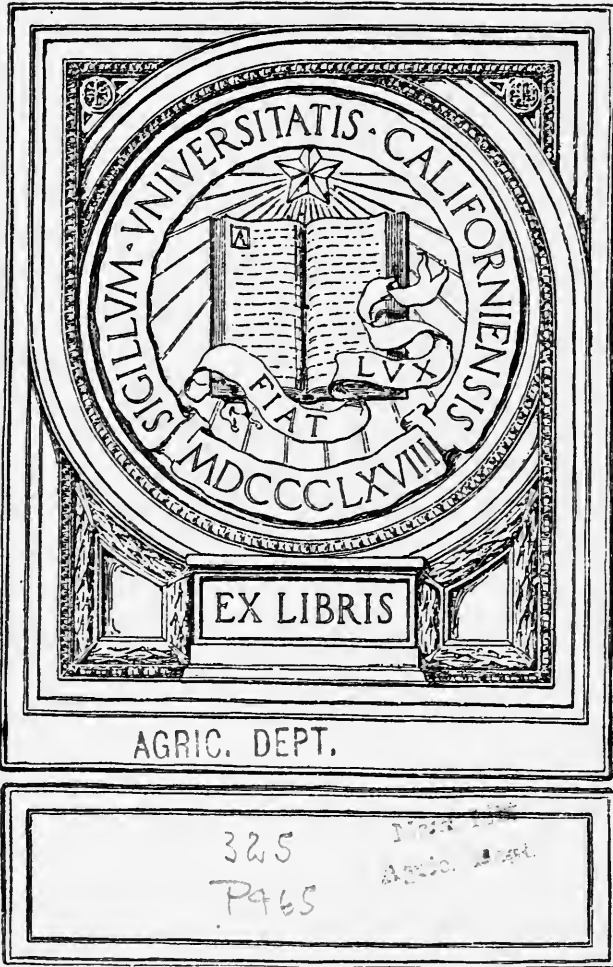


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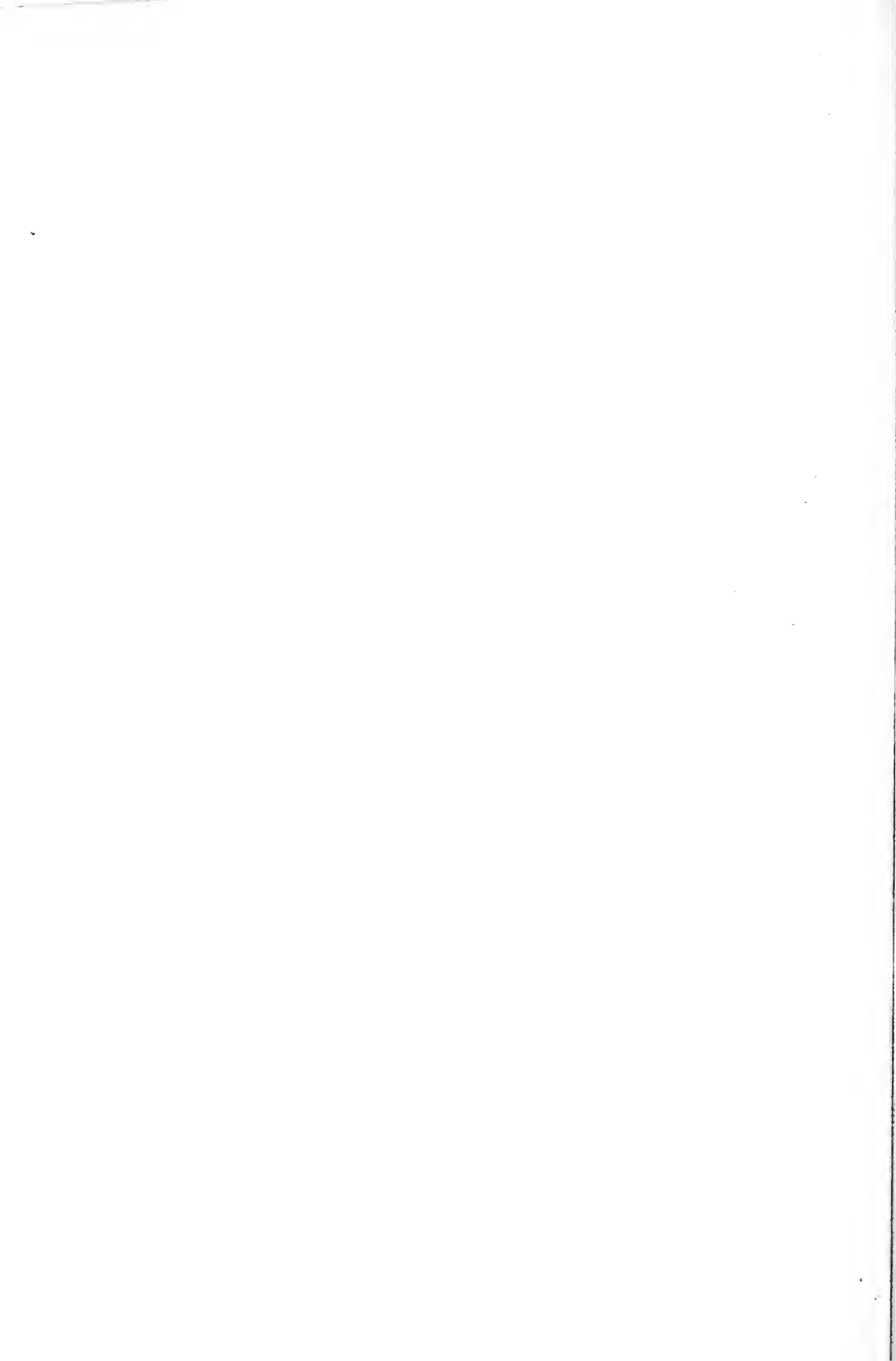
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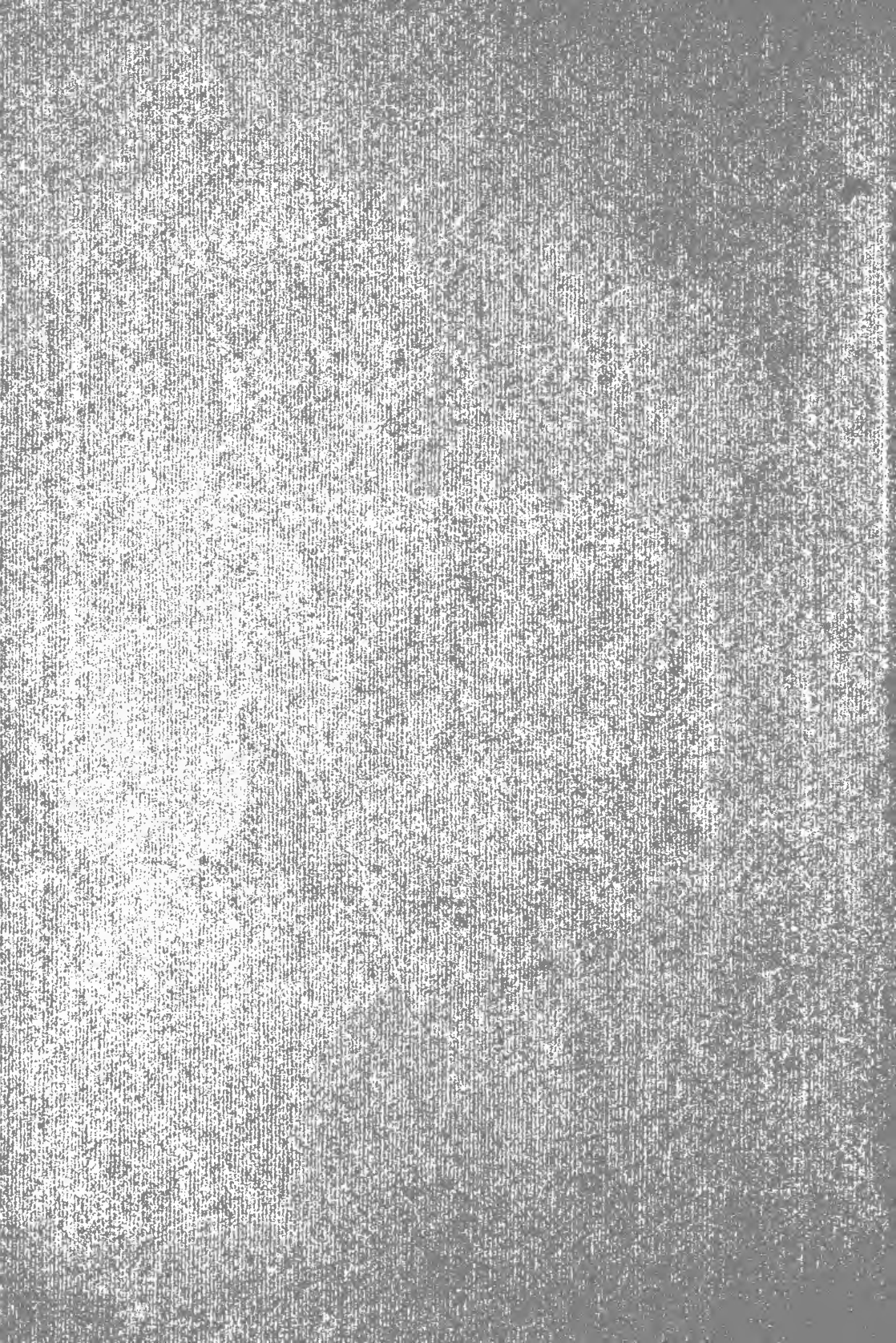
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The Tariff and the Farmer

BY S. PAYSON PERRY



The Tariff and the Farmer

How it Lessens the Exchange Value of His Products

How it Subjects Him to Most Unfair
Trade Conditions

The Result

Four Decades of Declining Agricultural
Prosperity

By S. Payson Perry .



Worcester, Mass.

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1908

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INTRODUCTION.

HOW TO MAKE COUNTRY LIFE MORE ATTRACTIVE.

This is the question the committee recently appointed by President Roosevelt has to answer.

Hon. Emory Washburn, a former Governor of Massachusetts, said, "All men speak well of agriculture, but all who can shun it." Why? The two chief indictments brought are the isolation of the farmer's life and the unprofitableness of the occupation.

If those who bring the first charge were subjected to a strict examination, in most cases we think it would be made apparent that other objectionable features were in combination with it that would largely be obviated if crops brought in a plentiful supply of money. Money will not buy everything, but a sufficiency will buy a great variety of things and add immensely to the enjoyment of life. The isolation of the situation does not stop men from braving hardships and extreme peril, even risking life itself in the search for gold. Make it worth while in a financial way and plenty of families will gladly face the isolation of country life. Even were it not so, Congress is powerless to provide a remedy.

Is it in the power of Congress to make the pursuit of agriculture more profitable? To a certain extent, and in certain ways, it certainly is. The industry has greatly suffered from the fact that its interests have not had fair representa-

tion at Washington. There the farmer is conspicuous by his absence. Advantage has been taken of this, and laws passed most injurious to his interests. For this our agricultural leaders are responsible. They have always assumed that all that was necessary to make the industry prosperous was a scientific knowledge of production. President Roosevelt truly says, "Our attention has been concentrated almost exclusively on getting better farming." "We hope ultimately to double the average yield of wheat and corn per acre . . . but it is even more important to double the desirability, comfort and standing of the farmer's life."

The President sees what apparently our agricultural leaders have never perceived, that doubling the yield per acre, in other words "getting better farming," does not *necessarily* greatly benefit the farmer. The one surely benefited is the consumer of such products. For the result may be so large a surplus that the money return per acre will be less than before. . To benefit the farmer the *crop grown on an acre must command a larger supply of what the farmer buys.*

Now the farmer is a large purchaser of manufactured products, and in the exchange that takes place between the individuals of the two industries, legislative enactments have a most important bearing. Chief of the laws having such a bearing is the tariff system. As most persons well informed concerning foreign trade know, the laws relating to the tariff are practically made by our manufacturers. It is the object of this little book to show that the effect of these laws is to greatly lessen the exchange value of farmers' products. A repeal of these laws, or, if that is asking too much, a large reduction in rates of duties on articles imported which are similar to

those purchased by our farmers would much increase the profits of agriculture.

Of all occupations, that of the farmer's is poorest paid. (For reasons why, see chapters VI and VII.) The United States census of 1900 indicates that, subtracting from gross income there given, business expenses and interest upon capital of four per cent., the net income received from the *labor* of the average farmer and his family is only about \$400. The Labor Bureaus of Statistics in Massachusetts and at Washington indicate that the wages of the average workman and his family engaged in manufacture are near twice this sum, or about \$800 per annum.

Since 1900 there is evidence going to show that farmers at the West are obtaining better prices for their products. But little, if any, improvement has taken place in the condition of the Eastern farmer. It is even very doubtful if he is as well off as before, since there has been a general rise in cost of business and family supplies.

This book is a part of a much larger work, to which the author has devoted many years of research and thought. It is believed to be the only publication in existence that gives a comprehensive view of the bearing of the tariff upon agricultural interests. The author is a life-long farmer—for many years a good Republican—made an independent by a study of the tariff question. In doing this work he has been actuated by as purely patriotic motives as when he shouldered a rifle in the dark days of 1862.

He is well aware that many persons consider the tariff question as settled, but "nothing is ever settled that is not settled right." To believe that the present system of wrong and gross oppression will always continue is to

doubt the existence of a just God. Conditions have remained much the same for more than forty years, because the class, blinded by party leaders, has never given it consideration. The indications now are that the time is near when the subject will be taken up and the other side of the tariff question will be heard. No change is likely to come until the agricultural masses demand it; for it is true now, as ever, that "they who would be free themselves must strike the blow."

HOW THE EXCHANGE VALUE OF AGRICULTURAL PRODUCTS IS LESSEMED BY THE TARIFF.

CHAPTER I.

THE FARMER PROTECTED FROM IMAGINARY DANGER.

In 1890, when a large increase was made in rates of duties on manufactured goods, the Republican politicians sought to gain the favor of the agricultural masses for the measure (the McKinley bill) by increasing the rates of duties on agricultural imports. Mr. Dingley said: "The duties on such agricultural products as are shipped from Canada and disastrously compete with the products of our farmers, have been largely increased." Let us examine this "disastrous" competition.

From the annual report of "Commerce and Navigation of the United States for 1893," pages 534-539, we compile the following. The imports include both free and dutiable:

AGRICULTURAL IMPORTS FROM, AND EXPORTS TO, THE DOMINION OF CANADA FOR THE FISCAL YEAR ENDING JUNE 30, 1889.

(Values given in round numbers.)

	Imports from Canada.	Exports to Canada.
Horses,	\$3,269,000	\$178,000
All other animals.	1,924,000	362,000
Eggs,	2,346,000	27,000

	Imports from Canada.	Exports to Canada.
Hay,	\$1,082,000	
Provisions (meats and dairy products),	177,000	\$7,334,000
Breadstuffs:		
Barley,	7,719,000	
Corn and corn meal,		3,696,000
Wheat and wheat flour.	116,000	5,307,000
All other breadstuffs,	87,000	387,000
Cotton, raw,		2,981,000
Vegetables,	908,000	
Miscellaneous (hemlock bark; fruits and nuts; hides and skins, other than fur skins; sugar and molasses; wool, flax, hemp, etc.; seeds; tobacco, un- manufactured),	2,363,000	2,313,000
Totals.	\$19,991,000	\$22,585,000

A condensed, balanced statement of the agricultural trade between the two countries for 1889. Canada sent to the United States more than was returned:

Of animals,	\$4,653,000
Of eggs, hay, vegetables and miscellaneous products.	4,359,000
Total,	\$9,012,000

The United States sent to Canada more than was returned:

Of provisions (meat and dairy products),	\$7,157,000
Of breadstuffs,	1,468,000
Of cotton, raw,	2,981,000
Total,	\$11,606,000

This trade that returned a balance in favor of the United States farmer of \$2,594,000, Mr. Dingley called "disastrous" competition.

Mr. Dingley stated the new rates of duties on agricul-

tural imports; many of these were from 50 to 100 per cent. above the former rates. Oats were raised from 10 to 15 cents a bushel; butter and cheese, from 4 cents per pound to 6 cents; hops, from 8 to 15 cents per pound. None of these were of sufficient value to have separate mention in the importations. With one single exception, the dribbles of imports were so small in comparison with the productions of the same kind of this country that even had they not been balanced by exports, no general effect could possibly have been produced by their introduction here. Barley was the exception; the value of that imported was nearly one-fourth of the production of this nation. But if the additional rate of duty gave at first a better price to our producers, the advantage seems to have been lost in a year or two, for price then sank to the level of, or below, that of former years.

The rate of duty was increased on wheat, in spite of the fact that neither from Canada nor from any other part of the world was more than \$125,000 worth imported that year (1889) into the United States, against an exportation abroad of over \$96,000,000.

