

our own domestic market. No one has ever attempted to disprove Senator Gallinger's conclusions, though our political opponents continue to speak of the practice as well-nigh universal. This \$4,000,000 worth can be far more than accounted for by the advantage given to exporters under our drawback laws, and it is quite likely the estimate is too low."

While he admits that this estimate is likely too low, he evidently intends his hearers to believe that it is not much too low, that the total sum exported and sold below the high price is not much beyond the \$4,000,000 for he says that Senator Gallinger made the estimate from the testimony filling eighteen large volumes, taken by a commission during three years of investigation, and he affirms that no one has ever attempted to disprove Senator Gallinger's conclusions. In the latter part of the same speech Secretary Shaw says: "We exported during the last fiscal year approximately \$570,000,000 of manufactured products exclusive of prepared and partially prepared foods. Of this total probably \$20,000,000 was produced in bonded smelters and factories, and no duty was collected on the material consumed. On approximately \$120,000,000 a drawback of about five per cent was recovered. Thus it will be seen that nearly twenty-five per cent of our exported manufactures leave this country costing the exporter less than corresponding articles which he places on the American market." From the above quotation, it will be seen that we exported approximately \$120,000,000 worth of goods upon which a drawback of five per cent was recovered by the manufacturers and he explains that the manufacturers were thus enabled to sell abroad at prices five per cent lower than they could afford to sell at home. In other words, the manufacturers draw from the treasury \$6,000,000 in drawbacks on this export for the express purpose of being able to sell those exports abroad for \$6,000,000 less than the American people would have to pay for them, if sold here. If the manufacturers, after receiving the drawback, sold abroad at the same price at which they sold in this country, it is evident that they did not need the drawback which the government gave them. If they sold abroad at a lower price, because of the drawback given them, then the amount exported and sold cheaper abroad than at home was \$120,000,000, instead of \$4,000,000. Secretary Shaw is welcome to take either horn of the dilemma. According to his statement, we paid the manufacturers (in drawbacks) to sell \$120,000,000 abroad cheaper than at home. If they only sold \$4,000,000 abroad cheaper than at home, they made a double profit on the \$120,000,000 and collected the five per cent from the foreigner after collecting it from the treasury. If they dealt honestly with the government and sold the entire amount abroad cheaper than at home, then they sold thirty times as much as the secretary estimated they did, his estimate being \$4,000,000 or a little more. Now which position is he going to take?

Secretary Shaw's contention is that we only sell abroad cheaper than at home, because of the rebate or drawback given and to make his argument clear, he says: "Perhaps I can make this drawback principle clearer by means of an illustration. The American producer of steel billets has a minimum protection of \$6.72 per ton. The producer of spikes and bolts has a protection of \$13.44 and \$33.60 per ton respectively. The American Iron and Steel Manufacturing company of Lebanon, Pa., was paid last year in round numbers \$10,000 drawback on the exportation of \$75,000 worth of railway spikes

and bolts produced from imported steel billets."

"This drawback enabled this concern to sell \$75,000 worth of spikes and bolts abroad for \$65,000 and make the same profit as if sold at home for \$75,000. It being impossible to protect the American product of spikes and bolts in the foreign market, the law authorizes this refund to him on proof of exportation, with manifest intent that he shall sell his product abroad that much below the American market price."

This illustration makes the subject much clearer than the secretary intended. This one illustration admits three of the contentions of tariff reformers.

First, that our manufacturers are selling abroad cheaper than at home. For awhile, the republicans denied this. Now the head of the treasury department admits it and tries to explain it. Let no republican hereafter deny that we do sell abroad cheaper than at home.

Second, the illustration proves that the consumer pays the tariff. The drawback of \$10,000 given to the American Iron and Steel Manufacturing company of Lebanon, Pa., was given because that company imported steel billets upon which it had paid a tariff. This is an important admission, for the republican orators have constantly insisted that the tax was not paid by the consumer, but by the foreigner. If the farmer complains that he is taxed on imported articles, the republican spellbinder assures him that he does not pay the tax, but that some foreigner pays it for the privilege of trading in the United States, but when a Pennsylvania steel company imports steel billets, he has no difficulty in convincing the treasury department that the tax is paid by the consumer and that the consumer having paid the tax, ought to get it back from the treasury. It is customary for the republicans to insist that a part of the tax at least is paid by the foreigner, even when they are not bold enough to contend that all of it is paid by the foreigner. In the case of this Pennsylvania steel company there is no quibbling over fractions or parts. The secretary of the treasury accepts without hesitation the statement that all of the tariff was paid by the consumer. Let no republican hereafter contradict the secretary of the treasury by saying that the consumer does not pay the tax.

