

SPRIT OF THE COMMERCIAL AND INDUSTRIAL PRESS.

A FREE TRADE FALLACY EXPOSED

(Chicago Journal of Commerce)

A new illustration of what is charged to be the inconsistency of the Protectionists is found by the Free Traders in the changed relations of Alsace and Lorraine to France. When these two provinces formed part of French territory, they constituted a large fraction of the greatest iron producing department of the country, and they enjoyed the full advantages of free trade with all the other provinces; but, so soon as they were annexed to Germany, as a consequence of the war which ended the rule of Napoleon, they were excluded from freedom of exchange, and their formerly welcome products treated as competitive, hurtful and injurious, by being placed under the ban of the tariff Protectionists are asked, in tones of astonishment, why the pig iron of Alsace and Lorraine, which is the same pig iron as ever, is not just as capable of supplying the wants of French consumers now as before, and why so important a commodity should be cut off from its previously free admission to every part of France. If Free Trade was beneficial at first, why has it become detrimental at last? We will answer by making a supposition. So long as a man's legs are part of his own body, his blood circulates through them; its veins, arteries, muscles, bones, have intimate relations with them, and they obey the volitions of the person will. But if one of the legs should be cut off and could be attached to some other body as to grow there, and so as to become an integral part of that other body, its veins, arteries, muscles, bones, and obedience to will power would be transferred to that other body, and free exchange of every sort would forever cease, and properly cease, between it and the body from which it had been severed. Or, take an illustration from inanimate nature. A slip is cut off from a fruit tree and grafted upon a different fruit tree, where it grows and becomes part of that tree. From that time forward there cannot ever more be free exchange between that slip and its parent source. New affiliations and relations have arisen out of the altered circumstances; the old community of reciprocities is broken up and destroyed. There is no inconsistency in the case cited by the Free Traders. Every distinct organism represents a separate and an independent set of interests, bonded together in unification by their mutuality. It is because they are in sympathetic and responsive union—because each has an affinity for all of the others—because they are in friendly and permanent combination—because they are parts of an individual whole that they cannot safely or properly share the free interchange of their functions with outside interests. The universal law which governs all organized existence is free exchange within, but protection against without. We cannot look anywhere that we do not find this law in full operation among plants or animals; and when we see the contrary in any community of human beings, and to the extent of the practice of the contrary, we discover that violation of law which cannot fail to tend to evil consequences. In the bark of trees and in the fur of animals, we perceive the principle of defence against injurious outside influences. Individual man shows it by providing clothing for his body and shelter from the inclemency of the seasons. Nations exhibit it in navies, forts, armies, and tariffs. The bark, the fur, and the armament do not operate against what is within, only against what is without. Within, however, in each case, there is free exchange between all the different parts of the homogeneous organism—from the lowest point of the roots to the topmost point of the highest leaf; from the centre of the heart to the farthest end of the fur; from one nook and corner where the people live to every other nook and corner. When this law is violated, as in the United States under the Articles of Confederation, or as in France before the day of Colbert, or as in Mexico at the present time, by placing the custom houses and levying the import duties on the borders of component states or component provinces, thus impeding free exchange within the limits of the organism itself, sluggishness of national wealth and tardiness in the growth of wealth must be expected, even if no worse consequences should ensue. To obstruct the freedom of internal exchange in that way would be as foolish as to reduce the breathing power, slacken the action of the heart, and decrease the circulation of the blood, in a healthy human body.

