A TARIFF CATECHISM.

(For the Review)

By M. W. NORWALK.

Question. What is a tariff?

Answer. A tariff as generally understood are duties imposed upon goods imported into or exported from a country.

Q. From what does it derive its name?

A. From the name of a place commanding the entrance of the Mediteranean Sea, where in the dark ages the Moors exacted, at the point of the sword, tribute from all merchandise passing in and out of the straits of Gibraltar.*

Q. What kinds of tariffs are there?

A. There are tariffs for protection, and tariffs for revenue.

Q. What is a tariff for protection imposed for?

A. It is imposed on imported goods to enable men to embark in industries naturally unprofitable, by a mode of preventing consumers of a country from buying the foreign goods cheap, and compelling them to buy from the home producers dear.

Q. What is protection according to this?

A. It is a misnomer for "hampered trade."

Q. Why do you call it hampered trade?

A. Because it hampers the free advantageous exchange of commodities between the people of different countries.

Q. Is there any justice in a tariff for protection?

A. No.

Q. Why?

A. Because the larger portion of the people are compelled to buy of the smaller at higher prices than they could buy otherwise.

Q. Has a country a moral right to levy tariff for protection?

A. No.

Q. Why?

A. Because in so doing it directly attacks the rights of labor and of property in prohibiting men from producing and bartering to the best advantage.

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*It is shame to destroy a pleasing fiction which has served such a really good purpose, but the Arabic word tariff, meaning information, is derived from arafa, to explain, to inform. What the Moors of Tariffa did in the way of levying tribute upon passing merchantmen ought not to throw discredit upon a word of seemingly respectable origin. Perhaps the original protectionists sought to do by means of this word what they latterly did with the word "protection," namely, clothed with pleasing euphumism a system which exact definition would too obviously discredit. If the sum of their evil works were confined to the field of etymology, however, we could have forgiven them long ago.—Editor Single Tax Review.

Q. Does a tariff for protection benefit or injure a country at large?

A. It injures.

Q. How?

A. By destroying to a certain degree its own productive energies, clogging the natural production where it is not entirely destroyed; stagnating its business and lowering the purchasing power of its money.

Q. How does a tariff destroy a country's productive energies?

A. By turning its capital and labor into channels yielding naturally less than the normal or average return to capital.

Q. How does a high tariff clog natural production?

A. By increasing the price of imported raw materials needed for intermixture with domestic products.

Q. How does it stagnate business?

A. By artificially raising the price of materials and tools used in production; in construction and maintainance of the highways it increases the cost of transportation, thus (and otherwise) increasing the cost of every article in trade, and so decreasing consumption.

Q. Does not a country which exports more goods than it imports become richer by the balance of trade being paid to it in money?

A. No. 1st: It never becomes richer, but in many cases it is a sure sign of its becoming poorer.

2nd. Trade between countries is the exchange of goods for goods, not goods for money.

Q. What do you mean by exchange of commodities between countries?

A. The country which sells its products to another always gets in exchange other goods produced either in the exporting country or elsewhere.

Q. Does not an American exporter of corn, for instance, get money from the foreigner who buys his corn?

A. No.

Q. Why?

A. Because he could not use foreign money as a circulating medium.

Q. How does he get paid?

A. He receives a draft from the foreigner's bank on a bank of his country for the value of the exported goods in foreign money; then his bank pays him the equivalent in domestic money.

Q. What does this draft mean?

A. It means that to that extent the foreign bank is in debt to the domestic institution.

Q. When is this debt paid?

A. When another man from the same country buys goods in a foreign country he also pays with a draft from his country's bank on the same foreign bank which stands in debt to it, or through a third, fourth and fifth bank, until by various transactions of the same character between various buyers in different countries these debts are paid off by exchange of drafts through the international clearing house.

Q. What does a balance of trade mean then?

A. It may mean that the country which exports more than it imports is thus paying to some persons who owns natural opportunities or monopolies in the exporting country and are giving nothing in return for what they receive or it may mean interest upon borrowed money.

Q. Does a tariff for so called protection benefit or injure the working farmer?

A. It injures him.

Q. How?

A. By diminishing competition in and increasing the price of articles used and consumed by him.

Q. How does it diminish competition in such articles?

A. By confining the market for some commodities to a few domestic producers exclusively, and when the tariff is not so high, enhancing the price of the articles imported so that only a few rich importers are able to handle them.

Q. How does it increase the price of the articles used by the farmer?

A. By restraining foreign competition domestic producers are enabled to combine to increase the prices of their products to the point the tariff will bear.

Q. How is it with articles on which a lower tariff is imposed?

A. The consumer of the imported goods has to pay not only the original price with the tariff, which goes to the government, added, but also a compound profit on both to the importer, jobber, wholesaler and retailer.

