goods, and employing in that branch of labor* 100,000 *hands. And, Mr. Chairman, just in proportion as we have developed the shoddy business we have destroyed the woolen business.—Hon. R. Q. Mills.*

if there is a demand abroad, and in this latter case the goverment will refund to him the duty he has paid. This duty, on the better grades of woolen goods, would amount to from forty to sixty per cent. of the cost of the raw material.

With American wool at the price of foreign wool, duty added, therefore, the manufacturer is practically restricted by the law to the American market, while with foreign wool he may sell at home, or under the law compete with England in any of the markets of the world. Cheap foreign labor will not prevent this competition, for it is a well ascertained truth that a dollar's worth of American labor will produce more yards of woolen goods than a dollar's worth of foreign labor.

The gist of the whole matter is this: The woolen manufacturers' association is free to buy where it pleases, and if it sells abroad it may obtain foreign wools of any and all varieties without the payment of any duty or tax, and may sell its goods to foreigners on as good terms as the most favored manufacturers of the world. It is only in the United States that this gigantic combination and other combines equally grasping and merciless are enabled by protective duties, ranging from 60 to 150 per cent., to rob the American public on the hollow pretext that they in some mysterious, if not miraculous, manner benefit the workingman and help the farmer by selling them manuufactured products at from 25 to 75 per cent. more than the goods are actually worth. A wise man may at times be excusable for accepting an agreeable but self-evident untruth, when he can get it for nothing; but only the most amiable and unthrifty can entertain, adopt and defend an ill-favored and ridiculous falsehood like that propagated by the high protectionists when it costs good money to do it.

The Ohio farmer should, in this discussion, squarely face two important facts:

1. That the woolen manufacturers have the power, by combination, to control the price of American wool, and that they will not permit him to derive any advantage from tariff laws.

2. That his greatest competitor in the better class wools is the wool-grower of California, New Mexico, Wyoming, Texas, Idaho and other sections of the United States, where grazing land costs nothing, winter feeding is not required, and where wool can be profitably grown at less than ten cents a pound. Even if foreign wools could be wholly excluded by tariff laws, a price for wool which would render the industry profitable in Ohio, would make it more lucrative than a gold mine in those Western States and Territories.

In concluding on this branch of the subject I desire to call attention to one class of articles of great interest to farmers which Governor McKinley, either intentionally or unintentionally, neglected to mention. He was particularly careful to tell us at least one-half the truth about hay, flax, rice and vegetables imported in 1890, all of which combined, amounted to less than $10,000,-000; but he omitted even to suggest that we imported during the same year *hides and skins* to the value of $21,881,886, and that in our exchanges of these articles the balance against us was over $20,000,000. Have not the farmers of Ohio a greater interest in hides and skins than in rice? Why, therefore, mention the one and utterly ignore the other? Why palter about an expenditure of a million more or less for hay, and say nothing of an expenditure of nearly $22,000,000 for hides and skins? The latter are the direct product of the farmer's hay—hay in its most condensed and valuable results, and yet Governor McKinley, in the presence of Ohio farmers, was dumb as an oyster on this subject. Why? Because he knew if he were to suggest it the farmers might ask ugly questions—questions which from his high protection standpoint he could neither consistently nor satisfactorily answer. If there should be a duty on wool and cabbage and pickles, why not on the skins of our sheep, the hides of our cattle, and even the hair, for this is an article of commerce? To all this the Governor could have made but one truthful answer, to-wit, "the leather manufacturers demanded free raw material, and in accordance with a rule of late invariably adhered to by the Ways and Means Committee, we gave to the manufacturers exactly what they wanted."

XI.

DRAWBACKS (AGAIN).

"We give a rebate of 99 per cent. on imported raw material which is finished into the finished product, and then entered for the export trade."[1]

This reopens an old question which has already been sufficiently discussed; but it may be well in this connection to inquire who got the rebate of 99 per cent. of the customs tax paid by the Canadian farmer, referred to by Governor McKinley (see page 66) when his wheat the raw material—was converted into flour—the finished product and then exported? Was the amount of the rebate paid to the Canadian farmer or to the manufacturer? If to the farmer the government obtained no revenue from the transaction, and the Canadian got as much for his wheat as if he had been a resident of the United States. If to the manufacturer, the government derived nothing in way of revenue, and the manufacturer obtained a profit to which he was not justly entitled. This may appear like trifling with an important subject, but it illustrates forcibly the ridiculous attitude in which Governor McKinley places himself logically, when he affirms, as he does substantially, that the foreign producer pays the duty and the American manufacturer gets the rebate.

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[1] Governor McKinley at Ada, 1891.

XII.

POSITION OF THE OLD WHIGS ON THE SUBJECT OF PROTECTION.

"Let me call as witness, first, Thomas Ewing," etc. [1]

Thomas Ewing, Horace Greeley, Henry Clay and Millard Filmore were old Whigs who advocated reasonable protection for so-called infant industries. Their utterances while supporting the protective theory to the extent indicated, cannot, without great injustice to their memories and disregard of their avowed purposes be distorted into an approval of continuous and permanent protection to long and well established industries. Henry Clay, in 1833, gave expression to the views of the Whig party on this subject when he said:

"The theory of protection supposes, too, that after a certain time the protected arts will have acquired such strength and perfection as will enable them, subsequently unaided, to stand against foreign competition."

Again in 1840:

"No one in the commencement of the protective policy ever supposed that it was to be perpetual."

But long prior to Henry Clay's entrance into political life, to-wit, in 1791, Alexander Hamilton, who was a leader and teacher in the school of economic statesmen, to which Henry Clay and Thomas Ewing belonged, had said:

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[1] Ada, 1891.

"The continuance of bounties on manufactures long established must always be of questionable policy, because the presumption would arise in every such case that there were natural and inherent impediments to success."

To affirm that the fathers of the old Whig party ever contemplated the imposition and maintenance of a duty of $13.44 per ton on steel rails, an article which can be manufactured in this country and sold at a profit for $20 per ton, is not only misleading but arrant nonsense. Such exorbitant protection to an industry long established would have been denounced by them as an attempt to make robbery and extortion lawful.

I followed the tall white plume of Henry Clay with all the idolatry of boyhood in his advocacy of his great American System half a century ago. I was then, have ever been and am to-night a Clay protectionist (applause), and there is no more similarity between the McKinley and the Clay theories of protection than there is between the soaring eagle and the mousing owl. Clay protected labor when our manufacturing industries were in their infancy; McKinley protects capital when industries are fully established, breeds monopoly and trusts, limits our markets, oppresses labor by lessening employment and increased taxes on the necessaries of life, and his most conspicuous products are rapidly multiplying millionaires and tramps. [Applause.]

The Clay protective tariff of 1842 levied a lower rate of protective taxes than the Mills bill that McKinley now calls a free trade measure, and in his defense of protection to labor he never claimed the right to enact anything but a revenue tariff, with incidental protection for a very brief period, as he held that continued taxation for the benefit of any class was unjustifiable. He held free raw materials as one of the integral parts of protection to labor and continued taxes on some of them for a season only to develop them fully, and as early as 1833, when urging the passage of the compromise tariff, he said in his Senate speech of February 12, 1833: "Now give us time; CEASE ALL FLUCTUATIONS FOR NINE YEARS AND THE MANUFACTURERS IN EVERY BRANCH WILL SUSTAIN THEMSELVES AGAINST FOREIGN COMPETITION."— *Col. A. K. McClure, September* 26, 1892.

XIII.

WHAT M'KINLEY CLAIMS FOR HIS LAW — CONCEDING ALL HE CLAIMS IS IT NOT AN ARGUMENT IN FAVOR OF LOWER DUTIES AND A LARGER FREE LIST? — THE M'KINLEY LAW IN SOME RESPECTS AN IMPROVEMENT ON THE LAW OF 1883.

"What has this bill (McKinley bill) done? In the first ten months under that bill we bought more goods in Europe than we ever bought in any ten months since the formation of the government; * * * more and better than that, in the first ten months under that law we sold more products to Europe than we ever sold in any ten months before," etc. [1]

Again, at Beatrice, 1892, in a speech modestly entitled "The Triumph of Protection," Governor McKinley said:

"Notwithstanding the cry that under a protective tariff we cannot sell abroad if we do not buy abroad, yet during the last fiscal year we sold abroad nearly $203,000,000 more than we bought abroad. * * It will be observed that under the operation of the new law the *free list* has been *increased*, while the dutiable list is *decreased*. The value of *free imports* for the last year exceeded the value of dutiable imports by $88,000,000. During the last fiscal year the value of imported merchandise *free of duty* was over $458,000,000, an increase over the preceding year of $91,759,793. * * * The average rate (of duty) to-day is *less than* it has been at any time before for thirty years. *More than one-half of the value of all our imports is absolutely free.* * * * The value of our exports of merchandise during the fiscal year 1892 was $1,030,335,626. * * * Our exports never before reached that point in any given year in all our history."

[1] Ada, 1891.

Figures, whether old or new, relevant or irrelevant, have as great a fascination for the Governor as edge tools for children, and he is just as likely to get hurt, logically, while handling them, as a child is to become physically disabled in a room full of razors.

Let us, for the sake of good-fellowship, concede that the very large quantity of goods bought in Europe during the period to which he refers, resulted directly from the beneficent provisions of the McKinley law! Now where does the confession on his part and the concession on ours, leave his numerous arguments against a revenue tariff? His main, if not sole, objection to a low tariff is that it encourages our people to buy goods abroad—that it induces large importations, that it furnishes employment to the foreign laborer, that it opens "up our markets to the foreign producer, impoverishing the home producer and enriching his foreign rival." And yet now that the McKinley law has the field he boastingly affirms that under it "we bought more goods in Europe than we ever bought" in the same time "since the formation of the government"—more goods even than were bought under the revenue tariff of 1846, which he has time and again denounced as the worst tariff our country ever had, because it encouraged people to buy goods abroad.

But without paying further attention to Governor McKinley's inconsistencies of speech and self-contradictions in argument, let us simply admit that all he claims in this particular for the McKinley law is absolutely correct; that under it we have bought more and sold more than we ever bought and sold before; that these large purchases abroad and large sales abroad, have contributed to the prosperity of the country. Having conceded all this—all he claims with respect to the goods sold and bought, and the beneficial effects of this buying and selling, may we not commend him to certain paragraphs of his own speech for the causes of this unexampled prosperity? "The average rate of duty today is less than it has been at any time before *for thirty years*." And again, "more than one-half of the value of our imports is absolutely free." And again, "under the operation of the new law the free list has been increased while the dutiable list is decreased." And again, "the value of free imports for the last year exceeded the value of dutiable imports by $88,000,000."

May we not, from his own confessions, therefore, affirm that under a still more liberal law, with a longer free list and lower duties, we would do a still more extensive and profitable business with European countries? Do not his own figures prove that low duties lead to a larger trade, and that larger trade leads to increased prosperity? And if all this means anything is it not an unanswerable argument against the restrictive policy of high protection?

The McKinley law is, in some respects, an improvement on that which preceded it. It reduced duties on a few things; it enlarged the free list; it, in a small degree, gave recognition to the policy of reciprocity; but in many ways it is more objectionable than any tariff law the country ever previously had.[1] It has

[1] The passage of the McKinley law of 1890 was the greatest blunder ever committed by any party since the Democratic crime of secession.—*St. Louis Globe-Democrat* (*Repub.*).

made duties, which were too high before, still higher. It has given to many lines of industry a monopoly of the American market by according to them prohibitory duties on competing products. It lacks that apparent spirit and intent of absolute fairness and impartiality to every individual and all vocations which should characterize all laws of a general nature. In brief, while it is not without good features, it yet has many which are wholly indefensible.

