
THE TARIFF MAKE-BELIEVE.

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THE wrong settlement of a great public question is no settlement at all. The Payne-Aldrich tariff bill, therefore, which its authors would fain regard as a settlement of the tariff question, is no settlement at all. It is miscellaneously wrong in detail and radically wrong in principle. It disturbs more than it settles, and by its very failure to settle forces the tariff question forward into a new and much more acute stage.

It is so obviously impossible to settle the question satisfactorily in the way these gentlemen have attempted to settle it; it is so evident that men of their mind and with their attitude towards the economic interests of the country can never settle it that thinking men of every kind realize at last that new men and new principles of action must be found. These gentlemen do not know the way and cannot find it. They "revised" the tariff, indeed, but by a method which was a grand make-believe from beginning to end. They may have convinced themselves of the intelligence and integrity of the process, but they have convinced nobody else. The country must now go to the bottom of the matter and obtain what it wants.

It has gone to the bottom of it at some points already, and the process will be carried very far before it is through with it. In the first place, it is the general opinion throughout the country that this particular revision was chiefly pretense, and that it is the first time that we have had tariff legislation of this kind. The McKinley tariff bill and the Dingley tariff bill, whatever may be

thought of their wisdom or of their validity as acts of statesmanship, were unquestionably frank and genuine. There was no concealment or make-believe about either their purpose or their character. No doubt many things were accomplished by them of which the public knew nothing and was intended to know nothing. Not all the advantages gained by this, that or the other industry from legislation of that kind could be explained to the public without creating inconvenient comment and startling questions that might cut very deep; but that is true of all legislation which is meant to give particular classes of citizens a special economic assistance or advantage. Private favours will inevitably creep in. But no one was deceived. The men who put those measures through had no doubt that they had the support of the country in doing so. They gave the country what they thought opinion would sustain: gave it what they honestly supposed that it wanted. But no one who is capable of assessing opinion now can possibly claim that that is what the men who were behind the Payne-Aldrich legislation did. They knew that they were not giving the country what it wanted, and the more thoughtful and statesmanlike among them deeply regretted that they could not. There was a process almost of haphazard in the construction of the House bill, and mere false leadership and chicanery produced the bill which the Senate substituted for it and which largely prevailed in conference.

The methods by which tariff bills are constructed have now become all too familiar and throw a significant light on the character of the legislation involved. Debate in the Houses has little or nothing to do with it. The process by which such a bill is made is private, not public; because the reasons which underlie many of the rates imposed are private. The stronger faction of the Ways and Means Committee of the House makes up the preliminary bill, with the assistance of "experts" whom it permits the industries most concerned to supply

for its guidance. The controlling members of the committee also determine what amendments, if any, shall be accepted, either from the minority faction of the committee or from the House itself. It permits itself to be dictated to, if at all, only by the imperative action of a party caucus. The stronger faction of the Finance Committee of the Senate, in like fashion, frames the bill which it intends to substitute for the one sent up from the House. It is often to be found at work on it before any bill reaches it from the popular chamber. The compromise between the two measures is arranged in private conference by conferees drawn from the two committees. What takes place in the committees and in the conference is confidential. It is considered impertinent for reporters to inquire. It is admitted to be the business of the manufacturers concerned, but not the business of the public, who are to pay the rates. The debates which the country is invited to hear in the open sessions of the Houses are merely formal. They determine nothing and disclose very little.

It is the policy of silence and secrecy, indeed, with regard to the whole process that makes it absolutely inconsistent with every standard of public duty and political integrity. If the newspapers published and the public read even the debates, empty of significance as they generally are, the entire country would presently realize how flagrant the whole make-believe is. The committees under whose guidance the bills are put through the House disclose nothing that is not wrung from them by members who have made investigations of their own and who insist upon having their questions answered; and there are few enough who have the audacity or take the trouble. But here and there a fact is dragged out, and before the encounters of debate are over enough has been brought to the light to make extremely instructive reading. It is devoutly to be wished,—merely to cite examples,—that every voter in the United States had read, or would yet read, the

debates in the Senate on the duty on electric carbons,—the carbons used in the arc-lights in all our cities,—and on the duty on razors. Every detail is a commentary on the whole depressing business.

