New Model Secessionists

By DAVID ASCH

Americans have long flaunted before foreign eyes their example of free interchange among forty-eight separate political entities. We had free trade and were proud of it. But through it all, something held us back. Something was robbing our economic structure, and today it threatens to abolish that free trade and to impose upon us those oppressive restrictions which are commonplaces in other parts of the world.

Let us look at the record. Let us see how our own states are coming to force one another at swords' points—the same states which Lincoln struggled to keep together, which fought side by side in the vain world conflict. Until a comparatively recent time we were able to build a powerful nation without unnatural restrictions. What force is behind our lawmakers, that they commit us so casually to economic civil war?

The Founding Fathers denied to the States the right to impose tariffs, or to discriminate against the trade of other States. To a considerable extent, the proviso which they wrote into the Constitution against interstate trade barriers has been circumvented. States have increasingly tended to enact legislation openly protectionist in purpose, and this tendency increased during the depression years. By 1931*, many states were conducting local campaigns urging citizens to buy within the state and "keep the money at home."

Seven of our "united" states require "domestic" building materials to be used in the construction of public buildings; twenty-eight states discriminate against "foreign" materials. Six states insist upon coal mined within the state. Some states provide that before an outside contractor can receive an award, his bid must be less by a given percentage than the bid of any domestic contractor. One state uses only home-printed text books in its public schools!

*See "State Trade Walls" by E. Eugene Molder: Public Affairs Committee Pamphlet No. 37, 10c.

Pretexts for this legislation often invoke the state's police power and the taxing privilege; sometimes they allege the need for protecting the public health, morals and safety. A typical case is that of an Iowa farmer, who started for St. Louis, Mo., with a truckload of melons. An Iowa highway patrol stopped his truck because it was not equipped with the three green lights required by Iowa law. These lights are illegal in Missouri, so when he crossed the state line he had to take them off again.

It is in connection with motor vehicle regulations that the greatest abuses of state regulation occur. These** laws operate in favor of domestic vehicles and impose considerable burdens upon vehicles which must pass through several states. Trucks are sometimes required to pay a fee in each state; these fees are often heavy, and increase progressively with the size of the truck. A 5-ton truck pays $30 in Illinois, $400 in Alabama and Georgia. An interstate trucker traveling from Alabama to South Carolina must pay $400 in Alabama, $400 in Georgia, $300 in South Carolina: $1,100 in all.

**See "Marketing Laws Survey" compiled by the Works Projects Administration.
About 14 states have introduced mileage taxes calculated either on a basis of ton-miles or on a graduated mileage basis for trucks of varying weights, ranging from one mill per mile on 5-ton trucks to 2 mills per ton-mile. The burdens upon motor vehicles fall most heavily upon the itinerant trucker. In Arizona a merchant trucker must pay a license fee of $200 a year in each county, plus $25 for each assistant. A wholesale peddler selling for purposes of retail is required to pay a $500 license fee in counties over 100,000 population, $300 in others. He must also post a bond of $5,000 with a surely licensed in the state. Many states subject merchant truckers to registration fees, mileage taxes, and weight restrictions if he comes from outside the state, although nine states specifically exempt the farmer who sells his own products.

Today there is not one state in the union which is free from restrictions of one kind or another. State motor vehicle commissioners have occasionally gotten together with the idea of formulating uniform laws, but nothing much has come of these meetings. Serious conflicts continue in the requirements as to maximum heights, weights, widths, loads per tire, and so on.

Twelve states provide some form of port-of-entry or highway checking station, where vehicles are stopped for payment of fees and taxes. These ports-of-entry constitute a partial embargo by those states which have set them up. They are used, not merely to extort fees and taxes, but also to keep out foreign plants, fruits and vegetables. Kansas has 66 such ports and Oklahoma—where land monopoly has risen to such an extent as to make it one of the blackest marks of the nation—is a close second with 58. Nebraska has 31 “ports” and New Mexico 22. Kansas not only leads in number of “ports” but also enjoys the distinction of having been the first state to create them; the border patrol was started in 1933 in an effort to keep out “bootleg” gasoline.

Our prohibitive laws against oleomargarine have long served as a pet protective measure for dairy interests. The first of these laws was passed in the 1870’s, and they have placed barriers in the way of interstate trade in butter substitutes ever since. In 1886 the Congress passed a law which provided for license fees and excise taxes; manufacturers of margarine paid $600 a year, wholesalers $480, retailers $48, and every pound of American margarine paid a 2c tax. Imported margarine, if any, hurdled a 15c tariff wall.