XIV.

INFLUENCE OF INVENTION ON PRICES — QUOTATION FROM AN ARTICLE WRITTEN BY W. E. SIMONDS, EX-COMMISSIONER OF PATENTS.

"Things were never as cheap as they are to-day," etc. [1]

This is true in all civilized countries; the invention, improvement and general use of labor-saving machinery readily accounts for this cheapening of products, whether grown or manufactured. The putting on of a duty or tax never made a thing cheaper. We cannot diminish by addition. With respect to the influence of invention upon prices, Hon. W. E. Simonds, ex-Commissioner of Patents, said: "Banish our agricultural inventions and the entire population of the United States * * * would not suffice to raise and care for half of our present crops." * * It was Whitney's improvement in cotton gins that made cotton into king. * * * Under the old order of things the value of each bushel of this grain (wheat and oats) would have been consumed in carting it from Omaha to Chicago. * * * No delusion is more surely a delusion than the somewhat common one that inventions lessen the wages and the number of manual laborers. The same kind of mechanics who now gets two dollars and fifty cents per day, received not more than one-half that wages in 1843. * * * The history of American

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[1] Ada, 1891.

carpet-making is instructive upon this point, and also in showing how inventions reduce prices in the long run. A generation ago our carpets were all made for us by foreign hands, and the prices were excessive. A great American inventor produced the Biglow carpet loom. To-day the prices of carpets are less than half what they were." [1]

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[1] *North American Review*, December, 1893.

XV.

SUGAR AND THE SUGAR BOUNTY.

"There has been an annual saving of $45,000,000 to the American people, and you never had sugar so cheap as you have got it to-day," etc. [1]

If the abolition of duties and the admission of goods free is a saving to the people, why not abolish all duties and thus make an annual saving of $200,000,000? The truth is the tax stricken from sugar has been put on other things, and will be collected from the people, and in addition thereto $10,000,000 will be extorted from them to pay bounties to home sugar-makers. The people, therefore, have not saved forty-five cents by the abolition of the sugar tax.

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[1] Ada, 1891.

XVI.

DOES A HIGH TARIFF CREATE COMPETITION AND ENCOURAGE GENIUS?

"We have created competition." [1]

Is competition created by excluding competitors? By restricting trade? By limiting the buyer and consumer to one market, and that the dearest? By putting a duty of from 40 to 150 per cent. on competing foreign products? By encouraging the formation of pools, trusts and combines?

"We have encouraged genius; we have promoted invention." [2]

No, our schools have done these things. It is an era of invention; our whole population has been stimulated to intellectual activity. The high tariff, like any other tax or burden, has been a hindrance; but in spite of this we have made progress.

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[1] Ada, 1891.
[2] Ada, 1891.

XVII.

CAUSE OF THE PANIC OF 1893 — CARNEGIE — RUSSELL — DOLAN — SHERMAN — HEPBURN.

"The truth about it is that the money of this country has been so good that when the *people after the elections last fall lost faith in everything else* they never lost confidence in the money of the country. Every man who had a dollar due him at the bank during the last five months wanted it, and he wanted it bad; and everybody wanted their money on the same day. They didn't want it for investment; they didn't want it for building any industry, for we are not building industries now; they wanted it because they believed in it; wanted it near them. They drew the money out of the banks to hoard it, and you never heard of anybody hoarding anything that wasn't good." [1]

From the day of Mr. Cleveland's election in November, 1892, to the first of June, 1893, business of all kinds was carried on with unabated vigor, and with perhaps more than average profit. For two years or more, however, prior to the retirement of Mr. Harrison from the executive office it had been manifest to students of finance, not only of this country, but of Europe, that what was known as the Sherman law of 1890 would, if left unamended, or unrepealed, ultimately lead to the destruction of American credit abroad, and to the serious injury, if not utter paralysis of all business at home.

Early in 1891 our exports of gold became so large that the country, from March to July, trembled on the

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[1] McKinley's campaign speech, 1893.

verge of a monetary panic, and was only saved from financial disaster by fortuitous good harvests in this country and bad harvests in the British Islands and continental Europe. Our unprecedented export of breadstuffs in the latter part of 1891, induced by short crops abroad, led at once to a return of the gold which had been frightened away by our silver legislation, and this afforded a false but plausible argument in favor of the continuance of the Sherman law, to the party which had originated it, to legislators who desired a ready market for the silver product of their constituents, and to that great multitude of inspired statesmen and idiotic financiers who, like Jack Cade, are eagerly looking forward to the blessed day when a two-penny loaf shall, by an exercise of legislative authority, be sold for a half-penny. That the purchasing clause of the Sherman law was ultimately the direct and only cause of the panic to which Governor McKinley has referred, can be demonstrated as clearly, and as absolutely, as the fact that the monetary disturbances which led to the impoverishment of France 1719-20 were the direct outgrowth of the plausible but impracticable financial vagaries of John Law.

As has been stated the business of the country had been flowing with at least ordinary volume in all the channels of trade and manufacture up to the latter part of May, 1893, and the fact that the country's stock of gold, in the absence of any unusual demand for our breadstuffs abroad, was again rapidly diminishing, had apparently passed unobserved by the great majority of our people. But now by circulars from the banks of

New York City, and by editorials of the entire press of the country, they were suddenly awakened to the fact that our European creditors had become alarmed over the probability that our obligations to them would be paid in silver dollars, intrinsically worth but sixty-six cents each, and hence were hurrying our certificates of indebtedness home for immediate payment. This led to a rapid decline in stocks and bonds; unsettled public confidence in this class of investment securities, rendered it difficult, if not impossible, to borrow money on them or to continue loans already made, and to prosecute enterprises in hand or in contemplation, and this condition of affairs led to numerous failures, not only in the great money centers, but elsewhere, and these failures being paraded in startling headlines by all the newspapers of the country imbued the great mass of our people with the belief that banks were unreliable custodians of their money, and hence as Governor McKinley said, "They drew their money out of the banks to hoard it." Indeed, they became so thoroughly alarmed that they withdrew from the national banks alone over $350,000,000 [1] and probably as much more from the savings, state and private banks of the country. To affirm, therefore, that anybody who depended upon banks for accommodations could continue business amid this tempest of distrust and excitement, is to give utterance to an absurdity. Merchants could not borrow; manufacturers could not obtain money to pay employes; State and municipal bonds could not be sold. In brief, the

[1] Comptroller of the Currency.

Nation had, with respect to its monetary and business affairs, a recurrence of its experiences of 1873, when its currency disappeared as suddenly as if it had been wholly destroyed.

The panic of 1893 began in the latter part of May and continued through the months of June, July, August and September. It reached the maximum of its fury about the middle of August, and began visibly to abate when the House of Representatives passed the bill to repeal the purchasing clause of the Sherman act. The long delay and idiotic chatter of the Senate over the matter prolonged the feeling of distrust, and retarded business, but from the hour when the repeal bill finally became a law all indications of the fright disappeared, and the money so hastily withdrawn from the banks was as hastily returned to them. Indeed, on the 18th of November, the New York banks held $65,000,000 over and above the 25 per cent. reserve which the law required them to keep, and since that date the sum in excess of their legal reserve, has reached the unprecedented amount of $102,000,000. Mr. Andrew Carnegie attributed the panic to its proper cause when he said, "There is no reason in the world why the United States should not be as prosperous today as it was until recently, except one. Owing to the enormous and constantly increasing amount of depreciated silver in the treasury, confidence has been shaken in the ability of the government to pay its currency in gold, as it has promised."[1]

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[1] *North American Review*, September, 1893.

When Governor McKinley, in his campaign speech of 1893, affirmed that the panic was attributable to prospective changes in the tariff law, he not only made averments which could not be sustained by an appeal to contemporaneous events, but he struck a vicious and serious blow at the business of the country by encouraging and augmenting the prevailing distrust, and he did it for personal and political ends. If it were true as Governor McKinley incorrectly claimed, that our business troubles resulted from proposed changes in the tariff, it must follow that the panic would not only have continued to the end of 1893, but enough longer to give the country an opportunity to try the amended law, and so ascertain, by actual experience, whether the changes made in it were good, bad or indifferent. On the other hand, if it were true, as Mr. Carnegie, a practical and successful business man maintained, that the purchasing clause of the Sherman silver law was the cause of our monetary and industrial troubles, it must follow that with the abolition of the cause, or repeal of the law, its effects would disappear, and the country at once become more hopeful and gradually return to its usual prosperous condition. The fact that business began to revive the moment the purchasing clause of the Sherman act was repealed would indicate, conclusively, that Mr. Carnegie was right and that Governor McKinley's alleged cause of our business troubles was not the true one, and that his arguments based upon the condition of the country at the time he made them, were wholly unfounded and designed simply to influence the votes of the temporarily unemployed.

As further evidence on this point extracts from Governor Russell's able paper in the *North American Review* of December, 1893, are submitted for the consideration of the reader:

"The best proof that this was the cause of the business depression comes from business itself. In the midst of its distress it knew and stated the cause of it and the remedy. From boards of trade and business centers all over the country there came a unanimous demand for what? To let the tariff alone? No, but to repeal the Sherman bill."

Thomas Dolan, the well-known protectionist of Philadelphia, and of its Manufacturers' Club, said: "I believe that the depression is almost wholly due to the silver policy. If the alarm was due to the victory of the Democrats, why was it not manifested last November? * * * In fact, in the woolen business everything went swimmingly, until first of July."

The *American Wool Reporter* said:

"The depression is due to lack of confidence in the stability of our currency."

John Sherman, in the debate in the U. S. Senate, said:

"If we would try it (repeal of the Sherman act) to-morrow we would gladden the hearts of millions of laboring men who are now being turned out of employment; we would relieve the business cares of thousands of men whose whole fortunes are embarked in trade; we would relieve the farmer and his product, for free transportation to foreign countries now clogged for want of money. In the present condition of affairs there is no money to buy cotton, or corn, or wheat for foreign consumption."

Hon. A. B. Hepburn, late Comptroller of the Currency, in a speech before the Ohio Bankers' Association (non-partisan) at Cleveland, Ohio, said:

"The initial cause of our recent panic was distrust of our currency, a fear of the free coinage of silver, and a conviction that under the operations of the Sherman law we were rapidly approaching the condition that would result from the free coinage of silver, at a ratio of sixteen to one, while the commercial ratio ranges about twenty-eight to one.

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The foreign investor first took fright and not only withheld further investments, but sent back to us in large quantities the securities already held lest the future might compel him to accept payment in depreciated money. Credit generally became alarmed, and the hoarding of gold followed. The currency famine thus inaugurated, intensified by business necessities, sent all forms of money to a premium and taxed the resources of every locality to find money and substitutes for money for the transaction of business."

Persons who do not keep a record of the weather are not easily convinced that the last cold day is not the coldest they have ever experienced. And so it is with respect to panics, and years of industrial distress. The last always seems to be the worst. The anxieties, discomforts and dangers of the old time are to a great extent forgotten, while those of the present are obtrusive, demand immediate attention, and are hence hastily accepted as the most distressing ever known.

