

the home product, we will the first year collect five million dollars revenue on the article, and by so doing enable domestic manufacturers to produce a similar article at a price fifty per cent above what they could charge without the tariff. If at the end of five years we produce half of the product at home and buy half abroad, the revenue will be reduced to two millions and a half while the people will pay the same amount they did before, namely, the foreign price plus the tariff. If at the end of ten years we produce the entire amount at home and export none of this article, the revenue from this source will be entirely extinguished, while the people will go on paying the foreign price plus the tariff, unless competition at home reduces the price. If, however, competition at home reduces the price, it shows that the tariff is not needed, and that to the extent that it is not used, it could be reduced without increasing either the import of the article or the revenues of the treasury.

Senator Beveridge's plan for extending our markets is the retaliatory plan proposed by Mr. Chamberlain, the English statesman. Mr. Bryan had an opportunity to hear this plan presented by Mr. Chamberlain, at Cardiff, Wales, about four years ago, and no one has ever appealed more eloquently than he to the get-even spirit, although, fortunately for Great Britain, the appeal was unsuccessful.

While there may be an occasional opportunity to increase trade by reciprocity treaties, such extensions are insignificant compared with the extensions which would follow a general reduction of the tariff. In the first place, retaliatory duties are levied upon the theory that the foreigner pays the tariff, whereas the tariff is paid by the consumer. While it is to the advantage of the producer to enlarge his market, it is foolish to suppose that tariff reductions are intended for the foreigner, and to say that we will maintain the tariff, or raise it, on an article imported from Germany, for instance, unless Germany reduces the tariff upon some article which we export is really equivalent to saying to Germany: "If you do not stop taxing your people when they buy goods of us, we will retaliate by taxing our people when they buy goods of you." If export duties were paid by the foreigner, then the making of a tax law would be a very different matter. Each government could make the citizens of other countries pay its running expenses, and it might even carry its exactions to the point of collecting from abroad and distributing the surplus through bounties to its own people. But the fact is that the importer pays the tax and then collects it from the consumer, with interest and commissions added. Republican spellbinders may be able to conceal the operation of the tariff from trusting republican voters who stay at home, but the republicans who visit other countries are, upon their return to America, confronted with the unpleasant fact that the import duty is collected from the returning American and not from the foreigner.

One objection to the reciprocal or retaliatory tariffs is that we can not offer concessions to other nations in return for concessions demanded without arguing from a false basis. Instead of assuming that the tariff is a tax upon the foreigner, to be reduced only out of consideration for the foreigner, it is far better to teach by argument and by example that tariff duties are paid by the people of the country by which the duties are levied, and then rely upon the intelligence of other nations to make reductions which will increase international commerce.

Another difficulty about a reciprocal or retaliatory tariff is that when such a treaty is being made there is liable to be a conflict between industries, all of them anxious for advantage, but none of them willing to consent to a reduction on their own products. If a valuable concession is gained something equally valuable must be given if it is a fair trade. According to the argument of those who support a protective tariff, a concession, in order to be valuable to others must be hurtful to us, and, therefore, according to this logic, we must sacrifice some industries in order to help others. What industries are willing to be sacrificed? If, for instance, we have a tariff on an article and this tariff is really needed, it can not be taken off without injury to the industry which needs it. If we have a tariff which is not needed, it ought to be reduced even from a protectionist's standpoint, and we can hardly fool foreign nations by proposing a reduction which we ought to make anyhow.

The third objection to the reciprocal or retaliatory tariff is that it is of comparatively

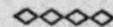
little value in the extension of commerce. The friends of protection have been talking reciprocity for a great many years, but the amount accomplished is scarcely worth mentioning, whereas an independent reduction of the tariff would be greatly beneficial. In the first place, our manufacturers are all more or less embarrassed by tariffs levied for the protection of other industries. Take, for instance, the matter of machinery. The tariff on machinery requires a larger investment in the plant; then in the manufacture of goods for export a great deal of material is used upon which it is impossible to collect a rebate—the rebate being given only when an imported article is used in the manufacture of things exported. There is no way of securing a rebate where the manufacturer uses a home-made article whose price is enhanced by the tariff, and the employes must either bear the burden or demand an increased wage to compensate for the increased cost of living produced by the tariff. If increased wages are given to compensate for the tariff, these increased wages make it more difficult for us to compete with foreigners. It can not be said that protection confers any net benefit upon an employe in a protected industry unless protection increases his wages more than it increases his cost of living. If protection increases his wages less than it does his living expenses, the protective tariff is an injury to him, and may be an injury also to his employer. Tariff reformers believe that statistics show that the present high tariff is actually injurious to the laborer in the protected industries and to many manufacturers who derive from the tariff less than it costs them, and there is no question about the present tariff duties being oppressive to the great majority of the people who are engaged in the protection of things which can not be protected.

Reciprocity treaties, therefore, while possible in a few cases, are not a substitute for tariff revision, and our experience is that the manufacturers who urge high rates on the theory that they can be used to compel reciprocity treaties stubbornly insist upon retaining the duties, however high, thus postponing, if not destroying, hope of relief from this source.