One extraordinary circumstance of the debates in the Senate should receive more than a passing allusion. The Republican party platform had promised that the tariff rates should be revised and that the standard of revision should be the differences between the cost of producing the various articles affected in this country and in the countries with which our manufacturers compete. One of our chief industrial competitors is now Germany, with its extraordinary skill in manufacture and the handicrafts and its formidable sagacity in foreign trade; and the Department of State, in order to enable Congress the more intelligently to fulfill the promises of the party, had, at the suggestion of the President, requested the German Government to furnish it with as full information as possible about the rates of wages paid in the leading industries in that country,—wages being known, of course, to be one of the largest items in the cost of production. The German Government of course complied, with its usual courtesy and thoroughness, transmitting an interesting report, each portion of which was properly authenticated and vouched for. The Department of State placed it at the disposal of the Finance Committee of the Senate. But Senators tried in vain to ascertain what it contained. Mr. Aldrich spoke of it contemptuously as “anonymous,” which of course it was not, as “unofficial,” and even as an impertinent attempt, on the part of the German Government, to influence our tariff legislation. It was only too plain that the contents of the report made the members of the controlling faction of the Finance Committee very uncomfortable indeed. It undoubtedly showed, what independent private inquiries readily enough confirm, that the wages paid to skilled laborers in Germany are practically as great as those paid in the

United States, the difference in the cost of living in the two countries being taken into consideration. To have made it public would have been to upset half the arguments for the rates proposed with which the committee had been misinforming the country. It would no doubt have explained, for example, why the skilled grinders of Solingen do not think it worth their while to emigrate to America and oblige almost all razor-makers in other countries to send their blades to them to be ground,—and many another matter left studiously undebated, unexplained, about which Senators had been asking for information. It would have proved that the leaders of the party were deliberately breaking its promise to the country. It was, therefore, thrown into a pigeon-hole and disregarded. It was a private document.

In pursuance of the same policy of secrecy and private management, the bill was filled with what those who discovered them were good-natured or cynical enough to call “jokers,”—clauses whose meaning did not lie upon the surface, whose language was meant not to disclose its meaning to the members of the Houses who were to be asked to enact them into law, but only to those by whom the law was to be administered after its enactment. This was one of the uses to which the “experts” were put whom the committees encouraged to advise them. They knew the technical words under which meanings could be hidden, or the apparently harmless words which had a chance to go unnoted or unchallenged. Electric carbons had been taxed at ninety cents per hundred; the new bill taxed them at seventy cents per hundred *feet*,—an apparent reduction if the word *feet* went unchallenged. It came very near escaping the attention of the Senate, and did quite escape the attention of the general public, who paid no attention at all to the debates, that the addition of the word *feet* almost doubled the existing duty.

The hugest practical joke of the whole bill lay in the so-called maximum and minimum clause. The schedules

as they were detailed in the bill and presented to the country, through the committees and the newspapers,—the schedules by which it was made believe that the promise to the country of a “downward” revision was being kept by those responsible for the bill, were only the minimum schedules. There lay at the back of the measure a maximum provision about which very little was said, but the weight of which the country may come to feel as a very serious and vexatious burden in the months to come. In the case of articles imported from countries whose tariff arrangements discriminate against the United States, the duties are to be put at a maximum which is virtually prohibitive. The clause is a huge threat. Self-respecting countries do not yield to threats or to “impertinent efforts, on the part of other Governments, to affect their tariff legislation.” Where the threat is not heeded we shall pay heavier duties than ever, heavier duties than any previous Congress ever dared impose.

When it is added that not the least attempt was made to alter the duties on sugar by which every table in the country is taxed for the benefit of the Sugar Trust, but just now convicted of criminal practices in defrauding the Government in this very matter; that increased rates were laid on certain classes of cotton goods for the benefit, chiefly, of the manufacturers of New England, from which the dominant party always counts upon getting votes, and that the demand of the South, from which it does not expect to get them, for free cotton bagging was ignored; that the rates on wool and woollen goods, a tax which falls directly upon the clothing of the whole population of the country, were maintained unaltered; and that relief was granted at only one or two points,—by conceding free hides and almost free iron ore, for example,—upon which public opinion had been long and anxiously concentrated; and granted only at the last moment upon the earnest solicitation of the President,—nothing more need be said to demonstrate

the insincerity, the uncandid, designing, unpatriotic character of the whole process. It was not intended for the public good. It was intended for the benefit of the interests most directly and selfishly concerned.

There was noticeable confusion in the counsels of the dominant party. Some said this, some said that. Many were anxious, probably a majority in the House, to fulfill in entire good faith the promise their party convention had given in its platform and the President had so frankly interpreted and repeated; others were willing, some were eager, to evade it. Their leaders led them by the way of evasion. I do not know whether they were conscious of doing so or not. It need make no difference to the country whether they were or not: it is only the fact that interests it, however the fact may affect individuals. If the leaders of the Republican party were not aware that they were seeking a way of evasion, they have an unusual capacity for deceiving themselves; if they were they did not deal honestly by the country. Either alternative proves them wholly unserviceable and untrustworthy. We need not stop, therefore, to choose between the alternatives: for we are not discussing their characters, but the present interests of the country with regard to the tariff. The question that interests us is this: How out of this confusion of counsel was an agreement reached, and why was the agreement that which the leaders of the Houses desired rather than that which the rank and file of the party would have honestly preferred? What, when its policies are in debate within its own ranks, finally determines the course the Republican party will take in a matter like this?