Grant was President in 1873, both branches of Congress had round Republican majorities, and no one was at all alarmed over any prospective changes in the tariff law, and yet in the latter end of that year business houses from the Atlantic to the Pacific were swept down by a financial cyclone like rotten reeds before a tempest. There was then nothing in the estimation of the public so precious as spot cash, and everybody began to clutch and hoard. A million of productive property could not tempt a thousand dollars in currency from the strong box. Business men theretofore in high credit acknowledged with shamed faces their inability to meet maturing obligations. Fear of bankruptcy and ruin dominated every thought and controlled every action. In brief, the current of business was as suddenly congealed as a stream might be which ventured into the frigid temperature of an arctic winter. The country was five years in recovering from this disaster, and failures among business men during 1876, 1877 and 1878 were proportionally greater than in 1893, while the proportion of failures in 1875 was exactly the same as in 1893. In other words, the number of failures in 1,000 firms in—

1874 was 10.7	1877 was 13.6
1875 was 13.0	1878 was 15.5
1876 was 14.3	1893 was 13.0[1]

In 1877 great labor riots occurred at Pittsburgh and elsewhere; it was during this year that Columbus was terrorized by bands of discontented workingmen. In 1878 unemployed men were apparently more numerous than the employed. In 1879 and 1880 there were decided indications of improvement, but in the latter of these years Columbus found it necessary to make provision for idle men, and opened a free hotel for their accommodation at the corner of Spring and High streets. In 1883 failures among business men were

[1] Dun's *Review*, January, 1894.

proportionally but little less than in 1893. In 1884 the country experienced a financial panic only a shade less disastrous than that from which it has just emerged; the banks of New York, Boston and Philadelphia were compelled to resort to the system of clearing house certificates to avoid suspension, and failures among mercantile firms were 12.7 in 1,000, only a fraction less than in 1893, the number during the latter year, as already stated, being 13.0 in 1,000. In 1890 there was another financial panic, during which the banks of New York, Philadelphia and Boston again resorted to the issuing of clearing house loan certificates to avoid suspension, and but for the timely purchase of government bonds by the Secretary of the Treasury, and the disbursement of one hundred millions in currency, this panic would probably have been as damaging to the business of the country as the last one. Notwithstanding all these facts, however, men who believe their political success depends upon the propagation of the falsehood, will maintain that the panic of 1893 was the worst the country has ever experienced, and that it was directly attributable to prospective changes in the tariff law, whereas the truth is that the panic of 1873 was fully as disastrous to the country as that of 1893, while the panics of 1884 and 1890 were distressingly injurious to business, and the years 1876, 1877 and 1878 were unparalleled for the number of failures among business men.

XVIII.

THE TARIFF LAWS NOT DELICATE AND SACRED THINGS WHICH CANNOT BE REVISED AND AMENDED WITHOUT INJURY TO THE BUSINESS OF THE COUNTRY — M'MILLEN'S STATEMENT AS TO WHO PREPARED THE M'KINLEY BILL — JOHN SHERMAN ON THE SAME SUBJECT.

"Now, my fellow-citizens, are you surprised at the condition of the country? If you are, you will not be if you reflect a moment. For thirty-two years this country was under a protective tariff, and during all that time, until now, there was no party in control in this country that could destroy it. Remember that — thirty-two years of uninterrupted protection, and no party able to disturb it. Every business in this country was built up under that protective tariff; every industrial interest was made to conform to it; every delicate thread of industry entwined about it; every artery of trade and commerce led out from it. Everything we made, everything we produced, was related to that protective system. The cost of production, the selling price, the cost price, the wages of labor, were all adjusted to that protective system that had continued for thirty-two years." [1]

"For thirty-two years this country was under a protective tariff."— Multitudes of iniquitous laws, customs, precedents, and practices have become hoary with age. We have had, indeed, nearly one hundred years of slavery in this country, during which human beings were bought and sold at private and public sale; husbands ruthlessly separated from wives, parents from

[1] Campaign speech, 1893.

children, and "every delicate thread of industry entwined about" this accursed institution, and pleaded for its continuance, just as Governor McKinley pleads for the perpetuation of high protection and prohibitory tariffs. Age cannot sanctify a wrong, and every year through which robbery is continued demonstrates with cumulative force the necessity for its extinction.

When Governor McKinley abandons declamation and proves by ascertained facts and pertinent figures that the great mass of our people are benefited by giving the woolen manufacturer of New England, and the iron and steel maker west of the Alleghenies, a monopoly of the American market, thus enabling them, by combines, to extort from the consumer from twenty to fifty per cent. more for their product than it is worth, he will do what he has never hitherto done to-wit, supply the world with a substantial reason for the existence of a high tariff. The idea that the tariff laws of the United States are delicate and sacred things which cannot be revised and amended, without destroying the business of the country, is about as ridiculous a notion as a sane man ever entertained. The truth is there have been not fewer than twenty changes in these laws since 1861, and the McKinley act was about the most radical of them all, for it unwisely increased the tax on many articles, wisely reduced it on some, considerably enlarged the free list, and paid a direct bounty to the sugar makers, who were no more entitled to a bounty than the hodcarriers. In brief, this law, by according to certain well established and politically influential industries, exorbitant protection, forfeited all just claim to respectful consideration.[1] In this connection I desire to introduce again the testimony of Hon. Benton McMillin, member of the committee of the House of Representatives which is supposed to have prepared the McKinley bill.

"The manufacturers were called in and allowed to frame the schedules to suit themselves. Whole sections of the bill were thus framed and inserted bodily as they were made by interested parties, and are now the law of the land. This is notably true of the sections increasing the duty on women's dress goods, which was prepared by one of the greatest manufacturers of those goods. It was true of others. Does any one deny this? The members of the Ways and Means Committee who 'edited' the bill will not deny it."[2]

McMillin's emphatic testimony as to the manner in which the McKinley bill was gotten up may not be readily accepted by those who differ with him politically; but unfortunately for the credit of our legislators, the public has the evidence of Senator John Sherman as to the substantial accuracy of Mr. McMillin's statements. In the *Cleveland Leader* of November 6, 1891, Mr. Sherman, while speaking of the McKinley law is reported to have said: "The best and most equitable tariff bill that was ever framed was sent into congress by the commission of which Harry Oliver, of Pittsburgh was the president, but the manufacturers knocked it to pieces by inserting into it all sorts of petty chimer-

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[1] The recent break in the price of steel rails (from $29 per ton to $21.80) is said to be due to the action of a Pittsburgh concern which refused to re-enter the agreement between the mills for the maintenance of a stated value for rails when it expires first of January.—*New York Tribune*, *Nov.* 11, 1893.

[2] *North American Review*, Oct. 1893.

ical protection for pen-knives, pearl buttons and other Yankee notions, until I am free to say it was in many respects a Yankee notion bill, dealing in small matters that needed no protection. * * * The tin-plate question is one I am in favor of, and there are other important business enterprises that I believe should be taken under our wing, but the Eastern manufacturers are constantly making an effort to insert themselves into the tariff question when they need no protection whatever."[1]

It is evident that these manufacturers succeeded in inserting themselves into the McKinley bill, and that notwithstanding Governor McKinley's assertion to the contrary, they did it for their own special advantage and not for that of the consumer. To affirm, therefore, that the prosperity of the country depends upon the maintenance of such a law, unamended, is to give utterance to a palpable absurdity.

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[1] "Protection tends to demoralize our national legislation. The lobby of the capitol is thronged with representatives of certain manufacturers, seeking to obtain or to perpetuate special protection. Money is freely used, and bargains are made to combine the friends of separate measures, when votes are given. Proposed acts come thus to be judged of not by their real merits, but by their relation to personal interests."—*Dr. Chapin.*

XIX.

SHALL ALL OLD LAWS, CUSTOMS AND PRECEDENTS BE ADHERED TO—THE EFFECT OF THE REDUCTION OF TARIFF RATES ON THE IRON INDUSTRY—THE IRON MANUFACTURERS ON THE SEABOARD DEMAND FREE IRON ORE AND COAL—CERTAIN MANUFACTURERS OBLIGED TO USE FOREIGN MADE STEEL—STRIFE BETWEEN EASTERN AND WESTERN IRON AND STEEL PRODUCERS.

"I don't care what the system is, any industrial system that has existed thirty-two years in a country, that has been imbedded in every business enterprise and in every human activity, if you go from that system to another and a different one, you paralyze the business of the country. (Applause.) Men in this country —and they are not different here from any other country—men in this country do not produce for the future when they do not know what the future will be. No man will put his good money into that end of the factory when he doesn't know what he will get for his product when it goes out at the other end of the factory. No man will make iron and steel for the future with tariff coal and tariff iron ore and tariff wages, when, six months from now, that iron and steel may have to compete with iron and steel made with free coal and free iron ore and with free trade wages. (Applause.) And that is what is the matter with the country today. (Cheers.) Certainty in business, confidence in the future constitute the essence of business prosperity. (Cries of "Good," and applause.) No man will invest his money in any industrial enterprise unless he has reasonable assurance of a profit. Don't forget that." [1]

"If you go from that system to another and a different one you paralyze the business of the country."—

[1] Campaign speech, 1891.

If this be true, all attempts to make improvement, advancement, or progress in any line should be forbidden by the Constitution of the United States. The industrial system in operation at any time should, according to the Governor's superior wisdom, be resolutely adhered to. The revenue law enacted by congress in 1789 should have been continued to the present day. The so-called free trade tariff of 1846, after it had become "imbedded in every business enterprise and every human activity," should have been scrupulously maintained. The infant industry which needed help to put it on its legs, and some measure of protection until fairly established, should, after it had become old and strong and abundantly able to stand alone, continue to be a burden upon other industries. The internal taxes of war times should never have been repealed, and the war itself should have been continued because it made manufacturing profitable and furnished employment to millions of men as soldiers, as agriculturalists and as artisans. The inconsistencies, not to say stolidities, of the Governor are marvelous; but his elocution is splendid and the good people are sometimes thoughtless, and somewhat credulous.

"No man will make iron and steel for the future with tariff coal and tariff iron ore, * * when six months from now that iron and steel may have to compete with iron and steel made of free coal and free ore," etc.

This revives the old question of who pays the tax? Governor McKinley has repeatedly affirmed that it is paid by the foreigner for permission to sell his goods in the American market. Notably he made this claim at Atlanta, Georgia, at Beatrice, Nebraska, at Ada, Ohio, and he has made it at numerous other places, so that he stands plainly committed to the doctrine that under the protective system the tariff is a tax upon foreign countries "which they must yield up to our treasury if they want to enter this market." [1]

Now, if the Governor's old contention as to who pays the tax is well founded, it must follow that the manufacturer can make iron and steel as cheaply from tariff coal and tariff ore, as he can make them from free coal and free ore. In other words, if the foreigner pays the tax or duty the American is now, and has been hitherto getting his foreign coal and ore without the payment of any duty—at free trade prices—at the actual cost abroad with simply transportation, but no duty added. Why, therefore, should any manufacturer hesitate to make iron and steel for the future, with the probability of free raw material before him, when, according to Governor McKinley's numerous affirmations, that is exactly what the manufacturer has been doing for the past thirty-two years?

The truth is the Governor's protective system is of the most elastic and accommodating nature, and may be so adjusted as to meet the views of either buyer or seller. To the former it says, "The foreigner pays the tax and the price of goods is not increased thereby;" to the latter, "You get from twenty to fifty per cent.

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[1] Beatrice, Nebraska, 1892.

more for your product than you could obtain under a low tariff."

