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# THE TARIFF AND THE COST OF LIVING.

There has been recently published under the direction of a New York settlement a detailed study of the annual income and expenditures of two hundred workingmen's families in its neighborhood. The material for the volume was gathered by the author, Louise Boland More, from the families themselves who kept for her over more or less extended periods exact accounts of every penny earned and spent.* The results are therefore entirely trustworthy. It is one of the most illuminating documents in the life of the wage-earner the writer has ever seen.

The income of 36% of the 200 families was from $500. to $800. a year. The overwhelming impression that one carries away from a reading of Mrs. More's presentation of these budgets is that if one is to take care of a family of five persons in New York City on $600. a year he must think before he buys a penny newspaper and he must save and plan for months to get a yearly holiday for the family at Coney Island, that there is practically no possibility of a nest egg or a schooling for the children beyond fourteen years of age, that sickness means debt or charity and that the accumulation of those things which make for comfort and beauty in a home is out of the question. To these families an increase of a cent a quart in the price of milk, as happened last winter in New York, is something like a

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* Wage-Earners Budgets, A Study of Standards and Cost of Living in New York City, By Louise Boland More. Henry Holt, 1907.

catastrophe. And what is true of such an increase in New York City is equally true in Pittsburg or Chicago, and to a less degree in all manufacturing towns. And yet it is a fact that there were in the United States in 1905 five million families whose median wage was considerably less - $436. In the most prosperous of all our industries, that of iron and steel, the industry which has yielded the largest crop of millionaires and which has the greatest number of employes on salaries of from 10,000 to 20,000 a year, the average wage in 1900 was about $540. In 1905 it has risen to about $580.* Indeed a study of the official statistics of the incomes of the country in the light of such an investigation as Mrs. More's shows that in the majority of the households the income is so low that every penny must be counted if a weather-proof roof is to be kept over their heads, solid shoes on their feet, and wholesome food in their stomachs.

To these households an increase in the cost of living is a tragedy unless it is accompanied by an equal increase in wages. It is a discouragement even if accompanied by an equal increase in wage since that means no improvement of the old struggle to make the two ends meet. That living has soared rapidly upward in the last ten years does not need statistical proof. Common experience is enough for most of us. Yet the figures are interesting. For instance, take what the bulletins of the Labor Bureau calls the "annual per capita cost of the necessaries of daily consumption". It rose from 74.31 in 1896 to 107.26 in 1906. Coal which cost $3.50 a

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* See The American Magazine for March, 1907.
The Middle American by Joseph Jacobs.

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ton in 1896 cost $4.50 in 1906. Manufactured commodities were 32% higher in 1906 than ten years before. What one called raw commodities 50% higher. "All commodities" averaged 35.4% higher. Rents have soared everywhere. That wages have increased largely in many industries in this decade is equally true, but that they have increased correspondingly in any but the most favored industries - those where either the Unions exercised compelling power or those where the managers were unusually enlightened is doubtful. The last government bulletin on wages covers an investigation into about 4,000 establishments, employing 334,000 persons, engaged in manufacturing and mechanical industries, the kind of establishments where, of course, the forces which raise wages act most freely and successfully. This bulletin shows that in 1906 the weekly wages of the 334,000 was 19.1% higher than in 1896 - while, as said, the cost of all commodities was 35% higher. This, however, is comparing a year of great depression with one of great prosperity. Comparisons of the year 1900 with 1906 shows differently, the average increase in the price of commodities of 1906 over that year was 10.8%, the increase in weekly wages 13.8%. This year was an exception, however. Wages increased 3.9% in 1906 over 1905, while the cost of commodities increased 5.9%. It is undoubtedly true that the wages of skilled laborers have, all things considered, kept well apace with the cost of living, and in some cases gone beyond it, but in the case of ordinary unorganized laborers and of the salaried class, as a whole, there has been no corresponding increase to make up for the higher prices. Now what does this mean? Why, simply this,

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that a vast number of hard-working people in this country are really having a more difficult time making ends meet than they have ever had before. And this at a time when the wealth of the country is rolling up as never before. (This country increased its wealth between 1900 and 1904 by about twenty billions of dollars). It also means that in a great number of other hard-working families the increase in wages has been so little in excess of the increase in the cost of living that it may be almost said to be a discouragement instead of a comfort by intensifying the common convictions of the workingman that no matter how much he earns he will still have to spend it all in the same hard struggle, simply to get on, that there is no such thing as getting ahead for him.

There is no escaping the seriousness of such a situation as this. The only chance of peace and of permanency in this country lies in securing for the laboring classes an increasing share of increasing wealth. It is not enough that the wages of men keep up with their forced expenditures - they must go beyond. There must be a growing margin between the two - a margin wide enough for the laborer to see it and to be able to draw hope and encouragement from it. When the margin has shrunk or not visibly increased, unrest and discouragement must follow.

