1-15-1887

The Tariff Question

William J. Hoynes

University of Notre Dame

Follow this and additional works at: http://scholarship.law.nd.edu/wjhoynes

Part of the Law Commons

Recommended Citation

http://scholarship.law.nd.edu/wjhoynes/21

This Article is brought to you for free and open access by the Law School Deans at NDLScholarship. It has been accepted for inclusion in 1883–1919: William J. Hoynes by an authorized administrator of NDLScholarship. For more information, please contact lawdr@nd.edu.
The Better Part.*

FROM THE FRENCH OF S. F., C. S. C., BY M. E. M.

Lovers of things celestial, even now,
Monks full of faith, ecstasy on your brow,
Drinking long draughts as steadily ye plod,
From the Book, wisdom; from the Chalice, God.
Restless we moan, weighed down with sombre care,
Unknown the calm, the sweet delights of prayer;
Plucking the bitter fruits of love in sin,
While our sad hearts bleed silently within.
You smile and sing, your trembling voices rise
In sacred harmonies that pierce the skies;
The heavens are parted, stilled are all earth's sighs:
You see Jesus—monk, angel, both in one—
But we with senses blunted, souls undone.
Bewail our pleasures, faded ere begun.

—Ave Maria.

* The original of this poem appeared in the Scholastic of Dec. 4.

The Tariff Question.

BY PROF. WILLIAM HOYNES, A. M.

The word “tariff” signifies a list or table of duties or customs to be paid on goods imported or exported. Though of Arabic origin, it was more immediately derived from Tarifa, the name of a town at the entrance to the Straits of Gibraltar. Vessels sailing past were at one time required to pay a toll at that town. It was consequently natural to apply the word to the toll or duties collected upon foreign goods.

In the United States tariff duties are imposed by Congress, and collected by officials at the federal custom-houses. They are designed to furnish revenue to meet the expenses of the public service, to protect the legitimate business of the country, and to guard industrial enterprises, and those engaged in them, against undue competition on the part of foreign merchants and manufacturers.

As foreigners who send their manufactures here for sale derive all the profits and advantages from access to our markets that our own citizens do, it is deemed just and proper to make them bear some of the burdens of citizenship. They pay no taxes, and yet they have the protection of our laws, and the profits of our trade for themselves and their goods. Though they do not live in this country, yet if any injury or damage is here sustained by themselves or in respect to their property, they may invoke the aid of the courts and set the machinery of Government in motion to secure redress. Should a fire break out where their goods are stored, they may count on the services of a fire department to combat and extinguish the flames, even though they pay not a cent to maintain such department. When they or their agents walk the streets, police are at hand to protect them, although they pay nothing for the support of the police force. They have the benefits and accommodations of paved streets, gas, water, etc., for which citizens and residents pay, while they pay nothing for such conveniences. Should war break out, every citizen could be depended upon as a unit in the grand aggregate of the Nation’s strength, and might be called upon to render military service whether voluntarily or compulsorily, while persons not citizens would have no obligations and be subject to no coercion in that regard.

In view of such facts, it is deemed proper to make those who would enjoy the advantages incident to selling here foreign goods and products, pay duties upon them when they pass the custom-houses at ports of entry. That takes very largely from the great body of the people the burden of supporting the National Government by direct taxation. It transfers the greater share of that burden from the people to foreigners and the wealthy classes of our own country who insist upon wearing clothes of foreign manufacture, drinking foreign wines, and indulging a taste for things foreign generally—or such, at least, as can be substituted for things American.

To have a good demand for labor, and a reliable home market for the products of labor, is a great advantage to all citizens engaged in the industrial,
pursuits. It is one of the signal benefits—one of the great rewards—which wise legislation seeks to make constantly available to industry. And it cannot be satisfactorily, disproved or successfully denied that it is the province and test of sound statesmanship and wise legislation, in protecting such market, to impose duties upon goods and products that foreigners insist upon taking into it for their own profit—to offer and vend in competition with the products and manufactures of home labor and industry.

