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THE TARIFFS
OF
THE UNITED STATES

In relation to Free Trade.

BY THE

RIGHT HON. SIR LYON PLAYFAIR,

K.C.B., M.P.

Speech delivered in Leeds, 13th Nov., 1890.

CASSELL & COMPANY, LIMITED:

LONDON, PARIS & MELBOURNE.

1890.

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14 Jan. 1891.
Gift of
Dr. S. A. Green
of
Boston.

THE TARIFFS OF THE UNITED STATES IN RELATION TO FREE TRADE.

RECENT COMMERCIAL LEGISLATION IN THE UNITED STATES.

SUCH astounding experiments in legislation have recently been made in the United States in regard to commerce that they deserve our serious attention. They are, under any view, great experiments and lessons in political economy. If they be right in principle and successful in practice, the whole commercial policy of the United Kingdom is founded on a gigantic error, and must lead to our ruin as an industrial nation. It is certainly the duty of a representative of a great manufacturing town like Leeds to address his constituents upon the bearings of that legislation on industry and commerce. I have been in America during the passage of these Acts through Congress, and have given to them a close study.

Let me at once rectify an error into which the English public have fallen. They seem to believe that the new Tariff Act, which will certainly, for a time, dislocate and contract many of our industries, to their present injury, though to their ultimate benefit, has been framed in special jealousy and hostility to this country. There is no truth in this view, except in the fact that, while levelled at all foreign nations, it hits England hardest as being the greatest industrial nation. McKinley, the author of the new Tariff Act, is a sincere and honest Protectionist. He thoroughly believes that a wall of Protection, built round his country, is needful for the prosperity of his nation, and he has erected this wall in as good faith as the Chinese made their great wall as a defence from foreign foes.

IS COMMERCE INDUSTRIAL WAR?

It is strange that such well-known men as Senators Evarts and McKinley should, towards the close of the nineteenth century, believe that commerce is industrial war. Had they lived in the time of Queen Elizabeth, when buccaneering expeditions under Drake and Cavendish devastated the coasts of foreign countries in order to get booty, we might have understood them. My friend Senator Evarts is a man of high intelligence and culture, yet he actually used these words in the Senate—"Sir, let us understand that with us, in our system and age of civilisation, trade between nations stands for war in a sense never to be overlooked and never to be misunderstood." He proceeded to speak of the shores of the United States being ravaged by incursions in the guise of trade.

Commerce, gentlemen, has done more to preserve peace than any human agency. Trade is the handmaid of civilisation. Countries which shut themselves in by isolation, like

China and Japan, had their civilisation arrested and an antique social system stereotyped. Trade has knit together nations by ties of mutual interest and friendship. Seas, which were formerly barriers between nations, are now their connecting links. Indeed, commercial intercourse may be considered the circulating blood of a common humanity. Modern commerce is not war; it is peace. It is doubtful whether in the case of ordinary war, carried on by destructive agencies, there ever was a good war or a bad peace; but certainly industrial wars bring their own Nemesis, for nations, like individuals, were never intended for isolation. Commerce links nations by mutual advantages, and secures to them both physical and moral well-being. The time will come—possibly sooner than many expect—when civilised nations will recognise the meaning of commercial freedom; realising the eloquent words of Gladstone: "Then will the ships that pass between this land and that be like the shuttle on the loom, weaving the web of concord among nations." You will now recognise what has been the radical error of the framers of the new American tariff.

HISTORY OF AMERICAN TARIFFS.

In the course of a century the United States have passed above twenty Tariff Acts. Hamilton, one of the greatest of American statesmen, while in Washington's Cabinet, published an able memoir on manufactures, in which he urged the principle of Protection to native infant industries.

His views were adopted, and a protective tariff was passed in 1789. The duties imposed on foreign manufactures were very moderate, 5 per cent. on woollen and cotton goods, 7½ per cent. on iron manufactures, pig iron being free. The general average of the whole tariff was 8½ per cent. on the value. Hamilton is thus always quoted as the father of American Protection, though he fed his infant industries very sparingly.