Of provisions (meat and dairy products) it is seen scarcely any were imported from Canada, and we exported to that country over \$7,000,000. Yet the Canadian invasion appeared so alarming in these products to Mr. Dingley and other Republicans that the rates of duties on butter and cheese were raised 50 per cent. and hams and bacon 200 per cent. The same year we sent abroad of hog products *alone* over \$66,000,000 worth, while the total importations of *all* meat products at the same time were but \$472,000. The farmer who cannot see through such plain political trickery as this cannot see through a ladder with rounds two feet apart!

To try to exclude Canadian products from the United States is mere foolishness. Take wheat to illustrate the matter. Suppose Canada had a hundred million bushels to export. The cost is said to be about the same to send to New York or to Liverpool by way of the St. Lawrence River. Suppose further that, because of our high duties, instead of this increase coming into the United States and directly competing here, it goes to England and competes with our wheat there. So long as we have a great surplus to send abroad, how much more will the American farmer get for his wheat by meeting the competition there than here? His market there would be taken to the extent of the 100,000 bushels, and it looks as if in consequence that number of bushels would remain this side the ocean.

What other countries besides Canada are in position to compete with the American farmer? Surely, not the populous nations of Europe who are now receiving the bulk of our immense agricultural exports! They cannot even supply themselves with a sufficiency of agricultural products.

On the same occasion the passage of the McKinley bill in 1890, when Mr. Dingley was doing his best to protect our farmers from "disastrous" trade with Canada, we also hear from Mr. McKinley. He was as much concerned about the danger that threatened the farmer as Mr. Dingley—the *wheat grower* he seemed to have particularly in mind. He said: "The agricultural condition of the country has received the careful attention of the committee, and every remedy which was believed to be in the power of tariff legislation to give relief has been granted by this bill. The depression in agriculture is not confined to the United States. The reports of the Agri-

cultural Department indicate that this distress is general; that Great Britain, France and Germany are suffering in a greater degree than the farmer of the United States." "It has been asserted in the views of the minority" (Democratic members of the committee) "that the duty put on wheat and other agricultural products would be of no value to the agriculturists of the United States. The committee, believing differently, has advanced the duty upon these products. As we are the greatest wheat-producing country in the world, it is habitual to assert, and it is believed by many, that this product is safe from foreign competition. We do not appreciate that while the United States last year raised 490,000,000 bushels, France raised 316,000,000, Italy 103,000,000, Russia 189,000,000, and India 243,000,000; and that the total production of Asia, including Asia Minor, Syria and Persia, amounted to over 315,000,000 bushels." "Our sharpest competition comes from Russia and India, and if we will reflect on the difference of the cost of labor in producing wheat in the United States, and in competing countries, we shall readily perceive how near we are to the danger line." "The farmers of the United States have therefore come to appreciate that the time is already here when the American farmer must sell his products in the market of the world in competition with the wheat produced by the lowest priced labor of other countries. And that his care and concern must be to preserve his home market, for he must of necessity be driven from the foreign one unless he can by diminishing the cost of his productions successfully compete with the unequal conditions I have described."

In the last quotation Mr. McKinley indicates that a change of condition had taken place in regard to compe-

tition abroad and at home. But when was the time when the American farmer was not in competition in foreign markets with the lowest priced labor of other countries? And where was there any evidence of increased danger of being driven from the home market? To secure the support of farmers for his measure he sought to frighten them by drawing on his imagination.

As concerns the wheat trade, for which he seemed to be particularly anxious, he tells what the *production* was of certain countries, but does not give the quantities *consumed* by the same. The material point as to whether or not the wheat trade of those nations is likely to prove dangerous to American agriculture is what is the amount of surplus. But of this he gives no idea. If a nation produces a billion of bushels, and all it can produce is consumed by its people, the farmers of other lands have little more reason to fear disastrous trade from such source than as if that country were a desert waste without production or people. Two of the countries, the amount of whose productions of wheat he gave, France and Italy, were importers and not exporters of wheat. It is safe to say also that of wheat produced in Asia, outside British India, very little is exported. Supplies from British India are very uncertain, owing to the great famines that often prevail there. Certainly, at the time when Mr. McKinley made his speech, there was no reason for apprehending danger from India, as for several years there had been a falling-off in exportations. Data have not been found for recent years by the writer, but the report of "Commerce and Navigation of the United States for 1893" makes this significant sentence in reference to wheat and other breadstuffs: "They would also show that the United States need have little apprehen-

sion of being crowded out of European markets by British India wheat. Apart from the testimony given by trade figures, which show that British India is called upon for wheat only when other supplies have been exhausted, we have the testimony of experts who are almost unanimous in declaring the inferior quality of the Indian product.”

A single sentence in the Statesman's Year Book, 1902, would indicate that little need be feared from wheat produced in Russia, whatever may have been the prospect in 1890, since such exportations have largely decreased: “The quantities of wheat imported from Russia into the United Kingdom in five years from both the northern and southern ports of the empire were as follows: 1896, 17,241,600 cwt.; 1897, 15,049,900 cwt.; 1898, 6,232,500 cwt.; 1899, 2,518,200 cwt.; 1900, 4,478,300 cwt.” In still another place the same authority shows by a table that in 1899 and 1900 more wheat was sent from Russia to United Kingdom than to any other country in Europe, with the exception of France. The latter nation in those years took nearly double what the former took, but even here there was a large falling-off in 1900 from what was sent in 1899.

But the groundlessness of Mr. McKinley's fears is best shown by the United States record of exportations. In 1888 and 1889, the years immediately preceding the McKinley tariff, the percentage of domestic wheat exported had fallen from a previous average of about 26% to about 22%. Since then, from 1890-1901, eleven years, the annual average has been about 35%. In 1900 the total value of breadstuff imported was \$1,804,000; exported, \$262,744,000. And instead of sending abroad a total of agricultural products of \$630,000,000, as in 1890, the rec-

ord of 1906 is over \$975,000,000. And this successful competition in foreign lands, remember, is beyond the guard of our tariff duties in the open field with all the world. Does it look very much as if the foreigner could drive the American farmer from the home market under a free trade system?

Under President Roosevelt's administration, Secretary Shaw of the Treasury Department is following in the footsteps of Mr. Dingley and Mr. McKinley. He came out as an alarmist concerning cattle and beef in a speech made in the State of Vermont in August, 1902: "Suppose we take the tariff off beef, and then suppose the herds of cattle from Mexico and South America are brought in here by the hundred thousand. They will find their way to the stockyards, and the butchers will be compelled to bid against the packers then as now. The removal of the tariff on live stock and meat would not restore the butchers to business. It might ruin the farmers." "The farmer as it is has ample reason to be apprehensive."

Now it is easy to *suppose* anything. We might speculate what would happen suppose the moon should come down to the earth. We think Mr. Shaw's supposition is a *little* more likely to happen than this.

Was it not a singular time to apprehend danger to the producer of beef, when there was such a scarcity, real or artificial, that there was a general uproar over the land at the price consumers were compelled to pay?

But we turn to examine the probability of Mr. Shaw's supposition. To ruin our farmers engaged in the production and fattening of cattle would require a great invasion indeed. A "hundred thousand" cattle, in a country where there are over 69,000,000, would hardly be more than a drop in a bucket. But where is the immense

multitude to come from? A large portion, according to Secretary Shaw, is to come from South America. Of all South America only the Argentina Republic and Uruguay are doing much with cattle, or are likely to in this generation; in the remaining portions the people, or climate, or country, or all together, are not adapted to the business.

The two divisions mentioned, especially the Argentina Republic, have a good many cattle—together something less than one-half the number in the United States. But think of the immense distance they must be brought to reach us, 6000 to 8000 miles. How many of the animals would die in the long passage through the hot equatorial regions? Or who would want to eat *fresh* beef killed the other side of the equator?

The exports of Argentina of “animals and their products” in 1899 is given as over \$115,500,000. But undoubtedly much more than two-thirds of this consisted of wool, hides and skins, and mutton. One authority gives the value of the exports of wool that year as \$61,000,000 gold; and reports also that 2,372,969 carcasses of frozen sheep were exported, and the value of hides and skins was very great.

For some years we have been competing with Argentina in the free English market. With what result? Where she supplied about \$1,000,000 of fresh beef in 1899 the United States put in over \$29,000,000; and in 1901 the value of such exports from the United States is given as over \$31,000,000. In the latter year the United States sent abroad over \$37,000,000 of cattle, most of which (\$35,000,000) went to Great Britain; Argentina sent of cattle to the same place in 1899 about \$7,000,000. The fact is, her great dependence in the export trade is on

sheep. Nearly \$7,500,000 worth of sheep was sent to Great Britain in 1899, where we sent abroad but \$29,427 to all the world.

What has been said of Argentina will apply pretty closely to Uruguay, which may be called a small edition of the other.

Now as to Mexico, which borders on the United States on the southwest, and is thus near to us, with no equatorial regions to cross, the idea that she is likely to prove a formidable rival in cattle and meat products is so wild we are reminded of the lines of—

“Ocean into tempest tossed
To waft a feather or to drown a fly.”

Mexico, like the United States, is surrounded by a high tariff wall. A “special exposition bulletin” of a few years ago says, “Corn, cereals, meat and flour of all kinds are now virtually excluded from all parts of Mexico, save the narrow strip of country called the free zone, on account of a prohibitory tariff.” Again, “the importation of food and food products in Mexico is greatly restricted, owing to the high duties.” It went on to state that ham, bacon, sausage and lard pay about ten cents per pound duty. If it is high protection that has made the United States great, enriched the people and caused the payment of large wages, let the protectionist explain why it has had no such effect in Mexico. Why are her great natural resources of mineral wealth hardly developed at all? Why has not manufacturing activity taken the place of the torpor that seems to rest upon her people? Why do not immigrants throng her ports? With the same industrial system credited with working such

wonder here, the two countries are at the opposite poles of most that makes life endurable and desirable.

The quotations that follow show the utter absurdity of making a hob-goblin of Mexico in beef competition. These are taken from "Geographical and Statistical Notes on Mexico," by Matas Romero, one of the best known and most distinguished of that nation. He was for a number of years Mexican minister to the United States. Such a writer is not likely to represent things as worse than they are.

"Mexico will be before long a very large producer of cattle and other animals, and they will form a large share of her exports. Mexico has sent within two years about 400,000 small, undeveloped cattle to the United States at about \$15, Mexican silver, per head." (\$3,000,000 gold value.) "As we have the silver standard, all our public accounts are kept in silver, and that makes our exports appear twice as large in value as they really, when stated in the money of the United States, are, while we give our exports in the value of the country whence they come, that is, their gold value. That has given the idea of a very large balance of trade in favor of Mexico." "Inquiry was made in Liverpool about the possibility of the Mexican live-animal trade with England, and it was found that the initial difficulty is the small size of the Mexican cattle, as cattle weighing 1200 pounds are considered small by the trade there, and from 900 to 1000 pounds is therefore extremely small." He speaks of the desirability of importing larger cattle for breeding purposes, and adds, "Mexico could export annually and easily after the next ten years 400,000 of fatted cattle."

"A great need of Mexico is a reliable supply of good and healthful water through artificial means." He speaks

of great loss of stock through lack of water, and shrinkage by so much unnecessary traveling of stock to water. "They cannot grow fairly, much less fatten, and over one-half the annual increase die of exhaustion, while the value of stock lost in one year would supply permanent water at convenient distances, and prevent three-fourths of the loss and shrinkage now sustained." "Mexico is now suffering from an annual decrease in rainfall, owing to the continual decrease in the timber-bearing area, the rainfall being more and more unequal every year during the past twenty years, but the winters are becoming more and more severe, and the frosts are reaching farther and farther south each year." "Many large cities throughout the republic are without any certain water supply, and many that have a sufficient supply show by their death-rates that the supply is bad, and during the greater part of the year is the cause of widespread disease."

He says that Indian corn, wheat, oats, barley, all grow very well in the proper regions of Mexico.

The fauna includes three species of large felidæ, the puma or American lion, jaguar and ocelot; among the smaller is the wildcat. Wolves are common in the northern states, and also the coyote; besides which there are bears, wild boars and bisons." "The ophidians are represented by a few boas in the southern forests, and several species of snakes, some extremely venomous, as the rattle and coral snakes. Noxious insects infest the hot regions in myriads; alacianes, or scorpions, in two different varieties are everywhere feared, and many children were every year killed by their stings in the city of Durango before a proper antidote was found and used. Scolopendras, gigantic spiders, tarantulas and mosquitoes abound."

Such is the inviting picture drawn by one of the most prominent Mexicans of his native land. Before the production and fattening of cattle can be carried on to such an extent as to be a danger to the American farmer, a change must be made to a larger breed, many millions of dollars be laid out in providing water, and dangerous and pestiferous creatures must be destroyed. Mr. Shaw is at least a generation ahead of time.

A few facts concerning the population of Mexico from the Statesman's Year Book, 1902: The population in 1900 consisted of 6,716,007 males and 6,829,455 females. Of the total population 19% are of pure, or nearly pure, white race, 43% of mixed race, and 38% of Indian race. Natives descended from ancient Indian tribes, and speaking little or no Spanish, numbered in 1895 1,908,707. Of the mixed and Indian race only a very small proportion can be regarded as civilized." "In 1895 10,345,899 of the population could neither read nor write; 1,782,822 could read and write; 323,336 could only read, and the attainments of 39,516 persons were unknown."

Matas Romero states that the average annual value of live stock exported for five years, 1891-1896, was \$1,124,560. This is understood to be young animals of an average value of \$5 to \$9. This is the present showing of one of the nations that Mr. Shaw is tremblingly afraid will, in the near future, swamp our markets with beef products.

CHAPTER II.

THE AGRICULTURAL MASSES NOT PROTECTED.

Because a duty is named to be paid by all agricultural products similar to those grown in this country, except cotton, when imported, many farmers are under the impression that the value of their products is thereby increased. Now a duty of 1000% may be named for an article and the producer never gain one cent by it. All depends on whether or not there is a large supply abroad of such product that would come in were there no duty. A foreign nation may produce a \$100,000,000 worth of wheat, or corn, or potatoes, or hay, and all be required to feed its own people and animals. If such is the case, it is not in position to compete in our markets. It is only those nations who have large surplus supplies whose competition is to be feared. If farmers would keep in mind that the United States is the world's headquarters for agricultural products, and that we are exporting these to almost all nations, which means that these are produced here cheaper than abroad, they could not have their fears so easily excited. If farmers abroad cannot undersell and keep out American goods from their own markets, or if the quantity they produce is insufficient to supply their own people, they are not in position to compete in our markets. In refuting the expressed views of three prominent advocates of protection in the last chapter, it was indicated that it was for the reason just given why the farmers of the United States need not fear the farmers of foreign countries.

For many reasons, such as the greater intelligence of our farmers, the greater *natural* productiveness of our land, the greater number acres in possession of each, the more extensive use of horses and machinery, and the facilities by way of transportation afforded for disposing of surplus products, the farmers of other countries are everywhere afraid of the competition of our agriculturists, if not in their own home markets, then in the foreign markets they wish to supply.

Mr. Henry Gannett¹ says: "Of the entire agricultural product of the world the United States produces 23%." "Farming is more intensified in Europe than in America, the product per acre being probably twice as great." "He (the American) is enabled by the use of better tools and more machinery to work an area three or four times as great as the European cultivates. The American uses machinery in farming as far as possible; the European scarcely at all." "For every man here engaged in agriculture a product valued at \$900 is contributed, while the average Frenchman produces but \$580, and the average German but \$510 in agricultural products." For these reasons we can, and do, produce cheaper than most foreigners in spite of the fact that the rate of wages paid is from 50 to 100% higher than in other countries.

THE STORY TOLD BY AGRICULTURAL IMPORTS AND EXPORTS.

"The total imports of the products of agriculture for the year 1887, free and dutiable, were in value \$197,308,240. Of this sum products worth \$46,678,443 were

¹ Taken from an article of Mr. Gannett's in the Forum of May, 1902. Mr. Gannett was geographer in the 10th and 11th Censuses, and since 1882 has been chief geographer of the United States Geological Survey.

admitted free of duty, and the remainder paid a duty. Do the agriculturists want all duties removed and their products driven from this market?" A quotation from a speech made by Mr. McKinley in the House, May 18, 1888, when the Mills tariff bill was under examination. Here it is assumed that the protective system is such an effectual defense to the farmer that its removal would result in disaster to him. Mr. McKinley voiced what protectionists of to-day would have our farmers believe: that protection bars out immense quantities of agricultural products that would break down our farmers' home market if admitted. A knowledge of the main facts concerning foreign trade in agricultural products would do away with this belief.