I know, of course, as every one does, how great the power of the Speaker of the House is, and the great and sinister hold the chairman of the Finance Committee of the Senate has upon the legislative machinery of that body, whatever signs of apparent independence it may show in the open processes of debate. It is matter

of common knowledge what Mr. Cannon and Mr. Aldrich would prefer to have the House do when any question of this sort is under consideration. But these men represent forces, they do not constitute them. The forces that control the Republican party lie outside of them. They are only the spokesmen of those forces. Why do the rank and file of the Republican members still, in this day of change, find themselves unable to make an independent choice in a matter like this, of capital importance to their party and to the country? They do not mistake the signs of the times. Why, then, are they impotent?

The question can be answered very frankly, and, I hope, without partisan bias and without offense to honourable men whose principles I would not presume to call in question. The Republican party is old at the business of tariff-making and has established a business constituency. Its leaders feel that they must satisfy that constituency, and they force their followers to follow them by very concrete and practical arguments. It has come to a point where they have grown very stubborn and short-sighted in their loyalty to their constituency, but that is hardly to be wondered at. The loyalty is of long standing and has become a fundamental asset, as it seems to them, of party business.

The business of tariff-making naturally grows more and more complex, naturally comes to involve a greater and greater complexity of interests. Those who conduct it extend their clientage from generation to generation, to make sure that they have clients enough. Whatever principle may underlie tariff-making, and however valid that principle may be, however fundamental to the general development and prosperity of the country, tariff schedules arranged for "protection" are governmental favours. Those who make them, though acting for the nation, are the patrons of the industries favoured: they dispense the largess of the Government, and those who receive the favours will be their partisans

and followers so long as the favours continue. The relation cannot be avoided. The only thing that can be avoided is the corrupting influence of the relationship, and that can be avoided only by very strong men. A political party cannot withstand it for many generations together: cannot, I mean, withstand the gradual corruption of its will,—the temptation to make use of the patronage it dispenses for the perpetuation of the power it derives from it, the unflinching support at the elections of the wealthiest and most influential classes of the country.

Here, in a protective tariff, are the entrenchments of Special Privilege, and every beneficiary will of course crowd into them on the day of battle, determined to keep his own. Shall a man not defend what he has?

I am not seeking to point a moral. Neither am I drawing up an indictment of the Republican party. I am merely outlining the natural history of a governmental policy whose prime object is to make particular industries safe against competition. Parties are capital epitomes of human nature; and I dare say that any other party that espoused this principle of legislation would use it for party advantage in the same way. My point is rather how it has been used than who has used it. Its uses and effects are plain,—painfully plain now. Its use is to extend to certain undertakings Government favour and assistance; its effect has been to build up special privilege. No doubt the country will have to hold those responsible who managed the business; but its real interest will not be in punishing them, many of them honest and public-spirited enough, but in getting rid of special privilege. That it has made up its mind to do. It now only seeks the best and most effectual way.

It sees plainly enough, at last, that the place to begin is the tariff. That it saw before the last Presidential election; but Mr. Cannon and Mr. Aldrich have managed between them to make it more evident than ever

before. They have executed their purpose, not wisely, but too well. A day of judgment is at hand.

“The sword of Heaven is not in haste to smite,
Nor yet doth linger.”

The purpose of the people has much the same habit. Perhaps it *is* the sword of Heaven!

It is not a question of schedules. It is possible that by reasonable schedules,—by a minimum of favouritism and make-believe,—the tariff-makers of the special session might have quieted the country,—might have induced it to let the troublesome and perplexing subject drop for a decade or two. But it would have been only a stay of judgment. The essential wrong would still have cried out to be righted. And the essential wrong is this: that, except for a few men who have been fairly hypnotized by a system which they have accepted as political gospel since their youth, it has ceased to be a matter of principle at all and has become merely a method of granting favours. The favours are obtained in two ways—by “influence” and by supplication of a kind for which there is no classical or strictly parliamentary designation. In the vulgar, it is called “the baby act.”

What “influence” consists of is a very occult matter, into which the public is not often privileged to inquire. It is compounded of various things, in varying proportions: of argument based upon the facts of industry and of commercial interest, of promises of political support, of campaign contributions, not explicitly given upon condition, but often spoken of by way of reminder, of personal “pressure” through the channels of old friendships and new alliances,—of things too intimate to mention,—though not, I believe, even in the minds of the most cynical and suspicious, of direct bribes. There is seldom any question of personal corruption. It is wholly a question of party corruptions, so far as it is a question of corruption at all.

