

- protective, on a country's trade, 57-60; effect of, on flow of specie and on money prices in tax-levying country, 60-70.
- Export trade, injury resulting to a country's, from policy of protection, 58-59.
- P
- Farmers, a tariff for benefiting wage-earners at expense of, 100-110; home market argument for protection addressed to, 124-127.
- Fisher, Irving, *Elementary Principles of Economics*, cited, 5; *The Purchasing Power of Money*, cited, 67.
- Fisk, *International Commercial Policies*, cited, 151.
- Free trade, meaning of, 39-40; advantages to countries adhering to principles of, 80-83; wages and prices under protection and, compared, 96; condition of, between States of United States an argument for successful operation of, between nations, 127-128. See Revenue tariff.
- Fuller, Herbert Brace, "American Waterways and the Poek Barrel," cited, 176, 179.
- Q
- Geographical specialisation in production of goods, 8-9; interference with, under conditions created by a protective tariff, 67-68.
- George, Henry, *Protection and Free Trade*, cited, 120.
- Germany, comparison of wages and prices in England and, 66; argument used for protection to agriculture in, 127-129; beet sugar bounty in, 151-152; conclusions concerning waterway system of, 171.
- Great Britain, advantages secured by policy of free trade in, 81-83; system of harbor improvement and lighthouse maintenance followed in, 174-176.
- H
- Hendley, *Economics*, cited, 122 n.
- Honey, *A Congressional History of Railways in the United States*, cited, 182.
- Harbors, uneconomic improvement of, at public expense, 172 ff.; British system of improvement and maintenance of, 174-176.
- Harbor trusts in Great Britain, 174-175.
- Hart, A. B., *Essentials in American History*, cited, 138.
- Home market argument for protection, 124-127.
- I
- Immigration, danger to wages in United States from, rather than from lack of protective tariff, 121-122.
- Import duties, two classes of, 39; conditions where, when levied for revenue, the burden is borne by the levying country, 41-43; shifting of burden by the levying country to another or other countries, 44-51; effect of protective, on a country's trade, 57 ff.; unprofitable industries set up at the general expense by protective, 60-66. See Protective tariff.
- Incomes, loss in the way of, resulting from system of protection, 68-69.
- Inefficiency, encouragement of, in some degree, by protective tariff, 80.
- Infant industry argument for protection, 129-134; as applied to bounties, 153.
- Intercommunity trade, 111-117; limits to fluctuations of, 10 ff.
- Interest, statement of theory of, 86; effect of protection on rate of, 86-89.
- International trade, distinction between intranational and, one of degree only, 16-17.
- Investment, character of, as a part of trade, 29 n.
- J
- Johnson, *Ocean and Inland Water Transportation*, cited, 173, 175; *American Railway Transportation*, cited, 182.
- L
- Land grants to railroads, 187-186.
- Land rent, laws of wages and, 80-92;

- effect of protection on wages and, under varying conditions, 93-110; effect of bounties on, 152-153.
- Large scale production, protective tariff and, 71-72.
- Levi, *The History of British Commerce*, cited, 70.
- Lighthouses, maintenance of, by a central government, 173, 175-176.
- Lindsay, *History of Merchant Shipping*, cited 135.
- Loria, "Effects of Import Duties in New and Old Countries," cited, 106.

M

- Make-work argument for protection, fallacy of the, 122-124.
- Manufactures, consequences of policy of protection to, 73.
- Mason, "The American Silk Industry and the Tariff," cited, 130.
- Meeker, R., *History of Shipping Subsidies*, cited and quoted, 145, 150, 161, 162.
- Military argument for protective tariff, to insure national self-sufficiency, 135-137; for shipping subsidies, as a means of increasing a nation's naval strength, 161-162; for building Panama Canal, 168.
- Mill, J. S., *Principles of Political Economy*, cited, 21, 24, 25, 26, 45, 46, 53, 74; *System of Logic*, cited, 120.
- Mississippi River, unwise expenditure of money in improvement of, 176-177.
- Monetary standards, rate of interchange of goods between countries not affected by difference in, 24-25.
- Money, fallacy of the argument for protection, that it keeps money in the protected country, 116-118; argument for shipping subsidies based on, 158.
- Monopolies, differing prices of goods of, at home and abroad, 4 n.; protective systems as an encouragement to, 113.
- Moulton, *Waterways versus Railways*, cited, 171.

N

- Naval reasons for shipping subsidies, 161-162.
- Navigation laws, 155-156; analogous to protective tariffs, 156-157.