In the fiscal year ending June 30, 1900, the value of agricultural imports was more than double what Mr. McKinley stated them to be for 1887. If the quantity then indicated an alarming state of affairs, the danger in these later years would appear to be most threatening. The "Year Book of the Department of Agriculture, 1901," gives the value of agricultural products both as to the amount imported and the amount exported for 1900. In the following table the figures there given of such imports are classified and condensed:

AGRICULTURAL IMPORTS.

Year ending June 30, 1900.

Items.	Class 1.	Class 2.	Class 3.
<i>Classified and condensed.</i>			
Class 1. Non-competing—			
Raw silk, etc.,	\$45,330,000		
Goat skins,	21,988,000		
Coffee, chocolate and cocoa,	58,678,000		
Jute, manila hemp, sisal grasses, etc.,	24,277,000		

Items.	Class 1.	Class 2.	Class 3.
Bananas, currants, dates, almonds, figs, cocoanuts, etc.,	\$10,697,000		
Indigo, ginger, spices, vanilla beans,	6,074,000		
Tea,	10,558,000		
Class 2. Protected—			
Sheep and wool.		\$21,626,000	
Semi-tropical products, lemons, oranges, plums, prunes, etc.,		8,565,000	
Rice, rice meal, etc.		2,279,000	
Sugar and molasses,		101,141,000	
Tobacco, unmanufactured.		13,297,000	
Class 3. Unprotected—			
Animals alive (not in- cluding sheep),			\$3,166,000
Hides, cattle and other (not including goat skins),			35,948,000
Meat products,			1,215,000
Dairy products,			1,814,000
Other animal matter,			9,996,000
Breadstuffs,			1,804,000
Cotton, flax and hemp,			10,057,000
Vegetables,			2,935,000
Other vegetable matter,			4,677,000
Totals,	\$177,602,000	\$146,908,000	\$71,612,000
Percentage each class,	42.28	34.97	17.04

In the table given in the Year Book are items that are clearly manufactured products. Why they are included among, and designated, agricultural products we cannot explain. The value of the total of these importations is \$24,000,000, or 5.71% of all the agricultural imports for that year.

We divide the agricultural imports into three classes. Class 1 consists of articles not produced at all in the

United States, or only to an insignificant extent. In other words, these are products for which our farmers are not in competition. With the exception of tea, which was dutied that year though it has since been admitted free, nearly all the articles in this class were on the free list. Protection renders no assistance to the farmer here. But this class diminishes the agricultural import list by \$177,602,000, or a percentage of total of 42.28%.

Class 2. These imports are similar to those produced by a very small number of our farmers. No doubt at all about protection to the producers of these. The wool duty averaged about 49% that year, the duty on lemons 43, oranges 63, rice 63, unmanufactured tobacco mostly 71 and 188, and sugar nearly 74%. But because a few farmers are protected it does not follow that the average individual or the class is—"one swallow does not make a summer." We even claim that the favor shown to these makes it harder for the rest of the class. The duties on these goods undoubtedly increased the cost of all similar products grown in the United States, and so made higher the cost of farmers' supplies. If the writer's memory serves him rightly, when duties were put on wool in 1897, in less than a year's time the price went up ten cents a pound, causing an advance in all goods into which wool enters. In 1889 the export price of refined sugar is given in the United States Statistical Reports as 7.6 cents per pound. In 1890 the Republican party put sugar on the free list and the export price fell in 1892 to 4.6 cents per pound. About the same fall in price in sugar for those years took place in the New York market. In 1894 and 1895 the price of hard granulated there was 4.12 cents a pound. The duty was again put on, and in 1900 the price is given as 5.32 cents per pound.

These cases illustrate the effect of protection of such goods as compose Class 2 upon the farmers of Class 3. Where is there any compensation for the latter for the loss that results?

Now as to the very limited extent of production in these lines. The growth of semi-tropical fruits is confined almost entirely to two states, California and Florida, and the total value of all such products in the United States was but a little over \$8,000,000, while the value of all the agricultural crops of those two states is given as over \$106,000,000. The value of all the wool produced in the United States that year, 1899, the time the census figures for 1900 were made, was \$45,723,000; lambs under one year, \$42,000,000.

Three states produce most of the rice—South Carolina, Georgia and Louisiana. The total value is quite insignificant in comparison with most farm crops—\$6,329,000.

The tobacco crop was valued at \$56,993,000; three states—Kentucky, North Carolina and Virginia—are credited with \$33,789,000 of this.

All that the farmers seem to get out of raising cane and beets, etc., for the making of sugar is about \$32,500,000; and a single state, Louisiana, produces nearly half of this. Finally, the total value of all the wool, lambs, semi-tropical fruits, tobacco, rice, sugar and sugar material produced in 1899 (Continental U. S.), farm value, was not far from \$192,000,000, which was a little more than 4% of all the value of our agricultural *products*. Yet from this narrow field the government gathered from importations in 1900 over \$80,000,000 revenue money. (In 1906, \$94,000,000.) Of this a large portion over \$57,000,000 in 1900 came from duties upon sugar.

The exportations of products of Class 2 were only to

the amount of \$42,137,000, and of this over \$29,000,000 came from tobacco. The total value of Class 2 imported into the United States in 1900 was \$146,908,000, or 34.97% of all agricultural imports.

Duties are nominally levied on all agricultural products that are similar to those produced in the United States when these enter our ports. Cotton is the most important if not the only exception. But what has chiefly given color to the view that agricultural interests were protected has been this 4% interest. The producers of this insignificant fraction of agricultural production, such as are mentioned in Class 2, have made noise enough to be what they have represented themselves to be, the agricultural community. In this respect they resemble that interesting but not very valuable creature, the coyote or prairie wolf. It is said when a few of these are around a camp, the volume and variety of sound is so great that a tenderfoot can hardly be convinced that he is not surrounded by a multitude. It is a case where the tail seems to wag the dog.

Outside Class 2, who ever heard of farmers organized to advance their interests in the political field? The two of these most heard from are the growers of wool and tobacco. The latter received greater public attention in 1902 from the resignation of the President of its association, Mr. Frey. The selfish near-sightedness of his associates concerning tariff legislation was more than he could endure.

For many years the wool-growers have made themselves felt in Congress, undoubtedly making a greater uproar over their sheep interests than has been made by all other farmers put together. These men are responsible, by reason of high duties on raw wool, for more than

half the outrageous rates of duties levied on manufactures of woolen, the average rate in 1900 being over 91%.

Class 3. The Unprotected. These imports, as far as they go, are similar to those produced by the great mass of farmers. This division of farmers includes all engaged in agriculture that are not indicated in the small circle of Class 2. Let us try to realize something of the vast interests and persons this division represents. The value of their products in 1899, census year, was \$4,717,069,973 less the value of products of the farmers indicated in Class 2, \$192,000,000. The division includes those who grow the great grain crops, corn, wheat, oats and barley; all those engaged in the raising or fattening of horses, cattle and hogs; the producers of hay and forage, of cotton, of apples, small fruits, and vegetables; also the persons engaged in the dairy, poultry and eggs business, together with the growers of many other kinds of products of minor importance. We should say that the farmers whose *chief* interest lay in this direction would number over 5,000,000 or a total of 5,700,000.

The total sum of agricultural imports reported by the Department of Agriculture for 1900 was \$420,139,288. About 83% of these have been accounted for, and so far no protection has been discovered for the agricultural masses. Whatever there is must come in this the remaining 17%. The value of imports, Class 3, was only \$71,612,000, and of this amount \$32,853,000 was on the free list, leaving the value of the dutied portion but \$38,759,000.

The matter sifts down to this: that the agricultural masses, save a small fraction of 4%, were protected only to the extent of less than one-tenth of the total importation of agricultural products in 1900.

The table given in this chapter shows clearly what the

imports of Class 3 are, with the exception of two condensed items. The first of these is "Other animal matter." The products that chiefly make up this item are bristles, crude; feathers and down, crude; hair; glue; hide cuttings and other glue stock; grease; bones and hoofs. "Other vegetable matter" is the second condensed item. Its parts are made up principally of hay, hops, nursery stock and seed.

How pitifully small the value of the importations of Class 3 look when compared with home production. The former seem little more than a drop in a full bucket. "Animals alive, not including sheep," imports \$3,166,000; value of the same in the United States, \$3,022,975,000. "Meat products," imports \$1,215,000; value slaughtered in the year the census was taken, 1899, nearly \$190,000,000. "Breadstuffs," imported \$1,804,000; grown in the United States in one year \$1,478,000,000. "Dairy products," imports \$1,814,000; produced in the United States \$472,000,000. And so on throughout the list. What possible effect could the slight values imported have?

Note how insignificant is the revenue derived by government from importations of Class 3 in 1900: animals, in round numbers, \$883,000; breadstuffs, \$377,000; provisions, including meat and dairy products, \$920,000; vegetables, \$1,042,000. Compare with these figures the revenue derived from the importation of manufactured goods: cotton in 1900, \$22,000,000; iron and steel, \$7,800,000; leather and manufactures of, \$4,600,000; woolen goods, \$14,000,000. The revenue derived by government from all manufactured goods imported ready for consumption was between \$90,000,000 and \$100,000,000.

With the facts before us showing to what an extremely small extent protection is thrown over the articles pro-

duced by the great mass of our farmers, how absurd sounds the question propounded by Mr. McKinley: "Do the agriculturists want all duties removed and their products driven from this market?"

But it will be said that the insignificant amount of imports of Class 3 comes from these being barred out by the tariff system. Duties, however, of far higher rates do not prevent large importations of manufactured goods. The explanation here is that the prices of manufactured goods in this country have been lifted to a high artificial elevation, this giving opportunity for similar goods coming in over high tariff bars. The case of agricultural products, Class 3, is entirely different. Here the current of trade flows in great volume *outward*. Over \$761,000,000 of these products found a market beyond our shores in 1900, nearly twenty times the size of the *dutied* inflow. More than half of this great value goes to Great Britain. What is the significance of this? Great Britain is the centre of the world's market for such products and they are freely admitted to her ports. Here the farmer of the United States, of Canada, of South America, of Australia, of Africa, and of Europe all come in competition. With what result? That the United States farmer successfully competes for the trade of Great Britain to the extent annually of from \$300,000,000 to \$400,000,000. The other half of these agricultural exports from the United States goes to nations where in almost, if not every case, the home farmer is protected by high duties. Now if these products in vast quantities can be carried abroad 1000, 2000, 3000 miles, and at much expense and with every disadvantage successfully compete, how can the foreigner with the additional expense of seeking a market here drive our farmers from the home market under free trade conditions?

If there is any nation in position to compete with our farmers, it is Canada; and it is from here that most of our agricultural imports of Class 3 come, with the exception of hides and cotton. To show how absurd is fear of the Canadian farmer, we give the totals of the various agricultural products imported from, and exported to Canada for the year ending June 30, 1906:

UNITED STATES AGRICULTURAL TRADE WITH CANADA.

	Imports from Canada.	Exports to Canada.
Animals,	\$1,710,386	\$4,703,682
Breadstuffs,	384,691	5,525,081
Cotton, unmanufactured,	9,970	7,778,767
Fruits and nuts,	230,902	1,741,919
Hay,	501,849	93,141
Hides and skins, other than fur skins.	3,479,450	101,565
Meat and dairy products,	84,166	3,095,168
Seeds,	826,900	1,128,234
Tobacco, leaf,	208,013	1,379,734
Vegetables,	529,675	95,694
Totals,	\$7,966,002	\$25,642,985

Here it is seen the American farmer is sending three times the value of products to Canada that the Canadian farmer is sending to the United States. Over \$25,000,000 worth of our agricultural products cross the line and are sold in the Canadian's home market. Most if not all of these, we believe, pay a Canadian duty. If they can be sold there, with a tax the Canadian farmer does not have to pay, why does the farmer of the United States need to be protected from the Canadian farmer in our markets?

Since writing the above it has occurred to the mind of the writer that opponents might urge that the story of a single year's imports and exports was insufficient data to

establish what is claimed. This objection is met by giving the result of the classification of *agricultural* imports for the year ending June 30, 1906, made from the Year Book of the Department of Agriculture of that date. "Forest products" are not included in this classification; these were not returned in the Year Book of 1901 as agricultural imports and exports. This is a recent innovation. We give the totals in round numbers:

Class 1. Non-competing imports,	\$246,159,000	44%
Class 2. Protected imports,	158,238,000	28%
Class 3. Competing imports,	103,901,000	19%
Manufactured imports,	48,792,000	9%

The agricultural import trade with foreign lands was far larger than in 1900, but the *percentage of each class varies but little from the percentage found in 1900*. And so we are sure will be the result, no matter what year is examined.

It is not the tariff that protects the farmer. He needs no protection from outside competition, for he can produce cheaper than his foreign rivals.

To sum up the lesson of the chapter: (a) In 1900 the *dutied* imports similar to those produced by the great mass of farmers comprised less than one-tenth of the total of agricultural importations. (b) Imports of agricultural products, Class 3, have not been kept out by the tariff. Where the great current of trade flows outward the most exorbitant rates of duties can have no effect.

CHAPTER III.

LESS FOREIGN DEMAND FOR AGRICULTURAL PRODUCTS.

We have met and refuted the claim that farmers profit by "protection." We now advance to the next position, which is that the system is most disastrous to agricultural interests.

In the United States the trade interests of agriculture and manufacture are antagonistic in the highest degree. This must be the case from the industrial relations they bear to each other. The farmer buys what the manufacturer produces and sells, and those engaged in manufacture buy what the farmer produces and sells. Here is a double relation—each buys of the other and sells to the other. When from the foundation of the world were the trade interests of buyer and seller ever the same?

In this chapter we consider the effect of protection upon the farmer's foreign market.

The famous report of Secretary Walker made in 1845 bears upon this point. The following quotations are from that document: "It seems strange that while the profit on agriculture varies from 1 to 8%, that of manufacture is more than double. The reason is that whilst the high duties secure nearly a monopoly of the home market to the manufacturer, the farmer and planter are deprived to a great extent of the foreign market by those duties. The farmer and planter are to a great extent forbidden to buy in the foreign market and confined to the domestic

articles enhanced in price by the duties." "The farmer and planter are asked to sacrifice the markets of the world, containing a population of eight hundred millions."

Mr. Stanwood in his book, "American Tariff Controversies in the Nineteenth Century," quotes the above and much more, and disputes the position. In closing his remarks, which seem to us weak and lacking in point, he adds, "If this view of the subject be accepted, it follows that the tariff affected in no way the amount of American produce which could be or was sold abroad; and the allegation of Secretary Walker that it had a tendency to exclude the farmer and planter from the foreign market falls."

Taking the export record, let us see whose allegation falls, and also whose view is sustained in later years.

From 1827 to 1831, inclusive, the per cent. imposed on dutiable imports averaged higher than any other five consecutive years in our history up to 1865, the per cent. being 42.9. Domestic exports (merchandise, consisting chiefly of agricultural products) were valued in round numbers for those years, respectively, as follows: \$57,800,000, \$49,900,000, \$55,100,000, \$58,500,000, and \$59,200,000. The gain under the high duties is barely perceptible.

In 1833 the compromise tariff act went into effect with its reduction in the rates of duties, and at once the value of exports rapidly increased. In three years, in 1836, the amount rose to \$106,200,000. For two years the panic of 1837 caused a fall in value, but the four years that succeeded these show an annual average of \$102,000,000; a vast increase in value over the exportations of 1827-1831.

Then came the higher duties of the protective tariff of 1842-46, when exports annually averaged about \$94,000,000.

But under the low revenue duties of the tariffs of 1846 and 1857 the value of exports bounded up from \$101,700,000 in 1846 to \$316,200,000 in 1860—a most marvelous increase; a percentage of gain in trade which our commerce has rarely, if ever, matched. With the export record before him, how could Mr. Stanwood come to the conclusion he did?

That most of this gain was in agricultural products is evident from data furnished by the American Almanac for 1888, page 26: "Total exports of agricultural products," 1850, \$123,800,000; 1860, \$295,000,000. Of these values raw cotton comprised the chief part, in the former year nearly \$72,000,000 and in the latter about \$192,000,000. In the exportations of 1850-60 the products of the West cut a comparatively small figure. Her great stores of provisions, which in later years swelled to vast proportions, at this period were but little drawn upon. The railroad system had penetrated but a small part of her territory.

Then came the Civil War with its interruption of business, changing the channels of industry. The young men were swept from the farms into the army and into the manufacturing centres. The South could no longer send its cotton abroad. The country could but little more than supply its own demands for provisions for man and beast. For these reasons the value of agricultural exports for several years was at a low point. Nor for some years after 1870 had agriculture so far recovered from the effects of the war—the destruction and demoralization wrought at the South, and the high prices caused by the

desertion of the farms for the army and for the large rewards reaped in the manufacturing centres—as to permit of drawing fair conclusions in regard to the export trade.

Still another phase has to be taken into account in drawing such conclusions; we indicate this by the question—when did retaliatory tariffs begin to operate?