The “baby act” consists in resorting to the Ways and

Means Committee of the House and the Finance Committee of the Senate with pitiful tales, hard-luck stories, petitions for another chance, as the hosiery-makers did at the special sessions. It is an act very unpalatable to American pride, and yet very frequently indulged in with no appearance of shame. "Foreigners make better goods," is the burden of its cry, "pay smaller wages, and can add the ocean freights to their price and still beat us in our own markets." It often seems to mean that the foreigner has superior skill, uses better machinery, adapts his patterns more quickly to changing tastes, is more practised in economies of all sorts and is content with smaller profits. And so a handful of American gentlemen go to Congress and beg to be helped to make a living and support their operatives. Some among them do not need the protection: they have perfected their processes and their stuffs, can afford by better organization and more studied economies to pay American wages and still beat the foreigner, if need be, in his own markets overseas. But the rest do need it to make good their failure. American labour is the most intelligent in the world, and when intelligently made use of is worth its extra wage, earns it without affecting the market. But the Government must support those who do not know how to use it as intelligently as their rivals, and the people of the country must be made to buy the goods they make at prices that will support them. This is indeed the "baby act" and these are easily recognizable as "infant industries"!

And so the question comes to be, What will the people say of this new system of the support of favoured industries by the Government, now that they have come to understand it? For it is a new system. The principle upon which the system of protection was originally founded was the development of the country, the development of the resources of the continent and the skill of the people. That principle is intelligible and statesmanlike, particularly in a new country, without capital

and unprepared for competition in a trading world. The principle now proclaimed and acted upon, with show of patriotic fervor, is that profits must be assured to those who cannot stand competition after development, *after* the accumulation of capital in the country, the perfecting of skill and the full attainment of economic and industrial independence amidst the trading and manufacturing nations of the world. This is indeed a new theory and will not bear examination.

Hamilton's position, the position of those who have intelligently and consistently followed him, is defensible enough. It is idle to bid a new nation on an undeveloped continent to put its faith in the natural laws of trade and production, buy in the cheapest and sell in the dearest market, build up its wealth on the demand for what it has and buy what it has not. For it has not at the outset capital enough to find out either its resources or its capacities. There must be a waiting and a spending time at the first before it finds out what its resources are and what it can do with them. The farmer cannot expect a crop the first season from unbroken prairie or uncleared land. It costs money to put nature into shape to be profitably used. Deposits of ore do not constitute riches until the mines have been opened and machinery has been installed by which the ore can be readily and economically got out. That takes time and money. Even when the mines are opened and can be worked at a profit they produce only ore. The nation that cannot use its ores in manufacture is still a poor nation, however rich its deposits. Only a few men in it will be rich until other men in it get the capital and the opportunity to use the ores in manufacture. That, again, takes time and money. South Africa was not rich because a few men owned and worked diamond mines in it. Taking the world at large and as a whole, how are you to know which is the cheapest market in which to buy or the most advantageous in which to sell, so long as a whole continent lies undeveloped, a whole

nation untrained, so long as America or South Africa has not come into the markets with its hidden stuffs and its unschooled peoples?

This is the question for statesmen. Nobody now doubts that the policy of Hamilton put the nation under a great stimulation, gave it the economic independence it needed, immensely quickened the development of its resources and the powers of its people. Protected from the direct competition of those who had already acquired capital oversea, who had already become masters of industry and put hundreds of ships upon the sea, who had the stuffs to work in and the skill to work them, things took on a very different aspect for the enterprising spirits of the young nation from that which they had worn in the old colony days. Those who cared to venture upon enterprise,—and who in America did not?—had the markets of a growing and industrious people to themselves. As the nation grew their trade grew, and their wealth,—with their wealth, their independence and their spirit of enterprise. It was wise,—in the circumstances it was more than wise, it was necessary,—to give the country an opportunity thus to find itself. It was necessary and wise to put it thus economically upon its own feet and make it worth its while to discover and develop its own resources.

It is perfectly consistent with such a policy, moreover, to give to every new enterprise, even in our day of America's abounding wealth and resourcefulness, such protection as it may need to get its start and come to its proper perfection of equipment and operation, provided it be an enterprise suitable to America's soil or resources or capacities. So far as the policy of protection has for its object the diversification and enrichment of American industry, it is admissible, dangerous though it be, because liable to be used in a spirit of favouritism and for party ends. The only thing not consistent with the sound original policy upon which the single defensible theory of the system rests is the encouragement

and support by "protection" of industries in their very nature not natural to America, but forced and artificial. Being artificial, not indigenous from the outset, they will need artificial stimulation to the end. Those who undertake them will always have to be supported out of the public purse—by the taxes laid at the ports.