P

- Panama Canal, question of indirectly subsidizing American ships by allowing them free use of, 161; lack of economic justification for plan of allowing American coasting trade free use of, 165-169.
- Parasitic industries, establishment of, by protective tariff, 60-66.
- Patten, *Economic Basis of Protection*, cited, 106.
- "Pauper labor" argument used by protectionists, 119-120.
- Politics, part taken by, in the protection of infant industries, 132-133; operation of, in American waterway development, 178-181.
- Population, density of, and rate of wages, 120-121.
- "Pork barrel" system of waterway development, 178-181.
- Prices, tendency of, through influence of trade, toward equality in different countries, 3-7; tendency of, to be lower in the country where goods can be produced with greatest relative advantage, 7-11; high rate of wages does not imply high, 9; effects of protective tariff on, 67-70, 74-78; effect of bounties on level of, in bounty-paying countries, 146-148; effect of artificial navigation laws on, 156.
- Protection. *See* Protective tariff
- Protective tariff, distinction between revenue tariff and, 30-41; effect of, on a country's export trade, 57-60; how unprofitable industries are set up at the general expense by, 60-66; view of, as "mutual tribute," 64; effect of, on money prices of protected and of unprotected goods, 67-70; improbability of increase of national wealth by, 71 n.; operation of, as to industries in which large

scale production is advantageous, 71-72; applied to industries of increasing cost, 72-74; effect on cost of unprotected goods got from other countries, 74-78; chimerical proposition as to establishing a tariff "equal to the difference in cost of production at home and abroad, together with a reasonable profit," 79-80; not necessarily conducive to efficiency in methods of production, 80; relative advantages in world's commerce of countries having high and countries having low or no tariffs, 80-83; effect on rate of interest and therefore on wages, 86-80; effect of, on wages and rent under varying conditions, 97-110; may benefit one section of a country at the expense of other sections, 111-113; as an encouragement to monopoly, 113; the argument for, that it keeps money in the protected country, 116-118; the wages argument for, 118-122; the make-work argument, 122-124; the home market argument, 124-127; the infant industry argument, 129-134; diversification of industries argument, 134-135; argument concerning national self-sufficiency, 135-137; successful working of free trade between States of United States an argument against, 137-138; ethical considerations bearing on question of, 139; bounties as compared and contrasted with, 144-145; analogy between navigation laws and, 156-157; points of similarity of shipping subsidies and, 157-158.

R

Railroads, comparison of canals and, as to economy, 170-172; comparison of transportation costs on rivers and, 177-178; subsidies to building of, 181-186; error made in giving municipal or local aid to, 186.
 Railroad wages, study of, 90 n.
 Rate of interchange of goods between communities, 19 ff.; determination of, by conditions of supply and de-

mand, 23-25; effect on, when one country offers a variety of goods, 26-27; effect when one country receives periodic payments of obligations from another, 27-29; effect of production in any country under conditions of different cost, 29-32; under conditions involving more than two countries, 32-35; tariffs and, 39 ff.

Rate of interest, effect of protection on, 86-89.

Rent. See Land rent.

Revenue tariff, 39 ff.; conditions under which it is borne by the levying country, 41-43; shifting of burden by the levying country to another or other countries, 44-51; consequences of a, on exports, 51-55.

Rivers, uneconomic improvement of, by United States, 176-181.

S

Sanborn, *Congressional Grants of Land in Aid of Railways*, cited, 182.

Schüller, *Schuttsoll und Freihandel*, cited, 124.

Self-sufficiency, argument for protection in order to get and maintain national, 133-137.

Shipping, navigation laws designed to encourage, 155-157; advertising value of, 159-160.

Shipping subsidies, 144; shown to be without economic justification, 157-162; naval reasons for, 161-163; indirect, favoring native ships as compared with foreign ships, 163-165.

Sidgwick, views of, on protection, 107 n.

Silk industry in United States, an example of infant industry argument, 130.

Smith, *The Organization of Ocean Commerce*, cited, 174.

Southern states, effect of protective system on the, 172.

Subsidies, to shipping, 144, 157-165; to railroad building, 181-186.

Semner, William Graham, *Protectionism*, cited, 61, 82, 126, 136, 152; quoted, 64, 65, 134.

Supply and demand, conditions of, determining rate of interchange of goods between countries, 22-25.

T

Tariffs, effect of, on location of industries, 11; revenue and protective, distinguished, 39-41. See Protective tariff and Revenue tariff.

Tausig, *Principles of Economics*, cited, 7, 23, 27, 74, 111, 127.

Trade, conditions governing intercommunity, 11-16; international compared with intranational, 16-17; conditions regulating rate of, between communities, 19 ff.; supply and demand as the determining factor in, 22-25; effect on rate of, when one country offers a variety of goods and when it receives periodic payments of obligations from the other, 26-29; influence of production in any country under conditions of different cost, 29-32; effect of entrance of an additional country into, 32-35; cost of transportation as related to, 36; revenue tariffs and, 39-56; effects of a protective tariff, 57 ff. See also Rate of interchange of goods.

"Trade follows the flag" argument for shipping subsidies, 156.

Transportation, cost of, as related to trade, 36; navigation laws and shipping subsidies for encouragement of, by water, 155 ff.; comparison of railroads and canals for purposes of, 170-172; comparison of cost of, on railroads and on rivers, 177-178.

V

Variety of goods, advantages to country offering, for export, 26-27.

W

Wages, high rate of, does not imply that goods cannot be produced and exported at low money cost, 9; reduction of, resulting from rise in rate of interest due to protective policy, 88-89; laws of wages and land rent, 80-92; effect of protection on, when protected and unprotected goods are produced under conditions of substantially constant cost, 93-96; effect of bounties on, 137-138.

Wagner, Adolph, *Agrar- und Industriestaat*, cited, 127.

Weighted average, defined, 5.

Wheat-producing areas, disadvantages of protective tariff to, 112.

Wool industry, protective tariff and, in United States, 61; an illustration of the establishment of a parasitic industry at the general expense, 65, 99-100.