“The Statesman’s Year Book of 1902,” page 588, says, “Since 1879 Germany has been protectionist in her commercial policy.” “Commerce and Navigation of the United States, 1893,” page 111, shows that France began to increase the rate of duties on wheat in 1883. For a few preceding years they had been at about 2%. These were now increased year by year until in 1888 they stood at 22.81%.

Mr. D. A. Wells in his “Economic Changes” states that “Russia commenced raising her duties on imports in 1877, and has continued to do so until the Russian tariff at the present time” (book copyrighted in 1889) “is in a great degree prohibitory.” “Italy and Austria-Hungary entered upon their reactionary policy in 1878; Germany in 1879; France in 1881—; the Dominion of Canada in 1879 and 1887—; Belgium and Brazil in 1887.” Mr. Wells says, “As the existing restrictions on commercial intercourse within recent years have not been all imposed at one time, but progressively, and as their influence has accordingly been gradual, the world does not seem to have as yet fully appreciated the extent to which the exchange of products between nations has been thereby interrupted or destroyed. Germany, by repeated enactments since 1879, has imposed almost prohibitory duties on the importation of wheat. Belgium prevents the importation of cattle and meat; France, of pork and pork

products.” “The avowed policy of the United States has for years been to prohibit or obstruct trade on the part of her citizens, in respect to many articles, with the citizens of all foreign countries; and with this example, and in part from a spirit of retaliation, there can be no doubt that the objective of much of the restrictive commercial legislation of other countries in recent years has been the United States—a policy which has notably affected the agricultural supremacy of the latter country in the world’s markets; the exports from the United States, comparing 1888 with 1881, of cattle, having declined 24.5 in quantity and 19% in value; of hog products 43.3 in value, and of dairy products over 50% in value. The decline in the value of the exports of the United States to France has been especially noteworthy, namely, from a value of \$99,000,000 in 1880 to \$40,000,000 in 1886, and \$37,780,000 in 1888.”

From these quotations from D. A. Wells and other authorities it is evident that about 1880 the nations began to pay us back in our own coin. In 1880 and 1881 the exportations of agricultural products were unusually large, so it seems more fair to take the average value of six years as a basis for computation. The average of the years 1878 to 1883, inclusive, is \$620,000,000. Glancing along the record from 1880 it is seen that only six times was this value of agricultural exports exceeded clear up to 1898. These years were 1881, 1890, 1891, 1892, 1894 and 1897. The average value of the six years 1892-1897, inclusive, was about \$641,000,000; the last year, 1897, \$683,000,000; in 1880, \$685,000,000. Under low rates of duties, 1850-1860, eleven years, the percentage of gain in agricultural exports was 138%. In eighteen or twenty years of high protective duties hardly any gain in value

at all. To this time no reference is made in Republican platforms; but when, after 1897, for several years came a great increase in the volume of agricultural exports, protectionists credited the result to their system. If the fat years were due to this system, why not the lean years? Can the different results be laid to unpropitious events? Let the man who denies that the tariff affects the exportation of agricultural products answer.

Mr. Stanwood says: "Now one of the most striking developments of the quarter of a century from 1870 to 1895 was a vast extension of the area of production, and consequently of the markets for buying and selling. Yet this extension was only an intermediate cause of the great economic and industrial upheaval. It was itself caused, or at least made possible, by an increase in the means of communication to a degree never witnessed in any like period of the world's history. A statement that the tonnage of steam shipping engaged in international trade increased more than five-fold in the twenty-five years is impressive; but it fails to convey an idea of the enlarged facilities for the transportation of the products of all the continents to the wholesale marts of Europe and America." "Consider what has taken place on land, particularly in this country. The railroad mileage of the United States was more than tripled during the period. What is more important, the mileage of the northern states and territories west of the Missouri increased from 12,000 to 78,000 miles. It is not an exaggeration to say that the few trunk railway lines which constituted the entire mileage of that vast region in 1870 would have been of little value in bringing to market the produce of the region had it been inhabited by a producing community. But in the ensuing quarter century so much of

the region as is capable of raising surplus crops has been covered with a network of railways, giving ever-increasing facilities in the number and speed of trains, and augmented benefits in the form of greatly reduced freight charges. The result has been a rapid settlement of the country. That now covered by the fourteen states of the great Northwest, from Kansas to Washington, had an aggregate population of less than two millions in 1870; in 1890 they had more than seven millions; in 1900 nearly nine millions."

"The settlement of the agricultural land of the Northwest has brought about a greatly augmented production of food, a shifting of the centre of food production, and a new competition in food markets. Accompanying and promoting these results has been a prodigious increase in the efficiency and the use of agricultural machinery."

Most of the above description of the changes that took place from 1870 to 1900 on land relates to only fourteen states. Mr. Stanwood does not here refer to the great changes that took place in many others of what old-fashioned folks still call western states, those east of the Mississippi River, or to the southern states. Concerning the latter, now included in the two general divisions of south Atlantic and south central states, it used to be said that it was mainly devoted to the raising of cotton. Now, not only has the highest quantity of cotton raised before the war been doubled, but, besides, agricultural produce, consisting of corn, wheat, oats, hay and forage, meat, vegetables, tobacco, orchard and forest products, etc., are raised to the value of \$984,000,000, a sum something less than three times the value of cotton produced in 1899.

In regard to facilities for producing crops and trans-

porting merchandise, as concerns most products, it is evident the change was so great as to present the appearance of a new world since the time 1850-60. The average cost of sending a bushel of wheat from Chicago to New York in 1858, all way by rail, is given as over thirty-eight cents. In 1870 the charge was twenty-six cents; in 1898 but twelve cents. This means a large further reduction in cost of getting grain from the farms to Chicago. Instead of at some times and in some places burning corn for fuel because the cost of reaching the market was too great, the surplus is now sent on for consumption. Instead of corn, oats, and the refuse of wheat after the flour has been extracted being the main reliance at the West in the feeding of live stock, hay now is largely substituted. The production of dairy products to a great extent, of vegetables and of fruits, has lessened per capita the consumption of wheat and meat by the western people. In these various ways the surplus of exportable products has been largely increased.

Now with all the changes that have taken place, the vast increase in area of production, and in the number of persons so engaged, with much improved appliances; with cost of carriage from the farms to Chicago, from Chicago to New York, and from New York to Liverpool greatly decreased, it is exceedingly strange that from 1878-1883 to 1892-1897 there was almost no increase in the value of total agricultural exports!

Again, Mr. Stanwood says that the idea is erroneous "that sentiments, national friendliness, a desire for reciprocity, rather than necessity, price, and hard-headed business considerations, regulate the purchases of a nation, particularly purchases of articles of food. According to modern ways of trade, the person who sells flour

or cotton or pork to be sent abroad is rarely or never the person who buys silk or wine or crockery to be imported. They are not only not the same persons but they have no business relations with each other, and their several acts are not mutually dependent, since neither knows what the other has done, is doing, or is about to do. Each transacts his own business. The one sells what he can and receives a foreign credit which he sells to a banker; the other buys what he thinks he can sell at a profit, and buys a foreign credit with which to pay for his purchases. The aggregate is the foreign trade of the country and is the resultant of a great number and a great variety of individual acts, each dictated by the selfish motive of the person performing it, and in no sense and to no degree by a consideration of the public welfare.”

No exceptions are taken to these statements, but the bearing on the point he is striving to maintain is not very obvious: namely, that excessive taxation of imports has no “tendency to exclude the farmer and planter from foreign markets.” Those who know much about foreign trade are well aware that it is between the individuals of different nations, each moved by the desire of gain and with no regard for the “public welfare.” As he says, “hard-headed business considerations regulate the purchases of a nation.” Now what are these “hard-headed business considerations” which determine the direction that foreign trade will take? An exporter of our agricultural products studies the situation. He ascertains as nearly as possible what price the article he has to offer will bring in the United Kingdom, France, Germany, or at any point to which he has a mind to send. The various items of cost involved in exporting are computed. In this reckoning the very largest item of cost may be the

duties levied on such goods, which are imports in other lands. This item may exceed all other costs put together, and be so large as to cause a certain loss if such goods are sent to some nations. The exporter's examination of tariff charges will show that all, or nearly all nations, save the United Kingdom, impose duties on American products, often to the point of prohibition. In consequence, that small free trade country, hardly more than a spot in extent on the world's big map, annually takes half or more of our agricultural exports. Is not this fact strong, presumptive evidence that these hostile tariffs of other lands (generally recognized as retaliatory for our own high duties) exclude our farmers' products from those nations?

Mark, too, the effect that the free trade system has had on the industry of the United Kingdom. Agriculture in consequence has become unprofitable. To a large extent the people have been driven into manufacture or into mercantile pursuits. In other words, free trade has given our farmers a far larger market there, and the same cause would produce similar results in other nations.

There is another "hard-headed business consideration" which causes a loss of trade to our farmers. When the exporter of any foreign land is determining with what country he will have dealings, he is likely to find that some grades of every class of manufactured goods cannot be sent to the United States because of our heavy taxation of imports. A market is found for this portion in other parts of the world. Often this will be an agricultural country. Well, when the cargo is discharged the next step is to load for the return voyage. Whether that foreign exporter is in the United Kingdom, or in France,

or Germany, the first-named country is right in the path of the vessel on the return trip. And as that nation is the world's market for agricultural products, this class of merchandise is likely to furnish a return cargo. So far as this is made up of products similar to those produced by our farmers, we lose such trade. Thus in the three ways indicated agricultural trade has been, and is, sacrificed to increase the profits of manufacture by the protective system. It would not be strange if European trade, driven off from our shores by excessive duties, had done more to develop agriculture in South America, Australia and other foreign lands than all other influences put together.

How any one can believe that the heavy taxation of foreign imports will not affect our export trade, the larger portion of which consists of agricultural products, is beyond comprehension. Surely, it is impossible to believe that a tax which averages 50% will not shut out much merchandise from our ports which would otherwise enter; and if our tariff has such effect, how can the retaliatory tariffs of other countries, aimed especially, as they usually are, against our exports, imports in other lands, fail to have the same effect upon products we would send there? It is unreasonable to think otherwise. The trouble in perception comes from the fact that it is not the manufacturer's bull that is goaded. Were it his bull, not a moment would be lost. Action would at once be taken.

It remains to explain the great expansion in agricultural exportations in recent years. That it is not due to high duties is obvious; for if so, how can it be accounted for that under practically the same heavy taxation of importation there was little if any advance from 1878-

1883 to 1892-1897? It is pretty evident that while Mr. Stanwood combats the idea that high duties do not lessen the exportations of agricultural products, on the other hand he does not believe that these increase such exportations: for strange to say he ascribes the prosperity of recent years chiefly to other causes than the protective system. Listen to this: "The political conditions under which the act of 1897 (Dingley Act) was passed and the commercial and industrial conditions that have prevailed during the years it has been in operation have been as favorable to its success as those conditions which applied to the two preceding acts were unfavorable."

Again he says: "Meanwhile, prosperity had returned to the country. Good crops, an ample market, and high prices rewarded the efforts of the farmers, and enabled them to pay off a portion of their indebtedness which they had been tempted to wipe off with a silver sponge. Every avenue of commerce was crowded; every industry was full of activity; every branch of trade felt the impulse of good times. In 1897 the country was ready for a season of great prosperity. The industrial revolution already mentioned as a check to activity was substantially completed. The uncertainty as to the monetary standard was dispelled. In short, all things were made easy for the success of the tariff. *The act of 1897 did not make prosperity possible, nor did it create prosperity.* Undoubtedly it added largely to the benefits the country would have enjoyed had the act of 1894 been undisturbed. After all, it is a truism—a narrow margin separates success from failure. In a business enterprise, when once the margin is on the right side, every addition is wholly profit. It cannot be doubted that the Dingley Act gave an enormous increment to the profits of American com-

merce and labor, which would, *in any event, probably have been satisfactory.*”

It is a wonderful thing, perhaps without a precedent, that a protectionist should claim so little as due to the system he upholds. But it is evident that the change of conditions taking his own statements was so great that these alone were amply sufficient to account for the greater prosperity and the larger exportations.

A change to far more favorable industrial conditions at home must invariably result, other things being equal, in a large increase in foreign trade, both in importations and exportations. This would account for no inconsiderable gain in agricultural exports. What had still greater effect was the larger crops of exportable products raised in the United States. Thus, in wheat, the annual average number of bushels produced since 1896 was about 80,000,000 bushels more than the average of that year and the three preceding years. The annual average gain in corn for the same years, about 426,000,000 bushels; of oats, 46,000,000 bushels; of pounds of cotton, 1,247,000,000. These computations are in round numbers, but are near enough to convey a good idea of the gain made in production in recent years.

On the other hand, the wheat crop of Europe annually averaged something like 55,000,000 bushels *less* for the five years from 1897 to 1901 than the three preceding years, 1894-1896.

Besides this, we apprehend that the continuous fall in price of these products ever since war times, until they have reached a level far below what they were before the war, has had much to do with the increase in exportations; for it is a well-known fact that low prices stimulate consumption; in other words, far more persons can afford

to buy and use an article when it is low in price. It would seem that this rule would be particularly applicable with foreigners, the rate of whose wages is much below our own.

If to what has gone before is added the strong probability that the low prices and abundance of American products to a considerable extent displaced in the European markets the exports of other nations, and very likely even of European farmers, it would seem that ample explanation had been made for the large increase in our agricultural exports in recent years. Back in 1890 Mr. McKinley said, when the tariff that bears his name was under discussion: "The depression of agriculture is not confined to the United States. The reports of the Agricultural Department indicate that this distress is general, that Great Britain, France and Germany are suffering in a greater degree than the farmer of the United States." This distress was partly due to full crops in Europe, but more, we think, to the low level of American prices, which even then were below those of the "pauper labor of Europe." But most of our exports were at still lower figures in 1898-1901.

This is the way the record stands: with low duties a gain in agricultural exports of 138% in eleven years; this, too, when the vast West had but just begun to contribute to the result. Under high duties, after retaliatory tariffs got in their destructive work the gain in five-year periods from 1878-1882 to 1899-1903, twenty-two years, twice the former time, was 38%, at the very time when the great volume of western products was rapidly increasing, and the cost of transportation had been greatly reduced.

In closing, the following table not only indicates where

most of our principal agricultural exports go, but also how large a portion of the recent increase was taken by the free trade nation. The values given represent in round numbers the aggregate of these exports: wheat and wheat flour; corn; beef: canned, fresh, salted, pickled; pork: salted, fresh, pickled; tallow; lard; bacon, and hams; dairy products; cattle, horses and sheep; cotton, and tobacco.

Exports	1896	1901	Gain
United Kingdom.	\$297,100,000	\$450,700,000	\$153,600,000
France.	27,000,000	42,800,000	15,800,000
Germany,	62,600,000	124,400,000	61,800,000
All Europe,	451,100,000	734,400,000	283,300,000
All nations,	505,700,000	807,400,000	301,700,000
All nations minus Europe,	54,500,000	73,000,000	18,500,000

Taking out cotton and tobacco, the export record of above products stands thus:

	1896	1901	Gain or Loss.
United Kingdom,	\$195,800,000	\$294,800,000	+99,000,000
France,	4,900,000	4,800,000	-100,000
Germany,	16,800,000	44,400,000	+27,600,000
All Europe,	244,800,000	407,100,000	+162,300,000
All nations,	291,200,000	466,300,000	+175,100,000
All nations minus Europe,	46,300,000	59,100,000	12,800,000

It is seen that of these products, including cotton and tobacco, the little free trade nation takes much more than half of all that we export; in other words, more than all the rest of the big world. What a demand there would be for our farmers' products if all the world were open like the United Kingdom to our trade! That the world is not so open is due more to our high protective system than to any other cause.

CHAPTER IV.

LESS FOREIGN DEMAND INTENSIFIES HOME COMPETITION AND LOWERS PRICE.

With low duties the gain in value in exportations of agricultural products was rapid and continuous; under high duties the movement was fitful—now a loss, then a gain, on the whole for twenty-two years nearly at a standstill. The stagnation in the latter case was more surprising because conditions in regard to production and transportation were in the highest degree favorable for a brilliant record in the export trade. The one hindrance to such success, the all-pervading influence of which was felt at every seaport in the United States, was the high protective system, which lay like a rock in the way of all our commerce. Such were the facts established in the preceding chapter. We are now to consider the effect upon agriculture of a greatly restricted market.

In the industrial world it is recognized that the wider, the larger the market for a product, other things being equal, the higher will be the price. To limit the market produces the same effect as to increase the supply; and where supply is increased, demand remaining the same, a lower price results. Here we have the position of the American farmer whose market abroad is restricted by our high duties. To a great extent, products that under free conditions would have gone abroad, have remained here, intensifying competition, and causing price to fall to a low level.