There is no doubt at all but that the great majority of employers in this country recognise this principle and thousands of them are struggling to meet it by increasing wages. But that will not do it alone. If prices are to go up as they have been doing the situation will be unchanged. There is another problem for us and

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that is to keep down the cost of living. Is it possible? What are the causes of the increase, are they determinable and curable? The question deserves dispassionate and careful study.

There are undoubtedly several elements contributing to the general rise in prices, but we have to do with but one of them here, and that is our system of taxing ourselves to help the manufacturers of the country pay the wages of their employes. We took this burden on ourselves in the first place quite deliberately, but with the understanding that as fast as the industries got on their feet the tax should gradually be decreased ~~until they walked alone or if it~~ or was proved that they could never do that in this country. It was of course never intended that we should perpetually help our manufacturing industries pay their running expenses.

The Civil War came on and the protective duties which had been gradually decreased according to the understanding of the people were raised to compensate manufacturers for the direct taxes put on their products. "War taxes" these duties were called. They were placed under a solemn promise of all concerned that they should be removed as soon as the war was over and the internal taxes could be taken off. The war ended. Gradually the internal taxes came off but the compensating duties except in isolated cases remained. The high prices they caused benefited the manufacturers and they began an organized campaign to keep them. The story of the first twenty years of this struggle ~~after the war~~ to preserve the war duties has already been briefly told in this magazine.*

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* See The American Magazine, from December 1906 to June, 1907.

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We dropped the narrative with the story of Grover Cleveland's noble appeal to Congress in November, 1887, to put an end to its unworthy struggle to make political capital out of the handling of the tariff, to throw off the yoke of those who were fighting to preserve it because of the gain there was in it for them, and to bring down the duties to the point where they would do no more than they were intended to do, that is, protect the workman's wages where they needed protecting. To do more Mr. Cleveland contended, was an unjust taxation even on the protected workingman himself.

"The laborer," he said, "receives at the desk of his employer his wages, and perhaps before he reaches his home is obliged, in a purchase for family use of an article which embraces his own labor, to return in the payment of the increase in price which the tariff permits, the hard-earned compensation of many days of toil.

"The farmer and the agriculturist, who manufacture nothing, but who pay the increased price which the tariff imposes upon every agricultural implement, upon all he wears and upon all he uses and owns, except the increase of his flocks and herds and such things as his husbandry produces from the soil, is invited to aid in maintaining the present situation; and he is told that a high duty on imported wool is necessary for the benefit of those who have sheep to shear, in order that the price of their wool may be increased. They of course are not reminded that the farmer who has no sheep is by this scheme obliged, in his purchases of clothing and woollen goods, to pay a tribute to his fellow farmer as well as to the manufacturer and merchant; nor is any mention made of the fact that the sheep-owners themselves and their households must wear clothing and use other articles manufactured from the wool they sell at tariff prices, and thus as consumers must return their share of this increased price to the tradesman."

The point was made still more vividly a few months later when Congress, driven by the feeling which Mr. Cleveland's message had aroused, went to work on a new tariff bill. The Chairman of the Ways and Means Committee under whom the new bill was made was one of the most interesting figures then in Congress, Roger Q.

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Mills of Texas. He believed the laborer had been deceived in supposing that it was he who was chiefly profiting by the tariff tax. It was he who was paying the tax Mr. Mills contended and he illustrated his meaning. "Suppose," he said, "that a laborer who is earning a dollar a day by his work finds a suit of woolen clothes he can buy for $10. without the tariff. Then the suit can be procured for 10 days work, but the manufacturer goes to Congress and says, 'I must be protected against the man buying this cheap suit of clothes.' And Congress protects him by putting on a duty of 100% or $10. Now it will require the laborer to work twenty days to get this suit of clothes. Now tell me if 10 days of his labor have not been annihilated?"

It fell to William McKinley of Ohio, who in 1887, for the first time, became the recognised leader of the high protectionists, to answer Mr. Mills. "It is an old story," he said lightly. "It is found in Abram Smith, but it is not true," and to prove it was not true Mr. McKinley awakened the House by dragging from his desk a full suit of ready-made clothes! Holding them up triumphantly in one hand, he showed in the other the bill for them. They had cost just $10. "So you see," said Mr. McKinley, "the poor fellow did not have to work 10 days more to get that suit of clothes." There was "great applause and laughter" in the Republican side and there was talk of having the suit photographed to show in the campaign.