For local purposes, such as maintaining state, county, town and city governments, paving streets, improving roads, establishing water-works, building and maintaining schools, paying officials, and keeping up police and fire departments, and the like, direct taxes or assessments are levied. The owners of property, whether real or personal, are required to pay specific sums annually, in accordance with the returns of the assessors. The local governments have the power to enforce the payment of these sums, or the taxes so assessed, as they become a lien upon the property, if not paid; and any property may be taken from the delinquents by legal process and sold by public authority. These direct taxes are burdensome enough, as all know; but how much greater would they not be if the indirect taxes required to support the federal Government were added to them! Under existing arrangements, we pay no direct taxes into the public treasury. Its sources of supply are the duties collected on imports, and the internal revenue tax. And from it, as from a fountain, flow out into all branches of the public service the moneys thus collected. They are appropriated to pay salaries to Senators and Representatives in Congress, to the President, members of the Cabinet, ministers and consuls to foreign countries, persons employed in the Departments at Washington, clerks in the service of the Government, postmasters throughout the country, judges of the federal courts, United States district attorneys and marshals, officers and men of the army and navy—in fact, all persons in the civil or military service of the Government. And from the National treasury, too, are drawn the moneys appropriated to pay the interest and principal of the public debt, to pay pensions to soldiers who received disabling wounds in battle or contracted diseases that caused permanent disability, to construct fortifications and ships of war, to furnish rations and clothes to the Indians of peaceful tribes, to dredge and improve rivers and harbors, and to erect in the larger cities federal buildings for post-offices, courts, etc.

It may well be supposed that if the people had to pay direct taxes for the purposes indicated, the burden would be found extremely onerous and oppressive. In that case the people of Indiana, for example, would have to pay about $10,000,000 annually, in addition to the present rate of taxation. At least such is the estimate recently made by a prominent United States Senator, who is probably familiar with every city and town in the “State. But the burden is now hardly felt, for the tariff policy transfers it very largely to foreign manufacturers and the wealthy classes of our own country. The duties on foreign imports are paid into the public treasury and become the common property of the people, although applied to the uses of the federal Government instead of to those of states and municipalities. Upon a few articles produced in our own country, as tobacco, beer, whiskey, etc., the Government also imposes certain charges, as provided by the internal revenue laws. These are regarded as luxuries, and not essential to the health or comfort of the people. The federal tax upon them is, in a measure, intended to discourage their use. In the event of the accumulation in the treasury of a surplus too great for current needs, this tax can readily be abated, or the public moneys can be more generously appropriated to construct fortifications, ships of war, public buildings, and the like.

In the definition of “tariff,” reference is made not only to import duties, but also to duties on exports, or duties on goods going out of the country. This Government never imposes such duties. England, however, which sets herself up as the teacher of political economy for all the world, for a long time not only charged export duties, but also passed statutes imperatively prohibiting the exportation of certain things. In 1576, during the reign of Queen Elizabeth, a law was enacted, which provided that—

“For the exportation of sheep the offender shall forfeit all his effects, suffer imprisonment for a year, and then have his left hand cut off in a market town, on a market day to be there nailed up; and for the second offense he shall suffer death.”

For a thousand years England had a protective tariff. There are historical records that show it to have been in operation as early as A.D. 879. Under the law she built up her industries and raised her shipping to its unparalleled magnitude. It was not until June 26, 1846, that the royal assent was given to Sir Robert Peel’s noted tariff—a measure which cancelled the duties on several hundred articles and pressed upon the country the adoption of free trade. But she did not wholly and unqualifiedly declare in favor of free trade. More than fifty articles were left on the tariff list, and import duties on them had to be paid. In fact, there are many articles still on her tariff list and subject to import duties. All the schemes that ingenuity could devise to increase the wealth and establish the manufacturing supremacy of that country have been put into effect and given a full trial. Even monopolies were fostered and protected there at one time.