The opposite of what has been said concerning the

effect of an increase in supply is true, which is: decreasing the supply, demand remaining the same, increases the price. So essential is it considered by great manufacturing corporations to get rid of a superfluity in order to sustain their bloated prices here, that it is said that their surplus products are disposed of in England regardless of cost. We present views of prominent friends of these corporations. Here is what Mr. John P. Young, who has long been managing editor of the San Francisco Chronicle, a staunch protectionist, has to say as regards the effect of dumping a surplus on Great Britain. The trouble with industry there is "chiefly because the foreigners who export to Great Britain are resorting to methods which permit them to maintain prices at home by dumping their surplus on the one country which still consents to be made the victim of the practice." "It is the common custom to dispose of surplus stocks without reference to the cost of production. In the United States this was done for many years in a bungling fashion; but a leaf was taken out of British experience, and American manufacturers now seek to market their surpluses without breaking home prices. *They learned the bitter lesson that the surplus when dumped on the domestic (home) market fixed the price without reference to the cost of the product.*" Again Mr. Young: "The idea is now generally entertained by workingmen in the United States, and it is shared by those of Germany, that *excessive competition in the home market is destructive to home industry.*"

Our politicians are most profoundly impressed with the importance of getting rid of surpluses away from home. For our manufacturers they seem to regard it as a matter of life and death. Why should not the same

principle apply to agricultural products? Senator Beveridge, at Cincinnati, in October, 1902, is reported to have said: "And so you see that the little puff of agitation for unconditional tariff reduction is born of unreason and nurtured by a thoughtless disregard of the sale of our surplus upon *which our whole prosperity depends.*"

Here we have an expression from Senator Hoar of Massachusetts, taken from the Boston Journal: "We are sending our products abroad. We expect to send our products abroad in larger degree. *A prosperous manufacturing country that sends its products abroad will always, if it is to remain prosperous, get higher prices for its product at home than it does abroad.* In other words, it dumps its surplus in foreign markets. Lord Brougham stated that very powerfully more than fifty years ago. He declared in his speech that the English manufacturers held their foreign markets by their power of breaking down foreign competition by underselling them with their own surplus, which they could not sell at home."

The effect of disposing of a surplus in the home market is indicated in these words of D. A. Wells: "If production exceeds, by even a very small percentage, what is required to meet every current demand for consumption, the price which the surplus will command in the open market will govern and control the price of the whole; and if it cannot be sold at all, or with difficulty, an intense competition on the part of the owners of accumulated stocks to sell will be engendered, with a great reduction or annihilation of all profit."¹

The agricultural situation after 1880, the time already

¹ "Recent Economic Changes," page 78.

noted when the effect of retaliatory tariffs began to be felt, very closely resembles this description of Mr. Wells. In his book, "Recent Economic Changes," in a note, are given some extracts from the "Report of the Chamber of Commerce of Cincinnati" of Ohio, the year ending Aug. 31, 1886. We quote: "There is one condition revealed by the statistics of 1885-86 that is very noticeable, which is that prices in general touched the lowest point in a quarter of a century. There were those who supposed that the shrinking processes had been arrested in the preceding year, and yet the figures for 1885-86, in nearly all departments of business, show lower prices than the previous year. In presence of the low prices of 1884-85 it seems almost incredible that so much of market value could be wrung from them as has been during the past year."¹ Again from the same report: "It may be interesting to take a glance at the tremendous reduction which has taken place in the past five years, which, in articles that enter into the every-day wants of man, in not a few instances has been equal to almost one-half their value in 1881-82. The gravitation to a lower plane of value has been so steady as to prevent a full appreciation of the enormous shrinkage to which commodities have been subjected. Thus, in mess-pork the depreciation in the general average price since 1881-82 has been 48.5%; in prime steam lard, 46; hams, 24.4; shelled corn, 43; oats (which in Europe have shown no tendency in recent years to fall in price), 39.4; rye, 32.6; bran, 33.8; extra butter, 46.9; tallow, 41.4; flour, 34.3; linseed oil, 30; salt, 18.6; cheese, 17.1; fair to medium cattle, 18.3; middling cotton, 21.7; Louisiana rice, 28.9; barley, 18.6; and wool, 15%."²

¹ "Recent Economic Changes," 201.

² "Recent Economic Changes," 202.

“The report for the year ending August, 1887, thus states the further experience of the Cincinnati market: ‘Low as were the prices of breadstuffs in the previous year, they touched in the past year (1887) still lower points. The same is true of cattle, sheep, molasses, sugar, rice, syrups, salt, and, during most of the year, potatoes.’”¹

Confirmatory evidence of the above is furnished in the seventh biennial report of the Wisconsin Commissioner of Labor Bureau, according to “Farm and Fireside” journal. “The depression has been severe since 1884. About this time a rapid fall set in, which continued until temporarily checked by the short crops of this country in 1890, and in Europe in 1891 and 1892.” The Commissioner attributes the cause of agricultural depression “to the fact that our power of production increases at a much greater ratio than the consuming power, resulting in what may be called over-production.”

Exactly, “over-production,” produced in part at least by the partial closing of the foreign door! Just as western production began to move eastward in great volume the rates of protective duties were doubled. Largely prevented from passing off over the sea, these western products filled full our eastern markets, driving our farmers here into other lines of farming. Year after year the competition grew more intense all over the nation as western and southern farmers multiplied and broadened out into new branches of agriculture. Year after year the production of fatted animals, of hay, of grains, of butter, of many vegetables, of small fruits and orchard products rapidly increased till the eastern farmer had no chance save in a few products such as milk, a few vege-

¹ “Recent Economic Changes,” 202.

tables and small fruits; everything that could be transported long distances was out of the question for him. Pent in these narrow limits, the competition of eastern farmers among themselves became so great that even in the few lines left them there was little or no profit for the average farmer. For many years these, by careful economy, have little more than obtained a livelihood.

This short explanation makes clear how our pernicious foreign policy has involved all the agricultural class, not simply the producers of exportable products.

As the proof already offered may be deemed insufficient to establish the fact of a great fall in the price of agricultural products after 1880, we proceed to examine official figures and statements. The following table was prepared from figures obtained from Statistical Abstracts of the United States:

AVERAGE ANNUAL EXPORT PRICES PER DECADE, WITH PER
CENT. OF GAIN OR LOSS, OF CORN; WHEAT; COTTON;
BACON AND HAMS; PORK, SALTED OR PICKLED;
BEEF, SALTED OR PICKLED; AND BUTTER.

	Corn, bushel	Wheat, bushel	Cotton, pound	Bacon and Hams, lb.	Pork, pound	Beef, pound	Butter, pound
1840-50	\$.593	\$1.05	7.91 c.	record begins in 1855.			
per cent.	15	21		half a decade.			
1850-60	.685	1.268	10.58	9.54 c.	8.64 c.	7.96 c.	18.12 c.
per cent.	35	9		31	27	20	38
1860-70	.924	1.389	37.97	12.54	10.94	9.58	25.02
per cent.	-26	-8		-17	-18	-19	-13
1870-80	.686	1.276	15.17	10.4	8.95	7.78	21.77
per cent.	-18	-21		-15	-16	-13	-19
1880-90	.56	1.011	10.53	8.8	7.51	6.76	17.60
per cent.	-20	-21		-7	-16	-18	-10
1890-1900	.45	.797	7.77	8.19	6.28	5.51	15.87

PERCENTAGE OF FALL IN PRICE FROM DECADE 1870-80 TO
1890-1900 OF ABOVE; TWENTY YEARS.

	Corn	Wheat	Cotton	Bacon	Pork	Beef	Butter
per cent.	.34	.37	41	21	30	29	26

Here it is seen that the record of corn is quite similar to that of the rest. The prices of all rise and fall in unison, and the percentages of rise and fall often show a remarkable coincidence. It is seen there was a large gain in the price of both corn and wheat in the decade 1850-60, under low duties, over the preceding decade. The war period sent the values of all way up.

It is further seen that prices in 1870-80 were almost precisely at the same level as those of 1850-60, with the exception of cotton and butter. But the prices did not stop where they were before the war; under the highest duties ever known in the United States they plunged down to a depth about 30% lower, as is shown at the foot of the table.

These prices most remarkably sustain the view presented in chapters VIII, IX and X of the agricultural situation during the last fifty years. A prosperous condition is indicated from 1850-60, and almost a struggle for existence during the last twenty of those years. For the last few years it is probable that conditions have somewhat improved for the farmers of the West and South, owing to favorable seasons and a large foreign demand for agricultural products; but where is there evidence of better days for the Eastern farmer?

But it will be claimed that the price of manufactured goods has fallen more than those of agriculture, and this may be true. But this admission does not injure our position nor help that of our opponents. Why has there been

in the last fifty to sixty years a large fall in the price of manufactured goods? Because of great improvement in methods and in the machinery of production. These same agents have been at work in the agricultural field, but no such degree of success has followed here. Listen to Mr. North, one of the chiefs in the preparation of the census report of 1900. In the American Monthly Review of Reviews of September, 1902, he says: "The increased horse-power employed in manufacturing is, on the whole, the most striking fact brought out by the census. The total horse-power so employed was reported in 1890 as 5,954,655; in 1900 as 11,300,081, an increase of 89.8% in ten years. It is commonly calculated that one horse-power is equivalent to the labor of ten men, a very low average, since it makes no allowance for the fact that the engine never tires and never varies. It means that the horse-power employed in our manufactures in 1900 was equal in its producing capacity to the labor of 113,000,000 able-bodied men working every day in the year. How insignificant in contrast appears the contribution to industrial wealth of the 5,316,892 men, women and children, the actual average number of persons employed in the census year to direct and supplement this tremendous power." Again "to the much more general use of power-driven machinery in this country may safely be attributed the remarkable advance of the United States to the first rank among the manufacturing nations." Again, "the apparent value of products per wage-earner has increased from \$1065 in 1850 to \$2448 in 1900." Mr. Carroll D. Wright says: "It is impossible to arrive at an accurate statement as to the number of persons it would require under the old system to produce the goods made by the present industrial system with the aid of inven-

tion and power machinery. Looking at this question without any desire to be mathematically accurate, it is fair to say, perhaps, that it would require from fifty to one hundred million persons in this country, working under the old system, to produce the goods made and do the work performed by the workers of to-day with the aid of machinery.’¹

In efficiency of production, where there has been an advance in manufacture of from three to six fold, it is doubtful if the power of agriculture is 50% greater. That is, in the former, two men will now do what fifty years ago would, on the average, have required from six to twelve men; but in agriculture two men now will hardly make good what three performed then. In the harvesting of wheat, barley, oats, in the hay field, and in the turning of milk into butter, there has been a large increase of efficiency. These are representatives of a few products where very much more is now accomplished with fewer men. But it takes just as long now to milk cows and perform most of the chores of a dairy farm. The writer is not aware that there has been much abridgment of labor in the growing of the corn crop (certainly not in the eastern states); or in the production of most vegetables, or of orchard fruits; or of beef, pork, poultry; or of eggs; or, for the last fifty years, of cotton. If the writer is not mistaken, it takes just as long as ever to raise live stock, horses, cattle, sheep, hogs and fowls. In short, if the entire circle of agriculture is included, the scientific advancement and the aid of machinery will be found far less than is popularly supposed. Marked success in a few lines and small gains in many others have been magnified as to the grand result. Let those who feel like dis-

¹ “Industrial Revolution of the United States,” p. 334.

puting the position explain why, with nearly four times the farms of fifty years ago (indicating an equal increase in number of farmers), the value of agricultural products, according to Mr. North, in the same article above referred to, has been increased less than two-fold. By the same census authority a four and a half fold increase of wage-earners in the same time in manufacture produced about a twelve-fold greater value. There has been a large artificial advance in the price of manufactured goods, but not to such an extent as this. If there has been such a great general increase in efficiency of labor on the farms as agricultural writers and as state boards of agriculture would have us believe, let them solve the riddle why the total value of such products is now so small. To help them we throw in two more items. The number of acres of land per farm in 1850 was 202.6; in 1900, 146.2. The other item is, in 1900 the total value of all farm property was five-fold greater than in 1850. Now why, with nearly four times the number of persons engaged, and five times the value of capital invested, was the value of products less than two-fold what it was in the former time *if there has been a great increase in efficiency throughout the industry?*

If in one industry, because of improved methods and the greater use of machinery, one man can turn out a product several times greater than formerly, while in another industrial conditions are such that science has made far less progress, it certainly would be unreasonable to expect that as the prices of the first fall, those of the other should fall in equal measure.

In closing the chapter careful consideration is called to the significance of large agricultural exports at a time when "articles manufactured, ready for consumption,"

when imported, are subject to an *average* duty of 50%. If this export trade were of small dimensions, or if the products were those of a small section of the country, the aspect would be different. But its large volume for several successive years of products similar to those produced by perhaps half of all engaged in agriculture, under conditions that would seemingly prevent all exchange, gives this movement a most peculiar significance.

We call attention to the magnitude of this trade. The census of 1900 gives the total value of agricultural products of the United States for the preceding year, 1899, as \$4,717,069,973. This includes all that is consumed of such products on the farms. The agricultural community comprises from 35 to 40% of the total population. Of live stock there are: neat cattle, 52,000,000; horses and mules, 20,000,000; sheep and swine, over 100,000,000; and the number of the feathered tribes probably several billions. To feed this vast multitude of men and animals would, we think, provide a market for one half the value of the total production; or, setting it very low, would take \$1,700,000,000.

The annual average value of agricultural exports for the last few years has been over \$850,000,000. A considerable portion of this value, however, represents railroad carriage and other costs of shipment to seaport. The farm value would doubtless be much less than \$800,000,000. Perhaps more than one-fourth of the total value *not* consumed on the farms has for a few years been sent abroad.

The large proportions of this trade and its persistence for a term of years are conclusive evidence that it is not a surplus dumped in foreign lands and sold regardless of

cost like the products of over-loaded trusts. Our agricultural exports are the products of millions of farmers scattered over a wide territory of many states. From the same territory comes the supply of similar products that are sent to the Eastern States. The farmer receives the same price per bushel or pound for that exported as for that consumed at home; so that the price of our agricultural products, whether sold at home or abroad, is on a level with that obtained by the farmers of Europe.

That this level is far below that of manufactured goods in the United States is evident, otherwise there would be no occasion for a 50% duty on such manufactured products when imported. The farmer, then, is selling at one level and is forced by the tariff to buy his supplies at a far higher level. How much higher the level is is here indicated. In a note, found in the United States Census Report of 1900, a prominent English statistician, Mr. Mulhall is quoted as affirming: "The value of American manufacturers is artificially raised by protective duties fully 33% over the real value." The effect upon the farmer is exactly the same as if he received pay for his products in a depreciated currency and had to pay for his purchases with gold at a high premium. The champion of this system is the same "Grand Old Party" that prides itself on its maintenance of the gold standard. So long as its pets receive the benefit, it cares little if the farmer is paid in depreciated trade checks.

CHAPTER V.

CONFISCATION RATES OF DUTIES GREATLY INCREASE THE
COST OF FARMERS' SUPPLIES.

No term of weaker meaning than confiscation is adequate to apply to rates of duties that have been imposed for many years on imports of manufactured goods. In recent years the "ad valorem rate on dutiable articles manufactured ready for consumption" has annually averaged about 50%. In 1903, the most recent record of United States foreign trade that is at hand, the rate of duty on cotton manufactures averaged 53%; on *leather* and manufactures of, 35%. Of the manufactures of leather, gloves formed the greater part of value, and these averaged duties of 53%. The imports of iron and steel averaged duties of 32.15%. The rate here falls to a low figure, because raw material to a large amount is included, or manufactures not much advanced. Iron and steel manufactures, ready for consumption, of skilled workmanship did not enter the country to much extent. They were excluded by duties of this size: "machinery, not elsewhere specified," 45%; "total fire-arms," about the same; "total cutlery," 64%; "total wire: round iron or steel," 41%.

Earthenware averaged 59% duty.

The average ad valorem rate of duty paid by manufactures of woolen was 91%; that is, before the imported goods could be put on the American market, a sum nearly equal to the cost of their manufacture must

be paid Uncle Sam. Dress goods, women's and children's, imported to the value of \$7,384,463.72, paid duties of \$7,634,757.65, or over 103%.

Now, considering these duties in the light of a tax—one of the ways of obtaining revenue for the support of the United States government—how do the charges compare with common rates of taxation? In the State of Massachusetts, where tax on property for state, county and town or city purposes is but \$8 or \$10 a thousand, the rate is thought to be quite low, but when this rate rises to \$20 a thousand—2%—it is regarded as oppressively high. The tax payers strongly object to such an exorbitant tax. And well they may when the usual rate of interest is but 5% or less, for nearly half the income is taken by the tax collector. Is it strange that the people murmur when so large a part of their living is swept away? What, then, shall be said of revenue taxes averaging 50% of value?