Protection is most prolific, and gives birth to a vast number of infants. Appetite grows with eating, and the protected infants, which never seem able to grow to adults, are like the daughters of the horse-leech, that the Bible tells us continually do cry, "Give! give!" So gradually each Tariff Act raises the duties, till in 1828 was passed that which was christened by the people, "The Tariff of Abominations," the average duties having mounted to 43 per cent. That was too much for the American people; successful efforts were made to lower the duties, and they came down to 23 per cent. in 1846, and to 15 per cent. in 1857. Never, during the history of the United States, was there so much prosperity as during the low tariffs from 1847 to 1860. The farm values of land increased by 101 per cent., while in the ten years of a high tariff, 1870 to 1880, they increased only 9 per cent. During the low tariff, from 1850 to 1860, nearly all the great New England factories sprang into existence, giving employment to thousands, and the home manufactures increased 75 per cent.; while in the next high tariff of 1870 to 1880, they increased only 27 per cent. The total national wealth increased 126 per cent. in the decade of low tariff ending 1860; 87 per cent. in the decade of war ending 1870; and became reduced to a 46 per cent. increase in the high tariff decade ending 1880.

THE WAR TARIFF.

With all this brilliant prosperity under a low tariff, how was it that the United States slipped back to another tariff of "intensified abominations"? The cause was the great Civil War with the Confederate States. It was a gigantic struggle for national life, and taxes had to be raised on all commodities. The Customs duties were now raised to 47½ per cent., but strictly as war taxes. The war tariff was a huge jumble of imposts put on helter-skelter to suit the exigencies of the moment. A few of the more glaring absurdities were removed in 1883 by a new Act, though taxation was not materially reduced; and now the McKinley Act, passed in deference to the cries of "Give! give!" by the manufacturing monopolists, has raised even the war taxes to a much higher figure in a time of profound peace.

JUSTIFICATION OF THE TARIFF OF 1890.

To justify the new tariff, its promoters ought to prove that it was put on to equalise the difference between the higher wages of the United States and the lower wages in Europe. Such a plea would be comprehensible, but it is an argument which will not bear examination. There is no intimate connection between the tariff and wages. As a whole, wages have gone down under the new tariff, and there seems no tendency to a rise. Wages, under the previous tariffs, were undoubtedly higher in America among unprotected than among protected industries, the latter containing only about 14 per cent. of all who work for earnings, as compared with 86 per cent. of unprotected citizens. In 1888, under the former tariff, an official report was issued in regard to wages; and this clearly showed that the labour cost in industries had no relation to Customs duties. Thus, in cotton industries the wages represented 21 per cent. of the product, while the protective tariff was 40 per cent. In iron and steel the labour cost was 18, the tax being 40. In woollen goods the cost of labour was 17, the tax being 60. In silk goods labour was 22, the tax 50. You will see that the proceeds of a Protectionist tax do not go chiefly into the pockets of the workmen. The new Act of 1890 offends, in this sense, much more than that of 1883; but as yet we have no data for comparison. On most manufactures the new tax is enormously increased, and I need not tell a Leeds audience that it is always paid by the home consumer, and not by the foreign manufacturer. Even the Germans have abandoned the ridiculous notion that the latter pays the tax. Among numerous recent remonstrances to the German Government, is one from the Königsberg Chamber of Commerce: "The doctrine that the foreigner pays the tax is now altogether an exploded theory. An experience of ten years proves the contrary."

The people of the United States, in spite of restricted importation, will have to pay substantial sums in Customs duties in addition to the old rates—two millions sterling annually for metal goods, nearly three millions for woollen and worsted fabrics, four hundred thousand for cotton goods, one million for linens. The effect of a tax on foreign goods is to raise the price of native goods to nearly, though not quite, the price of foreign goods. If this were not so, there would be no meaning in Protection. So the burden put upon native consumers is vastly more than that represented by the proceeds of the Customs duties.

The authors of the new tariff are not fools, and they know that this effect must be produced; but what is their apology? Let us first hear McKinley, the author of the tariff. "The whole system of cheap things is a badge of poverty, for cheap merchandise means cheap men; and cheap men mean a cheap country, and that is not the kind our fathers builded, and that is not the kind their sons mean to maintain." Cabot Lodge, the leader of his party in Massachusetts, adopts this view: "This is not a cheap country; a cheap country means cheap men and women." Let us think of this defence. How would it degrade a man or woman to wear cheap clothes? The severity of American winters compels people to wear woollen clothes; and we shall have sent over in 1890 about one million sterling of woollen goods and four millions of worsted tissues. Does the American working man become higher in civilisation because he must in future pay two or three times more for his woollen clothes than he need do if he resided in England? The price to a working man in

Leeds is 1s. 8d. or 2s. per yard; while at Boston and Philadelphia the same cloth will cost 5s. to 6s. Which would you rather be—a "cheap" Englishman or a "dear" American?

