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"THE GREAT TARIFF LIE."

Under the above caption the Saturday Evening Post, publishes a convincing article in opposition to our present tariff system. Inasmuch as the Post opposed the election of Mr. Bryan, who stood for tariff revision, it seems a little inconsistent for it to open its columns to writers who show by convincing arguments and indisputable facts that our "present tariff rests upon lies."

The article to which we refer was written by Will Payne and illustrated by J. J. Gould and it occupied the first pages of the last number of the Evening Post.

It was not our intention when we first read the article to do more than reproduce in our columns a few of its best paragraphs, but at the request of prominent republicans, who have no use for our present iniquitou tariff, we give below the entire article:

When it comes to revising the tariff one especially should be kept in mind—namely, that the present tariff rests upon lies. The popular arguments in support of it simply are not true—however admirable otherwise.

We had a moderate tariff when we had infant industries. For twenty years before the Civil War the duty on dutiable imports averaged around 25 per cent. Since the Civil War we have never had anything but high protection. The lowest average duty on dutiable imports in any year was over 38 percent. In only three years has the duty ever fallen below 40 per cent.; and it has been as high as 52 per cent.

During these forty-three years of high protection, with the duty never under 38 per cent., the country has usually been prosperous; so they say high protection makes prosperity—in short, that we have been taxing ourselves rich. But the country has also enjoyed three important panics and at least two prolonged periods of great industrial depression. The last panic, the effects of which have not yet passed away, happened when the duty was over 42 per cent.

But the great tariff falsehood, after all, is that high duties are for the benefit of workmen, who would otherwise be ruined by competition with the pauper labor of Europe. It is doubtful if the political annals of mankind contain a bolder, bulkier, more altitudinous lie than this.

We have, it is true, high duties and high wages. But England has the highest wage scale in Europe, and free trade; therefore, free trade makes high wages. Or, Russia has very high duties—higher even than ours-and about the lowest wage scale in Europe therefore high duties make low wages. Either of those arguments is as sound as the protectionist argument that our tariff benefits labor. Men who have studied the subject scientifically, without prejudice, know that the tariff does not benefit labor, and have said so. Big protected manufacturers know it, too, but have mostly omitted to say so. And labor itself knows it.

High duties cannot protect American labor, for there is little doubt that it is already the cheapest labor in the world—not the lowest priced, but the cheapest when measured against its output, giving, for a dollar in wages, a greater product than any other. This is in part due to the character of the workmen, but more to the fact that machinery is used in American production to a greater extent and to better advantage than elsewhere.

We all hear of some great labor-saving inventions—the cotton-gin, the reaper, the telephone, the linotype. But what we hear of is only a few drops in the bucket. There were issued at Washington last year thirty-six thousand patents, and over thirty thousand in each of the four preceding years. Numberless improvements in process and organization which cheapen labor by making it more productive are not patented at all. We lead the world in mechanical inventions, in the use of machinery and, probably, in organization, all of which mean more productive labor. The increased efficiency of the American workman is not a matter of a single great invention now and then. It goes on constantly. The labor constantly produces more per man. High tariff or low tariff, good times or bad times, the steady tendency of labor-cost is to fall. In a Massachusetts shoe factory the labor-cost of making first ualiqty shoes fell from 34 per cent. of the price in 1855 to only 18 per cent. in 1880. In a New Jersey cigar shop, machines operated by children produced cigars at a labor-cost of two dollars and ten cents a thousand, against seven dollars for the best hand-work. The industrial world is dotted with items like that.

Labor-Costs Falling as Wages Rise.

From 1900 to 1905 wages, generally speaking, rose. The census report on all factory industries of the United States shows that total wages paid increased 29.9 per cent.; but the value of the product increased 29.7 per cent. Although the average wages of each industrial employee was about four dollars a month higher in 1905 than in 1900, the labor-cost to the manufacturer was practically the same. I may mention, incidentally, that in the latter year of good times and relatively high wages, the average wage of each of the 5,470,321 factory employees was about forty dollars a month, which isn't a great deal to shout over.

In the city, naturally, wages rule higher than in the country. Employees in the "urban" factories—that is, those in towns of eight thousand inhabitants and upward—received on the average about 11 per cent. higher pay than the employees in the "rural" factories; but the labor-cost in the urban factories was lower than in rural establishments; machinery being more extensively used, the labor is more productive. English labor, using machinery a great deal, produces much, and England, with relatively high wages, has free trade. Russian labor produces less; with low wages has high protection.

