

THE IMMORALITY OF
THE TARIFF

THE essential immorality of the tariff is that it constitutes class legislation in the interest of relatively small minorities—manufacturers, farmers, etc., and thus creates specially favored, privileged groups. It is immoral for any democratic government to use its power to aid some and not all of its citizens. Tariffs not only put the government into partnership with certain classes, but compel the government to levy upon all citizens who use the goods that are protected in order to line the pockets of the producers. It is immoral for the government to pay out money to a large number of enterprises without inquiring whether they are honestly or dishonestly managed; whether they are efficient or inefficient; whether they are well equipped and up-to-date or not, and whether they treat their labor properly and pay them fair wages.¹ It is immoral for a government to subsidize industries for which there is no reason or excuse, that would die without loss to the public if the government aid upon which they exist should be withdrawn.

In other words, the government merely picks out a group and says: "You say you are not doing well in the face of foreign competition? Then let us help you whether it is your fault or not." Congress does not say to its protected pro-

¹"Again, the high tariff is the accepted democratic way of conferring privileges by law on individual men or small classes of men. . . . The fallacies of protection are all the worse because they are covered with the nauseous slime of a pretended altruism." —Charles W. Eliot, September 8, 1908, to the Reform Club in New York.

tégées, as in the case of the railroads, that $5\frac{3}{4}$ per cent is a fair profit. It fixes no limit. Nor does it move if the conditions of labor within a protected industry are evil beyond description as has frequently happened, notably in the woolen industry, which long paid an average wage of only \$15 a week, despite the fact that the woolen and cotton barons boasted after the Fordney-McCumber tariff of 1922 that they had written the new rates themselves. Surely no Congress could ethically justify the cotton tariff in the Hawley-Smoot law, which, according to one of the greatest experts, cost the public \$800,000,000 a year in higher retail prices than those paid by people in other countries of comparable standing, without assuring decent living conditions among the workers in this industry.

The morality of this particular bit of protection can be gauged from the expert's words: "This schedule is fraught with camouflage and tricks. It provides for more than two hundred specific rates which never were intended to apply to imported cloths, but have the effect of masking the true rates—there are nearly three hundred other different rates—thus the people of America pay one-fourth more for their cotton goods than anybody else, yet the average wage paid in the best textile State in the Union is but \$15 per week." Nothing could more clearly illustrate this whole protection deception of the American people, or exemplify the falsity of the historic tariff shibboleth that the tariff creates high wages, that boasted "high standard of American living."

Since the tariff is always revised by its friends, that is, by its beneficiaries, the consumer must get the worst of it, for, whenever there is a revision there is no one on hand to speak for the consumer, and, as Congressman W. Bourke Cockran once declared, "the reforming is all done in the interest of the Interests." He added, on June 28, 1906, "it is no exaggeration to say that this system which has been so long lauded

upon this floor as a tremendous achievement of statesmanship is itself the fountain of all the corruption that affects our body politic, and threatens to submerge our civic, our social and political life."² Yet it has only been very occasionally that anyone has pointed out that the protection system not only favors a class, but actually invades the rights of individuals, their right not to be imposed upon, the right to buy as cheaply as possible in whatever market the consumer chooses. This, as Professor William Graham Sumner pointed out, "is done by force of law" and is "at the same time a social abuse, an economic blunder, and a political evil." This great teacher was not unaware of the role of the tariff in creating enormous fortunes and thus helping to make America a land of most startling social and economic contrasts.

Not even he, nor any other man, has thus far been able to evaluate the evil effects upon our public life of the buying and selling of protective tariff favors, little understood today because it is now seventeen years since the last auctioning off of tariff privileges took place in Washington. Even when readjustment of the rates occurred, the public frequently failed to realize either the open purchasing of tariff favors or the demoralizing effect of the whole process upon our national morality. The protection newspapers glossed over the facts and, as in so many other cases, the public smiled grimly at what went on in Washington and accepted it as another evidence of the old political philosophy that "to the victors belong the spoils." We were not then involved in European affairs politically and militarily and we held that our customs duties were exclusively our own affair and concerned no one else. The country was not aware that the demoraliz-

²"I am willing to have put upon my Democratic tombstone this inscription: 'Here was a man who was always opposed to class legislation; who called the McKinley Bill robbery, and the Bland Bill a swindle.'"—Congressman Michael D. Harter in *Free Trade Broadside* (April, 1905), American Free Trade League, Boston.

ing phenomena accompanying protective tariffs are not limited to the United States.

Thus, the use of money to obtain tariff favors is not confined to America. After the 1929 election in England, the *Free Trader*, the organ of the British Free Trade Union, in speaking of the temporary victory for free trade over the protectionist forces which called themselves the "Safeguarders," declared that: "The orgy of Safeguarding misrepresentation and falsehood is only beginning. The many thousands of pounds which it has cost its promoters are entered in their accounts as assets, to be recovered from the public as and when further opportunities may arise." The *Free Trader* also pointed out that those who demanded that "tariffs should be taken out of politics," were the very ones whose proposals for protective duties were "nothing but proposals to bring the industries concerned into politics. Motor-cars and silk and buttons never were 'in politics' till protection raised its head here. Tariffs are nothing but the expressions of a policy, and to take a policy out of politics is a contradiction of terms." As in similar campaigns in the United States, individual English employers took every opportunity to terrorize their workers by announcing that, if "Safeguarding" were defeated, they would not be responsible for keeping their establishments going. "They exploited the natural dread of unemployment to gain their own ends."