The speech from which the citation at the head of this chapter is made was delivered for the last time on November 5, 1893. On the 22d of the same month and year, the iron and steel mills at Pittsburgh, Youngstown, and elsewhere west of the Alleghenies, were either in active operation or about ready to resume. The same is true of the coal mines of Ohio and Pennsylvania, so that we have in these facts a practical refutation of the Governor's statements.

It may be said, however, in a general way, that iron ore, in many but not by any means in all the existing varieties, can be obtained as cheaply in the United States as in any country of the world; but in order to make certain grades of iron and steel demanded by the trade, ores from widely separated mines must be assembled at the furnace, and in certain well-ascertained proportions intermingled and smelted into one common mass, and then cast, rolled or drawn out into the forms desired. Many of our iron mines would be almost, if not wholly, valueless, if it were impossible to combine their product with that of other mines. While the mills and furnaces west of the Alleghenies use but little, if any, foreign ore, and of course no foreign coal, it is often cheaper for mills and furnaces located on the seaboard to obtain the qualifying ore needed to create the exact product desired, from other countries, than to transport it by boat and rail from distant sections of the United States. Indeed, it may be for their advantage to buy their entire stock of certain rare ores abroad, rather than pay freight charges from mines in Minnesota, Wisconsin and northern Michigan.

The following statement, clipped from the *New York Times* of November 25, 1893, suggests at least that all producers of iron and steel, whether capitalists or laborers, are not eager for the continuance of the duty on iron ore:

Frederick W. Wood, president and receiver of the Maryland Steel Company, and second vice president of the Pennsylvania Steel Company, made an important statement as to the steel industry. He said:

"The complexion of the steel business in this country has changed most decidedly in the past year. It is all due to the discovery of deposits of good steel-making ore in Michigan, on the banks of Lake Superior. The ore comes from what are known as the Messaba Districts, and can be very cheaply mined by steam shovels and loaded by them directly on the cars.

"Owing to the freight charges we cannot, of course, compete with the mills west of the Alleghenies in purchasing this ore. Nor can the foreign ore from Cuba and the Mediterranean, which we use entirely, paying the duty of seventy-five cents a ton, compete with the Western ore. The result is that our steel business has gone to pot, and will continue so if the Western output holds out and the tariff is not taken off the raw material.

"If the tariff is taken off raw material we will be able to compete on even terms with the other steel-making companies. If it is not, I don't think there will be a single company east of the Allegheny Mountains that will be able to continue operations in steel making."

Thus it will be seen from the evidence of an expert that if the McKinley tariff law should remain unamended the steel business east of the Alleghenies is likely to be abandoned, the capital invested in the numerous plants of that section wholly lost and thousands of workingmen, resident in the vicinity of the mills, left unemployed.

But as further evidence on this point it should be said that in February, 1889, 598 iron and steel concerns of New England, "including, almost without exception, every one of importance,"[1] declared in a statement to congress that the tendency of the duties on coal and iron ore was "to wipe out the iron and steel industries, large and small, of New England." Again, "it is * * * the duty on coal and crude iron that is strangling in New England one of the largest of all the wonderful industries of modern days." * * * * The abolition of these duties will not only keep it alive but will insure its tremendous vitality and large increase."

It should be said also in this connection that there are certain lines of industry in this country which could not be followed if restricted, either in whole or in part, to the product of native ores. The seamless tubes manufactured by the Shelby (Ohio) Tube Company, for instance, cannot be made from American steel. To say that this promising industry is benefited in the slightest degree by a heavy duty on the steel it is compelled to use, would be arrant nonsense. The same may be said truthfully of a hundred other industries—industries dependent, either in whole or in part, upon foreign raw material for their existence. The president of the Elwood (Indiana) Tin Plate Company admitted that the tin plate industry in this country would be

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[1] Governor Russell, *North American Review*, December, 1893.

stimulated by a remission of the duty on pig tin. But waiving all this, let us return to the subject of foreign iron ores — the ores which Governor McKinley thinks it would be a calamity to introduce into this country free of duty.

It must be apparent that if these ores were on the free list, they would, by reason of distance and cost of transportation, never constitute more than a small proportion of our entire finished steel and iron product; except for the use of mills on the seaboard, they would only be imported when indispensable as a mixture for our more common and cheaper grades of ore. To restrict their importation by the imposition of high duties would, aside from revenue, serve no other purpose than to lessen the demand for labor, reduce the rate of wages, and bring about the precise results which Governor McKinley is professedly anxious to avoid.

The truth is that the iron and steel makers west of the Alleghenies are not so much afraid of foreign competition, in case the duty on iron ore and coal is stricken off, as they are of domestic competition. They propose to either crush the iron and steel mills of New England, or compel them to work at such a disadvantage as will enable the Western mills and furnaces to monopolize the lion's share of the American market.

XX.

M'KINLEY'S ASSUMPTION THAT A LOW TARIFF WOULD LESSEN THE DEMAND FOR LABOR NOT WELL FOUNDED — WHEN PEOPLE ABROAD BUY OF US THEY PAY WAGES TO OUR WORKINGMEN.

"Why, what is a lower tariff for? A lower tariff is to make it easier for foreign products to get into this country. That is what a lower tariff is for. And the easier it is for foreign products to get into this country, the more will come in, and the more that come in the less we will make at home. (Applause.) And the less we make at home the less labor we will employ at home. (Applause.) You can not buy your goods abroad and make them at home. (Applause.) If you buy them abroad they will be made by labor abroad. If you buy them at home they will be made by labor at home, and wages will be paid at home, and wages will be spent at home. (Applause.) If you buy them abroad, the wages will be paid abroad and the wages will be spent abroad. Every foreign product that comes into this country in competition with the products of our own labor displaces just that quantity of home product; and as it displaces that quantity of home product it displaces the home man who makes it. (Applause.)

"There is not a farmer in Hamilton county who thinks it wise economy to hire his neighbor's boys to do his work when he has got half a dozen stalwart boys of his own idle at home. (Laughter and applause.) No good government should consider it wise economy to buy its goods abroad when it has got a million unemployed men at home. (Great applause and cheers.) The more that is done at home the better wages will be paid at home.

"If there is one day's work and two men to do it, neither of them will get as good pay as though there were two days' work and one man to do it. (Applause.) And you laboring men know that. Free trade proposes to give one or both days' work to Europe. Protection proposes to keep them both at home. (Applause.)"

The paragraphs here quoted, plausible as they appear to the unreflecting, are based wholly upon a *false assumption* — the assumption to-wit, that a lower tariff would diminish the aggregate value of our annual product, lessen the demand for labor, and the wages of our workingmen.[1] Governor McKinley, at Ada, Ohio, in 1891 and at Beatrice, Nebraska, in 1892, unwittingly confessed that the United States could find not only increased profit, but additional employment for her workingmen by friendly commercial relations and an active trade with other nations. At Ada he said: "What has this bill[2] done? In the first ten months under that bill we *bought more* goods in Europe *than we ever bought in* any ten months before since the formation of the government." He at that time evidently regarded these large purchases abroad — the largest the country had ever known, under any tariff, as evidence that our country was in a highly prosperous condition. He certainly did not on that occasion deem it necessary to tell his hearers that "the easier it is for foreign products to

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[1] "The assumption that protection creates the home market is a fallacy. These centers of varied industry grow up naturally and healthily with the increase of population and wealth. Mechanical genius, the investigating turn of mind, the energy of will-power, managing capacity—these qualities come not of protective tariffs. They are the gifts of God to men. Left to themselves, and stimulated by competition, they spontaneously lay hold on all gifts of God in nature, and, using all available capital, set up the workshops of industry, wherever best opportunities are presented." —*Aaron L. Chapin, D. D.*

[2] McKinley bill.

get into this country the more will come in, and the more that comes in the less we will make at home, and the less we make at home the less labor we will employ at home. You cannot buy your goods abroad and make them at home. If you buy them abroad they will be made by labor abroad. If you buy them at home they will be made by labor at home, and wages will be spent at home," etc. There was not a word of all this either at Ada or at Beatrice. On the contrary, it was a good thing then to buy abroad, and the Governor becomes jubilant over the fact that under the benign influence of the McKinley bill "we bought more goods in Europe than we ever bought in any ten months before since the formation of the government!"

Was it true at Ada or Beatrice, in any broad, practical business sense, applicable to the question in hand, that "the more (goods) that come in the less we will make at home, and the less we make at home the less labor we will employ at home?"[1] Not at all. If not true then why should it be true now? The Governor might with just as much pertinency have said to his Ohio audience, "If you buy goods in New York, you cannot buy them in Cincinnati; the fewer pumpkins you buy in Indiana the more you will raise in your own garden; you cannot keep the pig in your own pig-sty if the pig is kept in the pig-sty of the butcher." These

[1] "Some other gentlemen, in the course of the debate, have spoken of the price paid for every foreign manufactured article as so much given for the encouragement of foreign labor to the prejudice of our own, but is not every such article the product of our own labor as truly as if we had manufactured it ourselves? Our labor has earned it and paid the price for it. It is so much added to the stock of national wealth."—*Daniel Webster*.

are truths, of course, but it would hardly be wisdom to accept them as the basis of a great national or international policy. Governor McKinley's subtle method of argument, though unknown to Aristotle, is nevertheless somewhat antiquated. It was invented by Mother Goose, and has been used for ages to amuse infants.

He tells us in his speech at Ada that under the McKinley bill "we bought more goods in Europe than we ever bought * * before;" and at Beatrice he boasts that "during the last fiscal year (1892) the value of imported merchandise *free of duty* was over $458,000,000, an increase over the preceding year of $91,759,793." What followed these immense purchases of foreign goods to which the Governor at Ada and Beatrice so boastingly refers? Was the laboring man thrown out of employment? No. Were his wages reduced? No. Did the country go at once into bankruptcy? Not at all. What then followed these enormous importations? The Governor in his Ada speech answers: "We sold more American products than we ever sold before;" and at Beatrice he said: "The value of our exports of merchandise during the fiscal year 1892, was $1,030,335,626. * * Our exports never before reached that point in any given year in all our history." "The excess in value of exports over imports * * was $202,944,342."[1]

Under a more liberal law and lower duties might we not then reasonably expect to buy still more and sell still more? If increasing the free list resulted not only

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[1] "Commerce is always an exchange of produce against produce. So much imported, so much exported."—*Prof. Emile De Laveleye.*

in an increase of trade, but, as was the case in 1892, in a balance in our favor of over $202,000,000, why should we not make further reductions in duties and further additions to the free list, secure a larger trade and a larger cash balance? [1]

When we exchange a dollar's worth of our own surplus product for a dollar's worth of European surplus product, there is not only nothing lost to us, but certainly a saving of one dollar. If we neglect or decline to exchange an article we do not need and cannot sell at home, and which costs us a dollar's worth of labor, for some article we do need and which costs a dollar's worth of labor abroad, exactly two dollars in labor may be lost, to-wit: the dollar's worth of labor expended on the surplus product we cannot use, and the dollar's worth of labor expended on the foreign surplus product which we could use if permitted to exchange our — to us valueless — product for it.

When we export, as we did in 1892, a billion dollars worth of American products, the foreigner — not the citizen of the United States — pays the American laborer good wages for creating those products, and so long as there is an even exchange of products between two countries there can be no loss to either, and may be much gain to both.[2] Still, it is in a narrow sense true

[1] "Nothing, however, is more certain than that if America purchased goods more largely from England, the English people would in their turn increase their purchases of American produce."—*Henry Faucett.*

[2] "In buying of a foreigner, the Nation really does no more than send abroad a domestic product in lieu of consuming it at home, and consume in its place the foreign product received in exchange."—*Jean-Baptiste Say.*

as Governor McKinley says, that "the less we make at home the less labor we will employ at home;" but this weak aphorism does not by any means prove that generous dealing and an active trade with other nations would diminish the number and value of our home products and lessen the wages of our workmen. On the contrary we have abundant reason to conclude that such a course would stimulate business at home, and create an increased demand for labor by giving our products a value which under present unfavorable trade limitations they do not possess.

