

CHAPTER XVI.

THE DEVELOPMENT OF MANUFACTURES.

English protectionists, during the present century at least, struggled for the protection of agriculture, and the repeal of the corn-laws in 1846 was their Waterloo. On the Continent, also, it is largely agriculture that is held to need protection, and special efforts have been made to protect the German hog, even to the extent of shutting out its American competitor. But in the United States the favorite plea for protection has been that it is necessary to the establishment of manufactures; and the prevalent American idea of protection is that it is a scheme for fostering manufactures.

As a matter of fact, American protection has not been confined to manufactures, nor has there been any hesitation in imposing duties which by raising the cost of materials are the very reverse of encouraging to manufactures. In the scramble which the protective system has induced, every interest capable of being protected and powerful enough to compel consideration in Congressional log-rolling has secured a greater or less share of protection—a share not based upon any standard of needs or merits, but upon the number of votes it could command. Thus wool, the production of which is one of the most primitive of industries, preceding even the tilling of the soil, has been protected by high duties, although certain grades of foreign wool are necessary to American woolen-manufacturers, who have by these duties been put at a disadvantage in competing with foreign manufacturers. Thus iron ore has been protected despite the fact that American steel-makers need foreign ore to mix with American ore, and are obliged to import it even under the high duty. Thus copper ore has been protected, to the disadvantage of American smelters,

as well as of all the many branches of manufacture into which copper enters. Thus salt has been protected, though it is an article of prime necessity, used in large quantities in such important industries as the curing of meats and fish, and entering into many branches of manufacture. Thus lumber has been protected in spite of its importance in manufacturing as well as of the protests of all who have inquired into the consequences of the rapid clearing of our natural woodlands. Thus coal has been protected, though to many branches of manufacturing cheap fuel is of first importance. And so on, through the list.

Protection of this kind is direct discouragement of manufactures. Nor yet is it encouragement of any industry, since its effect is, not to make production of any kind more profitable, but to raise the price of lands or mines from which these crude products are obtained.

Yet in spite of all this discouragement of manufactures, of which the instances I have given are but samples, protection is still advocated as necessary to manufactures, and the growth of American manufactures is claimed as its result.

So long and so loudly has this claim been made that to-day many of our people believe, what protectionist writers and speakers constantly assume, that but for protection there would not now be a manufacture of any importance carried on in the United States, and that were protection abolished the sole industry that this great country could carry on would be the raising of agricultural products for exportation to Europe.

That so many believe this is a striking instance of our readiness to accept anything that is persistently dinned into our ears. For that manufactures grow up without protection, and that the effect of our protective tariff is to stunt and injure them, can be conclusively shown from general principles and from common facts.

But first, let me call attention to a confusion of thought which gives plausibility to the notion that manufactures should

be "encouraged." Manufactures grow up as population increases and capital accumulates, and, in the natural order of industry, are best developed in countries of dense population and accumulated wealth. Seeing this connection, it is easy to mistake for cause what is really effect, and to imagine that manufacturing brings population and wealth. Here, in substance, is the argument which has been addressed to the people of the United States from the time when we became a nation to the present day:

Manufacturing countries are always rich countries. Countries that produce only raw materials are always poor. Therefore, if we would be rich we must have manufactures, and in order to get manufactures we must encourage them.

To many this argument seems plausible, especially as the taxes for the "encouragement" of the protected industries are levied in such a way that their payment is not realized. But I could make as good an argument to the people of the little town of Jamaica, near which I am now living, in support of a subsidy to a theater. I could say to them:

"All large cities have theaters, and the more theaters it has, the larger the city. Look at New York! New York has more theaters than any other city in America, and is consequently the greatest city in America. Philadelphia ranks next to New York in the number and size of its theaters, and therefore comes next to New York in population and wealth. So, throughout the country, wherever you find large, well-appointed theaters, you will find large and prosperous towns, while where there are no theaters the towns are small. Is it any wonder that Jamaica is so small and grows so slowly when it has no theaters at all? People do not like to settle in a place where they cannot occasionally go to the theater. If you want Jamaica to thrive you must take steps to build a fine theater, which will attract a large population. Look at Brooklyn! Brooklyn was only a small riverside village before its people had the enterprise to start a

theater, and see now, since they began to build theaters, how large a city Brooklyn has become."