Now, let us return to the case of Alsace and Lorraine. These provinces in their separatist condition have lost their once homogeneous relation to France. She cannot pass laws for governing them; she cannot impose taxes upon their inhabitants; she cannot receive from them any representatives in her legislative branches; she cannot summon from them witnesses, and compel the attendance of these, in her trials before the courts; she cannot draft their able bodied men into her armies to defend herself against either foreign or domestic violence; she cannot exact from their people the performance of any of the obligations of French citizenship. All these things she could do when these provinces formed part of her territory; but now the privilege to do these things lies in the power of Germany

alone, and may be exercised for the hurt of France, whereas they formerly could be exercised only for her benefit. With interests and obligations thus severed and transferred—with allegiance and citizenship gone from France to Germany—the equality in franchises and the homogeneity in relations which used to exist between Alsace and Lorraine and the other parts of a common country have been destroyed. The two detached and divorced provinces have become total aliens to the commonwealth of France, no longer entitled to be placed on a dead level of political affiliations with the provinces remaining to France, hence no longer entitled to be placed on a dead level of commercial affiliations with those provinces. Severance from political reciprocities carries with it severance from commercial reciprocities, in accordance with the universal law of organisms—free exchange within, protection against without. Should Alsace and Lorraine ever again become an integral part of France, subject to her laws and one with her in destiny, the right of free exchange would be restored, but it cannot be properly or safely allowed until then.

FREE TRADE MISREPRESENTATION.

(Western Manufacturer.)

The entire argument in favour of Free Trade in the United States, at present, seems to be based upon misrepresentation or downright falsehood. We have exposed not a few of these misrepresentations, and shall continue to do it, as occasion may require. Here is a case in point. The leading Free Trade organ of this city, in an article referring to what it calls a "retaliatory" protective policy threatened by Great Britain and France, and the effect such a policy will have upon the trade of those countries, says: "In all this the United States have an immense interest. We, it is true, have but a slight interest in the foreign protection to manufactures. This country, with all the facilities of being the great manufacturing nation of the world, practically abandoned that business, indeed, voluntarily abandoned any export of manufactures from the United States." We must confess the above paragraph is rather blind and meaningless, as it was evidently intended to be, that the misrepresentation might be more complete. For instance, we are told that "this country, with all the facilities of being the great manufacturing nation of the world, practically abandoned that business." What "business" is it that we "practically abandoned?" The inference, of course, is that we "practically abandoned" the business of manufacturing. But when did we "practically abandon that business," if that is what is meant? Evidently we have not abandoned the manufacturing business, because the first step toward that end would be the adoption of the Free Trade heresy. Our own history from the beginning of the government up to the adoption of the present protective policy, in 1861, proves this, for in every instance in which, through the adoption, temporarily, of the protective policy, our manufacturing industries have obtained a fair start, a return to the Free Trade heresy has compelled us to "practically abandon" the manufacturing business. The only reason Great Britain has for so persistently urging us to abandon the protective policy and to adopt the Free Trade heresy, and the only possible inducement she has to subsidize American editors and speakers to urge the same course, is her belief that such a course would be a practical abandonment of the manufacturing business on our part, and the turning it over, almost exclusively, to her.

The object of the misrepresentation of the Free Trade organ above quoted is evident. If it can induce the belief that we have already "practically abandoned" this business of manufacturing, there would, of course, be all the less reason why we should hold on to the protective policy, the only object of which is to enable us to successfully carry it out. That organ evidently presumes very far upon the ignorance or want of intelligence of its readers and the public at large if it expects such a palpable misrepresentation to pass unchallenged, or to be so far acquiesced in as to be admitted as a basis for a radical change of a well established system of political economy. That such was and is its expectation is evident from the fact that a week later it returns to the same line of argument, and it says: "Notwithstanding our inexhaustible supplies of coal, and of iron, and in fact of the raw material of nearly every branch of manufactures, together with our means of transportation, our commercial policy has been directed to suppress manufactures, except for a limited market." It is hardly necessary to say that the very reverse of this is true. Our commercial policy has been to build up manufactures, and to develop and utilize our inexhaustible supplies of coal, and of iron, and in fact of the raw material of nearly every branch of manufactures, and that not "for a limited market," either. No country on the face of the globe furnishes a more extensive market than the United States, with its fifty millions of free, intelligent, and comparatively prosperous and thrifty people. No other people under the sun are so universally and so generally consumers of manufactured goods. Here are no large classes of paupers, serfs or dependents, labouring all their lives for a bare subsistence. The writers of Great