Mr. Mills said nothing, but began an investigation. He sent to the shop, where, according to the bill shown by Mr. McKinley,

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and printed in the Congressional Record, the clothes had been bought, and secured a suit like it. He then traced it to the manufacturer and from him secured an exact analysis of its cost. The result pleased him and he decided to save it for his speech closing the debate, but when that day came Mr. Mills was so full of facts and figures that he was forgetting the suit. His son, Mr. Charles H. Mills, now of Corsicana, Texas, was in the gallery, and realizing the situation passed down a note reading, "Don't forget MacKinley's suit of clothes." A smile passed over the Colonel's face and taking a fresh start he presented the result of his investigation. The gist of his entertaining remarks were that the suit had actually cost, save tariff, just $4.98. The labor cost was $1.65. The tariff on the wool used in the suit was $1.70. Adding this to the $4.98 gave $6.68, and on this sum the manufacturer was allowed a duty of 40% to compensate for the wool tax and also one of 35% to protect him against the imported article. The whole cost, plus the three tariffs, was $10.71. "Of course," said Mr. Mills, "the manufacturer had to undersell the foreign suit and to do so he dropped under him 71 cents and sold his $4.98 suit for $10.00 with the help of the tariff."

As for Mr. MacKinley's comment that the illustration came from Adam Smith, Mr. Mills had a story to tell. It reminded him, he said, of the small boy who was caught thieving and whose mother in chiding him, said, "Don't you know it is wrong to steal? Don't you know what the Bible says?" "Oh now, mother," the youngster replied, "that's an old story. Moses told it 4,000 years ago."

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As a matter of fact Mr. McKinley's answer to Mr. Mills had been a trick. Mr. Mills had not said that a man could not buy a suit of clothes for $10.00 in the United States, he said that if a tariff of 100% was put on a suit which could be sold for $10.00 without the tariff, a man would pay $20.00 for his suit. Mr. McKinley had diverted attention from the real point simply by holding up a ten dollar suit in the Halls of Congress. It was characteristic of the way in which the taxation element of the tariff was beginning to be handled that after Mr. Mills' answer the suit disappeared entirely from the debate; that is, there began at this time a concerted effort on the part of supporters of protection to evade or deny that the tariff was a tax the effect of which was to increase the cost of living. In all the early years this point was met with fairness. The tariff was a tax consented to by a majority of the people because of what they believed to be good and sufficient reasons. Henry Clay called it a tax - the protectionists who advocated raising the duties in the Civil War called them taxes. The Republican party as a whole admitted them taxes in 1872. The Tariff Commission of 1883 made up of protectionists, approved by a Republican administration, called them taxes - taxes which had become largely unnecessary for the purpose for which they were laid and therefore unjust. But when this entirely sound argument began to reach the people the high protectionists began a concerted effort to divert attention from it.

All through the Great Debate as the struggle in the House over Mr. Mills' bill in the spring and summer of 1888 was called the

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protectionists veered away from this point. In the presidential campaign of the fall of that year they added ridicule to evasion. ~~of the point.~~ In New York City parrots trained to cry "the tariff is a tax", "the tariff is a tax" were actually carried in the Republican parades. This perhaps was the lowest point the "argument" ever reached but it was not the most brutal. That certainly came in 1897 at the time the Dingley schedules were under consideration. At that time all consideration of the effect of the tariff on the cost of living to the mass was ignored by the majority of the Ways and Means Committee ~~itself~~. This attitude is fully illustrated by their treatment of Mr. Louis Brandeis of Boston who appeared before them to represent, as he said, the 70,000,000 consumers in America. His announcement was greeted with an outburst of laughter. Mr. Brandeis persisted in making his pleas but he was interrupted repeatedly by "jeers and laughter" and by taunts of free trade. Every effort was made to bluff him into silence until Mr. Dalzell - "Iron and Steel Dalzell" - of Pittsburg, in fine toleration exclaimed, "Oh, let him run down." That is, the majority of the Ways and Means Committee in 1897 regarded no man worth listening to unless he wanted something for his personal business. The man who thought of the 70,000,000 who had to pay the something they jeered at. The illustration is not pleasant but it is a faithful picture of the depth to which argument on the effect of duties on the well-being of consumers had fallen. The protectionists alone were not responsible for this - the tariff reform Democrats themselves were no better. For there were few of them who when it came to duties

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on industries in which their constituents were engaged were not willing to forget that the whole people had to pay them. Even when the Wilson bill was under consideration in 1893 few Democrats resisted the petitions of constituents to be taken care of. Indeed in this fact lies the reason mainly that bill was so unusually disappointing. It was only now and then a Democrat was found who would tell a constituent to his face that the duty was a tax and that taxes were unjust unless they were laid for the good of the greater number. One of the very few Democrats who braved the wrath of his constituents with such a reply was Tom L. Johnson of Cleveland. The following characteristic letter tells the story:-

Cleveland, Ohio, Dec. 29, 1893.