Modeling my argument on that addressed to American voters "by the Presidential candidate of the Republican party in 1884, I might then drop into "statistics" and point to the fact that when theatrical representations first began in this country its population did not amount to a million; that it was totally destitute of railroads and without a single mile of telegraph-wire. Such has been our progress since theaters were introduced that the census of 1880 showed that we had 50,155,783 people, 97,907 miles of railroad and 291,212 9/10 miles of telegraph-wires. Or I might go into greater detail, as some protectionist "statisticians" are accustomed to do. I might take the date of the building of each of the New York theaters, give the population and wealth of the city at that time, and then, by presenting the statistics of population and wealth a few years later, show that the building of each theater had been followed by a marked increase in population and wealth. I might point out that San Francisco had not a theater until the Americans came there, and was consequently but a straggling village; that the new-comers immediately set up theaters and maintained them more generously than any other similar population in the world, and that the consequence was the marvelous growth of San Francisco. I might show that Chicago and Denver and Kansas City, all remarkably good theater towns, have also been remarkable for their rapid growth, and, as in the case of New York, prove statistically that the building of each theater these cities contain has been followed by an increase of population and wealth.

Then, stretching out after protectionist fashion into the historical argument, I might refer to the fact that Nineveh and Babylon had no theaters that we know of, and so went to utter ruin; dilate upon the fondness of the ancient Greeks for theatrical entertainments conducted at public expense, and their consequent greatness in arts and arms; point out how the

Romans went even further than the Greeks in their encouragement of the theater, and built at public cost the largest theater in the world, and how Rome became the mistress of the nations. And, to embellish and give point to the argument, I might perhaps drop into poetry, recalling Byron's lines:

When falls the Colosseum, Rome shall fall;
And when Rome falls—the world!

Recovering from this, I might cite the fact that in every province they conquered the Romans established theaters, as explaining the remarkable facility with which they extended their civilization and made the conquered provinces integral parts of their great empire; point out that the decline of these theaters and the decay of Roman power and civilization went on together; and that the extinction of the theater brought on the night of the Dark Ages. Dwelling then a moment upon the rudeness and ignorance of that time when there were no theaters, I might triumphantly point to the beginning of modern civilization as contemporaneous with the revival of theatrical entertainments in miracle-plays and court masks. And showing how these plays and masks were always supported by monasteries, municipalities or princes, and how places where they began became sites of great cities, I could laud the wisdom of "encouraging infant theatricals." Then, in the fact that English actors, until recently, styled themselves her Majesty's servants and that the Lord Chamberlain still has authority over the English boards, and must license plays before they can be acted, I could trace to a national system of subsidizing infant theatricals the foundation of England's greatness. Coming back to our own times, I could call attention to the fact that Paris, where theaters are still subsidized and actors still draw their salaries from the public treasury, is the world's metropolis of fashion and art, steadily growing in

population and wealth, though other parts of the same country which do not enjoy subsidized theaters are either at a standstill or declining. And finally I could point to the astuteness of the Mormon leaders, who early in the settlement of Salt Lake built a spacious theater, and whose little village in the sage-brush, then hardly as large as Jamaica, has since the building of this theater grown to be a populous and beautiful city, and indignantly ask whether the virtuous people of Jamaica should allow themselves to be outdone by wicked polygamists.

If such an argument would not induce the Jamaicans to tax themselves to "encourage" a theater, would it not at least be as logical as arguments that have induced the American people to tax themselves to encourage manufactures?

The truth is that manufactures, like theaters, are the result, not the cause, of the growth of population and wealth.

If we take a watch, a book, a steam-engine, a piece of dry-goods, or the product of any of the industries which we class as manufactures, and trace the steps by which the material of which it is composed has been brought from the condition in which it is afforded by nature into finished form, we will see that to the carrying on of any manufacturing industry many other industries are necessary. That an industry of this kind shall be able to avail itself freely of the products of other industries is a prime condition of its successful prosecution. Hardly less important is the existence of related industries, which aid in economizing material and utilizing waste, or make easier the procurement of supplies or services, or the sale and distribution of products. This is the reason why the more elaborate industries tend within certain limits to localization, so that we find a particular district, without any assignable reason of soil, climate, material productions, or character of the people, become noted for a particular manufacture, while different places within that district become noted for different branches. Thus, in those parts of Massachusetts where the manufacture of boots and shoes is largely carried on,

distinctions such as those between pegged and sewed goods, men's and women's wear, coarse and fine, will be found to characterize the industry of different towns. And in any considerable city we may see the disposition of various industries, with their related industries, to cluster together.