The following paragraphs clipped from the *Ohio Farmer*, and written by W. T. Bethune, suggest the gist of the whole matter:

"When a farmer buys manufactured goods with the money he receives for his wheat, he has simply exchanged his labor for the labor of other men engaged in different branches of production, and the goods he receives for his money are as much the product of his own labor as they would be had he expended his labor in the actual making of the goods. The same holds true of our national trade.

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"The foreigners grant we can grow *wheat* cheaper than they can. Mr. Lawrence acknowledges that the foreigners can grow some things cheaper than we can, therefore by each growing that for which they are best fitted, and exchanging one for the other, both will gain. Both will be using the process of production that requires the least labor.

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"But our high tariff friend still maintains that by obliging us to produce directly instead of indirectly we will give more work for American labor. He is correct. By obliging us to adopt a more difficult system of production it will be necessary to expend more labor to produce the same result. It will give more work in the same way that a wet season or weedy field gives more work by making it more difficult to produce."[1]

"If you buy abroad wages will be paid abroad, and the wages will be spent abroad," etc.—True enough, within narrow limits, but only half the truth applicable to this question. If the people abroad buy of us they will pay wages to us, and these wages will be spent with us, and the demand for labor with us will remain undiminished, and, as has been said, if by possibility we exchange something we do not need for something we do need, we shall gain by the transaction. Governor McKinley errs, however, when he affirms that "every foreign product that comes into the country in competition with products of our own labor displaces just that quantity of home product." For, if the quantity which comes in is cheaper than ours it would displace a smaller value, and should suggest to us that we could employ our labor in more profitable ways than in making things under unfavorable circumstances and at a disadvantage. In brief, it never pays anybody to spend two dollars' worth of labor to create a dollar's worth of product. It would be wiser to earn the two dollars at some profitable occupation, and spend one dollar for the product; by the latter method there would be a dollar gained, while by the former there would be a dollar lost.

[1] "The aim of economics is not to increase but to diminish labor. If I can obtain a yard of cloth from a foreigner by means of one day's work, it is contrary to this aim to force me to spend two."—*Prof. Emile De Laveleye.*

XXI.

UNEMPLOYED MEN — WHY ARE THEY UNEMPLOYED — WE CAN NOT SELL UNLESS WE BUY.

"No good government should consider it wise economy to buy its goods abroad when it has got a million unemployed men at home."—Possibly not; but if the government has a million of unemployed men it would be high time for it to scrutinize its industrial system and commercial regulations, with a view to ascertaining if there were not some way to dispose of its surplus products, and thereby increase the demand for labor, and provide profitable employment for its citizens. The merchant, manufacturer, or farmer who has but one customer, and that customer himself, is not likely to accumulate great wealth, or prove a friend to the workingman, and a help to the community. Niggardliness and selfishness in business never led to an extended trade, and the successful development of a great industry. If by buying goods abroad the Nation can sell goods abroad, and at the end of the year figure out a cash balance of millions, it would be millions ahead in the year's business and this balance would be a stimulus to wages and an encouragement to workingmen. And even if the balance were not in actual cash but in such products as our people needed, the effect upon the laborer would be substantially the same. Cash itself is not as valuable, either to the Nation or the individual, as the products for which it is exchanged, and if we can get most of the products we desire in exchange for products we do not need, we may at times find profit in paying a cash balance to others. People who can get all they want without cash have little, if any, use for money. [1]

The idea that the United States can sell goods to Europe and not buy goods of Europe, is wholly erroneous. In the first place, it would be impossible for other countries to pay cash for all the products they buy of us. Our exports in 1892 amounted to one thousand million dollars; a few such years of sales abroad, if nothing were accepted by us in return but gold, would bankrupt every nation with which we dealt, and in the end leave us without a customer. In the second place, nations would not be inclined to buy largely and liberally of us, if we declined to buy largely and liberally of them. In brief, they buy where they sell, and if England cannot obtain wheat in America in exchange for English products, she will seek her wheat in Russia and elsewhere, and leave ours to waste in the farmers' granaries.

Governor McKinley should not forget in this connection that under the low tariff of 1846 (a tariff whose duties were materially reduced by the help of a Republican House of Representatives in 1857) "the American mercantile marine touched its highest point of prosperity" [2] that during this period "the great cotton fac-

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[1] "Nobody wants to keep gold unless he is a crazy miser. It is the very poorest kind of permanent investment. You cannot eat gold, or wear gold, or cultivate gold. You have to part with it, in order to make it of the slightest use. The man to whom you lend or pay it looks around anxiously for the first chance to get rid of it for something better."—*Thomas G. Shearman.*

[2] D. A. Wells.

tories of New England sprang into existence"[1] "that from 1850 to 1860 farm values increased 101 per cent.;" that "the increase of our wealth was equivalent to 126 per cent.;"[2] that "the business of the country was in a flourishing condition, money * * abundant * * large enterprises * * undertaken, and the prosperity of the country * * general and apparently genuine."[3]

In view of all these facts it does not seem at all probable that the prosperity of the people of the United States is solely dependent upon the continuance of a tariff law "prepared by the manufacturers"[4] and "edited" by a committe of which Major McKinley was chairman.

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[1] D. A. Wells.

[2] W. B. Allison.

[3] James G. Blaine.

[4] McMillin.

XXII.

THE RAILROAD PRESIDENT AND STEEL RAILS — REDUCTION IN PRICE OF STEEL RAILS DUE TO INVENTION AND IMPROVEMENT IN METHODS OF MANUFACTURE — WAGES HAVE ALWAYS BEEN HIGHER IN THIS COUNTRY THAN IN OTHER COUNTRIES — THE DIFFERENCE IN PRICE BETWEEN AMERICAN LABOR AND ENGLISH LABOR IN THE PRODUCTION OF STEEL RAILS — WHY M'KINLEY'S RAILROAD PRESIDENT WOULD NOT BUY.

"There is not a railroad company in this country today that is buying any steel rails. Why? The president of a railroad company told me why his company was not buying. He said that last fall they had made up their minds to relay a large part of their tracks. That would have meant labor for the trackmen. They would have employed thousands of men. He said when the elections went in favor of free trade, his company made up its mind they would not buy any steel rails. And I asked him why. He said, because the Democratic party was in power, and it was pledged to reduce the tariff on steel rails from $12 a ton to $5 a ton; and he said if they reduced the tariff to $5 a ton his company would get cheaper rails in England than they could get in the United States. And so the railroad companies of this country are waiting for the Democratic party to reduce the tariff. And while they are waiting for the Democratic party to reduce the tariff, the workingmen in the rail mills of the United States are idle and unemployed. (Great applause.) For if the railroad companies of this country do not buy steel rails at home, there will be no labor nor wages for the steel rail maker at home."

It is, on personal grounds, to be regretted that the exigencies of a political campaign should disturb the mental equipoise of Governor McKinley to such an extent as to lead him into inconsistencies of speech so palpable and preposterous as in effect to supply his opponents with weapons for his own destruction. Those, however, who have neither a well established principle to guide them, nor a comprehensive understanding of the subject in hand, are not unlikely to become entangled and finally lost in a labyrinth of self-contradictions and conflicting statements.

The Governor, it will be borne in mind, has affirmed over and over again that the tariff does not increase the price of domestic manufactures. He has said, "There is not in the long line of staple products consumed by the people a single one which has not been cheapened by competition at home, made possible by protective duties."[1] He has summoned the Canadian farmer to bear witness that the foreign producer and not the American consumer pays the tariff duty.[2] He has introduced a memorial of the colonial parliament of Bermuda[3] to prove that the exporter and not the importer — the foreign producer and not the home buyer and consumer, pays the customs tax, and that he does so for the privilege of entering our market and selling his goods. After having established the truth of this proposition, by what he deems unimpeachable testimony and incontrovertible argument, he now introduces a nameless railroad magnate and permits him to annihilate this most delightful and comforting theory

[1] Atlanta.

[2] Ada.

[3] Beatrice.

without uttering one word of protest. Indeed, to all intents and purposes the Governor bows obsequiously to this railroad magnate, and in effect says: "I used to think differently, my lord, but I see now you are right; the consumer not only pays the tax on dutiable goods, but a price equivalent to this tax on domestic products, and by waiting until the tariff on steel rails is reduced from $13.44 per ton to $5 per ton, you will save a heap of money!" What a humiliating descent this must have been for a great statesman, who had time and again declared that the tariff did not increase the price of nails, iron, steel rails, etc.

The introduction of the railroad president and the subject of steel rails, suggest a few facts which may properly be considered at this point, in the discussion. Steel rails were at one time sold in the United States at $155 per ton. In 1873, however, they were $95.90 here, and $74 in England. In 1885, the price was $26 in this country, and $23.17 abroad. For many years it was the custom of a certain brood of half-fledged political orators to attribute this great decline in price to the cheapening effect of our tariff laws. Indeed the broad statement was freely made that a high rate of duty had reduced the price of steel rails from $155 to $26 per ton, and from this false premise it was argued that high tariffs made cheap goods, and hence were a blessing to the consumer. The truth is, however, that the reduction in the price of steel rails, and other forms of steel product resulted not from legislative enactments, but from certain important discoveries like the Bessemer process, and the Gilchrist and Thomas process, and also from certain improvements in mill machinery, for which mankind is wholly indebted to the inventive genius of the age, and not at all to the wisdom of political economists. If it were true that high tariffs made low prices, steel rails would be cheaper in this country than in England.

While wages are from 30 to 100 per cent. higher in England than in any of the high tariff countries of Europe, it is admitted that workingmen, as a rule, have always been paid less money for a day's work there, than men have received here for the same hours of labor; but this was just as true when England was a high tariff country, and the United States a low tariff country, as it is to-day. In fact, in the time of William Cobbett, when tariff reform was agitating England, wages in the United States were higher than in any of the high tariff countries of Europe, and this country was then "pointed to as illustrating the blessings of free trade and low taxes."[1] From these facts it may be fairly assumed that the wages of men depend rather upon the supply of laborers and the demand for laborers than upon legislative influence, and we may safely conclude also that in a new and comparatively thinly settled country, where opportunities for making money are numerous, laboring men will always command better wages than in old and densely populated countries where opportunities for making money are few, the supply of laborers abundant, and the demand comparatively small.

It is claimed by ultra protectionists, but denied by all

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[1] New York *Times*, Nov. 12, 1893.

others,[1] that American workingmen obtain for the labor necessary to the production of one ton of steel rails $3.75 more than is paid in England for precisely the same amount of work, and the production of precisely the same amount of steel. Accepting this statement as correct and assuming that iron ore, coal and limestone, etc., are only just as plentiful in this country as in that, and that it will cost at least $1 to transport a ton of English made rails to this market, it must follow that a duty of $2.75 per ton upon foreign rails would put the English and American manufacturers upon an absolute equality as competitors for the American trade. Suppose, therefore, the railroad president to whom Governor McKinley refers, was right in assuming that the

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[1] Hon. Tom L. Johnson, a steel rail manufacturer and member of congress from Ohio, said:

Steel can be made here as cheaply as anywhere else in the world, and would not now be imported save in exceptional cases, even if there were no duty, while the tendency of invention and improvement is in favor of the United States as against Europe. The steel made into rails in this country is from native ore. What pig metal, billets and blooms are imported are used entirely in other iron and steel manufactures.