Census reports covering all industries, "factory," "mechanical" and "neighborhood," show that in 1860 the number of wage-earners employed in such industries was 1,311,246 and the value of the product was $1,885,861,676. In 1905 the number of employees was 6,157,751 and the value of the product $16,866,706,985. In 1860 each industrial employee produced $1,438; in 1905, $2,739. In 1860 wages amounted to 20 per cent. of the product; in 1905 to only 18 per cent.

The manufacturer therefore paid relatively less for his labor in 1905 than forty-five years before—because the efficiency of labor had greatly increased. There is only one census period in the forty-five years during which the value of the product failed to increase faster than the number of employees. This was from 1870 to 1880, when the number of employees increased 33 per cent. and the value of the product only 27 per cent. From 1880 to 1890 number of employees increased 56 per cent., value of product 74 per cent. From 1890 to 1900 number of employees rose 25 per cent., value of product 39 per cent. From 1900 to 1905 number of employees increased 16 per cent., value of product 30 per cent. This last period was marked by a rapid advance in wages; but as production per man increased, the labor cost did not.

Protection for Pittsburg's Poor Millionaires.

At the last report—covering 1905—the labor cost of our industrial output was under 18 per cent., and the tariff was over 42 per cent.

Steel is the classic example of a protected industry. As far back as 1886 and 1888 Jacob Schoenhof (later a tariff expert attached to the Treasury Department) reported to the State Department, after personal investigation of corresponding labor fields in Germany, England and the United States, that in steel-rail making in all branches, from coal and ore to the finished product, our expenditures for labor were not higher than in either of the other countries. That, for at least a dozen years, it has cost the American manufacturer, to produce a finished article in steel and iron, rather less than either the English or German manufacturer, has never, I believe, been seriously doubted by anybody competent to judge. In 1899, Mr. Schwab, president of the Carnegie Steel Company, wrote to Mr. Frick: "I know positively that England cannot produce pig iron at actual cost for less han $11.50 a ton, and cannot put pig-iron into a rail, with their most efficient works, for less than $7.50 a ton. This would make rails at net cost to them of $19 a ton. You know we can make rails for less than $12 per ton."

Iron ore is, of course, the basis of the steel industry. In the steel Corporations rich Lake Superior mines machinery is most effectivley employed. The ore is scooped up by huge steam shovels. Writing to Mr. Frick about these mines in 1897, Henry W. Oliver, who secured the best of the ore deposits for the Carnegie concern, observed: "Although we are mining at present for less than five cents a ton for labor, we must look to the future, when we will have to go deeper." He meant that in the future the labor-cost would increase—perhaps double or treble or quadruple. As it happened, three days before Mr. Oliver penned this letter, Congress passed the Dingley law, which thoughtfully placed a duty of 40 cents a ton on iron ore—in order to protect American labor (getting, according to Mr. Oliver, less than five cents a ton) from the pauper labor of Canada.

The ore goes first to the blast furnace to be converted into pig iron. The first Carnegie furnace, Lucy No. 1, was put in blast in 1872. The inventive genius, not of one man, but of scores—some of them mere workmen—operated upon it. Improvements were continually introduced. Year by year its efficiency increased. The output of this one furnace rose from 21,000 tons in 1873 to 113,000 tons in 1897—the year in which Congress put a duty of four dollars a ton on pig iron to protect American workmen whose output per man was the wonder of the foreign steel world.

Perhaps you never heard of William R. Jones, A. L. Holley, Julian Kennedy, or of any other among the men whose names would half fill this column, whose brains devised and whose hands shaped the numberless improvements in steel-making that have put the United States far ahead of the rest of the world in that industry. You have, of course, heard of Mr. Carnegie, who bagged so much of the profits. Nearly all of these men, to whom our supremacy in steel is really due, came up from the ranks. It was the suggestion of a German workman, imported to help break a strike, that evolved into the modern slabbing mill which turns out a thousand tons a day. "This little idea of the German workman," says Mr. Bridge, historian of the Carnegie Steel Company, "has been worth millions of dollars to the firm that imported him to take the place of a striker." In only two years, by various inventions and improvements, the output of a Bessemer unit (two converters) was raised from fifteen hundred to eight thousand tons a month. Five years later its output was fourteen thousand tons a month.