Again, in home competition, other things being equal, a manufacturer who is at a disadvantage of 10% would be regarded as fearfully handicapped, and, unless profits in that line were large, a few years would bring bankruptcy or retirement. What, then, must be the effect on foreign competition subject to a disadvantage of 50% on the average, with many exceptional cases where rates of duties rose from 80 to 100%? The effect has been that while there has been an increase in value of manufactured products in the United States of 200% in the thirty years, 1870-1900, the increase in imports of "articles manufactured ready for consumption" from period 1870-74 to period 1900-04 has been only 11%—an annual average gain that is almost imperceptible. The trade in finished products has been well-nigh strangled by the strong hand

of group monopoly exerted through the national government. President Dolan of the Manufacturers' National Association knew well what he was talking about when he said (chapter VI) that over "the home market, the greatest of all markets, our control is absolute."

Organized manufacture is in complete possession of the field. Her forces command the door through which competition could come from abroad—her industrial groups are in league to prevent the effect of mutual competition at home.

When a comparatively few men in each industrial group can fix the price of their products, and when, inside of a wide range, no matter how exorbitant, the people must pay or go without, no one with knowledge of human nature would expect that reasonable prices would be charged. The case will be exceptional when price is determined *solely* by the sellers, where this is not expanded as far as thought policy to go. The Standard Oil Company illustrates human greed when given a free hand. Bearing what would seem to be an intolerable burden as the possessors of hundreds of millions of dollars, the craving for more and more is still so strong that, according to the newspapers, the price of oil is held so high as to return annual dividends of 40% or more. One might as well try to fill a bottomless pit as to attempt to satisfy human greed for gold.

There is no other great class or occupation situated as the farmer is in regard to the protective system. The people engaged in trade, transportation, domestic service, and persons in the professions for the most part dwell in the business centres alongside of those engaged in manufacture. When incomes, salaries, wages, go up in the latter employment, the higher remuneration is soon

reflected in the near-by occupations. A richer prospect attracts mankind as irresistibly as flies are drawn by molasses. If few of those in other lines do not themselves change to the more profitable, many of their children not held by the ties that bind the fathers will seek the richer reward. In one way or another, where men are in intimate contact, profits and wages in the various occupations, other things being equal, will tend to a common level. This is not denying that superior ability, a larger purse, or powerful advantage of any kind may leave those of average ability or circumstance far behind. Nor do we deny that for some cause, hard to understand sometimes, there is a great diversity in the value of reward received for labor. Still the above proposition is true as a general rule; and being true, the exchange of service between those of the various occupations are nearly if not quite on equal terms. Here the rates of profit and wages are based on those received in manufacture, which in turn are based on cost. For this reason the higher cost of living caused by the protective system does not have the injurious effect as upon those engaged in agriculture. In the former case increased cost is balanced by larger profits and wages. This is not true with the farmer whose products sell according to degree of competition. Here, no matter how high cost of living may rise, if degree of competition remains the same, there is nothing to increase his profits and equalize the situation. Much to the same effect is this sentence of the Worthy Master of the National Grange in his address at the annual meeting of the organization in 1907: "Whatever injustice may be occasioned by the existence of combinations of capital constituting trusts which are able to control the output and fix the price of their products,

falls heaviest upon the farmer, for his is, and must remain, a competitive industry."

THE FARMER A LARGE PURCHASER OF MANUFACTURED PRODUCTS.

The agricultural masses comprise from 35 to 40% of the total population. Manufactured goods to an immense value are purchased by them. No other class requires so great a variety of such products. The home of the well-to-do mechanic is filled by a large variety of such articles. In the pantry will be found boxes and dishes of wood, tin, glass and iron; quite a collection of crockery-ware; knives, forks, spoons; various spices and canned goods. In the kitchen, sitting-room and parlor there are chairs, tables, stoves, lounges, a refrigerator, looking-glasses, pictures, curtains, a musical instrument, book-cases more or less filled with books. In the chambers are bed-steads with their mattresses, blankets, sheets, springs; bureaus; toilet sets; besides more chairs, looking-glasses and curtains. In the closets hang the many articles that make up the wearing apparel of husband, wife and children that are not folded away in the bureau drawers. Even the up-to-date workman in this land of advanced civilization gives employment to a multitude of manufacturing trades besides those of the carpenters, masons, lathers and painters, etc., who build and prepare his house.

In addition to all this the fore-handed farmer provides shelter for his hay and live stock; sheds, hen-houses, barns; buys harnesses, wagons, carriages, sleighs; very many small tools for general repairs and for cultivating the soil; other expensive farm machinery such as plows, harrows, cultivators, horse-rakes, mowing and reaping

machines, manure-spreaders, hay-cutters, and winnowing machines. Multiply what the average farmer yearly buys of manufactured products in building a home, supporting his family and carrying on his industry by the number of farmers in the United States (from five to six million) and the total sum, we believe, would be between one and two billions of dollars.

We are often reminded of the great gain that accrues to the farmer from the manufacturing industry, but rarely is acknowledgment made of the boundless indebtedness of the manufacturing class to the farming community. The farming class provides three essentials, without either one of which manufacture here would wither and die: food to nourish and sustain its millions; raw material for its shops, and a market for its products. From no other source than the American farmer could the two former be obtained; and where in the wide world are there purchasers who could furnish a market for that which is now taken by the American farmer? The farmer could get along without the American manufacturer, as he did in old colonial days; but what could the latter do without the American farmer?

How much more farmers' supplies cost because of confiscation rates of duties, no one can tell. Mr. Mulhall, a noted English statistician, has already been quoted as saying: "The value of American manufactures is artificially raised by protective tariffs fully 33% over the real value." If the increase of artificial value did not approach this per cent., why the need of 50% duties?

Governor Cummings of Iowa in an interview reported in the Outlook of September 20, 1902, when asked for an example of a monopoly which should be deprived of protection, replied: "Well, take tin plate and steel rails;

take barbed wire, which has been an absolute monopoly for four or five years. The prices of this and kindred articles are exorbitant because of the monopoly, as I have discovered." When asked how much too high the price of these articles was, the Governor replied: "About 100%." He also added: "The tariff question is more or less involved in what is called the trust question, because of the market tendency of the times. This tendency is towards combination."

The Outlook of October 25, 1902, presents views of other western men. These were interviewed by a staff correspondent of that paper. We give extracts. Ex-Senator Washburn of Minneapolis "declared himself to have been what may be called an extreme protectionist." "I believe the doctrine of protection has been vindicated by results. Under its influence great industries have grown up from small beginnings. They have now reached a point where they no longer need protection. Unnecessary protection, however, has enabled them to develop into great monopolies. Certainly those protected industries which have smothered competition have forfeited any rights which they now have to the benefit of protective duties. Sheltered as they are by the Dingley tariff, they make profits of from 25 to 100%." "A tariff revision is inevitable; the sentiment for it in this section of the country is general, deep, unpartisan, and is daily increasing in force. The revision planks in the Republican platforms in this State and Iowa were inspired by a desire for wider markets on the part of millers, lumber-dealers and other business men; while there is a righteous indignation on the part of farmers, house-builders, railway contractors and others at the enormous prices of barbed wire, lumber, glass, steel rails and

paper.” “Revision should be made, first, on general principles, and further, with a view of its effect on the combinations which are now becoming monopolies, and thus fixing prices on all commodities produced in this country. Politicians may as well understand first as last that our people are not going to put themselves permanently under the yoke of commercial slavery, which is the logical and inevitable outcome of tolerating the present outrageous trusts and monopolies. To this a proud people will never consent.”

Judge Birdsall, Colonel Henderson's successor as Congressional candidate, declared that “Iowa Republicans believe in the greatest good to the greatest number; but what is the situation? Our people are being depressed by the greed and avarice of a few men. Home competition no longer regulates the prices of certain commodities. We propose so to readjust the tariff as to force monopolies into competition with the markets of the world.”

Again Governor Cummins of Iowa. He said: “We must tell ambitious promoters that they have got to choose between their monopolies and the tariff; they cannot have both.” “The producer uses excessive duties as a club to enforce more than a just price for what he produces. If there were no tariff, or a low tariff on certain schedules, the shelter to the formation of some monopolies would be withdrawn.” “Protection once shielded American labor and was a mine for lawful profit; it now fosters industrial piracy and monopoly.”

In his letter of acceptance of nomination for the office of Governor of Massachusetts, Mr. Wm. L. Douglas says in part: “Careful estimates show that the average tax per family was about \$111. Of this tax \$16.52 per family

went to the government. Over \$94 went to the trusts and other protected interests.”

THE SITUATION IS NOW BEFORE US.

Because of their defenseless trade position the agricultural masses are selling their products on a level with the poorest paid (the agricultural) of the “pauper labor of Europe”; while they are buying their supplies in a monopolized market at prices so high that 50% duties are thought required to keep out foreign competition.

Put in another form: while the farmers pay for what they buy in gold dollars held at a high premium, they receive for what they sell depreciated currency which the manufacturers will not take back at more than seventy-five cents on a dollar. This condition is largely due to the protective system, of which it has been said it protects American industry.

CHAPTER VI.

HOW THE FARMER IS SUBJECTED TO MOST UNFAIR TRADE
CONDITIONS—THE STRONG TRADE POSI-
TION OF MANUFACTURE.

The two great producing industries of the nation are agriculture and manufacture. A third industry, mining, is sometimes classed with the first of these, and again with the last. The two great connecting links between the two divisions of producing industries are trade and transportation. Domestic and personal service and the professions are built on these four industries. It is apparent, then, that the products of the field and of the shop form the basis of all occupations. The individuals of these industries take of the other a greater value of products than is taken by the individuals of any other branch of occupation. Owing to inequality in trade position the farmer is forced to consent to a most unfair exchange; and here we have the chief cause of the decline of agricultural prosperity. Put in definite language: the cause of such decline is the strong trade position of manufacture on the one hand, and the defenseless trade position of agriculture on the other hand.

In this chapter we consider the trade position of manufacture.

Most of the time from 1860 to 1900, while there has been a great demand for manufactured products, there has been a great surplus of agricultural products. But as this feature will be taken up in the next chapter we

merely mention it here as showing how favorable to manufacture were market conditions.

MANUFACTURERS IN POSITION TO ADJUST SUPPLY TO DEMAND.

Not only has there been a great demand for manufactured products because of the rapid industrial development of a new country, but the industry is one that can protect itself when production threatens to outrun demand. Price is thus maintained in bad years or at least held to a far higher level than would be the case if the supply of products were not under control. When products begin to accumulate, by concert of action the mills can be run fewer hours, or a portion of the workmen laid off, or the mills shut down for days or weeks. Sometimes it is said that rival establishments are paid to remain idle. In these ways manufacturers can protect their interests, but largely at the expense of their workmen.

Farmers have no such control over production, as months before it is known what the harvest will be the seeds are placed in the ground.

In manufacture cost of production can be ascertained, as the items of cost are in terms of dollars and cents. The resulting advantage is that a person will stubbornly refuse to sell for less than the cost. Price is thus held nearer to a fair level than it otherwise would be. This is worth a great deal to all in that line. When cost is unknown the seller's position is weak. He can give no reason for his price and does not know but what he can afford to sell for less. Furthermore, if a man finds after fair trial that he cannot obtain cost price, he understands without a long ruinous delay that he must quit the

business. This is not only for his own advantage, but his early forcing out improves the chance of those who remain. Competition is less intense.

Again, manufacture is divided into several hundred non-competing groups.

The census of 1900 groups the industry under 348 heads. Opposite the name of each division is given the number of establishments, the amount of capital invested, average number of wage-earners with total wages paid, the cost of material, and the value of products, including custom and repair work. A great many of the divisions evidently include several distinctly separate branches. So it is quite probable that manufacture is divided into more than 400 non-competing groups.

Let those who are incredulous of such a number stroll through the rooms of a department store, or along the streets of a populous city with its brilliant show windows, and note the great variety of products exhibited. To a large extent each one of them indicates a separate trade or industrial group.

This division was largely brought about by the factory system which caused manufacturers generally to pursue a single specialty. For it was seen that where attention was centred upon a single object, or a part of a single object, production being reduced to a few processes, machinery could be invented most nicely adapted to exact requirements—the result being economy of material and far greater efficiency in production, which increased the size of the profits.

Again, this division into groups comes from the nature of the many kinds of raw material, and the adaptation of the finished product to supply a great variety of human wants. The metals, wood, leather, cotton and wool com-

prise a large part of the grand divisions of raw material; from these there are branches which subdivide into many lines of distinct industries.

It is easy to see that there is no competition between men engaged in producing iron and steel products and others in the woolen industry. Is there any between the tanners of leather and those who turn this material into shoes? or still others who make horse harnesses, or belting, or leather pocketbooks? In the iron and steel industry is there any competition between the manufacture of wire and axes? of those who make plows and carpenters' tools? of those who construct mowing machines and steam engines? Probably there are more than a hundred products made entirely, or largely, of steel and iron where there is no competition between the makers. Oftentimes these are as distinctly separate trades as though belonging to different grand divisions.

Now, if we liken the manufacturing industry to a huge checker-board marked with 400 squares, each one of which represents an industrial group, it will readily be perceived that when instead of general, indiscriminate competition throughout the entire mass, competition in each case is confined to individuals of the same group, the industrial classes occupy a vastly more favorable position. Suppose, instead of a manufacturer's following a single specialty, he carried on half a dozen. The proportionate extent to which these would be turned out would vary. If the market price of one increased, more units of that class would be produced to the partial neglect of the less remunerative. When the price of another kind indicated greater profit, more of these units would be turned out. The see-saw would be continuous.

Suppose, further, that in another shop six classes of

products were manufactured, some of the same kind as made in the first shop, and that the same see-saw operation went on here. Now let these two be representative of all the men engaged in manufacture, each one following several specialties and each producing the most of what at the time seemed to promise the greater profit. It is evident the industry would be in a state of dire confusion. No one could make calculation of what the market could absorb of anything. No one could tell how much of this or that would at any time be thrown on the market. With some products the market would be flooded; there would be a scarcity of some other products. The price would not be determined by cost at all, but by the relative scarcity or abundance of the thing in the market. This is the position of the farming community.

The patent system is another defense against competition, far more so than was intended when the measure became a law. According to report, not only are patents sometimes re-issued without justifiable cause, but these at times are brought up and put to sleep, as the expression is; that is, when a new patent comes on the market that would involve the substitution of new machinery, instead of waiting for a rival to avail himself of the valuable invention to turn out products at a lower cost, the manufacturer often buys the patent and then pigeon-holes the new designs. He will not use them or let anybody else. Dangerous competition is prevented both by the re-issue of patents, and by putting valuable inventions out of other people's reach.

We pass now to active, personal measures of defense against competition, which is by those of the same trade co-operating together, or taking action calculated to hold price up; for to a great extent those in the same line of

business, instead of bidding against each other to secure trade, work in various ways to maintain price. Note the advantageous position in manufacture for co-operating with each other.

In 1900 there was an average of from seven to eight workmen to each proprietor or firm. Many firms employ from 50 to 100 workingmen. Steel and iron show an average of 333 wage-earners. It is seen that only a few of the men engaged in manufacture have anything to do with determining price. The fewer that need to be consulted the easier, as a rule, to form price agreements. To this it can be added that where the object is to get the higher price the assent of not more than a majority of the proprietors of a group, sometimes not more than a half dozen, would be required for the fixing of prices. The business sense of the rest would operate to bring them into line.

Furthermore, the few men of each group who decide what price shall be are located in the large towns and cities in easy reach of each other by steam or electric roads, telephone and telegraph. How near manufacturers are located to each other is indicated by the fact that about half of the value of manufactured products in 1900 was returned from four states—New York, Pennsylvania, Illinois and Massachusetts.

Now as to the way of co-operating or coming to understanding. These range all the way from a mere practice of conforming to the price charged by others, with no expressed agreement, to legally written documents to sell at certain rates with heavy fines for all violations of agreements. Many times, associations are formed with officers and by-laws the more surely to hold individuals to contract. Still closer unions are formed by placing

independent establishments under the control of the same board of directors. Sometimes large establishments prevent the lowering of the price of their product when in the hands of retailers by fixing the price of such goods after they have passed through the hands of jobber and wholesale dealer. Those who fail to conform cannot obtain a new stock of such goods. Such action is far more warranted than where retailers are not allowed to sell similar goods manufactured by rival firms.

From the following quotation it is seen that Mr. James Logan, manager of the United States Envelope Company, located in Worcester, Mass., denies that there is an agreement or understanding between manufacturers, but it is seen that the method he indicates eliminates competition largely, if not entirely, which is the chief thing sought. He says: "The price-list established by the consolidated corporation is not guessed at by the rule-of-thumb, but is wrought out on a scientific basis of accounting, and that price-list is the base from which not only the consolidated corporation does business, but every one of its competitors, not that the competitors of the large corporations altogether adhere to either list prices or standards of quality, but the list as established is the base line from which they make all their calculations. I believe I am perfectly safe in saying that in not one single industry does the large corporation control the market. It maintains at great cost a system by which its costs of production are very accurately determined, and when a new price-list is issued, all competitors will duplicate that list within forty-eight hours, or just as soon as they can get it through the printing-office. They are not called upon to exercise one particle of judgment, and they don't; they simply follow copy, and they follow it so

accurately that if there should happen to be a blunder in the list, they will duplicate the blunder. From the fact that all manufacturers print practically the same list, many persons labor under the mistaken notion that there is an agreement or understanding among all manufacturers, but such is not the case.