Ladies and Gentlemen:-

I have received your communication and that from Messrs. Landesman, Hirscheimer & Co., to which you refer, asking me to vote against the Wilson tariff bill, unless it is amended by adding to the duty of 45 per cent. ad valorem, on cloaks, which it proposes, or an additional duty of 49-1/2 cents per pound.

I shall do nothing of the kind. My objection to the Wilson Bill is not that its duties are too low, but that they are too high. I will do all I can to cut its duties down, but I will strenuously oppose putting them up. You ask me to vote to make cloaks artificially dear. How can I do that without making it harder for those who need cloaks to get cloaks? Even if this would benefit you would it not injure others? There are many cloak makers in Cleveland, it is true, but they are few as compared with the cloak users. Would you consider me an honest Representative if I would thus consent to injure the many for the benefit of the few, even though the few in this case were yourselves?

And you ask me to demand in addition to a monstrous ad valorem duty of 45 per cent. a still more monstrous weight duty of 49-1/2 cents a pound--a weight duty that will make the poorest sewing girl pay as much tax on her cheap shoddy as Mrs. Astor or Mrs. Vanderbilt would be called on to pay on a cloak of the finest velvets and embroideries! Do you really want me to vote to thus put the burden of taxation on the poor while letting the rich escape? Whether you want me to or not, I will not do it.

That, as your employers say, a serviceable cloak can be bought in Berlin at $1.20 affords no reason in my mind for keeping up the tariff. On the contrary, it is the strongest reason for

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abolishing it altogether. There are lots of women in this country who would be rejoiced to get cloaks so cheaply; lots of women who must now pinch and strain to get a cloak; lots of women who cannot now afford to buy cloaks, and must wear old or cast off garments or shiver with cold. Is it not common justice that we should abolish every tax that makes it harder for them to clothe themselves? _ — —

No; I will do nothing to keep up duties, I will do everything I can to cut them down. I do not believe in taxing one citizen for the purpose of enriching another citizen. You selected me on my declaration that I was opposed to protection, believing it but a scheme for enabling the few to rob the many, and that I was opposed even to a tariff for revenue, believing that the only just way of raising revenues is by the single tax upon land values. So long as I continue to represent you in Congress I shall act upon the principle of equal rights to all and special privileges to none. Whenever I can abolish any of the taxes that are now levied on labor or the products of labor I will do it, and where I cannot abolish I will do my best to reduce. When you get tired of that you can select some one in my place who suits you better. If you want duties kept up you must get an honest protectionist who will serve you; you cannot get an honest free trader. — — —

But I believe that you have only to think of the matter to see that in adhering to principle I will be acting for the best interests of all working men and women, yourselves among the number. This demand for protective duties for the benefit of the American working man is the veriest sham. You cannot protect labor by putting import duties on goods. Protection makes it harder for the masses of our people to live. It may increase the profits of favored capitalists; it may build up trusts and create great fortunes, but it cannot raise wages. You know for yourselves that what your employers pay you in wages does not depend on what any tariff may enable them to make, but on what they can get others to take your places for.

You have to stand the competition of the labor market. Why, then, should you try to shut yourselves out from the advantages that the competition of the goods market should give to you? It is not protection that makes wages higher here than in Germany. They were higher here before we had any protection, and in the saturnalia of protection that has reigned here for some years past you have seen wages go down, until the country is now crowded with tramps and hundreds of thousands of men are now supported by charity. What made wages higher than in Germany is the freer access to land, the natural means of all production, and as that is closed up and monopoly sets in wages must decline. What labor needs is not protection, but justice; not legalized restrictions which permit one set of men to tax their fellows, but the free opportunity to all for the exertion of their own powers. The real struggle for the rights of labor and for those fair wages that consist in the full earnings of the laborer is the struggle for freedom and against monopolies and restrictions. In the effort to cut down protection this struggle is timidly beginning. I shall support the Wilson bill with all my ability and all my strength.

Yours very respectfully,

Tom L. Johnson.

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It was never possible, however, to erase the unpleasant word. It had been too long admitted and familiarly used by both sides of the question. Not infrequently, indeed, it has been the very beneficiaries of protection themselves who by their petitions have discredited the effort to wipe out the notion of taxation from protective duties. The contradictions of their petitions have been endless. For instance, the chemists who have been among the most persistent duty beggars in the country were still in 1889 and 1890, when the McKinley bill was making, moaning over the repeal of the duty on quinine. When this duty was taken off in 1879 consumers were paying $3.40 an ounce for this medicine. In 1889 it had fallen to 39 cents an ounce. This fall had not been entirely due to the taking off of duty, but it was partly due to that, and it proves that the 60,000,000 people of the country could get their favorite medicine at an insignificant price. The chemists declared they could not make it at foreign prices. They wanted a duty which would keep the foreign-made article out of the market - that is 60,000,000 were to pay 40% more for this article in order that two or three hundred men could be paid the same wages they could get if they should turn to the natural employments of the country and that three or four manufactories could make the unholy profits which have characterized so many branches of the making of medicines in this country. This was no tax in the opinion of the quinine makers. It was protection of American industry. But in the same letter in which they begged for the restoration of the duty on quinine they asked that it be taken off of alcohol,

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stigmatising it there as an "excessive tax". The argument of the chemists seemed to be that a duty was a tax if placed on what they bought, but not a tax if placed on what they sold.