But this original basis and theory of protection, this genuine enterprise of statesmanship, was long ago abandoned or forgotten by the leaders of the party that stood for the system. Its leaders no longer talk of "infant industries" to be carefully nurtured and brought to maturity for the sake of the nation and its development. They know the sort of smile with which such talk would now be received and do not relish the thought of it. They boast, rather, of the economic supremacy of America in the money-markets, the steel-markets, the foodstuff-markets, the implement and machinery markets of the world, and naïvely insist that that supremacy should be maintained by import duties at the ports levied for the sake of those who are conducting our successful enterprises, in order to keep their profits safely up and make them feel that the country (which is, being interpreted, the party in power) will take care of them. It is not a system of stimulation or development; it is a system of patronage. Statesmen need no longer debate it: politicians of very ordinary managing abilities can easily keep it going. Indeed, it is no proper job for statesmen. It is a thing of lobbies and private interviews, not a thing of open debate and public policy.

Even this bad system worked no radical harm upon the country for a generation or two. The continent abounded in every kind of natural riches, individuals were greatly stimulated by the many inviting opportunities for manufacture and trade, the population of the country was growing by leaps and bounds, its domestic markets widening with every decade, its diversified industries enriching one another. The country was generously big and wide and various, its immense stretches

extending into every climate of the temperate zone, its hills and valleys and high ascending western slopes inviting to every development of modern civilization. Its vast areas of free trade, trade absolutely without hindrance or restriction, guaranteed exemption from restraint by the interstate commerce clause of the Constitution, made it an incomparable field for rapid and normal development, a development about which, it turned out, there was almost nothing that was artificial and little that was not sound and lasting.

Moreover, those who had undertaken the great industries to which the customs legislation of Congress had given leave and not yet gone into combination. Enterprise was entered upon on individual initiative, was conducted by simple partnerships and small companies. There was a very active and quickening competition within the field of each undertaking that proved profitable. Those who succeeded had no more power than their mere wit at succeeding gave them. Fortunes were made, but upon a modest scale. The rich men of the country had only their local influence and did not determine the industrial processes of a whole continent or the methods of a whole industry. The prosperity of the country wore a generous and democratic aspect and did not set classes off in sharp contrast against one another. There was favouritism in arranging the system of protection, of course, and individuals were very often thought of rather than the country as a whole. The "log-rolling" in Congress was very often spoken of in the newspapers and with a great deal of asperity. The system had its glaring faults and dangers. But it was at least a game into which almost any one could get. It did not yet wear the ugly face of monopoly or special privilege.

We look upon a very different scene now. It is no longer a scene of individual enterprise, of small bodies of capital embarked upon a thousand undertakings,—a scene of individual opportunity and individual achieve-

ment,—able men everywhere, singly or in small groups, making themselves the economic servants of communities and reaping the legitimate profit of many an enterprise their own brains had conceived. It was in that day that the industries of the country were originated and put upon a footing to succeed. In our later day those who control the great masses of capital swept together out of the multitudinous earnings of the last two or three generations have combined together and put at the head of every great industry a dominating corporation, or group of corporations, with an organization and resources which are irresistible by any individual competitor,—by any competitor not supported by a like colossal combination of brains and means. The richest of those who enjoy the favours of the Government have combined to enjoy a monopoly of those favours. Enormous fortunes are piled up for a few, for those who organize and control these great combinations; but they are relatively very few in number and all men in their field of enterprise who are not in their combination are apt to become, first their crushed rivals, and then their servants and subordinates.

It is a very different America from the old. All the recent scandals of our business history have sprung out of the discovery of the use those who directed these great combinations were making of their power: their power to crush, their power to monopolize. Their competition has not stimulated, it has destroyed. Their success has not varied industry, it has standardized it and brought it all under a single influence and regulation,—not the regulation of law, but the regulation of monopoly.

It is easy to exaggerate the iniquity of many of the things that have been done under this régime of the trust and the colossal corporation. Most of their methods were simply the old cut-throat methods of private individual competition on a new scale. What made them cruel and disastrous was not their kind, but their scope.

Their kind was as old as economic history and rivalry in industrial enterprise, but their scale was new and ominous. The competition, the underselling, the aggressive canvassing, the rival expenditure and rapid improvement of process possible to these men who had vast capital behind them, who shipped so much that every railroad stood ready to bid for their patronage with lowered rates, who could buy a competitor out at any price and stood always ready to buy at the moment of greatest strain and discouragement, could not be withstood. The field cleared before them. The power was theirs, and smaller men, smaller concerns, went down before them. They had "cornered" the opportunity which the Government's favouring legislation had been intended to create.