“Now suppose there was no large corporation to establish a price-list or base-line; suppose that not only all of the competitors of the so-called trust or large corporation, and also each of the constituent companies which make up the larger corporation, were making their own list-price with absolutely nothing to guide them except the very imperfect data which some of them formerly kept. I have not a particle of hesitation in saying that in the next three years half of them would go out of business.”¹

Here we have direct evidence from a prominent member of a corporation of how all those in a branch of industry are brought into unity of action. It would take a person capable of pointing out the difference between half a dozen bushels of corn and six bushels of corn to show material difference in the effect produced by this method and a direct understanding. It seems everything is determined by the large corporation of a branch of industry, and these can charge for the different items of cost what they please. Nor do we understand that the base-line, cost of production, is identical with the figures on the price-list. It is a dead-line that cannot be gone below with safety. What sort of competition is this where all rise and fall following the motion of the big mogul?

By the methods indicated, and still others, trade is put in harness, free competition is prevented, and price is

¹ Quoted from paper read before Worcester, Mass., Economic Club.

held at a high, unfair level. Price is no longer determined by cost, but all it is thought the trade will bear is exacted.

Said the Midvale Steel Company, in a letter¹ sent to the Ways and Means Committee protesting against change in the rates of duties on metals, etc., "It is well known to the honorable members of the committee that the price at which nearly every article manufactured in this country is sold is not based on its cost so much as it is fixed by agreements or understandings between manufacturers, who regulate the amount of product and the output to the factories, points of deliveries, and the prices and terms at which manufactured article is sold."

A one-price system has become widely prevalent. Group monopoly has become an established fact. The people are delivered into the power of corporations, of whom Senator Hoar said (see next chapter) they have no soul and no conscience, and are not zealous for honor or reputation except so far as these are essential to getting money.

But to a large portion of these industrial groups one thing more was essential to the perfect working of monopoly schemes: *they must be shielded from the effect of importations from abroad of products similar to their own.* Here comes in manufacturers' defense by government against competition, which is

THE PROTECTIVE SYSTEM.

Of what avail would be group combinations if over the Canadian border and from every seaport similar products had free course? Merchants would then fill their

¹ Published in Semi-Weekly N. Y. Evening Post, Jan. 27, 1897.

stores with the foreign goods and the high-priced products of monopoly would remain unsold. To prevent this, there are what are called protective duties.

The effect of these in increasing the cost of what the farmer buys has been told in preceding chapters.

To sum up: Manufacture is, to a great extent, organized to obtain trade advantage. Occupying a naturally strong position, by many devices manufacturers have aimed to, and largely succeeded in gaining control of the American market. Divided into several hundred non-competing groups, in very many of these the individuals composing each are in zealous collusion to hold price at a high artificial level by destroying the effect of mutual competition. At the same time their associations have so great influence at Washington as to prevent foreign competition, except under such conditions as nullify the effect.

To make all future resistance to this trade tyranny impossible, in 1895 the Manufacturers' National Association was organized, and an address was sent out to induce all manufacturers to connect themselves with it. The address stated that "the general purpose proposed for the national association was to obtain the advantage of united action for the promotion of the interests of American manufacturers, both at home and abroad." "If we shall have a national organization, the power will be employed with all the force of concentration and always, we believe, with advantage both for manufacturers and for the nation." It is stated that the next "convention will consist of over four hundred delegates, all manufacturers."

President Dolan made further explanation. "First of all, and of more value than all else, is the principle that

the home market, the greatest of all markets, the only market over which our *control is absolute*, shall be held firmly for our own trade. Quite of secondary importance, but still of large importance, is the theory that we should reach out for all the foreign trade that may be had without sacrifices at home, etc." "A truly National Association of American Manufacturers, speaking with right and by authority for the entire body of manufacturers of the country, can accomplish these results, or any other results just right and of genuine value to the nation, at which it aims."

This association, by which it was most sincerely hoped "great and patriotic purposes" will be accomplished, is purely a manufacturers' organization, and careful provision was made to keep it from ever becoming anything else. The purpose is to unite and concentrate the whole power of the industry so that they can obtain anything they desire of national legislation. How was the *absolute control* asserted by President Dolan obtained? By the groups working together to suppress the effect of mutual competition, and the exclusion by the tariff of foreign competition. The "great and patriotic purposes" of holding absolute control of the home market, etc., could never have been accomplished if only the comparatively few "trusts" and combines took a hand. It was brought about, and monopolies established by the entire body working each in its own group or circle.

Senator Lodge of Massachusetts is reported to have said that the tariff has nothing to do, or no connection with trusts and monopolies. Such a statement, if made, is as far from the truth as the east is from the west. Protection in this country has been the starting-point of the whole nest of iniquity. Doubtless, no less than two-

thirds of the oppressive monopolies of the present day are the direct result of the prevention of foreign competition by the tariff. And this robbery of the people does not stop at production, but is often carried on through the various channels of trade down to the consumer. Here is some interesting reading touching on this point from the Iron Age of Oct. 10, 1901: "The question of the grading of prices to the various classes of trade has always been a difficult one for manufacturers to determine." "The manner in which this question has been decided by the multitude of consolidations and combinations of the past few years is significant. With signal unanimity they have adopted a policy in the grading of their prices which recognizes the jobber more thoroughly and completely than before. This has been done by not only establishing a *wide differential* between the jobber and the retailer, but by making a list of who are to be ranked as jobbers and to whom alone jobbers' prices can properly be given." "To have adopted a different policy would, moreover, have alienated the wholesale trade and put an immediate and troublesome obstacle in the way of maintaining the *high prices* which had been established. The jobbers, too, were prompt in making earnest and emphatic appeals to the associated manufacturers for ample protection." To the arrangement made the retailers objected, as formerly they could buy close to what the jobbers had to pay, now "under this system called to pay a broad jobbers' profit on these goods."

From the Iron Age, same date as above. The Seventh National Hardware Convention was held at Cleveland. From the Treasurer's Report: "Our attention has been called to the system adopted by some manufacturers of notifying the trade on postal cards and

other printed communication of changes in prices. These are very liable to fall into the hands of consumers." "We hope that during the year an additional number of our members will adopt the system of adding to the factory cost of goods a proper percentage to cover the expense of distribution before arriving at the true cost."

Not only are the manufacturers often in collusion to prevent all competition among independent factories, but they can control price through the intermediate hands that pass the goods on to the consumer. By this means the trading world, both wholesaler and retailer, come in for an equal degree of the high profits of the producer. Protection shields all, and the accumulative artificial increase of price is borne by the farmer with no offset of advantage.

Besides the desire to obtain the highest possible profits, manufacturers often have another strong incentive to hold them to their mutual agreements. The nature of this is indicated by a little item found in the New York Semi-weekly Evening Post of Jan. 16, 1902: "The leading producers of wire and wire nails" held a conference at Pittsburg. After agreeing to advance the price of nails comes this sentence: "Forfeits of \$10,000 for each concern were posted to bind to the agreed price and to stop the price cutting."

How far combinations have extended in the industrial world is indicated by "the unanimous report of the committee on commercial law of the American Bar Association," made at its annual meeting in 1903. Here are extracts: "The modern combination's primary object is to control trade and commerce in plain articles of production, and substitute a more or less perfect monopoly in the place of a more or less free competition. It

changes entirely the basic principle of commercial relation between man and man.”

“Combination as an economic force is fast coming to take the place of competition. The producers are combining, transportation companies are combining, tradesmen are combining, workmen as well as employers are combining, everything seems to be combining in some form of combination, and everybody seems to be a combiner. The competition that still remains is fast disappearing. Workmen are refusing to compete for jobs. Labor unions are enlarging the spheres of their activity and extending their operations. The union of the employers is still stronger and more far-reaching than the union of the workmen. We are now having combination of combinations. The United States Steel Corporation is a combination of a dozen heretofore competing producers, who themselves were combinations of still other producers, and these in turn, often of combinations of still others. To trace them back to their beginnings is like discovering all the multitude of sources that go to make up the volume of the swollen Mississippi.”

The great class of which it is not true that they are combining is the agricultural; and it is significant that in the above indictment no mention is made of the men so engaged. As usual, the fact of the farmer's existence was forgotten or ignored.

To what extent the nation is brought under bondage is indicated by Mr. Franklin Pierce in his book, “The Tariff and the Trusts.” We give an illustration of his statements, pages 65 and 66: “The Pittsburg Plate Glass Company has a capital of \$10,000,000. In 1899 it controlled 682 out of 946 pots in the manufacture of glass, and it increased the prices of plate glass within three

years 150%, as described in the prior chapter. It had an understanding in 1900 with other companies, and thus controlled the prices of plate glass. According to the testimony of Mr. Fred G. Elliott (the manager of John Lucas Company) before the Industrial Commission on Dec. 20, 1900, the Pittsburg Plate Glass Company sent to the firm of John Lucas & Company a letter, of which the following is a copy:

Philadelphia, Pa., Oct. 27, 1900.

GENTLEMEN: We have just been advised by our general office that any permission that has been given to the jobbers whereby they were allowed to import plate glass must be at once withdrawn, and we hereby beg to notify you to this effect.

We will ask you to send to this office at once a memorandum of any foreign glass which you may have ordered which you have not received. Please include in this memorandum that which may be already on the water, as well as the portion that has not yet been shipped from abroad. Kindly give this matter your prompt attention, and oblige,

Yours truly,

PITTSBURG PLATE GLASS COMPANY."

So much for the impudence of the trusts in advancing prices and controlling foreign trade. Here is more, showing the tremendous increase in prices permitted by trade regulations and tariff legislation. We quote from the Springfield Weekly Republican of Nov. 21, 1907: "There appears in the current issue of American Industries, organ of the National Association of Manufacturers, as severe an arraignment of high tariff iniquities as is often heard, and it comes from a protected manufacturer, H. E. Miles, president of the National Association of Implements and Vehicle Manufacturers. He starts

off with the very frank admission that "I have made money every year out of the tariff graft." He goes on to say: "Under this tariff, those who supply the factories I am interested in with their material, have consolidated or formed trusts and have raised the prices 25 to 50%. All those years I have, as before, made my sale price on a percentage of costs, and when the tariff pets raised their prices, as they did \$50,000 to me, I made the charge against the jobber \$60,000, and I know beyond question that he also figured on a percentage basis, and charged more than \$70,000 for the \$60,000 he paid me. The product went through one or two other hands before reaching the consumer. The \$50,000 I paid becomes about \$100,000 to the agricultural consumer."

In this connection a paragraph in the Springfield Weekly Republican of Dec. 5, 1907, is of interest. The will of Chas. H. Deere, implement manufacturer, evidently of Rock Island, Ill., shows property valued at \$20,000,000, all of which goes far to sustain the truth of statements made by a Worcester blacksmith to the author; one of which was that shafts that a while ago he bought for \$1.75 were now sold for over \$11. This statement was made in November, 1907.

Mr. Miles' remarks show one of the ways by which the tariff increases the cost of articles produced in the United States. The "tariff pets," that furnish raw material, form associations or combinations and force price way up. Then each succeeding intermediate between these and the consumer compute the same percentage of profit as before on these greatly increased values.

The plate glass letter reveals another feature of this adorable tariff measure. In spite of our exorbitant

duties, it is evident from this letter that home prices are so high that jobbers can profitably import foreign goods. They are intimidated from doing so by these "tariff pets," who are, as claimed by Mr. Dolan, then President of the Manufacturers' National Association, in absolute control of the markets of the United States.

The advantageous trade position of manufacture comes from control of the market, and this control from the suppression of competition. This is brought about or caused:

By power to adjust supply to demand.

By knowledge of cost of production.

Is greatly promoted by the division of the industry into hundreds of non-competing groups.

By the patent system.

By mutual co-operation or such action as tends to prevent fall in price.

By the protective system.

CHAPTER VII.

THE DEFENSELESS TRADE POSITION OF AGRICULTURE.

Have the leaders in the agricultural ranks recognized the trend of the times and taken measures to guard farmers from the destructive effect? If bugs, or worms, or blight threatened the destruction of crops, the alarm would be sounded in farmers' journals, from agricultural colleges, and from the Agricultural Department at Washington. But when the crops are exchanged for what the farmer requires, the men who manufacture such supplies, by organized action, or by the enactment of hostile legislation, may work greater injury than bug, or worm, or blight, and our agricultural leaders look on in silence. Why?

The leading men in agriculture, especially at the East, have confined attention strictly to production. Their aim has been to have the farmer produce the most and best at least expense. There is the sum and substance of all the mighty efforts of most of the agricultural leaders for more than fifty years. Like the man with the rake in Pilgrim's Progress, the eyes of farmers have been kept fixed on the ground, blind alike to heavenly vision and the work of designing men robbing them of the fruit of their labor. Year after year, in season and out of season, the agricultural mind has been stuffed with the same everlasting diet of production. Much the same matter has been threshed over and over, from morn to night, from youth to hoary age. The doses have been administered at farmers' meetings held in the winter all over the

country. State boards of agriculture have been organized in many of the states, and from these have gone forth thousands of bulky secretaries' reports, which now lie on shelves hardly ever glanced at. Hundreds of farmers' papers have deluged the land from Maine to California, from the Great Lakes to the Gulf of Mexico, with tons of—shall we say literature? Then there are agricultural colleges in many if not all of the states, and from these sources have issued incessant bulletins. Above all the rest is the Agricultural Department at Washington, and from this eminence tracts and expensive volumes have been rained down.

If it is true that "all work and no play makes Jack a dull boy," how much more is it true that confining minds continually to the same general topic, with no change, no let-up, especially when this topic relates to the very work followed all day long, tends to weary, stupefy, and disgust men with books and papers.

Where the editors of agricultural journals and speakers at farmers' meetings have shown a lack of judgment is in not perceiving that to produce the most at least expense is but half the problem. This part is no more essential than to get a fair price for it, nor so much so. If a better agricultural education causes a larger quantity to be thrown on the market, and overstock it, the price per bushel or pound will almost invariably fall so low that the total product will bring less than a lighter yield. Should this occur, who but the consumer is the gainer? The farmer has been required to harvest the crop and carry the larger yield to market. For this extra expense and toil he has received less than he would with the smaller yield.

An illustration of the truth of this on a national scale

is afforded by the annual reports of the Agricultural Department in regard to the potato crop. An examination of the record for the last thirty or forty years will show that, as a rule, less has been received for the total product of the country when there was a large yield than when the number of bushels has been far smaller.

So, too, an improvement in quality, should this result come from a more scientific education—if the change is general over the country—may not put an additional dollar into the farmer's pocket, but go to tickle the palate of the consumers. This is made plain by the apple crop. In a year of plenty a barrel of fine large apples may sell for \$1. The next year, if there is a scarcity, a barrel of scrubs may fetch \$2. This shows, as far as the pocket of the farmer is concerned, that, except where the improved quality is in limited quantities, the higher education in this respect is not so lucrative as is generally supposed. If the better quality cannot be obtained, the inferior article will bring just as much; and if next year farmers all over the nation would contract production to three-fourths the usual quantity, the probability is that they would take in just as much money. Unless this position can be successfully assailed, it is evident that there has been an immense amount of talk and ink thrown away so far as improving the condition of the farmer is concerned. If this tongue and pen energy had been expended in making market conditions favorable for agricultural products, not only would the financial position have been greatly improved, but the influence of the farmer would have been far greater, and the nation is in need of this conservative influence.