As then understood, a monopoly meant the sale and exclusive right to produce, manufacture or deal in some particular commodity. Such right, as evidenced by a grant conferred by the sovereign power, could be assigned by the person who received it. Thus it often became possible for court favorites to speculate on the royal bounty and to make large fortunes. Fortunately, no approach to so corrupt a practice ever found toleration under our Government. It is true that, under our patent and copyright laws, inventors and authors are given exclusive right for a term of years
to manufacture and sell the things they invent, or to publish and sell their books; but that right is accorded under like circumstances in every civilized country, and it is so reasonable that nobody objects to it. In passing, it may be well to state that our patent laws account for the apparent hardship and inconsistency noticeable in the sale of certain American inventions in foreign countries at lower prices than they command here. Not being protected by patent laws abroad, competition in trade necessarily reduces the prices to a very low plane. The same rule applies to foreign inventions patented abroad, and not patented here. They may sell abroad for much higher prices than they bring in our market. And the same is true in respect to the copyright laws. All know that reprints of English books, which do not come within the protection of our laws, sell here for about one-half or one-third of what they cost in England. The patent and copyright laws realize the nearest approach to monopolies that we have. But patents expire in seventeen, and copyrights in twenty-eight years; and things patented or books copyrighted abroad are not similarly protected by our laws. The prevailing policy is to give the people the benefits of the inventive skill and authorship of their fellow-citizens at the earliest practicable moment, and to let them imitate and vend immediately, if they so wish, the things invented and the books published in foreign countries. After the expiration of the periods covered by our patent and copyright laws, the things thereby protected fall into the current of general trade and commerce, and competition soon reduces prices to a level that can certainly give no reasonable cause for dissatisfaction.

If all the nations of the world were under one and the same government, and influenced by an exalted and unselfish policy looking to the promotion of the common interest of mankind, without respect to race, religion or country, free trade would be the normal and proper status of commercial intercourse, as it now is among the States of our Union. But the fact is, as it has always been, that nations are even more selfish and envious of one another than individuals. Their intercourse with one another in respect to commerce and everything else is eminently practical and totally devoid of sentiment. They have no compunction about giving effect to every means designed to further their respective interests, no matter how unfair and disastrous its adoption may be to the trade and commerce of sister countries. And it stands to reason that a nation which casts away the means of self-protection and invites other countries to unrestricted participation in the trade and profits of its markets must ultimately fall a victim to their selfish and insatiable rapacity. It is only a question of time when a merchant who throws open his store to his fellow-merchants, without payment of rent, tells them to occupy it jointly with himself, to remove their goods to it, and to sell them as freely as he sells his to those who deal in the place, must become insolvent. There is a German proverb to the effect that, he who makes a sheep of himself, makes a meal for the wolf—"Das Bild am Schaf hält den Pfiff vor dem Wolf." And any man foolish enough to invite competing merchants, and especially those having the reputation of selling goods at lower prices, to share his hospitality and to compete for the trade upon which he relies, certainly "invites the wolf to his door." But individuals are not foolish enough to do this, nor ought nations to be.

It is a well-recognized principle of political economy that the industries and commercial interests of a young and growing country must be protected by suitable legislation until they are as well established as those of older and wealthier nations. The older nations have industries established, markets secured, and all the preliminary work done. In a new country, capital is too chary to touch any enterprise without a reasonably fair prospect of deriving substantial profits from it. Manuf actories are to be built, machinery is to be secured, facilities for transportation are to be established, fuel must be available, the raw material upon which to work must be at hand in sufficient quantities, and the assurance of a market for the sale of manufactured goods must be reasonably certain. While such preparations are making, the enterprising manufacturers earn nothing whatever. No matter how great their expenditures, there is no return. They are forced to pay a high rate of interest for the use of money while building their establishments, and it may be years after they begin work before the demand for their goods will be sufficient to give them a profit. To state these facts is almost tantamount to proving that no reasonable man would be inclined to build additional manufactories here if the free trade policy were in operation. These facts were recognized by Washington, Jefferson, Franklin, Madison, Hamilton, Jackson, Clay, Webster, Lincoln, and all who are conspicuous in our history as great statesmen and fathers of the Republic. All of them believed in a high protective tariff. The second Act of the First Congress, after the adoption of our Constitution, was in harmony with a preamble that reads—

"WHEREAS, It is necessary for the support of Government, for the discharge of the debts of the United States, and for the encouragement and protection of manufacturers, that duties be laid on goods, wares and merchandise imported," etc.