But with this tendency to localization there is also a tendency which causes industries to arise in their order wherever population increases. This tendency is due not only to the difficulty and cost of transportation, but to differences in taste and to the individuality of demands. For instance, it will be much more convenient and satisfactory to me, if I wish to have a boat built, to have it built where I can talk with the builder and watch its construction; or to have a coat made where I can try it on; or to have a book printed where I can readily read the proofs and consult with the printer. Further than this, that relation of industries which makes the existence of certain industries conduce to the economy with which others can be carried on, not merely causes the growth of one industry to prepare the way for others, but to promote their establishment.

Thus the development of industry is of the nature of an evolution, which goes on with the increase of population and the progress of society, the simpler industries coming first and forming a basis for the more elaborate ones.

The reason that newly settled countries do not manufacture is that they can get manufactured goods cheaper—that is to say, with less expenditure of labor—than by manufacturing them. Just as the farmer, though he may have ash and hickory growing on his place, finds it cheaper to buy a wagon than to make one, or to take his wagon to the wheelwright's when it wants repairing, rather than attempt the job himself, so in a new and sparsely settled country it may take less labor to obtain goods from long distances than to manufacture them, even when every natural condition for their manufacture exists. The conditions for profitably carrying on any manufacturing

industry are not merely natural conditions. Even more important than climate, soil and mineral deposits are the existence of subsidiary industries and of a large demand. Manufacturing involves the production of large quantities of the same thing. The development of skill, the use of machinery and of improved processes, become possible only as large quantities of the same product are required. If the small quantities of all the various things needed must be produced for itself by each small community, they can be produced only by rude and wasteful methods. But if trade permits these things to be produced in large quantities the same labor becomes much more effective, and all the various wants can be much better supplied.

The rude methods of savages are due less to ignorance than to isolation. A gun and ammunition will enable a man to kill more game than a bow and arrows, but a man who had to make his own weapons from the materials furnished by nature, could hardly make himself a gun in a lifetime, even if he understood gun-making. Unless there is a large number of men to be supplied with guns and ammunition, and the materials of which these are made can be produced with the economy that comes with the production of large quantities, the most effective weapons, taking into account the labor of producing them, are bows and arrows, not firearms. With a steel ax a tree may be felled with much less labor than with a stone ax. But a man who must make his own ax would be able to fell many trees with a stone ax in the time he would spend trying to make a steel ax from the ore. We smile at the savages who for a sheath-knife or copper kettle gladly give many rich furs. Such articles are with us of little value, because being made in large quantities the expenditure of labor required for each is, very small, but if made in small quantities, as the savage would have to make them, the expenditure of labor would far exceed that needed to obtain the furs. Even if they had the fullest knowledge of the tools and methods of civilized industry, men

isolated as savages are isolated, would be forced to resort to the rude tools and methods of savages. The great advantage which civilized men have over savages in settling among them, is in the possession of tools and weapons made in that state of society in which alone it is possible to manufacture them, and that by keeping up communication with the denser populations they have left behind them, the settlers are able by means of trade to avail themselves of the manufacturing advantages of a more fully developed society. If the first American colonists had been unable to import from Europe the goods they required, and thus to avail themselves of the fuller development of European industry, they must soon have been reduced to savage tools and weapons. And this would have happened to all new settlements in the westward march of our people had they been cut off from trade with larger populations.

In new countries the industries that yield the largest comparative returns are the primary or extractive industries which obtain food and the raw materials of manufacture from nature. The reason of this is that in these primary industries there are not required such costly tools and appliances, nor the cooperation of so many other industries, nor yet is production in large quantities so important. The people of new countries can therefore get the largest return for their labor by applying it to the primary or extractive industries, and exchanging their products for those of the more elaborate industries that can best be carried on where population is denser.

