

THE HUMBUG POLICY OF RECIPROCITY .

BY THE EDITOR.

NEITHER FISH, FLESH, NOR FOWL.

PROTECTION (as defined by protectionists) is a system of tariff taxes which, by excluding foreign competition, gives to domestic manufacturers the trade of a country, and makes possible the payment of higher wages for persons engaged in protected occupations.

Free trade (as defined by freetraders) is trade absolutely unhindered by tariffs or taxes. The fewer persons engaged in the manufacture of an article (contend the freetraders) the more easy it is to combine to obtain a monopoly price. Therefore, freedom of trade, by giving the widest possible range of exchange, tends to restrain the formation of domestic monopolies and prevents excessive charges to consumers. At the same time, by minimizing the cost of production and increasing the effective demands of consumers, free trade gives the largest attainable trade to a country and the greatest general prosperity to its wage-earners.

Reciprocity is a method of adjusting the tariffs of two countries by treaty so that duties may be lowered by each country on given articles through mutual concessions.

No one who has followed the mutations of the tariff question for the last few years can have failed to note a remarkable change of sentiment among politicians, and notably in the minds of protected manufacturers who have hitherto supported a high protective tariff. The movement for reciprocity is the present phase of this reaction.

The reciprocity policy is curiously reversible. It is the means by which in England the "fair traders"—who are protectionists without having the courage to call themselves such—are trying to induce the country to adopt a protective tariff. Logically, reciprocity is retaliation in Great Britain, and would place the British tariff where it was prior to the repeal of the Corn laws. Reciprocity in this country is advocated by freetraders who share the timidity of the British protectionists. Logically, in this country reciprocity would give us free trade, but only by a path that would seriously imperil half the industries of the country.

Let us explain our position more in detail. When at the late reciprocity convention knit goods men stated that reciprocity with France and Germany would mean ruin to their industries, they were right. There were jewelry manufacturers here who said they would be injured by reciprocity. One exhibited a plated chain made in Attleboro, Mass., and stated it could be made for much less in France. This manufacturer would probably oppose free trade for the same reason. But this is because, perhaps, he has never seriously thought on the subject. But he is clearly right in the statement that reciprocity with France would not enable him to make that gold plated chain more cheaply.

What can be said in excuse, either from the standpoint of free trade or protection, for a policy which proposes to let in the silks of France and the woollens of Germany at a lower rate in return for—what? In return for France and Germany opening their ports a little wider to our wheat, corn, pork, etc.? How is a greater demand for American wheat and pork in Germany and France to compensate the American manufacturer for lower duties on silks and woollens? *

* It may be argued that the reductions in duties on foreign manufactured products are not material. But in the matter of proposed duties on French silks and German knit goods these concessions in the Kasson treaties are the greatest. Either we are playing a confidence game on the German and French negotiators of the proposed treaties, or the concessions, little or much, will admit their products in competition. The first explanation must be dismissed, and the latter, since the Germans and Frenchmen could not be so easily deceived, must be accepted.

How is he to produce his goods any more cheaply than he does at present? But this he must do if he is to meet successfully the cheaper prices at which imported silks and woollens can be brought into the American market. With free trade, his coal, his machinery, his many supplies, would all be reduced in cost. But with reciprocity, even under the most favorable conditions, the tariff on much of his raw material would be continued, while duties on his finished product would be lowered.

There is one way he would meet such a condition. He would follow then, as he has followed in the past, the line of least resistance, and the workmen who had been deluded by hopes of wider markets, and consequently higher wages, would awaken to new disappointments. He who is the weakest factor in production, because of that hungry man at the factory gate who is waiting for his job, would again suffer from the folly of that blind statesmanship that fails to recognize the impressive trend of the new economic reaction against tariff restrictions.

Consider the practical difficulties in the way of reciprocity, of which free German woollen goods, without free coal or free machinery to the domestic manufacturer, is but one of many, and which must apply with greater or less degree to every reciprocity measure. Such a system would, probably, give us a system of protection infinitely worse than the one we have. For partially one-sided, as is the present system, that proposed would be wholly so. Nothing but omniscient intelligence would be equal to the task of devising a schedule of tariff duties arranged by mutual concessions that would not be a millstone about the neck of our manufacturing interests.

"I look with distrust upon any proposition to change the tariff, even when proposed by its friends," says Congressman Gibson, of Tennessee. Let the freetraders in Congress be as wise as the protectionists, and distrust any proposition to change the tariff, *especially* when made by its friends.