Guess what that meant in the matter of reducing labor-cost. One of Jones' ideas reduced the number of men required to operate a train of rolls from fifteen to five and doubled the output. Again, by putting in two bent pieces of old rail so as to throw a bloom, at a certain stage, upon a moving bed, he saved the labor of a dozen men. When the new Duquesne furnaces were put in blast in 1896-97 the improvements embodied in them reduced the labor-cost by 50 per cent. Mr. Bridge's tables show that between January, 1876, and the close of 1879 the cost of producing a ton of rails at the Carnegie mills dropped from $53.19 to $35.84. Twenty years later it was down to $12.

This shop-cost, of course, is the only thing that concerns labor. After the product is finished labor can get no more out of it. And while the manufacturing cost, including the labor-cost, was thus rapidly declining, the manufacturer insisted that he must have a high duty to protect his workmen. He got $7.84 a ton in the Dingley law.

What Steel Workers Get From Protection.

To the United States Steel Corporation must be given credit for publishing annual reports that disclose its operations in considerable detail. The credit should be all the greater because it is the only trust to adopt this practice. Taking the report for 1902, we find that the average number of employees in the ore-mining department was 13,465 and the output 16,063,179 tons, or about 1193 tons per man. In 1906 the average number of employees was 14,393 and the output 20,645,148 tons, or about 1434 tons per man. In 1907—a trade reaction occurring in the last quarter—it was down to 1361 tons per man.

The total number of employees in 1907 was 210,180 and total salaries and wages $160,825,822, or an average of more than $765 a man—including all the high-priced executives. The average number of employees in the manufacturing department was 151,670 and 13,099,548 tons of steel ingots were produced. The duty on ignots is $6.70 a ton, which, multiplied by last year's output, would give $580 for each employee in that department. This, according to the protectionist theory, is the difference between wages paid to American and foreign workmen. Would the Steel Corporation, then, be paying only $185 a year, or $15 a month, to its workmen if it weren't for the tariff? And in 1906, with its larger output, the duty on the ignots made amounted to $615 for each employee in the manufacturing department, with the average pay of all employees only $729.

It has been the policy of the corporation to hold prices steady—after having taken care to fix them high enough. The average wholesale price of the big products—pig iron, steel billets and rails—was, in fact, in 1906, fractionally lower than in 1902, and no higher in 1907. Also, it operates some railroads and the price of transportation has not increased. Meanwhile, between 1902 and 1907, the corporation raised wages. It furnishes an instructive example, then, of a very big concern which has raised wages but has not raised the price of its products. In 1902, total salaries and wages amounted to 21.5 per cent. of gross sales of plants and earnings of railroads while in the last two years total salaries and wages averaged 21.2 per cent. of that gross. In a word, in spite of the conditions mentioned above, the Steel Corporation's labor-cost has not increased. And the labor-cost five years ago was undoubtedly the lowest in the world. Of what possible benefit to labor, then, is a tariff averaging about 50 per cent. on steel products?

An answer to that conundrum may be found in the report for 1906 of the Secretary of Internal Affairs of the Commonwealth of Pennsylvania, where the corporation's biggest plants are. Reporting on pig-iron production the Secretary says there were 18,612 adult male employees, whose average daily wage in that prosperous year was $1.93, and whose average output was 1.8 ton a man a day. The labor-cost of a ton of pig iron was $1.07. The duty on a ton of pig iron is four dollars, or nearly four times the labor-cost. In iron and steel mills there were 126,739 adult male employees whose average daily wage was $2.15, while the cost of labor per ton of output was $6.33. The duty averages about ten dollars a ton. "Returns," says the report, "from fifty-one pig-iron companies show that 672 wage-earners (out of over 18,000, own their homes. Returns from 131 iron and steel companies show that 5,540 wage earners, (out of 126,739?) own their homes." Yet Pennsylvania you remember is strongly Republican, and her leading statesman are distinguished by enthusiasm for high protection.