Jay Gould, a millionnaire, is stated to justify the rise in prices because it will teach a working man thrift, for while he now buys a suit of clothes once in the year, in future he will make it last him two years. Why should he not go further, and recommend the working man not to buy clothes at all? but decency reminds me that I ought not to mention what the result would be. How Jay Gould reconciles his recommendation with increased production I do not know, unless his idea of consumption is as hazy as that of an Irishman who, when asked to buy a stove that would consume only half the coal, said he would buy two stoves in order not to use any coal at all!

All this kind of justification of the tariff by leading men is quite inconsistent with the general assertion that the effect of protective tariffs in America has been to lower the prices of commodities. They point to steel, which in 1874 sold at £12 per ton, and has now been lowered to about £5. This has not been the result of Protection, but of Bessemer's invention, and it told to a greater degree in England, where it originated. So all along the line; increased production, due to better methods, and to improved distribution, enables working men all over the world to buy the necessaries of life at lower prices than formerly. An eminent statistician, Mr. Atkinson, calculates that with one day's wages a common labourer can buy 66 per cent., a factory operative 78 per cent., and a skilled mechanic 90 per cent. more necessaries in 1890 than he could in 1850. That is true in England as well as in America, so that a general lowering of price has nothing to do with protective tariffs.

In America, however, there are occasions when their restricted home market is glutted by over-production, and then the surplus is sent to foreign markets, sometimes at 30 or 40 per cent. lower prices than those paid in the States. Occasionally this surplus is got rid of by forced sales at public auction or by other means, and the low prices realised are quoted, although the ordinary high prices never are. I will refer again to these sacrifices in alluding to their effect upon labour-wages.

TAXED RAW MATERIALS.

Most countries, all in Europe with two exceptions, encourage free imports of raw materials for manufactures. The new tariff imposes taxes upon the most important. This is oppressive to the consumer. Speaking generally, the cost of raw materials, in the staple products of machinery or manufactures, ranges from one-half to three-quarters of the value of finished goods. You see what an advantage free raw material gives to England as compared with America. Practically the tax upon that is paid by the American consumer as a sort of bounty to enable the English to make cheaper goods. Protection always defeats itself. Compensating duties on the finished article do not remedy this difference, because they diminish production by lessening consumption.

GENERAL EFFECTS OF THE MCKINLEY ACT.

Putting sugar aside, as it goes into the free list when unrefined, Senator Carlisle states that the average duties under the Act are raised from 41 per cent. to 60, or, in other words, the average tax has been raised by 46 per cent. This substantially raises the prices of commodities, whether they be foreign or domestic, by one-half their former cost. The tax is put upon almost all staple industries. The taxation is broad in its incidence. Agriculture is taxed to support manufactures, and they are taxed to support agriculture, while both are taxed to uphold an artificial commerce by subsidies and bounties. I can only give you a few specific illustrations on account of our limited time.

AMERICAN FARMERS AND THE TARIFF.

The farmers of this country are often under the delusion that a moderate protective duty on foreign food, with a differential treatment of colonial produce, would benefit English Agriculture. Those are the ideas of Fair Traders. Do they think that American farmers have benefited by past Protection, or that their condition will be improved under this new Act? It is quite true that new and heavy duties have been put on much farming produce which formerly escaped taxation. Still Mr. Blaine, the great leader of the Republican party, says, "The McKinley Act won't open a market for a single bushel of wheat or a barrel of pork." Heavy duties have, no doubt, been put on many products of the farm. All these, in ordinary years, are produced and exported as a surplus by the farmers of America, who thus dispose at the present time of 12 per cent. of their whole production. Formerly this surplus was about 20 per cent., but it is decreasing as the population increases. What is the use of putting duties on produce that is not imported, except when drought, frost, or high winds cause a failure in home crops? Then is the time that the people should have cheap food supplied by the bounty of Nature from other climes. In such a necessity why should a poor man have to pay double the price on imported potatoes? All kinds of corn are increased in duty by 50 per cent., that is from 5d. per bushel to $7\frac{1}{2}$d. Wheat is increased in duty by 20 per cent. The luxuries of the poor, such as eggs, potatoes, onions, butter, and cheese, are so heavily taxed as to be practically prohibited. Bacon and beans, the national dish of the New England poor, are taxed in a like way. Now recollect that this taxation becomes only operative in favour of farmers in times of scarcity, when the people at large require cheap food. This sort of taxation is incomprehensible in this country. But there are articles put on the free list by way of compensation. When the artisan is hungry and food is high, the promoters of the Act may point with pride to the fact that he can get false teeth, moss, seaweed, manna guts, fossils, and the balm of Gilead free from taxation!

