

Britain to follow, provided that other nations would adopt it also; or that one-sided free trade is no free trade at all. This practically is what Premier Balfour's doctrine of Retaliation comes to; the going against an abstract principle for the present in the hope of bringing about its general adoption later on.

This, too, may be looked upon as Sir Michael Hicks-Beach's position, as described by himself a short while ago. Sir Michael, so prominent in the past as a staunch free-trader, admitted that serious injuries had been done to British trade by the high tariff of foreign countries. In this connection, too, he made some noteworthy remarks upon the difference between natural and illegitimate cheapness. Natural cheapness may be described as the condition which exists in a country when, through a combination of favoring circumstances, such as easy access to large supplies of raw material, or particularly well adapted soil, climate and so forth, it can produce a certain article at a lower price than other countries, in which case the latter will do well to import that particular article, and, in order to pay for it, send some other product for the making or growing of which they in turn have special advantages. Illegitimate cheapness is a very different thing, being often the co-operating factor in the process of "dumping." The latter does an injustice to the people amongst whom it originates, because, being brought about by the fact that a high tariff renders foreign competition in the home market impossible, it makes them help pay for goods used by the country into which they are dumped. But it also plays havoc with the industrial conditions of the latter, dislocating its market, throwing its workmen out of employment at times of depression, and rendering the whole economic basis of trade unstable.

This is what Sir Michael Hicks-Beach and his school of fair traders are so anxious to guard against that they are even prepared to forsake for the time being their time-honored doctrines of Cobdenism. To do this they are calling upon their old foe, protection, but, as they are careful to explain, it is only in the endeavor to bring about real free trade. The pendulum of British opinion is swinging toward protection, but so long as it remains in the grip of such men as we have mentioned it is not likely to be allowed to swing too far in the direction of the very evils which, in high-tariff countries, are the things which the British fiscal reformers are trying to combat.

THE LABOR MAN'S PANACEA.

Mr. Gompers' remedy against hard times is this: Workingmen shall resist to the utmost any reduction in wages, so that the consuming power of the masses shall continue uncurtailed, the policy of decreasing wages as a means of tiding over a time of industrial depression being, according to him, not only injurious to the economic body, but perverse of the very purpose it is proposed to serve. If this be a fair sample of the reasoning of labor union leaders, which we presume it is, it will be seen, what many have suspected before, that it is somewhat crude, and also that cause and effect are mixed up in a most extraordinary manner.

It is gratifying to be able to note that, while Mr. Gompers admits, referring to the United States, that an industrial reaction is in progress, he does not place all the blame for this untoward condition on the benighted capitalist or employer; for, on the other hand, he contends that such setbacks have their beginnings outside all human agency or responsibility, and have their "cause and effect exactly as have the tides, attraction and repulsion, and the law of gravitation." In passing, we would observe that there are many people who would hardly like to go so far in the direction of human irresponsibility as the eminent labor leader. For example, the case of the building trades may be pointed out. How many million dollars' worth of property which would have been built this year under more auspicious circumstances has been postponed owing to strikes and generally unsettled conditions in the labor market? And as a further result of this cessation of building operations, how many employees have had to pay increased rents for their homes because of scarcity of dwellings, and, as a consequence of that, have been induced to ask for increased wages in order to pay for such increase in the cost of living? And higher wages for the employee mean increased cost of production for the manufacturer, which, in turn, means that the employees' wages will eventually go less far. And so on, ad infinitum.

Mr. Gompers says, let this one item of cost, higher wages, continue; that then the purchasing power of the masses will continue unabated. According to his theory, then, namely, that the higher the wages, the bigger the market, consumption of goods should have become larger and larger. But this is exactly what has not happened. The shoe has been on the other foot, for what is now actually causing a depression in the States is the serious diminution of consumption in many lines of goods. It is not to be disputed that the rate of wages and the purchasing power of the people do react on one another; nevertheless, we think that Mr. Gompers, in his proposed remedy, shows but a very superficial understanding of the trouble now looming on the horizon.

Which started first, the diminished consumption or the proposed reduction in wages? Emphatically, the former, for it was not until the manufacturers discovered their markets becoming limited, and as a result had to ease off in prices, that they felt obliged to curtail the expenses of carrying on their business by reducing wages. The unionist idea is to go on working at the fullest capacity and the highest wages, thus creating for the manufacturers the largest market and the largest power to buy at good prices. But under this reasoning why did buying begin to fall off simultaneously with the payment of the highest wages? And how can the manufacturers afford to carry on operations at the fullest capacity when there is no market to take the product of such operations? At that rate, the position of labor might be very pleasant for a little while, but capital would be speedily bankrupt, and what would be the position of labor then? We are afraid Mr. Gompers will have to abandon his highfalutin theories and descend to the lowlier policy of give-and-take.