Of all the people engaged in gainful occupations in the United States over one-third come under the head of agriculture. Excepting sugar, tobacco and wool, which amount to a small fraction of the total, agriculture gets no protection from the tariff. In a spirit of solemn ribaldry framers of the Dingley law inserted this line: "Wheat, twenty-five cents per bushel." They might as well have put the line in the Koran for all the good it does the American farmer. About a third of our wheat crop comes to the big "primary" markets-Chicago, Duluth and others. The price of the whole crop is fixed at those markets. Again, 40 per cent. of the wheat that comes to the primary markets is exported, and the price at those markets is fixed by the export price. In short, the price not only of the farmer's exportable surplus, but of his whole crop, is fixed, or very largely influenced by free, direct competition in the markets of Europe with wheat of Russia, India and Argentine. Meeting those growers in free competition and selling his wheat for the same price they receive the American waxes prosperous while the Russian and Indian producers hang on the verge of famine And one great reason for it is that the American farmer's labor, using machinery very largely, is vastly more efficient than theirs, plowing with a crooked stick and threshing with a flail.

The Canadian farmer cannot send his wheat here to pauperize Dakota and Minnesota agriculturists. But he sends it to Liverpool side by side with our protected wheat, and both of course; sell for the same price.

About two-thirds of our cotton crop is exported. Mr. Dingley, curiously enough, hadn't the heart to "protect" cotton, but put it on the free list. The negro labor in Southren cotton fields is probably as inefficient as any in this country; yet it is more productive than labor in the Egyptian and Indian fields with which it competes. In a moment of rare inspiration the Dingley law put a duty of 15 cents a bushel on corn—the United States producing 80 per cent. of all that cereal grown in the world. Corn's chief products are also duly protected—bacon and ham by a duty of five cents a pound, lard by a duty of two cents a pound, cattle 27½ per cent. ad valorem, swine $1.50 a head, fresh meats two cents a pound. As we are almost the only country that exports those articles largely, the value of this "protection" is of a purely sentimental nature. Of cattle, hogs and their products, we sell abroad over two billion pounds yearly. Possibly the cattle and hog grower would cheerfully dispense with the Dingley law's protection if he could rid himself of European hostility to our exports in general provoked by that same law.

One might multiply illustrations; but I hope it is already quite clear that ten million persons engaged in agriculture get no protective benefit from high tariff. The census shows 5,580,657 persons engaged in "domestic and personal service." How can high tariff protect them? Does a duty of 185 per cent. on bay rum mysteriously bulwark our barbers from the pauper labor of Europe? Vanillin, the active principle of vanilla, pays a duty of 252 per cent. Can it be that when Hilda flavors the pudding her system absorbs the aroma of this 252 per cent., so that, thus pervaded by the "American principle," she demands a dollar more a week and two afternoons out?

Workers That the Tariff Hurts.

Another grand division of workers comprises a total of 4,766,964 engaged in trade and transportation—mainly country merchants, clerks, agents, railroad and steamship employees. There is no duty on freight rates. How can high tariff protect the labor of this army?

There are, roughly, a million carpenters masons and painters. They are among the most highly-paid artisans in the country. How can a duty of two dollars a thousand on lumber protect the labor of the carpenter? It is to his interest to have lumber cheap and liberally used, instead of dear and used as sparingly as possible. There are 346,884 dressmakers and 229,649 tailors. The duty on dress goods runs as high as 165 per cent, on woolen cloth as high as 152 per cent. These duties injure the tailor and dressmaker. How can a duty [illegible] the material [illegible] that people save as much as possible on the making of the garment.

Edward Atkinson, some years ago,

Concluded on Page 8.

THE DELUGE.

Meanwhile the south-wind rose, and with black wings,
Wide hovering, all the clouds together drove
From under heaven: the hills, to their supply,
Vapor and exhalation, dusk and moist,
Sent up amain. And now the thicken-ed sky
Like a dark ceiling stood: down rushed the rain
Impetus; and contained, till the earth
No more was seen: the floating vessel swum
Uplifted, and secure with beaked prow
Rode tilting o'er the waves: all dwellings else
Flood overwhelmed, and them with all their pomp
Deep under water rolled: sea covered sea,
Sea without shore: and in their palaces,
Where luxury late reigned, sea monsters whelped
And stabled.

Milton.

Whene'er a noble deed is wrought,
Whene'er is spoken a noble thought
Our hearts in glad surprise
To higher levels rise.

The tidal wave of deepest souls
Into our inmost being rolls,
And lifts us unawares
Out of our meaner cares.

Tennyson.