Britain are correct when they insist that the markets of this country, before the adoption of our protective policy, were enlarged and enabled us to manufacture for ourselves, were worth more to that country than all the world beside. It is not then "a limited market" that our manufacturers aspire to supply, when they seek first to manufacture for the home market rather than for foreign markets. A market that absorbs over eight billions worth of home manufactured products annually in addition to many millions worth imported cannot be justly or truthfully styled "a limited market. Nor does Great Britain so consider the market of this country, as our free trade contemporary very well knows, for she would never so stultify herself as to make so desperate an effort and spend so much money to recover "a limited market." This, then, may be taken as more misrepresentation for the purpose of belittling our manufacturing industries, and inducing people to believe that they are of little account and hardly worth preserving, in the face of the effort that is being made for their destruction by Great Britain and her Free Trade allies in this country.

That this is the object and plan of our Free Trade contemporary is further evidenced by the following additional extracts from the articles from which we have quoted above. Following the first quotation, in which it is declared that we have "practically abandoned" the business of manufacturing, and "voluntarily prohibited any export of manufactures from the United States," the writer continues: "But we have other interests. We produce food upon which other nations are largely dependent. They may be the cotton, the breadstuffs, and the provisions, and the petroleum, and the oil cake, and the cotton seed oil, which they receive, but can they do without them?" And then in the subsequent article from which we quoted above, the same idea is again advanced in the statement:—"To the extent of our export trade, the United States figures among nations as an agricultural and not a manufacturing State. Our export trade is mainly agricultural, and, except cotton and oil, may be said to be of articles needful as food." The evident object of this continued depreciation of our manufacturing industries will be magnifying the importance of our agricultural products to induce the belief that if we should adopt a policy which, it is not even denied, would destroy the former, it would be of but little account so long as we should retain the latter. This is but another phase of the misrepresentation to which we have alluded. We do not depreciate the value of our agricultural industries, nor the importance of our exports of agricultural products. But it is really our manufacturing industries that has given them their great importance. The home market furnished by our immense manufacturing interests for more than nine-tenths of our products of the soil, at remunerative prices, is what have stimulated agricultural production and made our farmers the most independent and prosperous of their class in the world. Another point to be considered is, that while we freely admit the importance of our export of agricultural products, we do not believe that we can safely count upon an indefinite expansion of that trade. If the entire capital and labour of the country were devoted to the agricultural industries, we could not count upon any corresponding increase of our export trade in those products. As our Free Trade contemporary correctly says, "articles of food are purchased of us to meet the deficiency in the domestic supply of the countries to which we sell." That deficiency may be greater or less, according as the season is more or less favourable, but it is in no respect dependent upon the greater or less product of this country. For the past three or four years—the deficiency in the domestic supply of the countries to which we sell" has been unusually large, owing to a series of unpropitious seasons, creating, of course, a maximum demand for American breadstuffs and provisions, and yet we have been able at all times to supply that demand from our normal product, while fully meeting the increasing demand for domestic consumption consequent upon the immense growth of our manufacturing industries. Not a dollar of capital nor a single labourer has it been necessary to draw from those industries to meet that increased demand for agricultural products. What folly then to talk of abandoning our protective policy and with it our manufacturing industries, because our export trade in breadstuffs and provisions, "cotton, petroleum, oil cake, cotton seed oil, etc., has been greater than in manufactures!"

The agricultural industries of this country have been established ever since the landing of the pilgrims on Plymouth Rock, and the settlement of Jamestown, and they have never had the drawback of competition, or hostile legislation of the old world, to discourage their establishment or retard their growth. In our colonial days, the laws of the mother country were so strict against the prosecution of mechanical industries that any branch of manufacturing was necessarily carried on in secret, in caves, and in hidden places, as counterfeiting has to be carried on at the present day. At the same time agriculture was encouraged in various ways—by prizes and rewards for extra crops of various kinds. Great Britain, even at that early day, had evidently conceived the idea of utilizing the new world as a granary from which