Too much moral blame, it seems to me, has been laid upon the men who effected these stupendous changes. They were men of extraordinary genius, many of them, capable of creating and organizing States and Empires. Commercial morals had not been adjusted, by themselves or any one else, to the new and unprecedented scale upon which they did business. Private consciences were pooled and confused and swallowed up in those huge combinations. Men were excited and blinded by the vast object they sought, and pursued it, as it were, impersonally, by means they would not have used had they been dealing simply and face to face with persons and not merely upon paper with complex transactions, involving the business of a continent. It was a process in which commercial morals had again to find themselves, as in the days of treasure fleets and international spoliation.

But my present object is not to assess individual responsibility. I am describing conditions, not drawing up an indictment against those who created them or framing an excuse for them. I am studying a national policy and its effects; and about that, viewed in its

present aspects, some things are very plain and ought to be plainly spoken of.

In the first place, it is plain that these new masters of our industry do not need the assistance or the "protection" of the Government. They own or control a preponderant percentage of the resources of the country: of its mines, its forests, its cattle, its railways. They have brought the industries they control to a high state of perfection in equipment and organization, economizing their processes and improving their output. They have invaded foreign markets and sell to all the world, where there is no Government to assist them, where, on the contrary, there are hostile tariffs to overcome. They have made themselves entire masters of the opportunity created for them. Manufacturers engaged in the same lines of industry elsewhere copy their machinery and imitate their methods. All the world is justly jealous of their huge success. Their balance-sheets, on the one hand, and the success and skill of their processes, on the other, show how little they need protection.

In the second place, no political party can afford to be their partners in business. It amounts to that. In the earlier days of protection, when import duties created opportunities for thousands of men, the political party that maintained the system of protection had all the nation for partner. The benefits of the system were widely distributed. Its beneficiaries could nowhere be assembled in a single lobby. Their names could be included in no possible list. They were the people of the country by sample. But now, as compared with the former thousands, they are few. The names of most of them are known everywhere. Their influence is direct, personal, pervasive.

They are doing nothing novel through the lobby. It is just what the beneficiaries of this dangerous system have always done. It would seem the natural process of obtaining protection,—to ask for it and argue its necessity with the figures of the business in hand. But

they are so few, so individually powerful, and command so many things that political parties need, or think that they need, for their success: money, widely-extended influence, the gift and the use of business organization national in their scope and control! They have as powerful a machinery ready to their hand as the Government itself. It is highly dangerous for the Government to be in partnership with them in the great enterprise of developing the country: their grip upon it can so easily become too direct and personal! The country cannot afford an alliance of private interest with governmental authority, for whatever purpose originally conceived, however honourably arranged at the outset. No body of business men, no political party, can long withstand the demoralizing influences of the relationship,—particularly no body of men so compact and unified in interest as those who manage and finance the trusts.

It is not necessary for my argument to claim or to prove that high protection created the trusts and combinations of our time. I believe that it can be shown that it did, though I am ready to admit that they might, and probably would, have arisen in any case, though in a different form and with different proportions. But that is a complicated question which may for the present be put upon one side. Certainly the trusts have now cornered the opportunities created by the system of high tariffs. They no longer need the assistance of the Government; and it is highly desirable that there should be no alliance, and no appearance of an alliance, between them and either of the political parties.

That our industries are still greatly stimulated is evident enough. They are very vital and very prosperous. There is general employment; and when things go well and the money-market is not manipulated, or upset by our uncommonly bad system of currency, there is a general feeling of ease and hopefulness. But there is not general prosperity: that is a very different matter. When the great industrial and trade combinations can

operate freely and without fear of disturbed prices and a frightened money-market there is always ready enough employment for those who seek it,—at wages forced up and maintained, not by prosperity or the good business of the great corporations, but by the aggressiveness and determination of organized labour. The country is given occupation by those who have cornered the privileges to be had under the favour of Congress, and their success is easily made to look like the reign of unbounded opportunity for the rank and file; but that does not increase the proportion of employers to employees. The initiative and control are still with the few. Their money makes the mare go, and it is they who ride.

It does not do to think of these things with bitterness. It is not just to think of them with bitterness. They came about by natural process, not by deliberate or malignant plan. But it is necessary to point them out in plain language, to discuss them with candour and to comprehend them, when the talk is done, with wide-open eyes. It is easy to fall into exaggeration. Not all the industry of the country is in the hands of great trusts and combinations. Only its main undertakings are its largest and most lucrative enterprises. But the picture I have drawn is, in the rough, true and tends from decade to decade to represent the truth more and more perfectly and completely. If the tendency had worked itself out to its ultimate consequences, if it had accomplished its perfect work, it would probably be too late for reform. The body politic is still sound and still elastic enough to work upon; and many of the very men who have profited most by this new and ominous state of affairs are ready to join in the wholesome processes of reformation which will make opportunity general again,—not a monopoly, but a universal stimulus.