That covers the demands and accurately outlines the policy of the advocates of a protective tariff. They know that this country is still new. They know that its resources cannot for centuries be developed to the maximum. They know that there are vast regions and varied interests almost untouched by the hand of labor. They know that manufacturing enterprises of various kinds are yet to be established; but they apprehend that the establishment of such enterprises would be indefinitely postponed under the blighting influence of the free trade policy.

But it may be said that "England is a free trade country, and does not seem to suffer on that account." The conditions existing here and there
are altogether different. For a thousand years she
maintained a protective tariff, and she had ample
time to establish her manufactories and to secure
markets for their products before the adoption of
free trade. A nation that is easily more than a
match for her neighbors in manufacturing, trade
and commerce, may very prudently favor a free
trade policy, as it gives her a decided advantage
in competition with them, and tends ultimately to
lay them prostrate at the feet of her commercial
supremacy. In a state of nature, the largest and
most powerful man acquires ascendency over his
fellows. Under a free trade policy, where there
would be no law for the protection of the indus-
tries of a small, weak or new country, an old and
powerful nation could at once step to the front, in
the exercise of her commercial supremacy, and
make the other her tributary. English statesmen
unhesitatingly admit that they are striving to make
their country the workshop of the nations, and to
supply the world with all needed manufactures.

They know that this will give their country com-
mmercial supremacy, enable her to increase her navy,
add largely to her wealth, facilitate her plan of
controlling the purse-strings of the world, and offer
her easy opportunity to acquire a paramount influ-
ence among the nations of the earth. As a purely
agricultural country, England would be compara-
tively insignificant. As such, she could not con-
veniently accommodate a population of more than
10,000,000. But as an exclusively manufacturing
country, her population might be six or seven times
as great. Her breadstuffs and provisions could be
purchased abroad, and the ready money of the
world, with which to buy them, would be irresist-
ibly drawn to her great manufacturing centres.
Money is migratory, and never inclined to make
its permanent abode in agricultural countries. It
takes wings, and from them flies away to the haunts
of trade and commerce.

Under the free trade system the manufacturing
interests of the country and all industrial pursuits
would necessarily suffer a severe reverse, and many
of them would be permanently prostrated. This
would force a great number of the operatives to
turn to agriculture for a living. Hundreds of
thousands of men and women would be drawn from
the profitless marts of trade, and forced to seek a livelihood in tilling the soil. Cities would
from the profitless marts of trade, and forced to
thousands of men and women would be drawn
necessarily suffer a severe reverse, and many
of them would be permanently prostrated. This
would force a great number of the operatives to
turn to agriculture for a living. Hundreds of
thousands of men and women would be drawn from
the profitless marts of trade, and forced to seek a livelihood in tilling the soil. Cities would
from the profitless marts of trade, and forced to
ever at work in the mysterious economy of nature
and harvested; for there is an invisible chemistry
possible to the places where they have been sown
Let wheat, corn, oats, etc., be consumed as near as
the home capacity is sufficient
materially abridged, cereals and articles adapted
for transportation to foreign countries would have
largely to be substituted for them. Thus would
the cereal supply be incalculably increased. And,
as it is now found difficult to secure remunerative
sales in foreign countries for the trifling excess an-
nually yielded above the capacity of home consump-
tion, what could be done with the surplus almost
certain to accumulate under the free trade policy?