the food supplies for her mechanics and manufacturers at home should be drawn, that thus it might be made a contributor to her mechanical greatness and not a competitor for the same honours. And she has not yet given up that idea. From the conclusion of the revolutionary war that made us one among the nations of the earth, she has never for a moment relaxed her efforts to prevent the establishment and building up of manufacturing industries here, while using all her arts and strategies to induce us to be content with the lot of an exclusively agricultural nation. How well she has succeeded may be judged from the fact that it is only within the last twenty years that we have fairly made a beginning towards supplying the demand for domestic consumption in any single line of manufacture. Is it any wonder, then, that our export of agricultural products should exceed that of manufactured goods? It is charged that our "commercial policy has been directed to suppress manufactures, except for a limited market." How does this charge comport with the fact that notwithstanding Great Britain has for centuries stood at the head of iron and steel producing nations, and that the iron and steel industry is her pride and boast, we have within the past year even surpassed her in the magnitude of our production in that industry? Does that look as though "our commercial (or any other) policy had been directed to suppress manufactures except for a limited market?" Is it a "limited market" that absorbs an amount of iron and steel greater than the entire product of Great Britain, in addition to the millions of dollars' worth imported from that country? On the contrary, "our commercial policy has been directed to foster and build up the most comprehensive system of manufactures, and to encourage the largest production in all branches compatible with the safety and success of newly established industries. That their products do not yet figure so extensively in our export trade as our Free Trade contemporary seems to think desirable, is attributable solely to the large demand for home consumption and to the comparatively short period since their practical establishment. The building up of a system of manufactures capable of supplying a domestic demand amounting to seven or eight millions in value, with a surplus of export of any great extent, is not the work of fifteen or twenty years.

One more extract from the articles above quoted from, and we have done with them. In the concluding paragraph the writer says: "The evil effects of the subsidy (protective) policy are shown by the difference between the ever increasing agricultural productions of this country and the limited production of manufactures." Here we have more misrepresentation. In the first place, the protective policy is not a "subsidy" policy, and the term is used simply because in the minds of many persons there is a prejudice (probably justly) against it. For instance, there is prejudice against a subliminal press, a class of newspapers in this country which accept a bribe or a fee from foreign manufacturers or their representatives to advocate a policy which they know is inimical to the best interests of their own country, and solely for the advantage of the foreign manufacturers and the foreign country which pays the subsidy. A subsidy policy, then, is the policy pursued by one nation when it hires an individual or individuals of a competing nation to advocate a policy or course of action which will favour the interests of the former and correspondingly injure those of the latter. It is not strange, therefore, that there is a prejudice against a "subsidy policy," which is sought, by misrepresentation, to be turned against our protective policy, which is an entirely different thing. A protective policy is a course of action pursued by a nation wholly within its own jurisdiction and solely for the best interests of its own citizens, with no view of interfering in any way with the interests of any other nation. It is, therefore, a perfectly proper and legitimate policy which no other or foreign nation has any reason to complain of, or any right to interfere with. In the next place there is misrepresentation in the expression, "the difference between the ever increasing agricultural productions of this country and the limited production of manufactures." The facts are, that since 1860 the value of our manufactured products has considerably more than doubled each decade; the total increase in value for the ten years from 1870 to 1880 was considerably over four billions of dollars. Whether this comes up to "ever increasing agricultural productions of the country," or not, we have not the figures to show, but we may safely assert that it is not far behind, and in the ordinary acceptance of that term cannot be called a "limited production." But we must remember it has been but a few years, comparatively, which our manufacturing industries have had in which to grow to those immense figures, while our agricultural industries have been steadily growing for over a century. If our protective policy has developed within those few years such an immense production of manufactures, where are the "evil effects" to which our Free Trade contemporary refers? It is certainly not in the "limited production of manufactures." Nor can we charge the "commercial policy" that has built up a system of mechanical industries almost wholly within the past twenty years, whose products have increased during ten years past over four billions of dollars, with having been "directed to

suppress manufactures." We have shown up the misrepresentation of the Free Trade organ has been necessary to employ to combat against the protective policy. In the light of this exposure, we do not think any disinterested person will doubt the point has been made. And we doubt not, it will be repeated in some other form, perhaps in a few days, some people believe that frequent repetition of a falsehood will finally cause the unthinking to accept it as truth.