Senator Beveridge is especially anxious to make a reciprocity treaty with Canada for the admission of free wood pulp. He asks why not say to Canada, "We will let in Canada wood pulp free if you will let in American implements and other articles free." Why, he asks, should we put wood pulp on the free list for nothing? He answers his own question by saying: "This would reduce the price of every newspaper in our country, save our forests from extermination, and at the same time open the Canadian market to the admission of many American products." Suppose we can reduce the price of every newspaper in our own country and save our forests from extermination, would that not be sufficient reason why we should put wood pulp on the free list, without waiting for Canada to act? If we recognize the wisdom of protecting our own people by the reduction of the duty on wood pulp, we may be able to convince the Canadians of the wisdom of admitting American implements and other articles free. We have tried the plan of retaliation for many years, and we are still paying a tariff on wood pulp. Why not make an experiment and try legislating for the consumers of the whole country rather than for the manufacturers of protected articles?

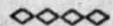
Senator Beveridge's remedy is a tariff commission. He says: "We must have a revision of our present tariff; but it must not be a political revision; it must be a scientific revision. It must not be a politician's tariff—it must be a business man's tariff." This is merely the usual motion which the defendant makes for a continuance when he knows that he has no evidence with which to oppose the plaintiff's claim. Senator Beveridge has been a national legislator for some years, but he has never attempted to take the tariff out of politics. When he makes speeches upon the stump, he recognizes that the tariff is a political issue, and he warns the country against allowing the democratic party to have anything to do with tariff revision. Only when gross abuses have aroused resentment, and there is a popular demand for tariff revision, does he come forward with the demand that the subject be taken out of politics. It is kept in politics as long as it promises to keep the republican party in power, and becomes non-partisan only when the party is in danger. The republican party had an opportunity to frame a tariff bill in 1890. Did it do it by a commission? On the contrary, the bill was framed in a republican congress, and the party

which framed it demanded a public indorsement as a reward. When the republican party came into power again in the spring of 1897 it had another chance to reduce the tariff by a commission made up of business men, but, instead of taking the question out of politics, it proceeded to make a political use of the power gained, and it has boasted that the tariff is a panacea for all industrial ills. The more unscrupulous of the leaders of that party have not hesitated to claim credit for whatever prosperity the country has derived from a larger volume of money and better crops; and they have assured the country that panics never come while republicans are in power and while tariffs are adjusted according to the protective principle. Just now these boasts are more hollow than usual because at the time of the writing of this article we are in the midst of a financial panic which is, in some respects, more acute than the panic of 1893. While in 1893 some banks failed, most of them continued to pay depositors on demand. Now, a large percentage of the western banks refuse to allow deposits to be withdrawn except in limited amounts, the banks deciding as to the wisdom of withdrawal.



#### A WORD TO STATE BANKERS

The state bank is to be found everywhere, and in the smaller communities it is often the only bank. Has the state banker considered the currency situation as it presents itself at this time? The national bankers of the cities are clamoring for an asset currency—that is, for a currency which they can issue on their assets without the deposit of government bonds with the treasury department. At first they tried to secure a complete change in the basis of their banknotes but failing in this, they have been urging the asset currency as an emergency currency. The state bankers ought to let their congressmen know that there is objection to the asset currency either as a permanent currency or as an emergency currency. There is no reason why the government should not issue whatever asset currency the country needs. If the government instead of the banks issues this currency, it can issue treasury notes, and these treasury notes can be loaned to the state banks as well as to the national banks. The policy of the treasury department has been to take care of Wall Street and then trust Wall Street to take care of the rest of the country, but it is an absurd and foolish policy. If asset currency is needed, there is no reason why it should not be furnished in such a way that the state bank as well as the national bank can relieve a local stringency. If we are to have an emergency currency, let it be issued by the government and controlled by the government; let congress fix the kind of security and then let the currency be loaned to the state bank as well as to the national bank. There is no reason for the discrimination that is constantly made in favor of the national bank. It is time that the state bankers voiced their protest against this favoritism.



#### THE COUNTRY NEWSPAPER

There ought to be a democratic weekly newspaper in every county; where there is no such weekly, one ought to be established. It does not cost much to start or to conduct a weekly newspaper. It can be owned and edited by the same man. The country weekly has far more influence in proportion to its circulation than the city daily, first, because it has behind it a person who is known to the readers and whose character adds force to his words; second, because the weekly is read with more care. The country weekly comes much nearer reflecting the sentiment of the community than the large daily. In fact, in every contest between the unorganized masses on the one side and organized wealth on the other, the big newspapers are generally on the side of organized wealth, and this fact has become so notorious that candidates are often elected with practically all of the daily papers against them.

In 1896 when nearly all of the great dailies deserted us, the weeklies were faithful because they were near to the people and shared the opinions and aspirations of the multitude.

The editorial page of the democratic weekly ought to be large enough to present briefly the democratic side of the questions upon which the people are thinking. Having local as well as general politics to consider, the country weekly can not of course give the attention to national questions that a national paper can, for a