Putting all this aside, the American farmer is being rapidly killed by too much nursing. Take as an instance the efforts which have been made to protect the wool grown on the farm. From 1857 to 1861, wool was nearly free from taxation, yet sheep and woollen manufactures throve finely. The price of wool was about 2s. 1d. per pound. Then came the war, as I have told you, and wool, like other things, became heavily taxed. In 1883, when the war taxes were tinkered, the high protective duty was continued on wool for the benefit of the farmers. The cheap wools were taxed on an average 48 per cent., and the new tariff raises them to 57. The higher kinds, formerly taxed 67 to 70 per cent., are now to be charged 112 to 123. There are two periods which we can compare—the free wool of 1857 to 1861, and the high tariff of a later period. The future must be left to itself. In the free period wool sold at 2s. 1d.; it sank, in the high tariff period, to 1s. 5d. The high tariff sometimes stimulated demand, and then the supply of sheep became overstocked, and in 1869 the farmers, in despair, killed eight millions of sheep. This process repeated itself three times in fifteen years. In the debates in Congress the statistics were given of thirteen of the old-established agricultural States, in which the sheep in 1867 numbered nearly thirty-five millions, and are now in 1890 less than sixteen millions, having decreased to less than one-half under the high tariff. Of course these are not the whole sheep of the United States. The thinly settled States and Territories have many sheep, which are the pioneers of agriculture in prairie lands; but these are long-fleeced sheep and do not supply fine wools, of which nearly one-third are imported. It would not be difficult to show that Protection has caused over-production at one time and neglect at another in the new as well as the old States, but time fails me. What produced this astonishing decrease? The reason is that with taxed wool the woollen industries did not thrive. Protection, like a boomerang, comes back upon the thrower. The details of the census of 1890 are not yet published, but in that of 1880 it is stated that no less than 875 mills were closed. Mills and the labour employed in them had literally been taxed into idleness. The mills had to depend chiefly on American wool, and could not get cheaply the foreign kinds necessary for a mixture in the varieties of woollen fabrics. Looking at last year's bankruptcies, I observe that seventy-two woollen mills failed, with more than two millions sterling of liabilities. So that the tax upon wool for the benefit of the farmers, and the tax on woollen goods for the benefit of the mill-owners, have benefited neither. Mills under protection often complain that they have to compete with cheap woollens mixed with shoddy. Protected mills are not genuine mills of economic manufacture, for they combine with their goods about one hundred per cent. of taxation, and sell this fictitious product as cheap fabrics to the working classes.

Our English farmers have had no monopoly of bad times in recent years. The complaints of the American farmers are far more bitter. They grow increasing crops, but get much less income. In 1880 they produced 2,622 million bushels of cereals, and in 1889 the produce had increased to 3,355 million bushels. But what was their money value? In the first year the lesser quantity was worth 237 millions sterling, and in the second the larger quantity only produced 198½ millions. So, though the crops increased 28 per cent., the value obtained decreased 16 per cent. Unhappily, Protection did not uphold them, although the agricultural population increased by 20 per cent., so there were many more mouths to feed with a lessened income. I hope that the Fair Traders will ponder on this result. Our farmers can sell at a price all that they produce; but in America, if the surplus crops cannot be sold, the farmers must go to the wall.

WHAT DOES THIS NEW TARIFF DO?

