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PROPOSED CHANGES IN THE U. S. TARIFF.

Contrary to general expectation, the Tariff Commission of the United States has recommended a general reduction of duties. The average amount of the reduction recommended is twenty to twenty-five per cent., though in some cases it is as much as forty to fifty per cent. A resulting loss of revenue there would, of course, be, but the Commission is, we think, right in doubting whether that loss would be in proportion to the rate of tariff reduction. The present tariff is far too high to produce the largest attainable revenue; a lower scale of duties by largely adding to the imports, would increase the revenue. Precisely what amount of duty would be most productive can only be found out by experiment; and the present tariff is so far above the line of the greatest production that it does not aid us in discovering where that line is to be found. The extension of the free list, though desirable, would, of course, cause a total loss of all the revenue now levied from the articles made free.

The effect of a lowering of the tariff on domestic manufactures was not lost sight of; the opinion is expressed that the tariff should be so arranged as to develop the highest possible material life of the nation. Fr m the first dawn of protection in the United States, security in time of war has been one of the objects which protection was intended to compass. In 1812, when the country could neither clothe nor arm its soldiers, this was a matter of much greater importance than it is to-day. To attract the skilled labor of other countries is now an object which the Commission thinks ought to be considered in framing the tariff. In this respect, it must be owned, great success has been attained in the past; and in the future, so much greater has the attractive force become, this success is not likely to be lessened. The very magnitude of the country's manufactures will secure them against destructive legislation. While the value of the imports, in 1881, was about $600,000,000, the Commission puts the value of the nation's manufactures at something like $6,000,000,000. Within the last forty years, the capital invested in manufactures has increased 423 per cent., the number of hands employed 195 per cent., wages 300 per cent., material used 511 per cent., value of products 427 per cent. The manufacturing interest, as it is called, necessarily wields great influence—chiefly the influence of capital and of organization. This influence is felt on the press and in legislation, and there is every reason to believe that it will continue to be felt there.

But formidable as it is, the stronghold of protection is likely to be stormed. The Republicans by moving now, when they still possess power, may prevent a more radical measure being passed by their opponents, a year or two hence. This is evidently understood; for even Morrill, the author of the present high tariff, by preparing a new measure, admits that the time to make a change has come. When the Republicans, hitherto the champions of the high tariff, find it necessary to move in this direction, the lately victorious Democrats cannot hold back from sharing the performances of what has generally been considered their own chosen work. We may therefore take it for granted that the present tariff is doomed and that one on a considerablly lower scale will take its place. But the protective character of the tariff cannot be judged solely from the reductions that may be made in the customs' duties. The internal revenue duties tend to counterbalance, so far as they go, the protective element in the tariff. To sweep away at once all the internal revenue duties would be immensely to increase the protective character of the tariff. But both things cannot be done. If the scale of the tariff duties be lowered twenty to twenty-five per cent., a large proportion of the internal revenue duties will have to be maintained, as essential to the production of an adequate revenue. Largely to reduce the tariff, and at the same time to retain the internal revenue duties with little abatement, would be to strike the manufacturers on two sides. It is quite likely that they could survive a good deal of cuffing, and it is even probable that a good shaking up would do them no harm. An industry secure of large profits, through a high protecting tariff, is under no necessity of practising economies and exercising its inventive powers. Favors of this kind may be so oppressive as to have a crushing effect. American manufactures have not had infused into them the energy that would enable them generally to compete with those of other nations, in countries where they meet on equal terms. It cannot be denied that the exports of American manufactures are much less than they ought to be; and they will never be large until these industries can hold their own against those of other nations, without special favors. In the desire to monopolize their own market, they lose the chance of securing the greater prize which successful competition in the markets of the world would give them. The country is, it must in fairness be admitted, too young to be able to do this generally; but in special lines it ought to be fully able to hold its own. Judged by this test, American manufactures cannot be said to have attained the success that might reasonably have been expected from them.

The greater cost of labor in the United States is always brought forward as a reason in favor of a higher tariff than the needs of revenue would require, as a means of protecting American labor against the "pauper labor" of Europe. The expression "pauper labor," has not the merit of being, in its general application, correct. As a rule, the labor employed in European manufactures supports itself on the wages it receives; and self-supporting laborers are, in no true sense, paupers. Even in the highly favored United States, pauperism is not unknown. The evidence before the Commission regarding the relative cost of labor in the United States and in Europe is so vague as to be of little or no value. "Even intelligent witnesses," we are told, "neglected to give anything more definite than to say that wages were about fifty per cent. higher in the United States than in Great Britain." Some witnesses said that wages in America were not greatly higher than in England. When Paisley is made the subject of contrast, the difference is said to be 113 per cent. These figures, to be of any value, must be considered in connection with two things of which little or no account seems to have been taken; the relative effectiveness of labor and the relative purchasing power of wages. The Paisley workers often work at home with less aid from machinery than is received by the workers in great factories; and it may well be that the effectiveness of labor considered, the poorly paid Paisley labor is really dearer than the average of similar labor in New England. Before we can know the real difference in the wages paid in the two countries, we must know how much of such things, as the workers generally buy, the wages are capable of commanding. This is the real test of the amount of wages; the amount expressed in money is merely nominal; the real amount is what the wages will purchase. And on these two points—the effectiveness of labor and the relative purchasing power of wages in the two countries—the Tarift Commission can scarcely be said to have cast a glimmering of light. The result shows that a great opportunity has been lost.

Perhaps no other American industry has been so highly protected as that of iron. Accordingly Pennsylvania is the pivital State of protection. The present duty on steel rails is $28 a ton; and the Commission assumes that under this duty American competion has been so great that it has brought down the price of this class of rails from $120 to $40 a ton; that without this duty, the old price of steel rails could have been maintained. This is in the last degree improbable. In 1873, when steel rails were $120 a ton, prices generally were exceptionally high; and there can be no doubt that the fall in prices would greatly have affected steel rails, in the absence of a duty so high as $28 a ton. The Commission adduces as proof that this duty is not highly protective, the fact that under it last year, about one eighth of all the steel rails used was imported. The simple fact is that this duty came near being prohibitive, seven out of eight of every ton of steel rails that would otherwise have been imported being excluded. Nevertheless Congress would not act wisely in destroying an industry which has been established at so much cost to the nation. The Commission recommends the reduction of the duty to eight-tenths of a cent per lb. An uniform duty for pig iron and steel rails would certainly be an anomaly; and yet this is recommended. On iron ore, in which