Mr. McKinley's argument in 1890 for taking the duty off sugar and putting it on tin plate was not so unlike that of the quinine makers. For instance, in his report he claimed that a duty on sugar was a tax. "So large a proportion of our sugar is imported," wrote Mr. McKinley in his report, "that the home-production of sugar does not materially effect the price; and the duty is therefore a tax which is not only added to the price of the imported but of the domestic product." (Exactly what Mr. Cleveland had shown in his message in his famous illustration on wool.) "But," said Mr. McKinley, "what is true in the case of sugar is not true of duties imposed on articles produced or made here substantially to the extent of our want." Thus a duty on tin plate was not to be a tax, for we were to make all we could use. That was 1890, 18 years ago, and it is interesting to see what the effect of the duty has been on the price of tin plate from that day to this. The McKinley Bill put the tariff at 2-1/3 cents per lb., the Wilson bill reduced it to 1-1/5 cents, the Dingley bill put it 1-1/2 cents, where it has remained ever since. By the duty we were to build up an industry. The immediate effect of the McKinley tariff was to raise the price of tin plate from 15% to 20%. Every housewife remembers how tin dishes of all sorts went up after the McKinley bill was passed. Indeed if we could analyse causes down to the bottom no small influence in electing Mr. Cleveland in 1892 would be

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found to be due to the higher price which every farmer's housewife paid the travelling peddlar for pie plates and dippers.

The restoration of the old duty, one cent a pound in 1894, brought the price down again and the 1-1/2 cent duty raised it. Indeed under the Dingley tariff domestic tin plate which was sold for $3.43 per 100 lbs. in 1896, sold in 1900 for $4.67. The price is lower to-day but was considerably higher in 1906 ($3.86 per 100 lbs.) than the average price from 1890 to 1899 ($3.41 per 100 lbs.), While in 1906 we were paying $3.86 for our tin plate in New York, the Englishman was getting his about a dollar cheaper. The Englishman and the Standard Oil Company! The Standard Oil Company has been, for many years, probably the largest consumer of tin plate in the country - practically all of the oil it sends to the Orient being put into tin cans which it manufactures itself from imported plate. Now one of the many curious features of our tariff laws is the system of drawbacks by which the duty on imported materials made into goods for export is rebated. These rebates or drawbacks are paid on many things but the amount is insignificant excepting in two or three cases. Out of drawbacks aggregating something like five and a quarter millions in 1900 and five and three-quarters in 1906 by far the largest item was tin plate.— $1,848,792 in the former year, $2,252,381.82 in the latter. That is the man who in 1906 manufactured tin cans to sell to his countrymen paid about 20% more for his material than the Standard Oil Company paid for what it manufactured to sell to the foreigner. Of course the home consumer of tin cups and tea-kettles paid the higher cost. But

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why we should be taxed to build up a tin plate industry at home and the Standard Oil Company be free from the tax does not seem quite clear?

To be sure as a result of taxing ourselves we have a tin plate industry in the United States. In 1900 as a result of the high prices of the decade preceding 57 tin plate establishments had grown up where 10 years before theyre were none. These 57 establishments employed about 4,000 people and turned out nearly $32,000,000 worth of goods. In 1905 the industry had grown to a product of something over 35,000,000 and employed about 5,000 people. In order to build up this industry, secure this product, provide places for these workmen, it has been estimated that we taxed ourselves between 1890 and 1900 fully $90,000,000. Taxed ourselves $90,000,000 and let off our largest single consumer scot free. We also have been selling abroad the tin plate we manufacture here at considerably less price than at home. And now observe how in the case of tin plate the protected American manufacturer gets even on this lower price to the foreigner. He takes it out of the laborer - that is the wages of tin plate workers are reduced 25% on tin plate made for export. The Standard Oil trust gets its duties rebated on export work and the tin plate workers get their wages cut!

The duty on hides laid in 1897 is another illustration of the ~~taxing nature of a tariff.~~ unofficial features of a tariff. Hides had been free for 25 years. The only argument for putting a duty on them seemed to be that we were buying them in quantities from South America, and the Western

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cattle raisers believed that a high duty would give them the trade. In 1890 a strong appeal was made to Mr. McKinley for such a duty and it is probable that he would have granted it, so great was his reverence for the doctrine had not Mr. Blaine who was intent on preserving what little commerce we had with South America interfered in the following emphatic note:-

Washington, April 10, 1890.