The prompt suppression of the reciprocity humbug by the democratic minority in Congress, aided, as they will be, by the republicans, will give added impetus to the movement of dissatisfied manufacturers in the direction of free trade. How true this is may be illustrated by an incident. For two years the treaty negotiated between the United States and the Argentine Republic has laid dormant in the Senate. Its origin was due in great measure to the desire of New England's manufacturers to obtain free trade in hides, taxes on which have also seriously interfered with the growing trade between the United States and Argentine. The suppression of this treaty, and the hopes of a very strong and influential element has given rise to an organization known as the Free Hides League of the United States. Free hides is free trade in hides, and the suppression of that measure of reciprocity has at least urged free trade thus far.

Representatives Burk and Foerderer, of Pennsylvania, who are prominent members of the Free Hides League, denounce reciprocity as a free trade measure. But the suppression of that Argentine reciprocity treaty, which provided for a reduction of twenty per cent. on Argentine wool, may ultimately give rise to a Free Wool League among dissatisfied woollen manufacturers. Then, the protectionist members of the Free Hides League could not decently complain.

An important fact in connection with the idea of reciprocity is one that has usually been overlooked. It really puts us in the curiously anomalous position of abrogating the right we fought for in 1776—namely, the right to determine for ourselves the rate and kind of taxation we shall bear. This right reciprocity calls upon us to resign into the hands of foreign negotiators of treaties. For instance: We agree to reduce the tax on foreign made articles, if foreign countries will reduce the tax on American articles which we export to them. That is to say, if France will reduce the duty on American grain, we will reduce the tax on French silk. But if the French people refuse to reduce the tax on American goods, we will refuse to reduce the tax on French goods. As the tax

on imported French goods is paid by the people of the United States, the tax is really decided by the French people, and to that extent reciprocity brings us again to the condition we opposed in 1776—"Taxation without Representation."

The democratic party, in its platform, on the stump, and through its newspapers has told the people that it is their friend against the combinations of capital which, armed with special privileges, are to-day exploiting the American consumer. Let it stand forth and say that it will not be deceived by this latest scheme of protectionist ingenuity to throw dust in the eyes of the people and deceive the freetraders themselves. Let it not be betrayed into the support of a plan which, by its failure, is certain to make the ideas of tariff reduction odious. For the result of reciprocity would be almost surely a derangement of American industry, and a possible loss of the American market to many an American manufacturer. It would be to drive the American people back into the fold of the protectionists. The protectionists doubtless see this; and let the democratic party beware of being caught in the snare that is spread for it.

Let those who are listening to the current pleas of reciprocity give the American people a chance to benefit from their own resources, their own aptitudes, and vast natural opportunities. Let us escape the reproach so often made, jestingly yet truthfully, that no matter how the inventor may invent, no matter how many new economies may be introduced by the American manufacturer, the American statesman can be depended upon to meet him with new complications of taxation, and rob him of the fruits of every increased effort and achievement.



EXPORT PRICES OF PROTECTED TRUSTS

BY BYRON W. HOLT.

(*Expressly for the Review.*)

LEAD, TYPEWRITERS, TIN PLATE, STEEL RAILS, AND OTHER STEEL GOODS SOLD TO FOREIGNERS AT FIFTY TO SEVENTY-FIVE PER CENT. THE PRICE TO AMERICANS. PROTECTED MANUFACTURERS DANCE WHILE 75,000,000 PEOPLE PAY THE PROTECTION FIDDLER.

ACCORDING to the *Oil, Paint, and Drug Reporter* of December 28th, the lead trust has, for a great while, been selling lead abroad for about 2 cents per pound lower than to the domestic trade. As the price here has been about 4 cents, the export price must have been about 2 cents per pound. The import duty which the *Oil, Paint, and Drug Reporter* thinks is "absurdly high," is $2\frac{1}{8}$ cents per pound. It is this duty which prevents Americans from getting lead at about the same price paid by foreigners to our own dear infant lead trust. It is this duty which takes 2 cents out of the lean pockets of American consumers for every pound of lead sold, and puts them into the fat pockets of the trust magnates. It is this duty which doubles the cost of lead to the hundreds of industries for which it is a raw material, and handicaps them in competition with similar foreign industries which get lead of the same manufacturer.

The lead industry is not an exception. All of the protected trusts that are doing an export business—and most of them are boasting of their export trade—are charging from 20 to 100 per cent. more to Americans than to foreigners. The typewriter trust, which has for years maintained the price of \$100 for its standard machines in American markets, has always sold them for \$75 or less to foreigners. At present it is getting but \$60 for its exported machines.

Steel rails, steel billets, structural steel, and other similar steel goods are almost invariably sold for export at from \$5 to \$20 per ton less than at home. The duty of \$7.84 or more per ton protects the trusts in this infamous business, and the American people vote for the party that makes the duty that protects: