

## TYPICAL PROTECTION VICTORY.

## A Letter from One of the Largest Manufacturers and Exporters of Agricultural Machinery.

Of all the "triumphs" ever realized by the great "American principle of protection to home industries," none was ever more thoroughly characteristic, more aptly illustrative of the natural working of the principle itself, than the splendid triumph just scored in calling out the Russian retaliatory edict. It will not be claimed as such, by the Protectionists, themselves. Arrogant, everywhere else, these partisans are modest enough, where the really typical results of their system are concerned. The public blessing, in which they glory, is almost, always, something that they have striven to prevent, and not quite succeeded; while the result that flows directly from their labors—that contains in itself, as any genuine effect does, the true essence of the cause—they prefer to pass over in silence. Hence, the need of proving a proposition, that ought to be known intuitively; that this edict of the Russian government, is an altogether natural outcome of the protective policy in America.

## Russia.

It appears that commerce between this country and Russia has been regulated by a treaty, now nearly seventy years old, binding each power to give the other all the rights allowed "the most favored nation;" that that empire has under that treaty admitted goods from the United States at the same reduced rates granted to Germany, and other powers, through reciprocity treaties; that, in so doing, it exceeded the requirements of the "most favored nation" provision, which has been again and again declared to be no bar to special tariffs in reciprocity arrangements with other countries; that Russia has fallen in with the prevailing European custom of encouraging exportations of beet-sugar, by collecting a lower internal revenue tax on the exported article, than on that sold at home; that this lower tax is denounced by the sugar interest in this country, as an indirect bounty on export, and, therefore, punishable under the Dingley law, by an equal countervailing import tax, when such sugar enters our territory; that Secretary Gage has, after considerable hesitation, sustained this view, and ordered a levy of the countervailing tax on imported Russian sugar; that the Tsar's government, viewing this as a harsh construction of law, declined any longer to extend to this country the exceptionally lenient application of their own tariff, some of whose benefits, we had enjoyed since 1832; that, in consequence, our exports will have to pay some 30 per cent more to enter Russia, than they have been paying, or than those from Germany now pay; that since the ex-

ports, chiefly affected by this change, are machinery and other manufactures, the consequent loss of trade with Russia, weighs especially on the producers of such wares here; and that the whole sequence, from the countervailing duty, prescribed in the Dingley law, to the general cancelling of Russian orders from American manufacturers, today, shows as regular and unmistakable a relation of cause and effect, as is often seen in human transactions.

There is no reason, probably, for blaming the instrumentalities through which each effect flowed from its cause, as though any other course could have been expected of them. It could hardly have been supposed that our Russian customers would continue to treat our products with special favor, after we had shown a special disfavor to an important product of theirs, even if the distinct warning that retaliation would follow, had never come to us. Nor, do I find the slightest fault with Secretary Gage, for deciding as he did. Though I was one of those who hoped, till the last, that he would see his way clear to decide otherwise, and though I am, even now, interested in the endeavor to reverse his decision in the courts, I do not doubt, for an instant, that he has given us his candid interpretation of the law, and decrees the countervailing duty, only because he believes that the Dingley tariff imperatively requires it.

## Cheap Sugar.

On its own merits, apart from any construction of the law, the question whether the industries of this country were encouraged or discouraged, by the freer trade we have, until now, had with Russia, is so one-sided that it is superfluous to argue it. Until the fiscal year 1896—97, I find no record of any importation, whatever, of sugar from Russia. The four years that have since elapsed, show, in thousands of dollars' worth, the figures, 15, 6, 341, and 22. As our sugar import from all countries reached, last year, a total of \$100,000,000, it will easily be seen, how insignificant the part taken by that empire, since the largest proportion for one year, that in 1898—99, was but 36 hundredths of 1 per cent of the total. Our exports to Russia, during the same fiscal year, amounted to \$10,000,000 worth, more than one-third of which were iron and steel, and their manufactures, which thus alone, had a value ten times exceeding that of the sugar imports of that exceptional year. It is quite unnecessary to discuss the advisability or inadvisability of legislation, whose object is to punish other countries for furnishing us sugar cheaply, and to prevent our citizens from profiting by such endeavors on their part. Let us grant that cheap foreign sugar is a calamity to us; yet, still, it may be asked, "Is it so important to make a few thousand dollars'

worth—at most \$341,000 a year—cost our citizen a little more, that we are justified in sacrificing a rapid growing trade of \$3,500,000 in iron and steel manufactures, and risking twice as much more trade in other articles?"

Practically, I must confess, it seems to be regarded as a mistake to discuss a question involving protective duties, from the point of view of the average citizen, directly interested, only as a consumer, and almost as great a mistake, even, to take the point of view of the manufacturer, when his interests lie in the direction of open markets for export trade. Such interests are regarded as the natural prey of the producer, who depends for his profits, not on a foreign market, but on having the home market exploited for his benefit; and, apparently, he alone, is entitled to a hearing, for the "system" governing the allowance of protective duties is to give to those who may make trouble, if not supplied. The richer and more powerful they are, therefore, and the closer their combination, the stronger is their claim to protection. It might be thought, to be sure, from the connection found or invented, between this system and the employment of labor, that the production of exportable manufactures could make out as strong a case for an open market abroad, as can the sugar refining business for legislation, inevitably provoking a closing of that market; but that, it appears, is not the true view. The sugar trust has again and again shown its power to come out on top, when a tariff adjustment is undertaken. The whole character of the Wilson bill was changed because it had to be conciliated; its claims were carefully conceded on every point in the Dingley bill, the reciprocity arrangements, by which the rigors of that bill were to have been softened, have been defeated by the same agency, and all possibilities, in future tariffs, have to be judged, it seems, by discovering whether, or not, the interests of this trust are advanced. The sacrifice of millions of dollars' worth of trade in machinery must be accepted philosophically, as one of the necessities of the situation, if it comes in the way of a few thousand dollars' worth of the trust's monopoly.

## Evils of "Protection."

It has been the custom, among superficial or partial writers and speakers, to treat the favor shown to the sugar refining monopoly, by our tariff laws, as if it were some sort of surprising exception to their normal workings, an abuse of a system generally beneficent. In truth, however, nothing is more normal, more altogether characteristic of protection, than this very favoritism. With whatever object a protective policy is first adopted, its application inevitably falls sooner or later into the hands of