Dear Mr. McKinley,--It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face of the South Americans, with whom we are trying to enlarge our trade. It will benefit the farmer by adding five to eight per cent. to the price of his children's shoes.

It will yield a profit to the butcher (Beef Trust) only, the last man that needs it. The movement is injudicious from beginning to end--in every form and phase.

Please stop it before it sees light. Such movements as this for protection will protect the Republican party only into speedy retirement. Very hastily,

James G. Blaine.

The duty was not granted in 1890, but in 1897 it was given. There was literally no argument for it but that the cattle men wanted it. The Eastern protectionists granted it because they thereby could keep votes for their own pet articles. The duty on hides is simply another of the innumerable "bargains" in our tariff schedules. The effect of the duty was immediately to raise the price of leather. Of course this reflected on the price of shoes - an article which it is almost as necessary should be cheap as bread. Shoes we must have however poor we are. Everybody who knows anything of the condition under which a laborer's family lives knows what a drain shoes are. They are always wearing out. They are essential to health. Everybody who knows anything of the industry

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knows, too, that with cheap materials it is possible to produce good shoes in this country at a very low price, such has been the extraordinary advance in machines and methods. Everybody knows, too, that the industry has nothing whatever to fear from the foreigner. He does not make shoes that the American will wear unless it be the rare brogan. But in spite of our skill and inventions, that which should make it easier for everybody, boots and shoes have advanced in price steadily in the last decade. Taking 100 as the average price from 1890-1899, the bureau of Labor and Commerce computes that the price rose from 96.3 in 1898 when the Dingley bill went into operation to 107.4 in 1905. Women's shoes which cost 85 cents in 1896 cost $1.03 in 1906. The most important element in this higher price is the increase in the price of leather due to the duty on hides. It is a direct tax on the entire population - a burden, especially onerous for the laborer, laid for the sake of perhaps 85,000 stock-raisers, herders and drovers in the country. But how much have they gotten from it? It was argued that with the duty they could monopolize the domestic trade and cut off the South American trader, but that gentleman sent us more hides in 1906 than in any year since the duty was imposed! Moreover, it has not been the cattle raiser who was chiefly or proportionately profited in the higher price. It has been the beef trust as Mr. Blaine said it would be. The cattleman has received no such increase in the price of his steers as the Beef men have in the price of their hides. It is an old tariff story this of the producer of the raw material urged to fight for a tariff on his

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product and the consumer of that material getting the profit! At the same time that we tax 80,000,000 people on the leather in their shoes - for the sale of the beef trust - we take the tax off the imported hides and leather which is made into goods for exports. In 1905 a half million dollars in rebates were paid on exported goods made in this country from ~~unfinished~~ unfinished leather.

But tinware and shoes are not the only articles that have been increasing in price under the higher tariffs of the last ten years. Wherever one looks almost the prices have increased under the Dingley Tariff. Granulated sugar which averaged 4-2/5 cents a pound in 1897 averaged 5-1/5 in 1905. Blankets which cost 75 cents a pound in 1897 cost $1.00 in 1905. The best quality of black broadcloth increased from $1.70 a yard to $1.99; 2-ply ingrain carpet from 43 cents a yard to 55 cents; Brussels from 93 to $1.15; ginghams from 4-3/10 cents to 5-1/10 cents; bleached sheeting from 16 to 20 cents; fruit of the loom bleached shirting has advanced a cent a yard; barbed wire fence which cost $1.80 per 100 lbs. in 1897 cost $2.38 in 1905; all sorts of building materials have advanced; common fire brick which fell as low as $4.93 per thousand under the Wilson tariff of 25% ad valorem, rose in 1906 to $8.54 per thousand under the 45% Dingley tariff. Lumber free under the Wilson bill fell as low as $16.00 per thousand, under the Dingley tariff of $1.00 per thousand feet rose in 1906 to $29.75; nails rose to phenomenal prices under the Dingley tariff. Taking building materials as a whole they are 55% higher in 1906 than in 1897 - ~~the last year of the Wilson bill~~ house furnishing goods were 23.6% higher - and there

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was an average increase in all commodities of over 36%.