The fact which has disclosed itself to us, in these later days of the country's awakening, is this, then. We have witnessed the partial creation, the almost com-

plete creation, on the one hand, of a comparatively small privileged class or body of men, the men who control capital and the uses to which it is put and who have, as the representatives (as all too literally the representatives) of the business of the country, the ear of Congressional committees; and we begin to see, under them, associated with them, on the other hand, a vast unprivileged body ("class" is too definite and formal a word) which forces its way to a share in the benefits of our apparently prosperous conditions only by threats and strikes, and is steadily deprived of a large percentage of what it thus gains by rapidly rising prices which day by day increase the cost of living amongst us. And the rise of prices itself seems to be connected with the system.

There has been a rise in prices in almost all the trading countries. The large recent increase in the supply of gold has had a great deal to do with it, here as elsewhere. Gold, the world's standard of value, having become cheaper because more abundant, more of it is demanded in exchange for goods, whose value has not changed. But this universal phenomenon of the rise of prices has had its special features and vagaries in America utterly dissociated from the price of gold; and it would be easy to prove that those who have managed to get control of the greater part of the output of the mines and factories have, by combination, set the prices to please themselves. They have made the usual use of their opportunity. While the Government has, by its high protective policy, spared them the anxiety of foreign competition, they have, by organization and agreement, spared themselves the embarrassment of any competition at all.

What, then, shall we do? Shall we adopt Thorough as our motto and sweep the whole system away, be quit of privilege and favours at once, put our industries upon their own resources and centre national legislation wholly upon the business of 'the nation? By no means.

The system cannot be suddenly destroyed. That would bring our whole economic life into radical danger. The existing system was built up by statesmanlike and patriotic men, upon a theory upon which even the most sceptical economist must concede it possible to found a valid and effective policy. It is very likely that by slower, sounder, less artificial means the country might have worked its way up to the same extraordinary development and success, the same overwhelming material achievement and power; but that is a question no longer worth debate by practical men. As a matter of fact, the method of artificial stimulation was adopted, has been persisted in from generation to generation with a constant increase of the stimulation, and we have at last, by means of it, come to our present case. It will not do to reverse such a policy suddenly or in revolutionary fashion.

It must in some conservative way be altered from decade to decade, if possible from year to year, until we shall have put all customs legislation upon a safe, reasonable and permanent footing. A process of alteration, steadily and courageously persisted in, will not disturb the business or embarrass the industries of the country, even if tariff act follows tariff act from session to session, if it be founded upon a definite principle by which its progress may be forecast and made ready for. Such a principle must be found. And the nation must find means to insist that, whatever party is in power, that principle shall be followed with courage, intelligence and integrity. The present method and principle of legislation does not keep business equable or free from harassing anxiety. It is based upon no principle, except that of self-interest,—which is no principle at all. No calculable policy can be derived from it. Discussion gives place to intrigue, and nothing is ever fixed or settled by its application.

What, then, shall the principle of reform be which shall hold us steady to an impartial and intelligible

process? The old principle of Hamilton, in a new form and application: the very principle upon which the protective policy was set up, but applied for the purpose of reforming the system and bringing it to the test of a single definite object, its original purpose and energy having been fulfilled and spent.

Hamilton's purpose was to develop America, to give her industries of her own; to make it immediately worth the while of her enterprising and energetic men to discover and use her natural resources, the richness and extent of which even he never dreamed of; to enrich and expand her trade and give her an interior economic development which should make her an infinitely various market within herself; and to continue the stimulation until her statesmen should be sure that she had found her full vigour and capacity, was mistress of her own wealth and opportunity, and was ready to play her independent part in the competitions and achievements of the world. That object has been attained. No man not blinded by some personal interest or inveterate prepossession can doubt it. What would Hamilton do now?

In one sense, it is not a question of politics. It does not involve Hamilton's theories of Government or of constitutional interpretation. Some of us are Jeffersonians, not Hamiltonians, in political creed and principle, and would not linger long over the question, What shall we do to return safely to Hamilton? It is not a Hamiltonian question. Constitutional lawyers long ago determined that it was certainly within the choice of Congress to lay import duties, if it pleased, with a view to the incidental benefit of traders and manufacturers within the country; and, if that incidental object has in later days become the chief and only guiding object of the rates of duty, that, I take it, is only a question of more or less, not a question which cuts so deep as to affect the power of Congress or draw it seriously into debate again. As a matter of fact, the policy was

entered upon and has been carried—to what lengths we know. The Hamiltonian principle, not a political, but an economic principle, was the only wise and defensible principle upon which it could have been established. It is also the only wise and safe principle upon which it can be modified and in part got rid of. For when you have the general benefit of the country as your standard, you have a principle upon which it is as legitimate to withdraw protection as to give it.