In 1902 a new law was passed. This made a distinction between the colored and the uncolored product; it imposed a 10c tax on each pound of colored margarine, ½c per pound on the uncolored. Many attempts to change these rates have met with failure, and today they remain the same as 40 years ago. Imported margarine must pay (since 1930) a duty of 14c a pound, the same as butter.

Over half of the states had enacted margarine laws before the Federal law of 1886, but most of these state laws were declared unconstitutional by the Supreme Court. New laws were enacted to replace the invalidated ones, and by 1902 more than half the states had prohibited the manufacture or sale of margarine colored to resemble butter. These laws stood the test of appeal. About half our states prohibit serving margarine in state institutions. Many prohibit its sale altogether. Three states—North Carolina, Pennsylvania and Wisconsin—require annually $1,000 from each manufacturer, and in Wisconsin wholesalers pay $500, retailers, restaurants and hotels $25, boarding houses $5, and bakers, confectioners, and individual consumers who buy in interstate trade $1, for the privilege of using margarine.

State quarantine laws were supposedly intended to restrain the importation of infected animals, plants or other goods. In effect, they have seriously hampered the movement of agricultural produce. Under the amended Quarantine Act of 1912, the Federal Government not only may establish Federal quarantines, but may cooperate with state governments in enforcing them. State quarantine regulations exhibit the same lack of uniformity as do reg-
ulations in other fields, such as grading, labeling, motor trucks, and milk inspection. In 1924 there were sudden outbreaks of contagious animal diseases. Federal and state authorities joined hands in vigorous "eradi-
cation" campaigns. Until eradication was accomplished, the states imposed the severest protective measures, greatly aggravating the tension which already existed.

The constitutional amendment* which repealed national prohibition also prohibits the transportation or importation of intoxicating liquors in violation of the law of any particular state which may have chosen to go dry. This proviso was immediately seized upon as an excuse for multitudinous restrictions on the transportation and sale of out-of-state liquors. State protection for the liquor industry has taken the form of lower excise taxes on beverages made from domestic materials, higher taxes on wholesalers handling "imported" stock, special license fees for non-resident manufacturers who wish to sell their product within the state, and miscellaneous discriminatory regulations requiring outside manufacturers to "qualify" to do business in the state before even granting them licenses. Home produced raw materials which may be used in the manufacture of liquor receive preferences in the way of tax concessions.

Another preference is where domestic producers may sell directly to retailers, eliminating the wholesaler. In Maine distillers, brewers and vintners who use out-of-state products pay a license fee of $3,000; the fee for those who use Maine products exclusively is only $100. Incidentally, Maine prohibits the export of electric power from the state, the idea being to force factories to locate within her borders. Several other states have laws which restrict the export of power.

The state of Michigan tried hard to encourage its own wine growers. It levied a tax of 55c a gallon on "foreign" wines, 4c on Michigan wines. Mixtures were taxed 10c. California was much incensed at this, and threatened to pass laws discriminating against Michigan automobiles. There have been many such interstate feuds. But the Michigan wine tax backfired; it induced growers to increase their output of grapes to such an extent that the bottom fell out of prices. Moreover, Michigan wine consumption has been falling off rather steadily, possibly because of the inferior quality of the home-made product; Michiganders are turning more and more to distilled liquors.

Vice-president Wallace, when he was still Secretary of Agriculture, admitted once that "today we cannot say that we have free trade between the states," and "we cannot easily reverse this trend toward interstate trade barriers." There have been conferences of one kind and another, and for the present it seems that the increase of such barriers has been arrested. But the factors which produce interstate tariffs, and national tariffs too, are still with us, and it would seem fruitful indeed to look for relief from the effect while the cause persists. An economy of poverty, and a population ignorant of the veriest fundamentals of the theory of trade, must result in just this sort of scramble for markets, and if indeed we are "letting up" on interstate tariff laws, we still have with us the psychology which seeks to acquire wealth by legislation instead of by production.

It seems improbable that the state legislatures will voluntarily go very far in repealing obnoxious legislation already on the statute books. It is one thing to refuse to bestow a special privilege; it is quite another to take away one already bestowed. It is easier, when bad laws have been passed, to play upon the ignorance, the prejudices, and the avarice of the people. Some day we may be free from vicious legislation; but not until we have a clear vision of what we want, and how to get it.

*See "State Trade Walls."