Its whole object is to decrease foreign imports, and the decrease of import taxes is estimated at twenty millions sterling. See how this will act on the farmer. An individual may purchase food and pay for it in gold; but a nation, when buying, pays in commodities, gold being used only to settle the balances of exchange. If the Act succeeds in largely lessening English imports of goods by the exorbitant duties imposed, we must buy food from other countries which will take our manufactures in exchange. This will be disastrous to American agriculture. Of the total exports from the United States, 70 to 75 per cent. in value are products of the farm, including raw cotton, and England is by far the largest buyer of them. Of the cattle exported, England buys nearly all, or 98 per cent.; of Indian corn we buy 59 per cent., of wheat 68, and of oatmeal 96. Is England to continue being her chief market? Forty-five countries compete with the United States in offering to sell food, and we must in future buy from those which will take our goods in exchange. Already Russia beats the United States in the markets of the world, though her corn is not so clean. On the average of five years Russia sold 35 per cent. and the United States 33 per cent. of all the exports of cereals. In 1880 the United States supplied 69 per cent. of food exports; in 1887 only 48. The new exorbitant tariff will hasten this fall. The Argentine Republic finds its wools heavily taxed, and is already ploughing up its pastures in order to grow wheat instead of sheep. Canada, Australia, New Zealand, and India are all hoping to secure the food market which the United States is so recklessly throwing away. The poor farmers see their markets dwindling, and yet find that their clothes, their implements, their domestic utensils, are all raised in price to enrich a few manufacturers. If, after these facts are considered and weighed by the farmers of England, they still cherish ideas of a return to Protection under the guise of "Fair Trade," then I fear that Ecclesiasticus was right when he wrote, "What knoweth he of wisdom that holdeth the plough, and he whose talk is of bullocks?"

CANADA AND THE TARIFF.

I must say a few words in relation to Canada, which is as large as the United States in area, though as yet it contains only five million people. If the Tariff Act were not framed in any hostile spirit to England, the framers may still be suspected of making a covert attack on Canada. Certainly some of the leading Republican newspapers maintained this view. The purpose would appear to be, either to force Canada into a sort of Customs Union (*Zollverein*), or to induce it to separate from England and become one of the States of the Great Republic. At present Canada sends to it and to the mother country nearly an equal amount of exports—about seven millions sterling to each. Heavy duties, practically prohibitory, have been placed by the new Act on Canadian produce. The hens of Canada laid last year $5\frac{3}{4}$ million dozen eggs for the working men of the United States. The Canadian farmers furnished nearly three million bushels of barley to the brewers of that country, because it malts better than the barley of the States. Then there is much lumber, ores, and fish taken by the States. The connection between the two neighbouring peoples is to be cut off by the Chinese wall of exclusion. If the object of the Act really be (as the Canadian Prime Minister, Sir John Macdonald, thinks) to force the United States lion and the Canadian lamb to lie down together, this can only be accomplished by the lamb being inside the lion. Happily, such legislation always defeats itself. Canada has shown much energy in opening up her vast possessions by railways and by steam-boats. The Atlantic and Pacific Oceans are now connected by an iron band. Canada could grow for us all the food which we now take from the United States. In less than twenty years the latter will have no surplus food to send, and Canada will have abundance, so it is in the interest of England to aid in the development of Canadian agriculture. But since she adopted Protection her rural population, formerly growing rapidly, has become nearly stationary. New markets are springing up for Canadian produce, and the prices of the threatened eggs and barley have not fallen. As Canada, like other nations, can only sell in exchange for that she buys in commodities, these will have to come from England and other markets by reciprocal trade. The natural effect of the new tariff will be to draw together Canada and the mother country. Trade is not conducted by sentiment. If we buy from Canada, she must buy from us. Our great colony has boundless resources in agriculture and in mining, forest, and fishing industries from Nova Scotia on the Atlantic to British Columbia on the Pacific. Through the latter ocean the markets of India, China, and Japan are opened to her. If Canada will take warning by the break-down of Protection in the United States, and reconstruct her tariff on principles of revenue and not of Protection, Europe and Asia will contribute to her future greatness and commercial prosperity. She has it in her own power to attract English capital and English labour for her rapid development. Canada can become one of the greatest and most prosperous countries in the world by maintaining her political independence, if she only had a more profound conviction in the vast benefits of commercial freedom.

THE TARIFF AND TEXTILE INDUSTRIES.

In Leeds you will expect me to say something about the woollen and worsted industries, as affected by the new tariff. I could spend a whole evening in discussing this one subject, but I must confine myself to a few observations. The United States use about seventy-five millions sterling of woollen goods, and of these they import twenty millions under an outrageous taxation, chiefly pressing on the lower qualities used by working men, who have to pay analogous prices for the fifty-five millions-worth manufactured in their country. There is no principle in the taxation. Cheap woollens for clothes must in future pay double the present tax, but the rich man's broadcloth is increased only 10 per cent. The wife of the working man, who looks so neat in her plush jacket or mantle, has the duty doubled; while the seal jacket of the lady has her tax actually reduced by 10 per cent. The linings used in the coats of working men are nearly doubled in tax; but the silk linings of coats of gentlemen remain as they were. Cheap blankets have their tax doubled, and that on flannels is increased about 50 per cent. The pocket handkerchiefs of working men are to pay an increase of 25 per cent., but silk handkerchiefs of the rich 10 per cent.