But while we are paying these high prices at home our protected manufacturers are supplying Englishmen and Frenchmen and Chinamen with the same articles at prices from 10 to 70% lower! Indeed the Dingley Bill had not been long in operation before the administration itself warned the iron and steel people officially that they were in danger of giving the game away if they continued to sell steel rails, for months together, to foreigners for $22.00 a ton, while they charged their compatriots $35.00. But the warning seems to have had little effect. In 1904, according to Senator Bacon of Georgia, steel rails were sold to Honduras at $20.00, which cost $29.00 in the United States. In that same year Mr. J. J. Hill complained that his rivals over the Canadian line could get American rails $10.00 cheaper than he could. Frank Manufacturers like Mr. Schwab have said, of course we sell cheaper to foreigners. We must - not only that but we sell materials to our fellow manufacturers cheaper when they are to be turned into goods for foreigners than we do when they are to be turned into goods for our own people! A little over a year ago (Oct., 1906), Byron W. Holt made up from catalogues of American Manufacturers a table of his prices for home and foreign markets. It is a beautiful study in gratitude! Mr. Holt names over 250 different articles on which at that date discounts of from 10% to 66% lower were quoted to foreign than to home buyers! An American dealer paid five dollars and a half for a potato hoe which a ~~Canadian~~ German could get for $4.75. He paid sixteen dollars a dozen for wooden wheelbarrows which the

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~~Canadian~~ Europe paid $14.50. He paid $400.00 for a steam thresher which the ~~Canadian~~ Europe could get for $300.00. He paid $20.00 for the incubator which to the dealer over the Border was quoted at $15.00. He paid $30.24 per gross for Cashmere bouquet soap which the foreign dealer bought for $20.48, and so one might go on with scores of articles of daily use in ~~family~~ farming, in housekeeping, in all sorts of trades. Waltheis

So sweeping is this practice that the Tariff Reform Committee declared after a careful investigation of the export trade for the year ending in June, 1900, that of 452,000,000 exports of that year 85% to 90% were sold on an average of 20% lower than at home and the discrepancies seems to be quite as great to-day as then. It ~~often looks to the writer as if the effect of the protective policy for being to force the foreigner pay the tax has been to force us to pay him a tax.~~

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It is, of course, not thinkable that manufacturers are systematically carrying their goods from three to five thousand miles and selling them at these lower prices and losing money on them - the fight they are making to get the foreign markets in which to sell at these reduced prices is sufficient proof of that. There really is but one conclusion. They can afford to sell their goods at the foreign prices - they would sell them at those prices here if they were not artificially protected.

But the workingman and his wages? The tariff is for his protection. We pay the higher prices that he may keep his employment and receive in it the wage which, if he could not get in manufacturing, he could get in the employments native to the country. The workingmen in this country long ago so far outstripped in productivity their foreign competitors that they have in almost all branches had either no need of any protection or of much less than has been received. In the struggle of the Republicans from 1866 to 1872 to redeem their war time pledges on the tariff David A. Wells showed conclusively in his reports on industries that many of the duties were far higher than was needed to protect the American wage scale.* The Republican commission of 1883 claimed the same thing.** The demonstration of these points made a deep impression on the country in the campaign of Mr. Cleveland and Mills for revision. The workingmen in whose name the

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* See the American Magazine for March, 1906.

** See the American Magazine for April, 1906.

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duties were laid were not getting anywhere near all of the higher prices the duty allowed. Mr. Cleveland and Mr. Mills had to back them up in their arguments, the completest official study of the cost of production in the United States which up to that time had been made. This study was in the first report ever published by the Bureau of Labor*, and was made by our first Labor Commissioner, Carroll D. Wight.

Mr. Wight showed conclusively in the report how much less a part muscular labor played in the cost of a great bulk of protected articles than was supposed. Machines had displaced men in the making of agricultural implements until 600 men did what formerly had required 2,100, in boots and shoes 100 were doing what had formerly required 500. In carpet making, in cotton weaving, in the lumber business, in the production of metals, in the manufacture of paper, of woolen goods, of tobacco, of silk, of practically everything indeed, a sweeping displacement of men had been made and always with a resulting increase of quantity and decrease of the labor cost. This was in 1886 and what was then a comparatively new development is to-day an old story but one far more wonderful. Machines have multiplied and improved in practically every industry with a resulting decrease in the labor cost.

Mr. Wight's report was used by Mr. Mills with particular effectiveness in his fight for reduced duties, by comparing the

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* The Bureau had been established by Congress in 1884 - President Arthur approving. Mr. Cleveland made the first appointment in January, 1885.

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labor cost in the manufacture of many leading necessities of life with the duties which the manufacturers were fighting for in the name of labor.