The immorality of our American tariffs is further demonstrated by the fact that every citizen who has sufficient influence to get Congress to interfere with natural trade laws by erecting a tariff dam across the currents of international trade, becomes a price dictator to all his fellow-citizens. Secretary Andrew Mellon sat in the Cabinet of the United States while every American man and woman who had to buy an aluminum utensil of any kind paid tribute to Mr. Mellon's Aluminum Trust, which has had no difficulty in

getting its tariff rates fixed at the precise point desired by its managers. In 1922 Congress raised the aluminum duty for this Secretary of the Treasury from two to five cents per pound, and Mr. Mellon immediately raised the price of that metal by just three cents per pound. This transaction was an injury to every American consumer to the profit of a man whose annual income was of enormous size. Yet, he was an honored citizen; a pillar of the Republican Party; a member of the Government, a "good American."

In 1894 there was published a list of no less than a hundred trusts which even then had been able to influence tariff legislation in their own favor, precisely as Mr. Mellon later used his power to build up his great fortune at the expense of others. Yet so strongly were the protected interests entrenched, that they were able to prevent any mass movement to break their hold upon the country, or even to loosen it, until recent years. The agrarian and free silver uprisings, the Progressive movement of Theodore Roosevelt and the New Deal, all were directed at the wrong citadels, or urged the wrong measures. Indeed, no legislation adequate to deal with this form of political corruption has ever been passed, both parties profiting too much by the sums given to them by those interested in maintaining the economic status quo to make this possible.

It is an extraordinary fact that the men who gain by these governmental favors are the ones who cry out most loudly that free competition is the life of trade and assert that upon free enterprise depends the national prosperity and safety. They are the ones who believed, even in the crash of the early 30's, that the Government's giving cash doles to needy individuals who could not get work was a wicked and immoral transaction, not to be justified except in the direst emergency—and not always then. They contend that such doles destroy a man's moral fibre, weaken his character, rob

him of initiative, self-reliance and self-respect. In their judgment, a dole is a hateful importation from foreign countries, as un-American as it is destructive of an individual's finest qualities and moral integrity. Yet they are quite certain that government grants to what they consider needy corporations have none of these evil effects upon the character, the practices, the efficiency, the initiative or the self-reliance of the corporate managements into whose laps are poured tariff favors. What is poison for the individual becomes beneficial dosing when given to companies made up of individuals but directed by the managers that they select.

A system of this kind, based upon privilege and too often founded in corruption, makes inevitable the creation of methods of enforcing the law which are revolting to every right-minded person. Thus, we have the Government spying upon its own citizens, maintaining loathsome informers, some of whom, in Paris, live upon the sums paid to them for informing American customs officials of the purchases made in the French capital by American citizens, on the theory that some will not declare their acquirements on their arrival in the United States. In every such case in which the Government catches the travelers who fail to declare under oath all their purchases abroad, the informer receives 25 per cent of what the Government recovers. This has led to wholesale bribery of inspectors, as well as deceit, for most American travelers have no more sense of guilt in cheating the customs than did millions upon millions of Americans in freely and openly violating Prohibition.

Sometimes travelers, like the late Mr. and Mrs. Clarence Mackay, have been subjected to a most humiliating public searching of the total contents of their luggage because one of the Treasury stool pigeons sent in a false tip that these citizens were planning to defraud the Government. Others, like the writer of this book, have been openly solicited by

inspectors for bribes or tips. As Henry George put it: "Protection calls upon us to pay officials, to encourage spies and informers, and to provoke fraud and perjury, for what? Why, to preserve ourselves from and protect ourselves against something which offends no moral law; something to which we are instinctively impelled; something without which we could never have emerged from barbarism, and something which physical nature and social laws alike prove to be in conformity with the creative intent."⁸

The immorality and class character of the tariffs are not changed when other groups like the farmers are included within the sacred protection circle; that merely adds to the general corruption and the increasing activity of the Government as a guarantor of profits, or of livelihood, to more and more people. Each additional privileged group increases the menace to the whole industrial order by destroying equality before the Government, by creating internal rivalries, by inviting corruption. Whenever a new business is subsidized by Washington, others at once present themselves to demand some profit, or greater profits. They are justified in doing so since there is no sound reason whatever why, if the Government decides to support or aid the chemical industry or to insure vast profits to the steel industry, it should not come to the rescue of pioneers in the field of aviation by extremely high payment for mail services. And always the protectionist's appetite grows, as the French say, "with the eating."

"The temptation to do wrong is absolutely inseparable from protectionism," wrote Richard T. Ely, the distinguished economist, and he was certain that protection was the chief cause of the American Government's being for so many decades a government of special interests. He dwelt upon the inevitable creation of lobbies by protected interests

⁸*Protection or Free Trade? op. cit.*, p. 54.

and their assessments upon all who profited by the tariffs, which levies were sent to Washington and there expended to influence Congress without public accounting of any kind. Of this charge there is unlimited proof. If it is wrong, as so many Americans seem to believe, for labor to organize and go into politics in order to compel the Congress to obey its will, then the organization of employers to compel the Congress to vote special tariff favors is equally censurable. The Republic can hardly survive if it is to be exploited by groups or cliques which obtain their political influence by the use of large sums of money and by buying or terrorizing politicians and officeholders through the power of their associations. Hence it is of the utmost importance that the essential immorality of the whole log-rolling, favor-swapping, office-buying and generally corrupting protection system be steadily kept before the public, and the demand for freer trade more and more stressed.