

# The Tariff and Business Depression

## A Complete Answer to Critics of the New Tariff Act

The following is an open letter addressed to Walter S. Dickey of Kansas City, Mo., by the editor of the St. Louis Republic:

"Walter S. Dickey, Kansas City, Mo.: Sir—At the Lincoln Day Young Republican banquet, in the city of St. Louis, you said, according to the St. Louis Globe Democrat of the following morning:

"A majority of the people of the United States are again convinced that experimenting in free trade is disastrous to our people. \* \* \* The voters of the United States will hold the democratic party responsible for the widespread prevailing business depression and lack of remunerative employment. This great, rich, new country requires a protective tariff."

"We democrats welcome this expression of opinion from one who is not a political spellbinder, accustomed to deal in unlimited talk and indiscriminate condemnation of the opposite party, but a republican business man of standing and experience, who expects his words on economic questions to be taken seriously. I have tried in vain to evoke from the republican press of the middle west detailed discussion of the relation of the Underwood tariff to the prevailing business depression. I am glad to put to you certain questions in view of certain facts, and to invite your full and explicit reply.

"We have just received from Washington the monthly summary of foreign commerce for December, giving statistics for the calendar year of 1914. The figures contained in this article are all taken from the publication, and the numbers in parenthesis refer to its pages, to aid you in your review of our case.

### CHILDREN SHOWED IT

#### Effect of Their Warm Drink in the Morning

"A year ago I was a wreck from coffee drinking and was on the point of giving up my position in the school room because of nervousness.

"I was telling a friend about it and she said, 'We drink nothing at meal time but Postum, and it is such a comfort to have something we can enjoy drinking with the children.'

"I was astonished that she would allow the children to drink any kind of coffee, but she said Postum was not coffee, but a most healthful drink for children as well as for older ones, and that the condition of both the children and adults showed that to be a fact.

"I was in despair and determined to give Postum a trial, following the directions carefully. It was a decided success and I was completely won by its rich delicious flavour.

"In a short time I noticed a decided improvement in my condition and kept growing better month after month, until now I am healthy, and do my work in the school room with ease and pleasure. I would not return to nerve-destroying coffee for any money."

Name given by Postum Co., Battle Creek, Mich. Read "The Road to Wellville," in pkgs.

Postum comes in two forms: **Regular Postum**—must be well boiled. 15c and 25c packages.

**Instant Postum**—is a soluble powder. A teaspoonful dissolves quickly in a cup of hot water and, with cream and sugar, makes a delicious beverage instantly. 30c and 50c tins.

Both kinds are equally delicious and cost per cup about the same.

"There's a Reason" for Postum.

—sold by Grocers.

"In 1914, under the Underwood tariff, we imported \$28,000,000 worth of manufactures of iron and steel. (I shall use round figures to avoid confusion.) This was \$5,000,000 less than our importations in 1913, and \$700,000 less than those of 1912. (461.) How can democratic tariff policy with respect to the iron and steel schedule be held 'responsible for the widespread prevailing business depression and lack of remunerative employment,' in view of the fact that we imported less iron and steel manufactures in 1914 under the Underwood tariff than in either of the two preceding years under the Payne-Aldrich tariff?"

"Take cotton goods. This schedule is one of the protection strongholds. Last year we bought \$60,000,000 worth of manufactured cotton goods abroad. (457.) But the year before we bought \$65,000,000 worth, and the year before that nearly \$68,000,000 worth. Now, Mr. Dickey, how can democratic policy with respect to the cotton schedule be held 'responsible for the widespread prevailing business depression and lack of remunerative employment,' in view of the fact that we imported less cotton goods last year under the Underwood duties than in either of the two years immediately preceding under the Payne-Aldrich duties?"

"Look at the return on chemicals. Under the Underwood law in 1914 we imported chemicals to the value of \$101,000,000. (456.) This was almost exactly the same as the total for 1912, but it was more than \$13,000,000 less than the figures for 1913. How can democratic policy with respect to the chemicals schedule be held 'responsible for the widespread prevailing business depression and lack of remunerative employment,' in view of the fact that we imported \$13,000,000 less chemicals in 1914, under the Underwood tariff act, than we did the year before, under the Payne-Aldrich act?"

Take Schedule K, wools and woollens. This schedule has been called the 'citadel of protection.' Here, on account of the lowering of rates, importations of manufactured goods increased from \$17,000,000 in 1913 to \$44,000,000—nearly 2 2-3 as much. (467.) But two facts need to be remembered. One is that raw wool imports under free trade, increased almost \$30,000,000 worth.

"Evidently the American woolen manufacturers could not have been very hard hit, or what use would they have had for all this raw material? Nor has the grower suffered. The prices of wool have not fallen on account of free trade; they averaged somewhat higher in 1914 than in 1913. The other fact is that of the 99 sorts of woollens scheduled under the Underwood tariff, 16 are taxed at 50 per cent or over and 60 at 35 per cent or over, while only 17 are lower than 25 per cent, and only five lower than 20; this last group containing duties of 18 per cent and free rags, shoddies and mungo. (See the Protective Tariff Cyclopaedia, p. 145.)

"Now, Mr. Dickey, you know the history of the wool and woolen schedule, and you remember how North had a desk in Senator Aldrich's office and what Aldrich said about 'the tail going with the hide.' Do you believe that the changes in Schedule K are 'responsible for the widespread prevailing business depression and lack of remunerative employment?' If so, how do you reconcile the belief with the steady prices for wool and the good demand on the part of American wool manufacturers, revealed in import figures?"