It may seem like a vague principle, affording room for many varieties of contrary judgment; but it will be found to lose its vagueness when stated in contrast with the principle upon which Congress has acted in recent years. In all the recent tariff legislation of the country, in all legislation since 1828, the committees of the House and Senate, when making up the several schedules of duties they were to propose, have asked, not what will be good for the country, but what will be good for the industries affected, what can they stand, what rates of duty will assure them abundant profits? It is true that they have assumed,—it has been the burden of innumerable weary campaign speeches,—that the prosperity of the individual interest considered would be the prosperity of the country; but the poor sophistry of that argument has long been commonplace. By hard, desperately hard, use that assumption has been worn through to the thread. It must be replaced by new and sounder stuff. No doubt you can say to the country, "Feed and sustain these corporations and they will employ you: feed your employers out of the taxes and they, in turn, will give you work and feed you." But no candid student of this great question can now confidently believe that a policy which has the profits of the manufacturers as its main object is likely to promote the impartial, natural, wholesome, symmetrical, general development of the country.

The men who happen to possess the field do not constitute the nation; they do not even represent it when

they speak of their own interest. We have taught them, by our petting, to regard their own interest as the interest of the country; but the two are by no means necessarily identical. They may be, they may not be. It is a question of fact to be looked into. Their prosperity and success may or may not benefit the country as a whole. Even if the country be indisputably benefited, it might be still more highly benefited by the promotion of an entirely different interest. What the fact is may depend upon many circumstances. It is those circumstances we are bound to look into, if we be indeed statesmen and patriots, asking not what the protected interests want or can prove that they need, but what it is to the general interest of the country to do: whether some interests have not been too much favoured, given a dominance not at all compatible either with honest politics or wholesome economic growth. In brief, we are now face to face with a great question of fact. What part of the protective system still benefits the country and is in the general interest; what part is unnecessary; what part is pure favouritism and the basis of dangerous and demoralizing special privilege? These are the questions which should underlie a tariff policy. No other questions are pertinent or admissible.

"The benefit of the country" is a big phrase. What do you mean by it? What do you mean by "the country"? *Whom* do you mean by it? If you are honest and sincere, you mean the people of the country, its sections and varieties of climate and population taken, not separately or by their voting strength, but together; its men and women of every rank and quality and circumstance; its bone and sinew. If any particular industry has been given its opportunity to establish itself and get its normal development, under cover of the customs, and is still unable to meet the foreign competition which is the standard of its efficiency, it is unjust to tax the people of the country any further to support it. Wherever the advantages accorded by a tariff have

resulted in giving those who control the greater part of the output of a particular industry the chance, after their individual success has been achieved, to combine and "corner" the advantage, those advantages ought to be withdrawn; and the presumption is that every industry thus controlled has had the support of the Government as long as it should have it.

There is something more than the economic activities of the country to be considered. There is its moral soundness; the variety, not of employment, but of opportunity for individual initiative and action which the policy of its law creates; the standards of business its trades and manufactures observe and are gauged by; and the connection which exists between its successful business men and its Government. By these significant matters should the tariff policy of Congress be judged, as well as by the tests of successful business.

Only those undertakings should be given the protection of high duties on imports which are manifestly suited to the country and as yet undeveloped or only imperfectly developed. From all the rest protection should be withdrawn, the object of the Government being, not to support its citizens in business, but to promote the full energy and development of the country. Existing protection should not be suddenly withdrawn, but steadily and upon a fixed programme upon which every man of business can base his definite forecasts and systematic plans. For the rest, the object of customs taxation should be revenue for the Government. The Federal Government should depend for its revenue chiefly on taxes of this kind, because the greater part of the field of direct taxation must be left to the States. It must raise abundant revenue, therefore, from customs duties. But it should choose for taxation the things which are not of primary necessity to the people in their lives or their industry, things, for the most part, which they can do without without suffering or actual privation. If taxes levied upon these do not

suffice, the things added should be those which it would cause them the least inconvenience or suffering to dispense with. Customs thus laid and with such objects will be found to yield more, and the people will be freer.

There is no real difficulty about finding how and where to lay such taxes when once a just principle has been agreed upon, if statesmen have the desire to find it. The only trouble is to ascertain the facts in a very complex economic system. Honest inquiry will soon find them out, and honest men will readily enough act upon them, if they be not only honest, but also courageous, true lovers of justice and of their country.