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It costs less than $2 a ton to make steel rails from blooms, including straightening and punching. On today's market steel blooms are selling at less than $17; steel rails should, therefore, not bring over $19. They did fall nearly to that price a few weeks ago, during a temporary break in the steel rail pool. But that pool was quickly reorganized, and the price of steel rails was put up, and is now maintained at $24 a ton, so that by virtue of the duty which keeps out foreign rails, the pool is compelling the users of steel rails to pay them twenty-five per cent. more than a fair price. This new steel-rail pool is composed of seven manufacturers, headed by Carnegie, who absolutely control the product of more than one-half of the rolled steel produced in the United States, and who have combined together to pay other large manufacturers heavy annual sums to close their works, discharge their men, and make no steel.

duty on steel rails would be reduced from $13.44 to $5 per ton, would not the American manufacturer in that event still have $2.25 per ton (over ten per cent.) advantage of his foreign rival? While this reasonable duty would enable him to supply the market at fair prices, it would not enable him through a combine, like that now and hitherto existing, to extort $5 or $10 per ton more for his product than it is worth. The fact is, we should then have that "properly adjusted competition between home and foreign products" which Garfield considered "the best gauge by which to regulate international trade."

It will be observed from what has been said that a duty of $5.00 per ton on steel rails would provide for not only the difference between the higher wage of the American and the lower wage of the Englishman, but afford ample protection to the American manufacturer. What was it then which deterred this nameless railroad president from buying rails, relaying his track and giving employment to thousands of trackmen? Was it not the fact that under the McKinley law there is the exorbitant duty of $13.44 per ton on steel rails, and the further fact that under this prohibitory tax American manufacturers had combined to extort from consumers $5.00 to $10.00 per ton more for rails than they were worth? The man, probably, did not propose to be robbed under the McKinley law if he could avoid it; and to avoid it, he did not relay his track; did not furnish employment to thousands of trackmen; did not buy rails, and thus help keep the millmen and miners employed. The truth is, then, that the McKinley law was the obstacle in his way, and directly responsible for the enforced idleness of trackmen and millmen. It stood up between the man and the work he contemplated, and said, "You can relay your track only upon one condition, to-wit: that of being robbed to the extent of $5.00 per ton by the steel men—$5.00 per ton, mind, on every ton of steel rails you buy!" Fair trade, not free trade, would in this case have put thousands of men to work at honest wages, who, under the baleful operation of the McKinley law, are left to idleness and suffering, and possibly to beggary and starvation. And thus it is that high protection, by restricting trade and enterprise, tends directly to the injury of labor as well as capital.[1]

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[1] Hon. Tom L. Johnson, a member of congress from Ohio and a steel rail manufacturer, while speaking on the Wilson bill in the House of Representatives (Fifty-third Congress), was interrupted by Mr. Dalzell, of Pennsylvania, when the following colloquy occurred:

"Now I want to ask you a question," continued Mr. Johnson, turning to Mr. Dalzell. "Do you believe in the existence of a steel-rail pool?"

"I do not," replied Mr. Dalzell.

"Do you make a quibble on the word pool?"

"There was a combination to keep up prices, but it did not keep them up, and so it dissolved," answered Mr. Dalzell.

"You deny the present existence of a pool?" asked Mr. Johnson.

"Yes, sir."

"Well, here is the proof," said Mr. Johnson, flourishing aloft a document. "Here is the agreement in the Iron Age. A certain R. F. Kennedy contracted to receive 25,000 tons of rails at what I consider an exorbitant price, and to forfeit $1,000 a day if he did not take them. I looked into the matter to see who such a large buyer could be. I found he was a stockholder in the Cambria works, a rival concern and now secretary of the new pool, formed last November. That pool agreed to give the manufacturers of Sparrow's Point, Md., $1,000 a day to close their works and discharge their men. It gives a concern in Pennsylvania $80,000 a year to close down. The old pool of eight or nine companies agreed to maintain the price of rails at $29. One of the members secretly undersold the pool. Carnegie made war on him, beat the price down to $19, closed him up, and then formed another pool."

"I cannot controvert what the gentlemen says," interposed Mr. Dalzell. "But if such a pool as he describes exists, I deprecate it as much as he."

XXIII.

M'KINLEY'S OLD CLOTHES ARGUMENT — EFFECT OF LABOR ORGANIZATIONS ON WAGES — HAVE THE GREAT BODY OF LABORERS BEEN GETTING AS MUCH PER CAPITA DURING THE PAST TEN YEARS AS THEY OBTAINED DURING THE TEN YEARS PRIOR TO THE WAR?

"And what is true of steel rails is true of every other industry. How many men in this great audience have said to themselves or to their wives, "I am going to wear my old clothes a little longer." (Laughter and applause.) I venture to say there are more than a thousand men in this audience who, because of the reduction of wages, or of time, or because of non-employment, have made up their minds not to get any new clothes until there is a change. "Lots of them," my friend says. And just what is in the minds of a thousand men before me tonight is in the minds of a thousand men in every audience like this all over the country. And you multiply the thousand people here with the thousand people in like communities, and you have got millions of people who do not intend to buy any new clothes until there is a change. (Laughter and cheers.)

What does that mean? It means there is to be diminished employment for the tailors and the sewing women. It means there is to be diminished sales by the merchant. Because if you do not make clothes you do not buy cloth. It means more than that. If you do not buy the cloth the manufacturer will not make the cloth. It means more than that. If the manufacturer does not make the cloth, the workingman is not going to be employed to make it. And it affects millions of other people all over this country."

The Governor's old clothes argument could have been made as pertinently in the fall of 1873 as in the fall of 1893. It could have been made also with scarcely lessened force in 1876, 1877, 1878, 1884, 1890 and at almost any other time during the past twenty years, for there has been hardly a twelve months within the period named when labor was not discontented and bitterly complaining of lack of work and inadequate pay. When at Pittsburg, at Homestead, at Buffalo, and at numerous other points dissatisfied workmen struck for higher wages, unemployed men came forward to take their places in such numbers as to suggest that at the end of over thirty years of high protection one-half of our working population was unemployed, and hence "were wearing their old clothes and giving no employment to tailors and sewing women," "because if you do not make clothes you do not buy cloth * * * and if you do not buy cloth the manufacturer will not make the cloth, and if the manufacturer does not make the cloth the workman is not going to be employed to make it," and so the case might have been argued by senseless repetition to all eternity.

Well disciplined labor organizations and somewhat arbitrary restrictions with respect to the taking-on of apprentices and sub-employes have enabled a certain proportion of American workmen to obtain employment at good wages, and to hold their positions in shop, manufactory, or railway service with some considerable degree of permanency. But while this is true of one class of laborers it is also true that another and still larger class have been condemned by the usages and exigencies of the times, to idleness, to half work, or to such tasks as were neither pleasant nor profitable. It may with reason be doubted, therefore, whether the great body of laborers, including the employed and unemployed, have been getting during the past ten years as much *per capita* for their services as the great body of our workmen obtained during the decade which immediately preceded the war. When estimates of the rate of wages paid to workmen in this country are prepared by the statistician, I apprehend no proper deductions are made for time lost by reason of shutting down of mines, mills or factories, and no allowance admitted for the vast number of men and women without trades and regular occupations, who are on half work and half pay, or wholly unemployed and therefore destitute. The tramp was unknown in the United States forty years ago, and there were then no idle workingmen and women, but every man and woman, and every boy and girl of proper age and strength was earning something, and if not making money rapidly, they were at least acquiring those habits of thrift and industry which lead finally to independence. The delusion that it was the province of government to make provision for them by legislative enactments, and that they should look to it for an increase of wages, or for special privileges in any line, had not entered their heads to undermine their natural sturdiness of character, render them distrustful of themselves and deprive them of that pluck and spirit of self reliance so essential to even moderate success in life.[1]

Those who find steady work may get more wages

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[1] "Protection nourishes dependence, not independence."—*Prof. W. G. Sumner*

now than laborers did then, but how has it been for the past ten years with the vast army of the irregularly employed? Would a reduction of tariff duties help them? This is the question. Governor McKinley thinks it would not. I think it would. He thinks it would diminish wages and add to the ranks of the unemployed. I think it would open up new avenues of trade, enlarge the market for our products, restore our mercantile marine to its old power and influence, cheapen the necessaries and conveniences of life, stimulate production, create additional demands for labor, and implant in the breast of every citizen a spirit of sturdy independence, and thus make more strong men and women for the country, and at the same time make no less money.

XXIV.

THE OLD MERCHANT ARGUMENT — MEN ON THE FREE LIST — IF HIGH TARIFFS MAKE HIGH WAGES AND LOW PRICES, WAGES SHOULD HAVE BEEN HIGHER AND PRICES LOWER IN 1830 THAN EVER BEFORE OR SINCE.

"The other day when I was speaking in Northern Ohio, an old merchant brought his books to my hotel. He had been a merchant from '48 to '62. I wish everybody might see those old books. They tell the truth. They tell the cost of living then; they tell the prices of labor then, and I copied from that old book — one of them — an entry dated June 30, 1858, and it was an account between the merchant of the village and the carpenter of the village.

"The carpenter was working for the merchant, and on June 30, '58, the merchant credited him on his day book with one day's work at $1.50 a day, and on the same day the carpenter bought the following four items, which are charged on the merchant's book, with the prices at the time, and these were the items: Nine yards of calico at 12½ cents a yard, $1.13; nine yards of lawn at 12½ cents, $1.13; eight pounds of coffee sugar at 12½ cents a pound, $1.00; and twelve pounds of cut nails at 7 cents a pound, 84 cents. The total for these four items in 1858 was $4.10. The wage received by the carpenter was $1.50 a day. He gave to the merchant his one day's work, bought those four items, and owed the merchant $2.60 in cash.

"Now let's take the carpenter of 1892. The pay of the carpenter in 1892 was from $2.50 to $2.75 a day in Ohio. I take the lowest, $2.50. Now charge him with the same four items that were charged the carpenter in '58, with the prices prevailing last year, and let us see the state of the account. One day's labor, $2.50 a day; nine yards calico in '92, 5 cents a yard, 45 cents; nine yards of lawn 8 cents a yard, 72 cents; 8 pounds of coffee sugar at 6 cents a pound, 48 cents (and 6 cents, I am told, is too high, but call it 6); twelve pounds of cut nails at 3 cents a pound, 36 cents. The total of these four items in '92 is $2.01. The carpenter in 1892 gave his one day's work to the merchant, bought those four items, paid for them, and out of that day's work had 49 cents in cash in his pocket-book. (Loud applause and cheers).

"The carpenter in 1858 gave the same number of hours, the same skill and the same toil; bought the same four items, and owed the merchant $2.60 in cash, or nearly two days' additional work. Which do you like best—1892 or 1858? (A voice, "'92.") Well, then, vote that way on next Tuesday."