"I find in this report," said Mr. Mills, "one pair of 5-pound blankets. The whole cost as stated by the manufacturer is $2.51. The labor cost is 35 cents. The tariff is $1.90. Now here is $1.55 in this tariff over and above the entire labor cost of these blankets. . . . Here is one yard of flannel weighing 4 ounces; it cost 18 cents of which the laborer got 3 cents, the tariff on it is 8 cents. How is that the whole 8 cents did not get into the hands of the laborer? . . . One yard of cassimere, weighing 16 ounces, costs $1.38. The labor cost is 29 cents; the tariff duty is 80 cents. One pound of sewing silk costs $5.66; the cost for labor is 85 cents; the tariff is $1.69. One gallon of linseed oil costs 46 cents; the labor cost is 2 cents; the tariff cost is 25 cents. One ton of bar iron costs $31.00 The labor cost is $10.00. The tariff fixes several rates for bar-iron and gives the lowest rate $17.92. One ton of foundry iron costs $11.00; the labor costs $1.64; the tariff is $6.72. None of these tariffs go to the laborer. The road is blocked up. They cannot pass the pocket of the manufacturers. This 'great American' system that is intended to secure high wages for our laborers is so perverted that all its beneficence intended for the poor workingman stops in the pocket of his employer and the laborer only gets what he can command in the open market for his work."

Now admitting that Mr. Mills was somewhat sweeping in his characterization there is no escaping the truth in the figures and in his interpretation of them. The price of all sorts of necessary manufactured articles was increased by the duties rarely to their full amount to be sure, but yet much beyond what the increased cost of labor made necessary in order to compete with the foreigner on an equal footing. And how was this argument for revising the duties met? Very much as the argument that the tariff is a tax was being met. By evasion if possible; if not, threats were substituted for ridicule. Indeed argument by threat has played an enormous part in our ~~present~~ the 20 years of our tariff history. Workingmen in every branch of industry have fought revision because they were told that it meant

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lower wages or no work at all if they did not do so. They might see clearly that they were getting only a fraction of the duty, that every necessity of their daily lives was costing more because of the tariff, but living from hand to mouth as they do, they dared not disturb the system, unjust as it might be, because they were threatened with shut-downs if they did.

Now, of course, Mr. Kelley and Mr. Greeley and others of their kind who looked on protection as the one true method of producing and distributing wealth had never intended that the cost of living in this country should be permanently made dear for the benefit of manufacturers. Their conception of protection was quite different. It was to keep up wages and reduce prices. The laborer was to get the double advantage which it was contended at the outstart of this paper he should have. "If I were king of this country," Mr. Greeley told Mr. Garfield once, "I would put a duty of 100 a ton on pig-iron and a proportionate duty on everything else that can be produced in America. The result would be that our people would be obliged to supply their own wants, manufacturers would spring up, competition would finally reduce prices and we should live wholly within ourselves."

Part of Mr. Greeley's dream has come true. Mr. Dingley took care of the duties and manufacturers have sprung up! But we do not supply all our wants nor can we ever do so. More than this, it is improbable that there is a man under 40 years old left in the country who would consider such a condition desirable even if it were possible. Why should we deny ourselves the things which

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others make better than we? Why should we exhaust energy in trying to do that which is unnatural? Why should we not enjoy the fruits of all lands? Nations can no more live to themselves alone than men. We are of the family of nations. We are a power of the world. The freer the great currents of the world flow through our veins, the richer our life will be. Mr. Greeley's vision of the American people shut within a Chinese wall was never relished much outside of iron, steel, drug and wool circles, and to-day it has become a mere curiosity of politics. His belief that prices under protection would come down lower than they were abroad has not been any better sustained by experience. To be sure the foreigner is getting our goods as cheap or cheaper than he can make them himself, but we are not. And yet there was much show of reason in Mr. Greeley's and Mr. Kelley's visions of cheap living. They saw the enormous advantages of the country: - raw materials of every conceivable sort, limitless power; a continual incoming stream of grown men fired with the story of a new world of opportunity and liberty, extraordinary inventiveness and energy. It was a combination of powers and resources such as civilized society had never seen. Shut it away from the struggling countries of the worn-out East and what might it not do? And so they built their high wall of protective duties. Much that they foresaw happened. The capital which would have gone into the channels natural to the new land rushed in where there was no possibility of world competition. The raw combinations of resources and energy and ingenuity did in industry what they had already been doing in opening the continent.

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The power of production increased enormously but prices followed duties - high duties meant high prices, every time. And why? What stood in the way of the working of that internal competition which was to save the situation? The men who were enjoying protection naturally stood in the way of it. Protection is a special privilege. Its aim is to ensure the men to whom it is granted against the hard economic laws which rule the commerce of men. It is equivalent to a pension or a subsidy. A privilege once gained becomes in the mind of him who possesses it a right. The high prices which protection caused were looked on as a right. When competition began to bring them down the protected felt aggrieved and sought ways of preventing its operation. The whole history of the world taught them that monopoly is the cure for competition and naturally they sought monopoly. It was a thing hateful to the people, but a special privilege gives special power. It is like an army at your back. The men whom the people had taxed themselves to establish in great industries had grown rich, and they now used those riches to circumvent that law which was to correct the privilege and restore justice to the system.

(The next article in this series will deal with the TARIFF MADE TRUST.)

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