As population increases, the conditions under which the secondary or any more elaborate industries can be carried on gradually arise, and such industries will be established—those for which natural conditions are peculiarly favorable, and those whose products are in most general demand and will least bear transportation, coming first. Thus in a country having fine forests, manufactures of wood will arise before manufactures for which there is no special advantage. The making of bricks will precede the making of china, the manufacture of

plowshares that of cutlery, window-glass will be made before telescope lenses, and the coarser grades of cloth before the finer.

But while we may describe in a general way the conditions which determine the natural order of industry, yet so many are these conditions and so complex are their actions and reactions upon one another that no one can predict with any exactness what in any given community this natural order of development will be, or say when it becomes more profitable to manufacture a thing than to import it. Legislative interference, therefore, is sure to prove hurtful, and such questions should be left to the unfettered play of individual enterprise, which is to the community what the unconscious vital activities are to the man. If the time has come for the establishment of an industry for which proper natural conditions exist, restrictions upon importation in order to promote its establishment are needless. If the time has not come, such restrictions can only divert labor and capital from industries in which the return is greater, to others in which it must be less, and thus reduce the aggregate production of wealth. Just as it is evident that to prevent the people of a new colony from importing from countries of fuller industrial development would deprive them of many things they could not possibly make for themselves, so it is evident that to restrict importations must retard the symmetrical development of domestic industries. It may be that protection applied to one or to a few industries may sometimes hasten their development at the expense of the general industrial growth; but when protection is indiscriminately given to every industry capable of protection, as it is in the United States, and as is the inevitable tendency wherever protection is begun, the result must be to check not merely the general development of industry, but even the development of the very industries for whose benefit the system of protection is most advocated, by

making more costly the products which they must use and repressing the correlative industries with which they interlace.

To assume, as protectionists do, that economy must necessarily result from bringing producer and consumer together in point of space,²⁰ is to assume that things can be produced as well in one place as in another, and that difficulties in exchange are to be measured solely by distance. The truth is, that commodities can often be produced in one place with so much greater facility than in another that it involves a less expenditure of labor to bring them long distances than to produce them on the spot, while two points a hundred miles apart may be commercially nearer each other than two points ten miles apart. To bring the producer to the consumer in point of distance, is, if it increases the cost of production, not economy but waste.

But this is not to deny that trade as it is carried on to-day does involve much unnecessary transportation, and that producer and consumer are in many cases needlessly separated. Protectionists are right when they point to the wholesale exportation of the elements of fertility of our soil, in the great stream of breadstuffs and meats which pours across the Atlantic, as reckless profligacy, and fair traders are right when they deplore the waste involved in English importations of food while English fields are going out of cultivation. Both are right in saying that one country ought not to be made a "draw farm" for another, and that a true economy of the powers of nature would bring factory and field closer together. But they are wrong in attributing these evils to the freedom of trade, or in supposing that the remedy lies in protection. That tariffs are powerless to remedy these evils may be seen in the fact that this exhausting exportation goes on in spite of our high

²⁰ Protectionist arguments frequently involve the additional assumption that the "home producer" and "home consumer" are necessarily close together in point of space, whereas, as in the United States, they may be thousands of miles apart.

protective tariff, and that internal trade exhibits the same features. Everywhere that modern civilization extends, and with greatest rapidity where its influences are most strongly felt, population and wealth are concentrating in huge towns and an exhausting commerce flows from country to city. But this ominous tendency is not natural, and does not arise from too much freedom; it is unnatural, and arises from restrictions. It may be clearly traced to monopolies, of which the monopoly of material opportunities is the first and most important. In a word, the Roman system of landownership, which in our modern civilization has displaced that of our Celtic and Teutonic ancestors, is producing the same effect that it did in the Roman world—the engorgement of the centers and the impoverishment of the extremities. While London and New York grow faster than Rome ever did, English fields are passing out of cultivation as did the fields of Latium, and in Iowa and Dakota goes on the exhausting culture that impoverished the provinces of Africa. The same disease which rotted the old civilization is exhibiting its symptoms in the new. That disease cannot be cured by protective tariffs.