The account book of the old merchant was evidently regarded by Governor McKinley as conclusive evidence that the high protective system elevates the price of men's labor and depresses the price of everything else. This was proving rather too much to suit the wool-grower, the iron monger and the woolen goods manufacturer, but as the Governor had many times before proved just as conclusively to them that either a low tariff or no tariff would reduce the price of their products to a ruinous extent, they doubtless listened to him without alarm and applauded with their usual vigor. The laboring men in his audience were the only persons at all likely to be deceived. These probably were too much interested in the Governor's speech to meditate on the fact that men—laboring men, as well as all other men, are on the free list. There is no duty on foreign laborers; they come to the United States when they please, and compete with the naturalized citizen and the native born on equal terms in all the vocations of life. They sometimes stand at the entrance way to employment with gun or club to drive away a descendant of a soldier of the Revolution who presumes to seek for work and bread in the land of his fathers! They bring to our very doors that competition which seems so formidable and repulsive to our high tariff orators when seen three thousand miles away. It may be that their products are better when made here than when made abroad. It may be also that the advantages which they afford us in a social way are more than a full compensation for the injuries they inflict by their eager competition. They help, of course, to eat, wear and use our products, but they help to make them also, and to hasten the day when the population of the United States shall be six hundred millions and our children, like the children of densely populated sections of the old world, be compelled to wage a life-long warfare against starvation. This suggests the only competition American laborers have to fear. A tariff or tax upon foreign goods never increased any man's wages to the extent of a farthing. There is but one way to increase the price of labor by congressional enactment, and that is by a law limiting the supply of laborers.[1] This would

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[1] "This increasing readiness to emigrate must exert an equalizing influence on wages, and must cause the difference in wages in the two countries, between which the migration takes place, steadily to diminish."—*Henry Faucett.*

PITTSBURGH, PA., January 27.—A wave of anarchy, in whose train followed bloodshed, arson and the destruction of property, passed over the Mansfield coal region today. It began at dawn and at dusk it was estimated that $100,000 worth of property had been destroyed. Made wild by fancied grievances and liquor, a mob of several hundred foreigners, Hungarians, Slavs, Italians and Frenchmen, swept over the country surrounding Mansfield and through the valleys of Tom's and Painter's runs. They attacked mine owners, miners and the few scattered deputy sheriffs, burned tipples, wrecked cars and destroyed railroad property.—*Ohio State Journal*, Jan. 28, 1894.

increase the price of labor just as a high tariff increases the price of goods.

The subject I intended to talk about, however, is the account book of the old merchant. No one could dispute the correctness of its divers and sundry entries. The merchant, and the carpenter with whom he dealt were vouched for by Governor McKinley as honest men. In this book, therefore, was proof conclusive that low tariffs make low wages, and high prices, while high tariffs make low prices and high wages. It is somewhat remarkable that such should be the case when the wages of labor and the product of labor are so intimately connected. It would indeed seem to the ordinary observer that things made by a day's work when wages are only one dollar a day should cost a little less than when made by labor for which four dollars a day are paid, and this I understand from Governor McKinley is the case in Europe. But high tariffs, and especially the McKinley bill, make products exorbitantly high for the seller in America, and exceedingly low for the buyer, and thus satisfy both parties to a bargain. Just how the tariff accomplishes the marvelous feats attributed to it, in this country, while tariffs operate in an exactly opposite way in other countries, is only known to the initiated, and never understood by the common run of men. The book of the old merchant, however, supplemented by Governor McKinley's logic, establishes the fact that high tariffs in America are so cunningly and skillfully devised as to bring about the precise results desired by each individual person of a population numbering sixty-five millions, and this being the case the book was a lucky find for the Governor, for he had about exhausted the invaluable but irrelevant statistics of the United States census reports, and was sorely in need of something to give an appearance of strength; if not the substance thereof, to his eloquent utterances. The book, therefore, was a timely and fortunate acquisition. It indicated the prices of labor and products under the low tariff of 1857—a tariff enacted by the aid of a Republican House of Representatives—and the Governor and his audience were familiar with the prices of labor and products under the high tariff of recent years, so that the introduction of the old book ended all argument by proving beyond a peradventure that *the higher the tariff was, the lower the prices of products and the higher wages would be.*

The foregoing proposition being now forever established, permit me to present a paragraph from the Governor's speech at Niles, Ohio, in 1891, and then call attention to a startling fact never hitherto mentioned by political economists.

> "In 1820, the average rate (tariff rate) was 22.29; in 1830, **45.31**; in 1840, 15.45; in 1850, 23.16; in 1860, 15.67; in 1870, 42.23; in 1880, 29.7; in 1890, 29.12. These are the average rates upon all articles both free and dutiable."

In the year 1830, therefore, according to the Governor's most admirable argument, wages must have been higher than at any other time in the history of our country, and cut nails must have trotted around after carpenters, begging to be accepted and hit on the head for nothing. That year, to-wit, the year A. D. 1830, must, if there is any confidence to be placed in strong argument, re-inforced by the account book of a truthful merchant, who had dealings with an honest carpenter, have been the most prosperous known to American history. I assume from the Governor's unerring logic and not from a knowledge of the prices current at the time, that nine yards of calico at two cents a yard then cost eighteen cents; nine yards of lawn three cents per yard, twenty-seven cents; eight pounds of coffee sugar two and one-half cents a pound (and two and one-half cents a pound I am told is too high, but call it two and one-half), twenty cents; twelve pounds of cut nails, 0; total for the four items sixty-five cents. Now the wages paid to the carpenter could not, according to the tariff rates on imported goods, have been less than four dollars a day and board. It follows, therefore, that out of his day's wages the carpenter was enabled to pay the merchant's bill and have enough left to buy a cow. All this may seem a little improbable, but the reader should bear in mind that in that blessed year the country had the highest tariff on record!

XXV.

M'KINLEY'S CRITICISM OF GOV. M'CORKLE — CLEVELAND'S POSITION ON THE TARIFF — INCONSISTENCY IN GOV. M'CORKLE, NO WORSE THAN INCONSISTENCY IN GOV. M'KINLEY — THE OLD OHIO REPUBLICAN PLATFORMS SUGGEST THE KIND OF TARIFF WHICH SHOULD BE MAINTAINED.

"We are in a remarkable condition in this country to-day. There never was just such a situation. Democrats are petitioning congress not to disturb the tariff (laughter), after having voted the party in power to disturb it. That is all very well, but petitions don't count in this country—it's ballots. (Applause.) The ballot expresses the free man's will, and that alone is conqueror in a popular government like ours. Governor McCorkle, of West Virginia, a Democrat, elected on the same ticket with Mr. Cleveland, elected on a free trade platform, went to the Committee of Ways and Means the other day, and begged that committee not to disturb the tariff on coal." [Laughter.]

Governor McKinley should not deliberately misstate the position of his political adversaries, for in doing so he fails to maintain the high standing, as a debater, accorded to him by the New York *Tribune* in its issue of October 11, 1893. That pronounced high tariff organ affirms that "His (Governor McKinley's) speeches are conspicuous for fairness and sincerity. He strives to bring out clearly what is essential to the argument on each side, and then to adjust the scales with an even hand and an unprejudiced eye. It is this habit of mind which imparts educational value to his speeches."

Now the truth is that Governor McCorkle and President Cleveland were not elected on a free trade platform, and when Governor McKinley said they were he was not only not making himself "conspicuous for fairness and sincerity," but for another trait which has never hitherto been counted among the virtues. The convention which nominated Mr. Cleveland declared in favor of a tariff for revenue only; but it was as well understood then as now that this resolution did not express his views nor those of any considerable number of his supporters. Mr. Cleveland's tariff message during his first term defined his position on the tariff question with admirable consistency and force, and this to all intents and purposes was the platform upon which he ran for a second term. He then said:

"In a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered. * * * Relief from the hardships and dangers of our present tariff laws should be devised with especial precaution against imperiling the existence of our manufacturing interests." President Cleveland today occupies the precise position on this subject held by President Garfield and a million intelligent Republicans; the precise position, in fact, but recently occupied by the *Ohio State Journal*, the *Cincinnati Commercial* and all the more prominent and ably conducted Republican newspapers of Ohio. In brief, President Cleveland's views are identically those embodied in the Republican State platforms of Ohio certainly for ten, and probably for twenty successive years.[1] To say, therefore, that he is a free trader is not only misleading but a wilful perversion of the truth. What Governor McCorkle has been, or is now, I shall not undertake to say; I only know he was not elected on a free trade platform, because there was no free trade platform in any State of the Union for a governor to be elected upon.[2] Governor McCorkle, therefore,

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[1] "*We favor a tariff for revenue limited to the necessities of government, economically administered*, and so adjusted in its application as to prevent unequal burdens, encourage productive industries at home, afford just compensation to labor, but not to create or foster monopoly."—*Ohio Republican Platform.*

[2] The *Ohio State Journal* has, for thirty-seven years, been the recognized organ of the Republicans of Ohio. It has from time to time given publicity to very decided opinions on the subject under consideration. It might be well, therefore, for gentlemen of the McKinley school to refresh their memories somewhat by reference to old files of this valuable paper.

I clip the following from the *Journal's* editorial column of June 17, 1869:

"The only kind of a tariff we believe in is a tariff for revenue, which is only another name for equitable taxation. The difference in the principles upon which are based revenue tariff and a protective tariff is radical and fundamental. The one system is restriction, prohibition, monopoly, for restriction's, prohibition's and monopoly's sake, the other is the imposing of a just and equitable tax upon goods entering the country * * for the sake of revenue."

Again, "a protective tariff—or to give words their proper meaning, a prohibitory tariff—robs the many to bestow subsidies which are doubtful benefits upon the few."

March 18, 1870. "Instead of legislating for this interest and for that interest, consuming months in inquiring what this class and that class wants, and being dogged about the streets as Schenck complains, by Pig Iron, and Beeswax, and Hair Pins and Saleratus, the simple inquiry is, what do the interests of a majority of the tax-payers require? Less than five millions of our population of forty millions are engaged in the manufacturing business; would it not be sensible to legislate in the interest of the thirty-five millions?"

April 26, 1870. "When we speak of a protective tariff man we mean what we say, i. e., a man who supposes protection to be the *object* of a tariff. When we speak of a revenue tariff man we mean a person who believes that revenue is the *proper object* of a tariff. When we speak of a free trader we mean a man who does not believe in any tariff of any description."

might consistently enough have asked that in the distribution of special privileges and legislative favors his own State should not be overlooked. And then, again, Governor McCorkle might have been inconsistent; the temptations to inconsistency in speech and act are, in these latter days, exceedingly plentiful. It has been my task for some little time to point out the inconsistencies of a governor of Ohio, and I have had reason to conclude that inconsistency is not a more exceptional trait in governors than in common men. It may be, therefore, that Governor McCorkle, after exhorting the brethren to be honest concluded that so long as men were licensed to rob, the good people of West Virginia should not be denied the privilege of robbing.[1] It was perhaps an error on his part, but even if he knew it to be an error, and frankly admitted it, he was no more culpable certainly than the plausible gentleman who professes to believe that stealing is right on principle, and hence proceeds to appropriate to his own use, and that of his friends, everything within reach. I have no interest, however, in Governor McCorkle, and have referred to him simply to show that neither his words nor his acts have any relevancy whatever to the merits of the question Governor McKinley was attempting to discuss.

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[1] "Much was said about broad principles, but all referred to the notion that by robbing all for the benefit of the few it was possible in some way, which never was explained, to gain great benefit to all."—*Prof. W. G. Sumner.*

APPENDIX.

STATEMENT OF THE WAGE WORKERS IN THE POTTERIES OF TRENTON, NEW JERSEY, FEB'Y., 1894.