Look for any principle you like in such legislation, and you will find only one, that more money can be piled up by the pennies of the millions of working men than can be had out of the shillings of the few thousand rich. It is the same in everything—in woollen, worsted, linen, and cotton goods. Taxes are often put on when no protection is needed.

Linens are not made in America, and require no protection, yet upon them increased taxes are imposed. The cheap carpets of the poor are taxed 50 per cent. more, while the Wilton and Axminster carpets of the rich are increased only from 16 to 18 per cent. The moment the Act came into operation the carpet manufacturers of Philadelphia, who own two-thirds of all the looms, met together and agreed to shut up 40 per cent. of them for at least a year; and the Hartford factory, employing 1,800 hands, cut down wages by 10 per cent. Yet you are asked to believe that protective taxes are for the benefit of working men's wages.

LABOUR AND THE TARIFF.

I formerly gave you a long address upon the effects of protection on wages, and will not now enter into that question. The new tariff will no doubt stimulate some kinds of manufacture for a time. The population of sixty-two millions in the United States are supplied with domestic manufactures on the principles of internal Free Trade. But these goods have practically no foreign markets in relief of over-production, for the high cost precludes them meeting England on equal terms. These high prices tempt many manufacturers into the trade, and they soon overstock the home market. We rarely have this condition of trade in England, because the whole markets of the world are open to us.

In America, to prevent the glut of goods and the cutting of prices by competition, combinations of manufacturers, misnamed "trusts," are formed, and they limit supply by stopping mills for some months, or closing them altogether, discharging the workmen till it suits the trust to take them on again. The closed mills have their profits guaranteed by the trust, but the discharged workmen have no compensation. About twenty of these large trusts control the chief trades, and regulate the prices of goods. Competition from foreign markets would end their existence, so they throw all their influence on the side of protective duties. Let me give you an instance of how they work. Linseed oil and white lead are the basis of common paints, and can be produced as easily in America as in England. Only five million gallons of oil are imported, and twenty-five millions are made in the States. In England linseed oil costs 1s. 5d. per gallon, but if exported to America has to pay a duty, 1s. 4d., or altogether 2s. 9d. The trust fixes the price of the oil a little below this double cost, and sells native oil at 2s. 6d. White lead sells in England for 2d. per lb., and the duty on it is 1½d., so the trust charges 3¼d. for material which would sell for much less if it were not protected. These trusts are credited with being the chief tariff makers, and some of them have been relentless in their demands. The Glass Trust got the tax on window glass increased by 120 or 125 per cent., but it was modest compared with the Mother-of-Pearl Button Trust, which succeeded in putting 1,400 per cent. on cheap buttons for working men.

Capital, not labour, gets all the benefits of these trusts. Now, when working men find that profits are protected by the

State, and by combinations among employers, they naturally demand protection for labour. They see immigrants arriving in shoals, even when they are unemployed; and they have already persuaded Congress to prevent labourers coming over under contract to work in mills or elsewhere, lessening their wages by competition. The restriction is already found inconvenient now that the high tariff tempts foreign capital to bring over expert English labour to manufacture within the United States. The Republican candidates for New England, at the late election, promised the protection of labour by new restrictions on immigration, and some of the most influential advocated a tax upon immigrants as upon goods. This is a perfectly logical outcome of Protection, for it is only an extension of it. Consider what would be its effect. Domestic manufacturers, confined to a country with no foreign outlet, depend upon an increasing number of consumers. Of late years the natural increase of population in the United States is far from satisfactory. By natural increase I mean that arising from births. In the ten years ending 1880 the whole increase of population was 30 per cent., of which about 23 per cent. was due to natural increase, and 7 per cent. to immigration. In the decade ending 1890 the total increase of population was 23.7 per cent., but of that only 13¼ per cent. was a natural increase, while immigration accounted for the rest. It is very formidable that the natural increase fell down from 23 to 13 in ten years, and that immigration accounted for such a large part of the increase. If these immigrants are restricted on a system of Protection, how are increasing manufactures to be absorbed by decreasing consumers? The question is indeed a formidable one.

