

Protection and the Production of Wealth

By Hon. WILLIAM KENT

NOTE—The following speech was made by Hon. William Kent, of California, in the United States House of Representatives in the debate on the "Farmers Free List" bill, which was passed by Congress but vetoed by President Taft. This breezy speech applies just as much to conditions in Canada as to those in the United States.

We novices in the art or profession of manufacturing Federal law, subject, of course, to revision by the Senate, the president, the supreme court, and the powers above, have eagerly absorbed what has been said and have learned much that cannot possibly be true. How could it all be true when judged by the votes on the reciprocity treaty and by the explanations given for those votes? There is no consensus of opinion on either side of the House, even amongst the most experienced and tutored as to the causes or probable effects of that measure.

In so far as the discussion relates to the protective tariff theory, there is, however, some unanimity on one point, at least a partial agreement that the protective tariff should be regarded as a "local issue." That this particular national policy must be wrought out of the clash of class, section, district, and other special interests, and settled by a sort of mutual give and take, less euphemistically known as log-rolling. This makes of the tariff a sort of grab bag, and we may reasonably expect that the more powerful get the first, last, and biggest grabs.

I am a Republican, or what used to be a Republican (applause on the Republican side), because I believe in the protection of infant industries that stand some eventual chance of becoming self-sustaining. That many of these industries, once fostered by protection, are now self-sustaining and do not need a protective tariff is abundantly shown and notoriously confessed as to the great steel industry by Mr. Andrew Carnegie. Many industries, having outgrown the cradle, have not been required to hustle for their livelihood, but have been carried bodily to a ward in the hospital where our standpat friends advocate keeping them during all eternity, to be doctored, nursed, and nourished at the public expense. One is reminded of the prayer of the man who possessed a cantankerous invalid wife: "Oh, Lord, let her get well, or—or—something." (Laughter).

Some Good Stories

It is argued that by taxing one industry for the benefit of another industry, and vice versa, we create a home market that is productive of wealth. This brings to mind a story told by David Starr Jordan concerning the eagle and the blue-tailed lizard. It seems that the eagle one day swooped down upon the lizard and bit off and ate the lizard's tail; whereupon the eagle acquired sufficient energy to lay an egg. The lizard climbed the tree, sucked the egg, and, through the encouragement thus afforded, grew a new tail. This process continued through many years, apparently, without much profit to either party save as it added to the interest of existence. (Laughter).

A tale of similar import, but more profitable sequence, was related of a man who lived near the Petaluma marshes and started to raise carp. He was doing fairly well selling carp from his pond, when he suddenly conceived the idea of raising a side line of cats for the fur.

He discovered that he could feed the carps to the cats and the cats to the carp, so that he increased mightily in his output of cats and carp and became wealthy. (Laughter)

I have learned, Mr. Chairman, that it is customary to decorate the oratory of this floor with fruits, with flowers, with flags, and with farmers in various states of happiness and misery. (Laughter). I respectfully submit a poem produced by a laureate of my district and which concerned itself with the tariff speeches of my esteemed opponent at the primaries:

I read these tariff speeches o'er—the more I read of them the more I do not know, but then I can rely upon our Congressman. Upon the very slightest hint he puts a red-hot speech in print, and when he prints that speech, you see, he has it mailed out here to me.

Mac makes it very clear just how if I pay more than I do now for socks and gloves and baby's dress—while I pay more they cost me less. And then he shows me where I lose by paying somewhat less for shoes, for though I pay less than before, my shoes they really cost me more.

He makes it clear to me that what I lose I gain, you see; and on such things as clothes and shoes I seem to gain but really lose. Thus, if I buy my socks too low, they'll still be higher—Dunc says so—and shoes I thought were high last fall were really low shoes after all.

Mac says if I pay less for shoes or hats, the maker

its costs. It is not compelled to be efficient. It can afford to dispense with improvements in machinery and methods. It can put valuable patents in cold storage. Thus the tariff, in so far as it aids the trusts, throttles progress instead of fostering industry.