Q. On whom does a tariff ultimately fall?

A. A tariff always falls on the consumer.

Q. Why cannot a foreign importer be made to bear the tariff?

A. Because the price of the imported article is regulated by the world's markets and not by the country imposing the duty, and an importer will not import goods to sell for less than he can sell elsewhere.

Q. What does the tariff tax exact from the citizen of a duty-imposing country?

A. In one case a higher price for domestic articles, and in another the tariff and compound profits on it.

Q. In what proportion does a tariff tax a citizen?

A. It taxes him not in ratio to his income, but in proportion to what he is obliged to consume.

Q. Can the tariff increase the prices of the farmer's products in an agricultural country?

A. No.

Q. Why?

A. Because, 1st: His productions are not imported. 2nd: And he cannot, like the manufacturer who knows beforehand exactly the quantity of his products, so as to diminish the output at will, combine with others to raise the price, because a little surplus outside of the combine coming into the market forces the price down. And, 3rd: As an exporter the farmer is compelled to compete in the world's free market which fixes for him the price even in the home market.

Q. What of the case of farm-raised products that would have been imported if not for the tariff?

A. Then the competition between the many farmers prevents them from getting a high price for their products, but enables the big produce merchants, who are comparatively few, to combine and raise the price to the consumer.

Q. Do the mechanic and laborer benefit or lose by a so-called protective tariff?

A. They lose.

Q. How?

A. They, like the farmer, lose as consumers, and also through the enhancement of the price of raw materials and tools needed in their work; the laborers are thus less able to employ themselves, not possessing the increased amount of capital made necessary by the tariff and are left largely at the mercy of their employers.

Q. Do the workingmen gain when the prices of their products are increased through a tariff?

A. No.

Q. Why?

A. Because when the price of an article is increased people will more or less abstain from buying it, consequently the demand for workingmen to produce this article is diminished, and as they have to compete with one another in a free market in the sale of their labor, their wages are lowered.

Q. Cannot the workingmen demand an increase in the price ot their labor when the price of the commodity they produce is increased?

A. No.

Q. Why?

A. Because their employers not having any competition from abroad, only home competition, and being necessarily few in number, as capitalists or corporations they can easily combine against the laborers.

Q. How do you explain the fact that there are in the tariff protective countries like the United States some workers who get higher wages than they obtain abroad?

A. There must be one or more of the following reasons: 1st. Either the other country has a still higher tariff, or the purchasing power of the comparatively higher wages is smaller, or working the same amount of time the high paid laborer producers more value, or the wages are kept up by a compact labor organization to a standard of living, or, which is generally the case in new sparsely settled countries, the workingmen having free access to natural opportunities to employ themselves can and do command higher wages than those of a country where natural opportunities are more largely appropriated.

Q. Does the manufacturer of the highly protected article make large profit?

A. Not necessarily.

Q. Why?

A. Because domestic competition will force the price of his products so low that the higher price of materials and tools required for manufacturing, and the higher rents and higher rates of insurance caused by the tariff will more than offset the profits that he is enabled to make over his foreign competitor.

Q. When do manufacturers of a protected article make large profits?

A. When they have a monopoly or exclusive right to produce the article, then they can pull together and force prices up.

Q. Does even such a manufacturer in combination always benefit by the higher prices that he is enabled to charge through tariff protection?

A. Not always.

Q. How so?

A. Unless he owns the natural forces and opportunities from which and upon which he has to manufacture, he has to pay in higher rent to the owner of those opportunities nearly all the excess of profit due to tariff-enhanced prices.

Q. Who then profits ultimately by a protective tariff?

A. Nobody but the owners of natural opportunities.

VANCOUVER AS SEEN BY A FORMER NEW YORKER.

(*For the Review.*)

By HERBERT WELCH.*

The remarkable building activity in Vancouver is undoubtedly due, in some degree, to the partial application here of the Single Tax principle. Just what this degree may be, is beyond the scope of this short statement, but its value has been sufficient to gain for the Single Tax a large number of supporters in Vancouver after a test of about a year and a half. Another proof of its efficacy is seen in the fact that Victoria, New Westminster and many other municipalities have recently adopted those phases of the Single Tax which are in operation in Vancouver.

*J. Herbert Welch, the writer of this brief statement which was crowded out of our Vancouver issue, of conditions in Vancouver, had considerable journalistic experience in New York City for a number of years. After two years in newspaper work, he became connected with the editorial staff of *Leslie's Weekly*, and was afterward staff writer on *Success* magazine for several years. Besides writing a great deal for the newspapers, he has contributed articles on various subjects to a number of the magazines. In Vancouver he edited *Opportunities* magazine. In his early days of Gotham journalism Welch was a boon companion of "Charlie" Post and frequently rendezvoued with him at the studio of "Dick" George in Washington Square.—EDITOR SINGLE TAX REVIEW.