MANUFACTURES AND AGRICULTURE

(Hamilton Spectator)

Almost without exception the manufacturers of Hamilton and Dundas express their satisfaction with the National Policy. It is not to be assumed that there is anything new or startling in this disclosure. The Free Trade press has been affirming for a long time that the N. P. was in the interest of the manufacturers solely, and the wonder is rather that any of them can be found to dispute its beneficence than that so many should affirm it. Our design, then, in soliciting reports from the manufacturers was rather to get the data whereby to estimate the value of the N. P. to them and to their employees than to demonstrate a truth already accepted on all hands. It is difficult of course to estimate with any approach to precision the value of the N. P. to our manufacturing interests. Manufacturers do not not with the exact figures respecting their business to be published. Few men care to expose their exact position to their rivals or even to the general public. We must, therefore, content ourselves with such figures as can be published and with estimates. Of 66 firms interviewed by our reporters so far, 45 report that since the spring of 1879 they have increased their buildings or their manufacturing plant. This is in addition to the considerable number who have begun business during that time; 8 have made an increase, and none have reduced their manufacturing appliances. In many cases the machinery has been doubled and in very many cases large, handsome and expensive buildings have been added. The number of men employed has been very largely increased. Forty-five firms employ more hands than they employed under the old tariff, to the same number, and none fewer. A few have three or four times as many as formerly; seven has doubled their force. A prominent manufacturer, well acquainted with the city, estimated the other day that the various industrial establishments of the city now find work for fully a third more hands than they needed three years ago. And many more would be employed if the man could be found. Forty-seven firms pay higher wages than formerly to their employees. One reports the increase at 25 per cent; two at 30 per cent; one at 25 per cent; and the rest who quote particulars at all range from 10 to 15 and 20 per cent; of increase in the rates paid their employees. Only 9 firms pay the same rate of wages as in the spring of 1879, and not one pays less. It will be seen that if the N. P. benefits the manufacturers their employees come in for a share. Thirty firms report that their raw material costs them more than formerly. 24 say it costs them about the same. This is a matter which deserves serious consideration. The protective system demands that the raw material for manufactured goods shall be admitted at the lowest price consistent with the demands of the revenue. How much of the increase reported is caused by the duties imposed and how much is due to the rise of values in our own and in foreign markets, it is not possible just now to determine. Many of the articles are those over which we have no control whatever, as cotton for example, or which there is no duty. Some of these are dearer on account of the increased export demand, as lumber. Some are dearer by reason of both the new duties imposed and the higher price abroad. It might not be correct to say that the census within that class, for it is not in any means certain that there is a great difference in the price of iron in Canada than in Scotland. But the question of the cost of raw material to manufacturers is one of great importance, and it is right that all needless burdens upon it should be removed. The cost of the manufactured product to the consumer has undergone no material change. 14 firms report that they get more for their goods than formerly, 12 that they get less, and thirty that they have had a change in their prices. If the increase in the cost of raw material from extraneous causes be allowed for, we believe that goods manufactured in Hamilton and Dundas are sold at lower prices than in 1878, notwithstanding the higher tax paid.

Mr. George Jessup has given the W. L. Bryan University, Middlebury, Vt., \$100,000 to endow free scholarships to students \$100,000 previously offered on condition that a like amount be contributed by the friends of the institution. It is customary among fashionable people in London to publish their will as marriages and deaths. The Philadelphia press will be likely to read the 14th column in the London newspapers closely hereafter. They have been bequeathed \$50,000 each by the late Alfred D. Jessup; but those bequests are held on the remote contingency that his three daughters, two of whom are married, and one is about to be, all die childless.