"Let us look at the earthenware,

stone and china schedule, a field near akin to that of your own business. Our imports last year were a round million less in value than during the year before and a little less than for 1912 (457). How can democratic policy with respect to the earthenware, stone and china schedule be held 'responsible for the widespread prevailing business depression and lack of remunerative employment,' in view of the fact that we imported less of these goods under the Underwood schedules in 1914 than in either of the two years preceding under the Payne-Aldrich schedules?"

"Last we come to lumber. Here the Underwood tariff puts us on a free-trade basis. And we imported lumber in 1914 to the value of a few hundred thousand dollars less than in either 1913 or 1912 (466). How can democratic policy with respect to the lumber schedule be held 'responsible for the widespread prevailing business depression and lack of remunerative employment,' in view of the fact that we imported less lumber last year under the Underwood free trade than in either of the two years before under Payne-Aldrich protection?"

"Perhaps you feel like exercising, at this point, the American privilege of questioning the questioner and inquiring how The Republic accounts for the depression in the field of international trade, if the tariff has had nothing to do with it? I make haste to answer. The trouble is that the other fellows quit buying of us. They did not 'flood the market' with their goods. They stopped taking ours.

"The Republic holds that our business has been depressed because, as shown by the export statistics contained in pages 476-486 of the publication I have been quoting, our overseas customers took of us in 1914, \$13,000,000 less agricultural implements, \$12,000,000 less cars and carriages, \$27,000,000 less copper and manufactures of copper, \$232,000,000 less cotton, \$5,000,000 less iron and steel manufactures, and \$39,000,000 less wool products and manufactures. They took \$105,000,000 worth more of foodstuffs and food animals than in the previous year, but they cut down other purchases so tremendously that their total purchases were \$377,000,000 less on the year's trade. They demanded our gold instead. They bought of us \$287,000,000 less of raw materials for manufacturing than they did the year before, \$51,000,000 less of manufactures for further use in manufacturing, and \$151,000,000 less of finished manufactures (453).

"I do not need to point out to you the fact that this deficiency of \$377,000,000 on the year's business in the international field means far more than a loss of income to that amount on the part of the specific industries concerned, grave as such a loss is. As a practical man, you are familiar with the fact that receipts from productive industry go at once into the channels of trade, and that through the loss of nearly \$400,000,000 of income from the failure of the foreign buyer to purchase goods we were ready to sell, the United States lost an overturn of a vastly larger amount from its domestic trade.

"Now, Mr. Dickey, I ask you as a business man whether you ever heard of a recipe for keeping business good when your customers quit buying of you. I ask you, as a student of the tariff, what possible effect the tariff can have on trade balances except as it restricts the amount of foreign goods coming into the home market. I ask you as a fair man, what justification can be found in the detailed statistics for 1914 as embodied in the regular official publications for the supposition that the Underwood tariff has in any way af-

ected general business unfavorably during 1914. And I challenge you, as a critic of the tariff policy of the democratic party, to say wherein that policy is embodied and the Underwood act is wrong, and what rule the republican party proposes to follow in revising the schedule, if it gets the chance. I do not expect you to suggest detailed schedules, of course; that would be absurd. But so far as general policy goes, what would you recommend be done with the iron and steel schedule, the wool schedule, the china and stoneware schedule, the lumber schedule?"

"I shall be glad to give space to your reply.

"EDITOR OF THE REPUBLIC."

### AFRAID OF PROSPERITY

The other day the Wall Street Journal, financial paper, quoted one of the leading bankers of New York thus:

"We shall not have to wait for a general election before prosperity returns, and the only danger is that prosperity may become so great before November, 1916, that it may be the means of keeping the democratic party in power."

This gentleman apparently would sing, "Sweet are the uses of adversity." But could there be any plainer confession that adversity was deliberately used for political purposes? Could there be any plainer warning that opposition to a particular political party is likely to bring news of adversity that does not exist? The changed tone of republican organs of the "party or nothing" type immediately after the election last November was proof enough of this. Not a sign of returning prosperity was visible on their horizon up to the eve of election, but the very morning after some eager tory organs broke in to exultant chants over facts they had known for weeks.

Happily prosperity will not wait on the permission of political financiers, but the banker in question confessed clearly enough that the talk about the tariff was rot.—Milwaukee Journal.

### BEGINNING THEIR 1916 CAMPAIGN

The question suggests as to what the republican opponents of the administration, whether they are members of congress or various republican journals, hope to gain by their continual despicable nagging of the administration.

Partisan advantage, of course. And in attempting to gain party advantage they are forgetting patriotism at a time when real and practical patriotism is needed in this country more than it has been for years past.

It would place the matter in a more understandable light, perhaps, to say that these republicans are already beginning the campaign for 1916. Their tactics are those they are accustomed to employ just before a national election. They are employing them now when politics and political consideration should be forgotten for the sake of the nation. But to some republicans, their party comes first; their country second—or less.—Scheneectady Gazette (Dem.).

### A LESSON IN PATRIOTISM

St. Paul Pioneer Press: When the Mexican situation reached a crisis last spring, a New York newspaper wired Col. W. R. Nelson of The Kansas City Star for his views on the administration. The colonel promptly wired back:

"At this juncture we are not advising President Wilson; we are supporting him."

And this is just as fine a lesson in American patriotism now as it was last April.