POLICY OF RETALIATION AND RECIPROCITY.

America has been pleased to legislate in a way that we should think highly unconstitutional. Without the consent of Congress, the President and his Government are empowered to raise or lower duties, against or in favour of nations which may come under his ban or blessing. The "Meat Inspection Act" makes the President a dictator in commerce, and enables him to boycott such nations as refuse to receive cattle or meat which have been certified to be sound and in good condition when shipped. Boycott has never hitherto been recognised by international law. It is a *brutum fulmen* unworthy of a great nation.

The Reciprocity clause of the Tariff Act goes in the same direction, but I fancy has a deeper meaning. I view it as a safety valve put into the high-pressure Protective Act to prevent it blowing up. This gives the President power to deal with certain specified duties in making treaties of reciprocity with other nations. In its present form it looks chiefly to the South American States, and perhaps to China and Japan; but the power is likely to be extended by Congress to European nations. The clause can be used either for retaliation or reciprocity, though I think the latter purpose is dominant in the mind of its author, Mr. Blaine, who is no admirer of the McKinley Act. If the United States continue a nation of Protection, its evils may be lessened by the Bismarckian policy *do ut des*. Of course, in one sense, this proposal is to avoid the general necessity of a freer trade, but, as a safety valve, it admits that Protection is near the bursting point. France indicates legislation of a like kind. Well, let the Protectionists make breaches in their Chinese walls, we Free Traders will know how to enter them.

The question for us to consider is whether we are to enter into a policy of retaliation with the United States, as Mexico has just done by putting heavy duties on the food products. The Fair Traders wish that we should. The new tariff will, no doubt, restrict the exportation of some of our commodities to the United States, but it leaves us freer to supply the foreign markets of the world. Retaliation is generally self-punishment. Thus, under the powers given to the President, he may put duties on sugar or other goods of another nation, because it refuses to take American commodities. Sugar, which is now free to a large extent, as well as coffee, tea, and hides, may have taxes reimposed upon them, and these must be paid by the American people. Is not this like cutting off one's own nose because some stranger frowns in our face? Retaliation on American food imported into this country would raise the price of food upon ourselves. No doubt such a tax might injure American farmers and drive their labour from agriculture into manufactures. How could that benefit this country?

There is no need of retaliation on our part. The mass of the American people have risen in an electoral revolt, and turned out the representatives who had so little understood the true interests of the people. The Republicans, who were in a small majority in the House of Representatives, and carried the McKinley Act by high-handed means, have been hopelessly defeated at the polls, and the Democrats have now an overwhelming majority. The Protectionists sowed the wind and they reaped the whirlwind. In the manufacturing States the new tariff was the only cause of the defeat; but in the South and West other issues, such as free coinage of silver and the force bill for controlling elections, contributed to the overthrow. The McKinley Act cannot, however, be repealed for one or possibly two years, and in the meantime its evils will be aggravated, because no capital is likely to be invested in new undertakings after such an expression of national disapproval.

EFFECT OF TARIFF ON IMPORTS AND EXPORTS.

There is much in the Tariff Act to which I have had no time to allude. The silver lining to the cloud is that it makes the lower kinds of sugar quite free, and charges only a moderate tax on refined sugars. I hope that this will prove of great good to our sugar refiners, and to our West Indian colonies. True there is compensation given to native growers in the shape of a bounty, but the quantity grown is not large. Bounties are bad in themselves, just as Protection is bad, for the latter is only a bounty system with a mask. Neither have I alluded to the monstrous tax on tin-plates, which may restrict consumption, as the tax is likely to amount to four millions sterling. It will certainly raise the price on domestic utensils and canned provisions; but South Wales need not fear that tin-plates will be made in the United States in any quantity. I could give good reasons for this belief, but time fails me. My object on the whole has been to give you confidence in our own system of Free Trade, under which England has prospered so greatly. If we confine our attention to the staple textile and metal goods, the United States, in the aggregate, imports a greater amount of them, notwithstanding her Chinese wall of exclusion, than England and Germany, taken together, do of like goods, while her exports are less than those of the little kingdom of the Netherlands, with one-tenth of her population. This I state from examination of the careful tables prepared by Consul Schoenhof. While the English exports of these staple manufactures amount to about 92s. per head of the population, those of the United States reach only 3s. 7d. America has enormous resources and much realised wealth, so she can readily recover from bad fiscal legislation; but England depends wholly for her industrial position on our commercial freedom. Let us continue steadfast in our faith in Free Trade.