"Notwithstanding the fact that the tariff on pottery has been increased by every tariff bill passed since the industry was started the wages of the workman have been decreased. * * In 1874 the manufacturers cut down wages. * * In 1885 soon after the passage of the Act of 1883 increasing duties, another strike against reduction in wages lasted from January until March. * * In Dec., 1890, after the McKinley law was enacted the sanitary ware combination forced another strike by a cut of from 10 to 40 per cent."

In 1874 the workingmen of Trenton signed the following petition: "We the operative potters of the city of Trenton, being convinced by experience that a high rate of duty on crockery ware yields no benefit financially to the workingman, and is inimical to his interest in increasing the price of living generally, respectfully petition your honorable body (Congress) for such a revision of the tariff as will reduce the rates on crockery ware to a revenue basis. * * A tariff levied in the name of protection to American industries is a false pretense and a delusion. In its practical operation it is a monopoly for the benefit of the few at the expense of the many."—*New York World*, Feb'y. 19, 1894.

On page 252, volume 20, of the tenth census report the reader will find that the wages paid for mining ore in North Staffordshire district, England, were in 1880 as follows: Colliers, 97 cents per day of nine hours' length; tunnellers and shaftsmen, 85 to 97 cents per day of similar length. Wages paid at the Shelby iron works, Alabama (U. S.) to miners and laborers the same year, 90 cents per day of ten hours.—*Ohio State Journal*, Feb'y., 1887.

The above would indicate that protected industries in the United States do not pay more for labor than they are obliged to pay

This paper printed a list of over 500 strikes against reduced wages in protected industries in the year after the McKinley bill became a law.—*New York World*, Feb'y. 13, 1894.

EFFECT OF COMBINES AND POOLS ON CERTAIN LOCAL INDUSTRIES.

1. The starch factory of Columbus was bought by the great starch combine at a high price for the purpose of destroying competition; and to limit production the factory was closed and its employes discharged.

2. The Columbus Steel Mill, after an expenditure of $500,000, was compelled to shut down because it could neither afford to pay the exorbitant duty on foreign steel blooms or ingots, nor obtain at a fair price blooms or ingots manufactured in this country.

Go to any importer and he will show you his bill of goods bought abroad at the market price in the place where purchased, and then he will show you his custom-house receipts for duty paid, and his freight receipts for freight paid; and you will find that all these items, together with interest and profits, enter into and make the price which the consumer pays. Mr. Maize, the collector of customs at Columbus, can from his books also satisfy you that the importer not the exporter pays the duty or tax on foreign goods.

The Republican party in its national platform of 1892 affirmed that tariff duties should be "equal to the difference between wages abroad and at home;" that is that the duties should be equal to the difference in the labor cost of products.

The following table,[1] showing the amount paid for labor in the production of one dollar's worth of goods, is taken from the report of the Bureau of Labor Statistics of Connecticut. The statistics—prepared by a Republican—relate to the year 1891, and were compiled from returns made by the proprietors of 624 Connecticut factories:

Products.	Wages cost, per cent.	Products.	Wages cost, per cent.
Brass goods	21.76	Machinery	43.80
Carriages	36.08	Paper boxes	35.35
Clocks	42.80	Paper	20.46
Corsets	29.70	Rubber goods	26.10
Cotton goods	25.18	Shoes	30.48
Cutlery	51.57	Silver-plated ware	27.82
Hardware	39.61	Wire goods	21.21
Hats	36.50	Woodenware	31.55
Iron foundry products	38.60	Woolen goods	21.60
Knit goods	28.61		

If it is assumed that wages are 100 per cent. higher in this country than in other manufacturing countries, and that foreign goods can be brought to the United States without cost for transportation it would follow that the following tariff rates on articles in the above list would be "equal to the difference between wages abroad and at home," and hence a complete fulfillment of the requirements of the Republican national platform:

Brass goods	10.88	Machinery	21.90
Carriages	18.04	Paper boxes	17.68
Clocks	21.40	Paper	10.23
Corsets	14.85	Rubber goods	13.05
Cotton goods	12.59	Shoes	15.24
Cutlery	25.78	Silver plated ware	13.91
Hardware	19.80	Wire goods	10.61
Hats	18.25	Wooden ware	15.78
Iron foundry products	19.00	Woolen goods	10.80
Knit goods	14.30		

Under the McKinley law the tariff rates on woolen goods

1. Clipped from the New York Times.

range from 60 to 150 per cent.; on cotton goods from 35 to 66; on cutlery from 50 to 150. When in fact "the difference between wages abroad and at home" cannot exceed 11 per cent. on woolens; 13 per cent. on cottons, and 26 per cent on cutlery. Substantially the same criticism may be made with respect to other articles named in the above table.

There were good reasons why Mr. McKinley could not be permitted to open the Pandora box of tariff taxes in Philadelphia and before the members of the Manufacturers' Club. They had contracted by purchase for increased taxes upon the people, and McKinley, as Chairman of Ways and Means, was made the auditor to apportion the tariff-tax raiment of the people among its purchasers. [Laughter.] President Dolan lit up his exquisite college-professor face with its most fascinating smile as he planked down his $10,000 to help Quay get an honest election in New York in 1888 [Shouts of laughter], and he made his fellow woolen manufacturers follow his example. He promptly appeared before Auditor McKinley when sitting for distribution of the plunder, and was awarded the increased taxes on woolens he demanded. He had paid spot cash for it, and McKinley, like an honest Auditor, gave him what he had paid for. [Laughter.] Mr. Dobson cheerfully gave his $10,000 to help Quay purify elections, and he and his fellow carpet contributors pleaded their contract before Auditor McKinley and were awarded their claim. [Laughter.] The Harrisons, the Spreckels and the Knights chipped in with their thousands and Auditor McKinley gave them free raw sugar and continued the tax on refined sugar. All have since sold out to the Sugar Trust because Auditor McKinley protected it, and Spreckels waved us a grateful farewell as he shook the dust of Philadelphia from his feet and hastened toward the setting sun with three millions or so as his award.—*Col. A. K. McClure*, Sept. 26, 1892.

If Governor McKinley will spend an hour with me on the new TIMES building now in course of erection on Sansom street above Eighth I will introduce him to the skilled and unskilled labor employed on it, and Allen Rorke, the builder, who is yet green with his laurels as Chairman of the Republican city committee, will exhibit him the pay list of the non-protected but heavily-taxed labor employed. Here are the daily wages and hours of labor of the non-protected workmen engaged on that structure:

	Hours.	Daily wages.
Stone-masons	9	$3.25 to $3 75
Bricklayers	9	3.75 to 4.50
Carpenters	9	3.00
Plumbers	9	3.25 to 3.50
Plasterers	8	3.00 to 3.50
Stone-cutters	9	3.50 to 4.00
Roofers	9	3.00 to 3.25
Painters	9	3.00 to 3.25
Hod-carriers	9	2.75 to 3.00
Riggers	9	2.75 to 3.25
Laborers	9	2.00 to 2.25

After having ascertained the wages paid to these non-protected and highly taxed workmen I will take him to the composing room of THE TIMES, where every expert printer can earn $4 per day of eight hours, with steady work from January to January, and special experts can earn as high as $5 per day.

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Now let us look at the protected industries of Philadelphia. Of these the woolen industry is one of the most important, and if Governor McKinley will turn to Superintendent Porter's census bulletin No. 139, he will find that the following average wages are paid in the woolen industry in the States named:

	For the Year.	Per Week.
Alabama	$159	$3.06
Arkansas	201	3.86
Ohio	242	4.65
Virginia	270	5.20
New Jersey	334	6.42
New York	336	6.46
Pennsylvania	355	6.83
Massachusetts	375	7.21
Oregon	436	8.40

It will be seen that the average wages of labor in the woolen industry of Pennsylvania is $355 per year or $6.83 per week or about $1.15 per day.—*McClure.*

Mr. Blaine told the truth as he was struggling for months to force McKinley to accept reciprocity as a feature of his tariff, when he declared in an open letter to Senator Frye, that the McKinley tariff would not furnish the farmer a market for a single additional barrel of pork or sack of flour.—*McClure.*

By some miscalculation in the figuring, wool has gone down instead of up, but the manufacturer gets twenty-three cents more per pound for his cloth, and buys Ohio wool four cents lower instead of four cents higher per pound. It would seem that, while Judge Lawrence and Mr. Harpster were discussing some decision of the umpire, instead of playing ball, Mr. William Whitman, Treasurer and General Manager of the Woolen Manufacturers' Association, made a home run and won the game. The public prints inform us that Mr. Whitman, on the 29th of March, 1890, before the new tariff law was passed, in an address to the stockholders of the Arlington Mills, told them that he had been their treasurer for a period of twenty years, and that during that time the average earnings had been 28.8 per cent. on their capital, and that the earnings of last year were three and a half times more than that of the previous year. Notwithstanding this very great prosperity Congress on the 1st of October, 1890, increased the duties on woolen goods instead of reducing them. It will be very late in the evening of a very chilly day when Mr. Whitman gets left on the woolen schedule of a tariff bill.—*Hon. R. Q. Mills, Mansfield*, 1891.

WHO PAYS THE TAX?

GOVERNOR McKINLEY SAYS THE FOREIGNER PAYS IT.

"What, then is the tariff? The tariff . . is a tax put upon goods made outside of the United States and brought into the United States for sale and consumption. . . . If a man comes to our cities and wants to sell goods to our people on the street, . . . we say to him, 'Sir, you must pay so much into the city treasury for the privilege of selling goods to our people here.' Now, why do we do that? We do it to protect our own merchants. Just so our Government says to the countries of the Old World, . . . 'If you want to come in and sell to our people, and make money from our people, you must pay something for the privilege of doing it. . . .' Now, that is the tariff" (pp. 185, 186; Oct. 29, 1885).

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"They say 'the tariff is a tax.' That is a captivating cry. So it is a tax; but whether it is burdensome upon the American people depends upon who pays it. If we pay it, why should the foreigners object? Why all these objections in England, France, Germany, Canada, and Australia against the tariff law of 1890, if the American consumer bears the burdens, and if the tariff is only added to the foreign cost which the American consumer pays? If they pay it, then we do not pay it" (p. 579; May 17, 1892).

GOVERNOR McKINLEY SAYS THE AMER CAN CONSUMER PAYS IT.

"We tell every man in America who want Scotland's pig iron, if he thinks it is an better and does not want the American pi iron — we tell him if he must have the Scotch 'You must pay for the privilege,' and in tha way we maintain that great industry" (p 188; Oct. 29, 1885).

"Under this law [the McKinley bill] th [United States] Government cannot g abroad and buy what it can get at home without paying duty. The result will b that the Government hereafter will buy mor at home and less abroad — and it ought to [Applause]" (p. 511; April 10, 1891).

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"Last year we paid $55,000,000 out of ou own pockets to protect whom? To protec the men in the United States who are pro ducing just one-eighth of the amount of ou consumption of sugar. Now we wipe tha out, and it will cost us to pay the bounty just $7,000,000 every twelve months, which furnishes the same protection at very much less cost to the consumer. So we save $48, 000,000 every year and leave that vast sum in the pockets of our own people. [Applaus on the Republican side]" (p. 452; May 20 1890).

We should not stop here if our object were to confute Mr. McKinley; but we have quoted enough to illustrate the mental confusion of the great latter-day apostle of protection. * * * * Throughout, we encounter that playing fast and loose with the conception of the tariff which makes it impossible to reason with men like the present Governor of Ohio, and which would inspire distrust of their honesty if atrophy of the logical faculty were not so plainly evinced.— *The Nation, February* 8, 1894.