The farmer saves the cost of transportation to
Europe by having the products of his farm con-
sumed in this country, and he escapes, at the same
time, the poor prices consequent upon competition
in foreign markets with the surplus cereal produc-
tions of Russia, Austria, India and Australia. The
prices of agricultural products, which are now
certainly low enough, would almost necessarily
fall to a lower plane under the operation of free
trade. Besides, as the carrying trade is in the hands
of foreigners, they would derive all the profits, and
secure all the advantages incident to ship-building,
insurance rates, employment of seamen, wages
paid for their services, etc. All the benefits in-
cident to the carrying trade would accrue to foreign
countries. So let the farmer not say that the tariff
discriminates against him, or that he is not pro-
tected. All employments and all industries are
closely united with one another—as much so as the
different members of the human body—and one
cannot be affected without all being more or less
affected in like manner. Besides, for the protec-
tion of the farmer, and to prevent the Canadians
from sending their agricultural products to this
country to compete with him, import duties rang-
ing from ten to twenty cents a bushel on corn,
barley, potatoes, rye, clay, etc., are levied and
collected by the federal officials. It is as much
for the benefit of the farmer as for that of the
manufacturer to build up a good and reliable home
market.

A nation solely agricultural inevitably becomes
poor. Capital flees from it, and the soil wears out.
The constant shipment from year to year of the
products of the soil to other countries impoverishes
the land. By this process of exhaustion several
regions once fertile have been tilled and tilled, un-
til now they are but little better than desert tracts.
Let wheat, corn, oats, etc., be consumed as near as
possible to the places where they have been sown
and harvested; for there is an invisible chemistry
ever at work in the mysterious economy of nature
in restoring to the soil by means of rain, snow,
winds, atmospheric influences, etc., the food prod-
ucts it gives forth in bountiful harvests of golden
grain and silk-plumed corn. Besides, the proxim-
ity of a farm to a market, where the products can
readily be sold, necessarily exercises great influence
upon the question of its value. A farm within two,
or three miles of a city is usually three times more
valuable than one eight or ten miles away. The
4,200,000 farms in the United States owe probably
a third of their current value to the fact that rela-
tive home markets take for home consumption
ninety-two per cent. of their products. Remove
the markets to foreign countries, and so remote
and unreliable would they be that the prices of farming lands would almost inevitably become greatly depreciated. In fact, under the free trade policy, farms, lots, dwellings, business blocks, mills, factories, and all kinds of property, would rapidly tend to a far lower standard of valuation.

There is hardly anything more ruinous to business and fatal to prosperity than uncertainty. Its influence is blighting and deadly. It is the chief inspiration of the demoralizing habit of gambling. The feverish anxiety, the enervating doubts, the grasping avarice, and the reckless prodigality it inspires in different persons, according to their temperaments, are at war with all sound business methods, destructive of confidence, and subversive of the public well. It sweeps through the marts of trade, and ruin and despondency mark its pathway. No observing man can have failed to notice what a paralyzing influence it exerts upon business. It stimulates the unworthy activity of the irresponsible speculator and gambler on the one hand, while, on the other, it causes the great mass of business men to hesitate, to wait for developments, to make no purchases for which a demand cannot, with almost absolute certainty, be predicted; to manufacture nothing which has not been ordered, or which is not almost certain to be speedily ordered. Thus is business stunted and made dull. Thus do times become perversely hard and trying. Thus do evidences of increasing poverty and suffering press inexorably to the front. And the free trade policy is attended with an uncertainty likely to produce such evils. Were it to be given effect, manufacturers, importers, merchants and retail dealers, would be at a loss to determine how large a volume of foreign imports to expect from year to year, or season to season. They would be altogether in the dark touching the competition certain to arise from that source in their respective lines of business. All the superfluous products resulting from overproduction abroad, such as shoddy and mungo clothing, adulterated wines and liquors, useless toys and trinkets, and, in short, the leavings of everything salable, would be sent to this country and thrown upon our market. That policy would go far toward destroying our manufacturing industries and producing general ruin, for wholesome competition would be next to impossible in so bewildering a situation. In the midst of such chaos, it would be a comparatively easy matter for foreign merchants to secure control of the American market, and thereafter it would not be difficult for them to fix prices at any standard suitable to themselves. There is certainly sufficient depression in business, with its attendant hard times, whenever the people suffer from what is known as overproduction in our own market, and in dealing with domestic products. But what would be the effect of having the leavings of the overproduction of all the rest of the world added from season to season? And that very overproduction would be stimulated by the consciousness that here could be found a free market for things in excess of foreign consumption and demand. No man could gauge accurately, or even approximately, the magnitude of the volume of goods which would thus annually flow in upon us from all parts of the world. The present tariff, however, enables us to guage, with a reasonable approach to accuracy, how large an aggregate of foreign productions we may expect from year to year. It has a tendency, also, to shut out and exclude altogether from our market inferior goods of foreign manufacture. Our own goods are so comparatively cheap that foreigners would lose heavily by paying the tariff duties upon theirs, and then undertaking to compete with our domestic manufactures. The great majority of the American people are satisfied to wear American clothes, and to use the products of American art and labor. And, as a rule, these goods are cheaper and better than goods and wares of corresponding grades in foreign markets. But at any rate, it can safely be averred that all the staple articles of food are much cheaper here than abroad, and that the rewards of labor are much greater. The more substantial manufactures of this country are certainly preferable to those of any other nation. American railroad iron, locomotive engines, cars, machinery, wagons, plows, stoves, fire-arms, ammunition, axes, saws, clocks, watches, cutlery, sewing-machines, printing-presses, cottons, prints, calicoes, etc., are nowhere surpassed in quality and cheapness. The prices of these things, and hundreds of other articles, were more than twice as high in free trade times, when it was necessary to import them.