LORD SALISBURY HAS ALWAYS BEEN A PESSIMIST.

I have been pained to see the gloomy view that Lord Salisbury takes of the prospects of Free Trade, as shown in his speech at the Mansion House on Monday. He even gave a hint that England might possibly be forced into a policy of retaliation with other countries. For what my opinion is worth, my study of the subject has led me to totally opposite conclusions as to the future. Two years ago I wrote an article in the *Nineteenth Century* on the Presidential election, and I confidently predicted a complete breakdown of the high Protectionist party at the next Congressional and Presidential elections. I admit that the Republican newspapers called me a fool, as all prophets are called till their prophecies are fulfilled. I expected, of course, that the Republicans, while in office, would pass a very bad tariff bill; but I was confident that it would be the last of the kind that future electors, with their rapid education on this subject, would tolerate. The party of Protection is not yet destroyed, but it will fight in future with furled flags; while the Democrats will consolidate their party upon the foundation of a tariff for revenue and not for Protection. So much for the prospects of a freer trade, if not of Free Trade, with the United States in the future.

Are there no signs that other countries are hanging out flags of distress in the Protectionist camps? In Germany the leading Chambers of Commerce point to the calamitous effects of Bismarck's policy of Protection, which, it is said, has well-nigh destroyed the trade of Königsberg, Dantzic, and Stettin. The Chambers of Frankfort, Mayence, and Königsberg frankly ask the Government to retire from the position—"We are provoking reprisals and closing the outlets of industry"—"We should turn from the road of reciprocal isolation"—and so on. The *Frankfurter Zeitung*, echoing these complaints in 1889, says: "It is to the faithful adherence to Free Trade that Great Britain owes her great recovery. . . . Only a gradual return to the commercial system which was the powerful basis of our industry till 1879 can remove the disadvantage of our present commercial situation." Facts are better than opinions. The exports of Germany are decreasing, and so are those of Italy.* In both countries there is an increasing misery among the population, and a remarkable exodus of emigrants. In one year Italy has lost nearly 290,000 of her people in this way. France has been completely beaten by yielding to Protectionist demands. The value of her exports decreased seven and a half millions sterling during the last twelve years, while those of England increased by twenty-one millions. Heavy armaments and high protective duties are doing the work of Free Traders, and will in time produce on the Continent a change as profound as that which is passing over the United States. These are signs which cannot be disregarded. That country has done the cause of Free Trade much service by its travesty of Protection. The people of the Continent cannot long be content to pay about 130 millions sterling annually for Protection, or to withdraw one man out of sixteen from productive work to be a combatant. I trust that the

* German exports, 3,269,000 marks in 1883, became 3,166,000 in 1889; Italian exports, being a mean annual of 1,053 million lire from 1883 to 1886, became 950 millions in 1889.

English people, though they may be injured for a year or two by the action of this tariff, will not dream of reprisals. The injury will be less than they think, for no tariff has ever succeeded in shutting out our goods, though no doubt certain kinds succumbed. In a short time, the great American people will be convinced that commerce does not mean exclusion, but that it is participation in exchange for the mutual advantage of nations.

THE UNITED STATES AND ENGLAND.

The United States is truly a great nation, vast in area and of unbounded resources for the future. This very greatness has tempted its people to believe in the possibility of isolation, and in their own self-sufficiency for their industrial wants. The American giant was not willing to be taught lessons in industrial economy by the pigmy islands in the Northern Seas, although they were the home of his ancestors.

> " His home! the Western giant smiles,
> And twirls the spotty globe to find it
> This little speck, the British Isles?
> 'Tis but a freckle, never mind it!"

So writes genial Wendell Holmes, with kindly irony, but he hastens to add—

> " But Memory blushes at the sneer;
> And Honour turns with frown defiant;
> And Freedom, leaning on her spear,
> Laughs louder than the laughing giant."

The United States knows that from England she has nherited the honesty, the reliance, and the sturdiness of her Anglo-Saxon people, as well as their love for political liberty. The time is near when she will acknowledge that we have also taught her lessons in commercial freedom, so necessary for the expansion of her resources in her intercourse with the world.

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