In song and oratory we are properly reminded of the gratitude we owe to the Providence that placed us in this land of liberty and plenty. Is there not shown a lack of appreciation when we hear the solemn assertions made by some of the gentlemen that our prosperity is not due to the natural bounties of our country, not to the genius and efficiency of our people, but to a system of taxing ourselves? (Applause on the Democratic side). Whenever protest is made against the existing protective tariff an argument promptly adduced in its favor is one which was best-phrased by the Hon. "Bathhouse" Coughlin in the city hall of Chicago. He asked a fellow alderman how he could advocate the creation of prohibition territory and consequent loss of revenue from saloon licenses, when, as he stated it, "we are all of us heartily in need of funds." If either the govern-

ment and paid out in subsidies to the protected interests except the fund that resides in the pockets of the people. Those who assume that the tariff is a means of creating prosperity or of creating wealth are much better at juggling and at picking coins out of the air than was Herrmann, the magician. If we can tax ourselves rich, we can prove poker to be a productive industry. (Laughter and applause on the Democratic side.) Equally, an individual may become opulent by shifting coins from one pocket to another, and the Nation can acquire wealth, if not merit, by unanimously consenting to the reciprocal picking of pockets by all the people.

Economists would doubtless urge that this universal and fairly distributed pocket-picking system would be unproductive, but we have had too much of doctrinaire teachings to listen to any more of it.

It might be surmised that should the pocket-picking system become thoroughly established it would not be equally enjoyable to all the people. There would be some more adept than others. There would probably be coteries formed in

the profession that would band together in "strong-arm" or "hold-up" work, and when, if perchance through popular clamor, because of overactivity, the practice were put into partial disrepute, and there arose the question of proper limitation, it would be found that the least skilled and the unorganized would first be deprived of the privilege of picking pockets. (Laughter). Through many of us newly elected members the people are protesting, not against the wealth of the country, but against the present system of distribution, which fully deserves the bitter resentment it has incurred. The evils of distribution are caused by special privileges and the

protective tariff creates and licenses privilege. It would not interest the men described in the Pittsburg Survey, who are worked to death and thrown on the junk pile, to figure out and to ascertain how many wives per annum a Pittsburg millionaire could afford out of the dividends of the Steel Trust. (Laughter.) Rather would he be interested in supporting one wife and some few children with less work and more pay. There would be little satisfaction to a cash girl working for the Marshall Field Co. at a weekly wage of \$3 to know that she and that corporation were jointly worth over \$50,000,000. (Laughter.) The people are not satisfied with statistics of national wealth, they want better conditions for themselves.

The Mal-Employed

But after all, the greatest sin that can be laid at the door of the protective tariff is the economic waste which it encourages. The fortunes piled up by the richest men of the country amount to nothing when set against the annual loss caused by the employment of men in unjustifiable occupations.

A subsidy which supports those occupations must come from other occupations

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How wheat grows in the Qu'Appelle Valley, Sask.

Courtesy G.T.P. Rly.

has to lose. And if he loses, then, you see, he charges up the loss to me. Now, when I have to pay him more, he reckons profits to his store, and Duncan finds a share for me in all of this prosperity.

The speeches shed a radiant light upon the theme and make it bright. I merely read them o'er and o'er to find more's less and less is more. In buying hats, or coat, or vest, dear's cheap, and cheap is dear at best. High's low, low's high, far's near, near's far, white's black, black's white—and there you are.

We live in topsy-turvy land when McKinlay waves his magic wand.

Concerning the change and evolution that has come over the early Republican protective doctrine, designed to foster infant industries, I would further submit the following:

Mary had a little lamb,
Its fleece was white as snow;
It followed her to Pittsburg,
And now you ought to see the darned thing.

Tariff Throttles Progress

The old idea of encouraging new industries is being destroyed by the present system, for, in so far as trusts and monopolies are being encouraged, individual enterprise and individual initiative are being suppressed. A monopoly need not confine its charges to a high percentage of profit on the product, but it can charge up to the public all the graft and mismanagement that may go to make up

ment or any interest happens to be "heartily in need of funds," there is always a means of raising revenue by boosting the tariff. I do not believe that it helps matters much to hold that we ought to lower the wall to such a point as to provide only for the higher wages of American labor plus a profit to the manufacturer or producer. This amendment still justifies the establishment in our countries of industries that do not belong here. It would justify the raising of coconuts in hothouses. It would justify a tremendous tax upon tea in order that the laborer engaged in tea culture could be recompensed at upward of a dollar a day, while he is now receiving probably less than ten cents a day on the other side of the ocean. I am unpatriotic enough to be grateful to the heathens who in their blindness are picking tea for us at that rate of wages, and I would not advocate forcing them to adopt our standard of living by the wearing of American clothes, or even the drinking of Missouri champagne, Mr. Speaker, for I fear they might be brought to feel the necessity of charging us more for doing us this service.

No one has ever shown any fund from which can be drawn the tax levied by the