From the beginning of the Government down through the years, the majority of our leading and most patriotic statesmen have sedulously sought to promote the growth of home industries and the development of the inexhaustible natural resources of the country. And to this end, they adopted what seemed to be soundest economic policy—the policy of protection. On three occasions the free trade theorists had sufficient power in Congress to give effect to their tariff reform schemes, and they did so. The result each time was a panic, with a long period of dullness in business, and poverty and want of employment among the people. In each instance, the people, after a bitter experience of a few years, were constrained by their poverty and necessities to return to the policy of protection. In the main, that policy has been jealously fostered and cherished, and it has not disappointed the expectations of those who believe in it. In all sections of the country it has stimulated the establishment and growth of manufactories. It has protected labor, given independence to industry, and materially increased the rewards of toil. The great manufactories built under this policy have made us comparatively independent of foreign powers. They have made this a greater and freer Nation—a Nation more capable of working out its grand destiny independently of other countries—than ever before it was.

Free traders sometimes say to workingmen: "The tariff is robbing you. It requires you to pay a great deal more for the things you wear and use—the clothes you buy for yourselves and families, the carpets you have on your floors, the furniture
ions of dollars of comparatively idle capital are uniting their capital, acquire the power of establishing competing concerns. The speedily establish foreign goods. This matter is regulated by home competition. But when capitalists see that he is making money, he usually does embark in it.

Americanism as that deserves all the discourage-ment that high duties can involve. There is a competition among them that calls for the highest order of business talent and sound judgment as imperatively requisite to success. A few years ago many of the men now numbered among the wealthiest in the country, were themselves humble mechanics and laborers. They succeeded chiefly because they were industrious, enterprising, frugal, intelligent and practical. Their example teaches that—

"It is not in our stars, dear Brutus,
But in ourselves, that we are underlings."

It is not because of the tariff that men become rich, but because of the ability, wisdom and enterprise in the exercise of which it protects them. And to all citizens and residents its protection is equally extended. The humblest man who has health, industry, sound judgment and proper habits has it in himself not to be an underling. The tariff is reciprocally helpful to the manufacturer and to the workingman. But of itself it does not tend to make either of them rich or poor. It simply offers to and protects for all the opportunities of achieving and realizing fair returns for capital, fair prospects for enterprise, fair rewards for industry, and honorable success for labor, economy and sound judgment.

Art, Music and Literature.

—A copy of Caxton's "Game and Play of the Chesse," lacking two leaves, was recently sold in London for £645.

—in demolishing the houses near the Sanguigna Tower and the Annibaldi Palace, several fragments of ancient columns have been discovered, one of them of giallo antico measuring six and a half feet in diameter. A fragment of a beautiful fluted column was also found in the same place. The Annibaldi Palace is adorned in the interior with a considerable number of ancient columns found formerly on this spot.

"The Life of Leo XIII," by the Rev. Bernard O'Reilly, is expected to make its appearance in the