Third, this illustration given by Secretary Shaw establishes another proposition for which the tariff reformer has contended, namely, that American labor does not need the protection given by the present tariff. Every republican who defends the tariff, defends it on the ground that the laborer would draw less wages if the tariff was reduced. But the illustration given by Secretary Shaw proves that in the manufacture of spikes and bolts the laborer does not need any protection, for as soon as the manufacturer receives his rebate for the tariff paid on the raw material—in other words, as soon as he is able to obtain his raw material free from tax—he is able to manufacture and sell abroad in competition with the world. The drawback was not intended to help pay the laborer. There is no pretense that the laborer needs any protection. He makes the bold statement that the American Iron and Steel Manufacturing company of Lebanon, Pa., was able to send its product abroad, pay the freight upon it, and compete in the open market with the "pauper labor of the old world." The inference is clear that the tariff is not necessary for the protection of labor, and that with free raw material (for that is all that the drawback means) our manufacturers could export and sell in other countries. And if our

manufacturers can sell abroad, how can a high tariff be regarded as necessary to enable them to sell in the home market?

In one illustration, therefore, Secretary Shaw has admitted that our manufacturers sell abroad cheaper than at home, that the tariff is a tax upon the consumer, and that the laboring man in this country though better paid, produces so cheaply that his employer can export in competition with the world, if given free raw material.

In another part of his speech, Secretary Shaw affirms that in some cases foreigners make a discount of from five to twenty-five per cent when they sell in the United States. He cites a case where something like fifteen per cent discount is made. According to his theory, under absolute free trade in this country, we would be in danger of being flooded with foreign goods, sold cheaper here than in Europe. According to his own figures, the discount is from five to twenty-five per cent. He can hardly be credited with good faith, when he holds out before the public the danger of a flood of foreign goods, for he knows that no reduction is likely to take place which would bring the average tariff rate below the highest point which even his figures show to be sufficient to prevent a flood. The last tariff law which the democrats passed, left the average rate on manufactures considerably above twenty-five per cent. A tariff for revenue only would prevent any such dumping as he fears, even if his most extravagant figures could be accepted at their face value. In order to relieve him from any nervous fears he may have, the democrats might agree to leave a tariff of twenty-five per cent, until the people have a chance to try and satisfy themselves of its safety before attempting to reduce it below that point. But the absurdity of Secretary Shaw's position is shown by the fact that he does not propose any reduction in any schedule, no matter how much the people suffer from extortion because of that schedule. He favors a tariff twice as high as would be necessary to avoid any possible danger from this source, measuring his fears by his own figures.

Just one other point. In the course of this remarkable confession, he gives figures to show that many American products are sold abroad at higher prices than they are sold at home. The beauty about the democratic position is that no matter how a republican expresses himself, he is easily answered. If the republican asserts that we sell abroad cheaper than at home, we reply that we ought to sell at home as cheaply as abroad, for it is unfair to the American people to burden them with a high tariff on all that they use, while we give foreigners a benefit that we deny to our own people. On the contrary, if the republicans say that we sell abroad at a higher price than at home, we reply that goods that can be exported and sold at a higher price than at home, ought not to fear competition in America from the goods with which they compete abroad.

It is a fatal defect of republican argument that it does not hold together. No protectionist can make a speech of any length, without contradicting himself and answering his own arguments, and it is a poor high tariff speech that does not admit something of the democratic contention. Secretary Shaw's speeches have already convinced many republicans that we do not need such a tariff as we now have, and it is not strange that his speeches lead democrats to the same conclusion. The more high tariff speeches the distinguished secretary makes, if he follows the line of his Saulsbury speech, the stronger will be the tariff reform sentiment in the United States.

## DEMOCRATIC NORWAY--Her Sun, Her Scenery and Her Coronation

### Mr. Bryan's Thirty-eighth Letter

Norway was so full of attractions at the time of our visit that I am at a loss to know in what order to treat of them. As those things which are permanent will interest a larger number than the transient ceremonies attending the crowning of a new king, I shall give the preference to the most distinguishing feature of Norway, that which has been interwoven with her name, viz., the midnight sun. Owing to its accessibility and to the fact that its climate is moderated by the influence of the Gulf Stream, the coast of upper Norway furnishes the best opportunity which Europeans have to mount the

Arctic merry-go-round and view the sun through the whole nightless day. It is a weird experience, this passing from day to day without intervening darkness, and one returns from it somewhat exhausted, for the light tempts him to encroach upon the hours of sleep.

The North Cape, the northernmost point of the continent of Europe, is usually the destination of the tourist, but it is not necessary to go so far to see all that there is worth seeing. There are several towns above the Arctic circle where for several weeks the sun never sinks to the horizon. At Bodo, which is but little more

than a day's ride by boat from Trondhjem, the sun is visible at midnight from May 30 to July 11. At Hammerfest, which is the terminus of some of the steamboat lines and which claims to be the northernmost town in the world, the sun does not set between May 13 and July 28, while at Tromso, not quite so far north as Hammerfest, the inhabitants have but ten days less of the midnight sun.

We stopped at Svolvær, one of the chief fishing stations of the Lofoden Islands, nearly two hundred miles north of the Arctic circle. We arrived about seven in the evening, and even