Thank God, the light is breaking in one direction. In the address of Mr. N. J. Bachelder, worthy master of

the National Grange, forty-first annual session, 1907, occurs this passage:

“The development of manufacturing, transportation and commercial interests is not only an advantage, but a necessity to agriculture, but those interests have no claim for public recognition that takes precedence over the claim of agriculture. This statement holds true in regard to the *establishment of policies and the enactment of laws*. If conditions exist under which the manufacturer, the railroad manager and the merchant can pay prices for labor in the transaction of their business that the farmer cannot afford to pay, there is reason to investigate the cause of such conditions. *The advice of those who would limit the work of this great farmers’ organization to a study of crop production and stock feeding, important and necessary as these may be, is not suggestive of a deep sincerity for the farmers’ interests. It is not wise to leave the management of public affairs affecting agriculture to others, inasmuch as ours is the basic industry, upon the prosperity of which prosperity in all other industries depends. The field of study and investigation open to the farmers through this organization is as broad as the field open to any other class of people without infringing in the least upon partisan or sectarian ground. It is not only the farmer’s right, but his duty, to engage in a discussion of public matters.*”

The main object of producing more of an article than one consumes is to obtain the means of buying the products of other industries. In such exchanges the grossest injustice may be perpetrated. Civilized man has rarely scrupled to take advantage of the savage, often obtaining for a mere bauble that which was of great value. Not because he was a savage was he cheated, but because

ignorance gave opportunity. Give the average business man of to-day opportunity, and not only will his own countrymen be likely to be imposed upon and cheated, but his near relatives may fare no better. He is inclined to be good to himself. He is not apt to be deterred by a high sense of honor or justice. His rule is not fair profits, but get all he can. Said Senator Hoar of Massachusetts, in his speech in the Senate upon trusts, in January, 1908, speaking of the corporation and corporate control of wealth: "It is not zealous for its own honor or reputation, except so far as its honor or reputation is essential to its getting money. It has no soul and no conscience. In general, the men who are most powerful in its management can, if they see fit, avoid responsibility to public opinion. They always expect to avoid personal liability for obligations."

Thus spoke a noted lawyer, held in high esteem by the nation, one of Massachusetts' most prominent Republican citizens, one not given to making rash statements.

It is men like those to whom Mr. Hoar referred, whom our agricultural leaders have left in full control to dictate the policy of the nation, who insist to-day that there shall be no lowering of tariff bars. Is it strange, then, that the interests of farmers in foreign trade have been sacrificed?

MARKET CONDITIONS.

Most of the time since 1860, with the exception of war period and a few years after, there has been a great surplus of agricultural products; and for the same time, with the exception of a few years of depression, a great demand for manufactured products.

Since 1860 two-thirds or more of the vast territorial

expanse of the United States has been opened up for settlement by the railroads. In that year there was something over 30,000 miles of roads being operated; now more than 200,000 miles. Right after the Civil War the Homestead Act, passed in 1862, began to affect the situation. At about the same time the railroad companies began to put land on the market for a few dollars an acre. This is the situation that has faced the eastern farmer for many years, any amount of land in the market that could be obtained for little or nothing. Such a lure caused a tremendous rush of settlers from the East and abroad. In 1860 the number of farms was 2,044,077; in 1900 the number had risen to 5,739,657; an annual average increase of 92,000 farms. The inevitable result was an immense continuous surplus of agricultural products. During the very years when this ever-increasing flood was pouring upon the eastern markets, the doors of most foreign nations were closed against us by retaliatory tariffs. (See chapter III.)

How have the times been with manufacture? During the above-mentioned forty years the opportunities enjoyed for the gaining of wealth have far surpassed anything told in history. In addition to legislative favors, which gave manufacturers absolute control of the richest markets of the world, and provided their operatives with the cheapest food supplies, the opening up of a new country multiplied business enterprises. The population has much more than doubled since 1860, the increase being nearly 45,000,000 of people. Just to clothe, provide shelter and furniture for this great increase in population all these years was a stupendous task. Nearly 3,000,000 new farms have been equipped with machinery. Shops and factories sufficient to give employment

to 4,000,000 of people, who have connected themselves with the industry since 1860, have been built and filled with machinery. Iron ore enough to provide steel rails for more than 170,000 miles of new track has been welded into shape, and with the immense number of cars and locomotives required, is now a part of our huge transportation system. The enumeration of services required and rendered for the welfare of the 45,000,000 people who have come on the stage since 1860, is far from complete. Meanwhile, the work of caring for the wants of the 31,000,000 who made up the population in 1860 must not be left out. If all the magnificent opportunities of the manufacturing field could be spread out before the eye, the great world would be astonished at the sight; and if the sum total paid for performance could be written out, that paid to a far greater number of workers in the agricultural field would be found quite insignificant. Between the price received where there is a large surplus of products and that obtained where supply is not equal to demand, the margin is wide.

In agriculture cost of products cannot be ascertained. In rare cases, no doubt, a close approximation can be made, but it is safe to assert that the exact cost of no product of the field can be ascertained. In many cases, close calculation, joined to long-continued observation, note-book in hand, would give basis for a good guess. But the problem is such a difficult one that even the most intelligent farmers long ago gave up all attempt to determine cost. A volume could be written showing why the cost of the various agricultural products cannot be ascertained. In few words, we shall go straight to the heart of the chief difficulty.

Here the cost of products is only to a small extent in

dollars and cents, not in terms that can be computed. Here the cost of one thing depends on the cost of another and that on the third, and so on till the circle is complete of products of indefinite cost. What is the cost of milk? That depends chiefly on the cost of other products, raised usually on the same farm, hay, green fodder and grain. What is the cost of these? That depends largely on the cost of manure made on the farm. And the cost of manure has much to do with the cost of hay and grain. There you have a vicious circle. And if one knew what a cord of manure cost when made on the farm, who can tell how much of the manure applied went to the first year's hoed crop, how much to each of the three or four succeeding years' crops of oats, or grass?

Then, when several crops are raised in the same year, who can tell the cost of man and team for each in planting, caring for, and harvesting? It is all mixed up, even where there are no cows to milk.

Most of the work is done by the farmer and his boys. What is a fair price to charge for them? He should charge for his horses what they cost him, all things included. How much is this?

The extreme stupidity sometimes exhibited even by farmers of general good sense in regard to cost is almost beyond belief. Talking with the owner of one of the best farms in the town where the author resides, the statement was made that his corn cost him but thirty cents a bushel. Greatly interested as to how such a result could be figured out, the inquiry was made: "How much did you allow for manure?" "Nothing at all; that was made on the farm."

Still another instance that fell to the author's notice: There was a man said to be extensively engaged in vege-

table gardening who often lectured before farmers' clubs and granges. He was regarded as one of the best informed men in the state in this line. He got to talking about corn and maintained that New England farmers could afford to raise it. He had tested the matter and proved that corn could be raised in Massachusetts for fifty cents a bushel. What gave a false impression here? In the experiment he used his gardening land, made exceedingly rich by constant application of manure. No allowance was made for this totally unfair condition. The crop was charged only with a few dollars' worth of fertilizers. Of course, the yield was phenomenal, two or three times the usual. This gave a very low cost per bushel.

An account was seen in an agricultural paper of a farmer who did most all of his own work, claiming his farm paid him 20%. Several items of cost were not entered; the most important was he charged nothing for his own services.

In manufacture cost can be measured, and this knowledge goes far to hold price at a fair level. In agriculture cost cannot be ascertained; price is determined solely by degree of competition. How vitally this affects the industrial situation has been shown in preceding chapters. That in agriculture competition will be most intense, and in consequence that price is likely to fall far below cost, will be evident from a discussion of the next proposition, which is that—

AGRICULTURE IS NOT DIVIDED INTO NON-COMPETING GROUPS

If, like manufacture, agriculture was divided into hundreds of non-competing groups, and farmers generally confined attention to single specialties, the degree of com-

petition would be immensely decreased. Besides, there would be a multiplicity of associations caring for the different interests. There would be appeals for legislation. There would be fierce attacks on the protective system as most injurious to the farmer's interest, and it would soon find place in the garret of forgotten things. The interest of a man carrying on several lines of production is fatally divided, both in field care and the direction of legislation.

To secure full attention to the interests of a product there is nothing like having many individuals caring for it as a single specialty. Unfortunately, there is little to cause a division into separate groups, or to cause farmers to pursue single specialties. Probably there are less than thirty different kinds of our agricultural products for which beast or man affords very extensive markets. The division of those engaged in farming into this number of groups would still leave the number of persons in each too large for successful monopolization. But the effectual bar to the creating of monopolies here is the great similarity of soil and climate throughout the United States. So great is this similarity of conditions that many if not most of our products flourish in more than half our wide domain. But a few products, like cotton, rice, sugar-cane, and sub-tropical fruits, are confined to certain sections of the country. At little cost the farmer can turn from the production of one crop to another. He can make the change at once, though fair success may require a year or two of experience. Let monopoly here seize on a line of products and send price to a high level, the very next year the number of growers of those crops would be greatly multiplied. The quantity thrown on the market would not only break the wings of monopoly, but

might result in prices as far below as it had risen above a fair level.

Something more remains to be added in the comparison of trade positions. In combinations for fixing price, other things being equal, the fewer the persons in the movement that need to be consulted the greater the success. The number of proprietors in manufacture is one to every seven or eight workmen; in agriculture the number of laborers is fewer than the number of farmers.

Then again manufacturers are located in the centres of population in easy reach of each other by car, train, telephone and telegraph; the farmers are scattered all over the territory of the nation, widely separated from each other, with no direct way of communicating, utterly unknown to each other.

There is no headquarters of production. There is no way of concentrating agricultural supplies and forcing them on the market by a few guarded channels. For most agricultural products supplies can be obtained from a thousand sources and these enter the market at as many points.

For these reasons farmers' products are simply thrown on the market, and the degree of supply to demand determines the price at all points. Nothing is done—nothing can be done to hold price at a fair level. The inevitable result of millions of men competing under existing conditions is to cause price to fall far below a reasonable level.

To cap all, as if the trade position of agriculture was not bad enough, the national government increases the degree of competition by giving away farms, by making great tracts of land available by irrigation and by its foreign policy of restricting trade.

FOUR DECADES OF DECLINING AGRICULTURAL PROSPERITY UNDER HIGH PROTECTION.

CHAPTER VIII.

THE NATIONAL VIEW.

At the close of the nineteenth and the beginning of the twentieth century it is eminently fitting to take a backward glance. Not only is that time fitting, but unusual facilities are given for such a review. The United States Census, 1900, includes many statistical tables concerning agriculture, in a retrospective view covering fifty years in decade periods. It will be seen that these data, and those from many other sources, fully confirm the words of the Worthy Master of the National Grange, Aaron Jones, spoken at a business meeting of the order at Rochester, N. Y., in November, 1903: "Agriculture has not enjoyed an equal degree of prosperity with manufacture and other industrial and commercial enterprises in the United States. Farmers are losing their relative position in the wealth and production of the nation." And he adds, "It is the duty of this order and every farmer to investigate and discover the causes that have contributed to this condition, and aid in their removal wherever found."

This book is exactly in the line of duty indicated by Worthy Master Jones.

First a backward glance at the general situation of agriculture for the last fifty years.

In 1850 the value of agricultural property exceeded the wealth owned by the rest of the nation. In ten years the value of the former had doubled, while non-agricultural wealth had much more than doubled. In forty years more, 1860-1900, the value respectively was about twenty and one half billions, and nearly seventy-four billions of dollars. This for the nation. The agricultural gain for the forty years was chiefly caused by the addition of millions of new farms at the West and Southwest where land was formerly almost valueless. In the North Atlantic division of states, where new land has not been a factor, from 1850-60, *ten years*, agricultural property increased in value \$769,000,000; in the next *forty years* under high duties the increase was but \$496,000,000. And in the last twenty years, from 1880-1900, the value fell off \$246,000,000. In this same division of states, the total value of all property rose from \$3,131,000,000 in 1850 to \$38,301,000,000 in 1904. Leaving out the Wall Street state, and the round figures are \$2,050,000,000 in 1850, and \$23,532,000,000 in 1904. About a ten-fold increase.

We claim that this section of the Union gives a fairer criterion of the agricultural situation than where many new states, each with a vast acreage of land, have increased by billions of dollars the value of agricultural property.

Now it is not at all strange, with the rapid growth of the manufacturing centres, and the vast extension of the railroad system, that the wealth of the non-agricultural portion should multiply faster than that of the agricultural community. What is most surprising is the fact

that, as the wealth of the nation rapidly increased, the percentage of gain to the farmer (where conditions were normal) decreased, and in the last twenty years, 1880-1900, suffered an actual loss of nearly 8 per cent.

We now enter on a closer examination. The first evidence of waning prosperity we present is two tables: one showing the total value of farm land, including buildings, at different periods, with percentage of gain; another giving the total value of all farm property, land, buildings, machinery and live stock, and the percentage of gain.

	Value of U.S. Farms, including Buildings.	Percentage of Gain.	Value of all Farm Property in U.S., Land, Buildings, Machinery and Live Stock.	Percent- age of Gain.
	(In round numbers.)			
1850	\$3,271,000,000		\$3,967,000,000	
1860	6,645,000,000	103.1	7,980,000,000	101.2
1870	9,262,000,000	39.4	11,125,000,000	39.4
1880	10,197,000,000	10.9	12,180,000,000	9.5
1890	13,279,000,000	30.2	16,082,000,000	32.0
1900	16,674,000,000	25.6	20,514,000,000	26.2

These tables show at a glance that there is no material difference in the percentage of gain of the two columns of values. Whether the value of real estate held by farmers is considered alone or in conjunction with the personal property, the percentage of gain in value of the first given decade is four times greater than the average of the four following decades. It is not evident from the figures that farm property shared to an equal extent, if at all, in the great inflation of values common to most property during the war period, 1860-70. During that decade there was practically no increase in the number of acres of land in farms. The value of new buildings,

and the increased value of the *improved* acres (about 16 per cent. larger) would go in part at least to make up the 39 per cent. increase in value. Had there been a great inflation of values in the war period, the small percentage of gain of the three last decades as compared with that of 1850-60 would be imputed to the gradual fall to a normal basis.

Now unless some explanation can be found for the apparently far greater prosperity enjoyed before the war than since, it must be admitted that the golden age of agriculture was from 1850-60 under low revenue duties. During this decade there must have been an average annual gain in value of more than 10 per cent. to amount to the 103 per cent. in ten years. What per cent. on the average would give the gain in decades ending in 1880, 1890 and 1900? A trifle over 3 per cent.

To show that the greater prosperity 1850-60 was real, and not all due to the gain of new land at the West and Southwest, we present other tables.

	The Number of Acres of Land in Farms.	Percent- age of Gain.	Average value per Acre of Farm Land, including Buildings.	Percent- age of Gain or Loss.
	(In round numbers.)			
1850	293,500,000		\$11.14	
1860	407,200,000	38.7	16.32	46.5
1870	407,700,000	0.1	18.26	12.0
1880	536,000,000	31.5	19.02	4.0
1890	623,200,000	16.3	21.31	12.0
1900	838,590,000	35.0	19.88	-7.0

Here it is seen that the percentage of gain in number of acres of land was not much greater from 1850-60 than from 1870-80, or 1890-1900. And yet the increase in value of farms was 103 per cent. in the first of these

decades, and less than 26 per cent. on the average in the last three, the ratio being as 4 to 1.

Glancing now at the average value *per acre* of farm lands with buildings, it is seen that from 1850-60 the percentage of gain was over 46 per cent., while from 1890-1900 there was not only no gain but a loss of 7 per cent.

THE STORY TOLD BY MORTGAGED PROPERTY.

In the political campaign of 1900 Republican papers and orators affirmed that so prosperous had been the three last years under President McKinley that the farmers had paid off their mortgages. The data concerning indebtedness had been collected the previous year, 1899, but we think were not published till 1902 or 1903.

There had been abundant crops at the West and South in the three years mentioned, 1897-99. But in spite of a large foreign demand, prices were low. Still the large quantities when disposed of returned vast sums of money, so that it was thought likely that there might be considerable truth in the statements of partisan journals and speakers. If so, the number of farmers previously bearing burdens must have been great indeed. Here is a partial list of the columns of figures showing how many farmers owned their farms, and how many of the owned farms were mortgaged. The part given comprises the returns for the nation, for the grand divisions, and for fourteen of the more prosperous states.

The last column shows what per cent. of the *owned* farms were mortgaged, does not include farms carried on by "Farmers' Families" who are tenants.

"Farmers' Families ¹ having Homes."	1900—Owned		Per Cent. Mortgaged, about.
	Free.	Mortgaged.	
<i>Continental United States,</i>	2,422,678	1,094,573	31.00
North Atlantic Division,	315,070	195,921	38.00
South Atlantic Division,	416,425	83,858	17.00
North Central Division,	887,774	634,559	41.00
South Central Division,	654,546	138,955	17.00
Western Division,	148,863	41,280	22.00
Massachusetts,	19,058	11,976	37.00
New York,	89,934	77,429	46.00
Pennsylvania,	107,661	51,438	32.33
Ohio,	138,568	58,669	29.00
Indiana,	97,290	55,889	36.48
Illinois,	92,768	60,089	39.31
Michigan,	85,608	79,836	48.25
Wisconsin,	77,622	65,645	45.82
Minnesota,	67,015	54,377	44.79
Iowa,	67,673	76,417	53.03
Missouri,	109,729	80,692	42.37
Nebraska,	39,024	32,430	45.38
Kansas,	61,865	44,370	41.76
California,	33,847	16,072	32.19

¹ The number of "Farmers' Families" and the number of farms agree within less than one per cent.

But the number of mortgages, numerous as they are, is far from indicating the real condition of the agricultural masses. More than one-third of the farmers were too poor in 1900 to obtain possession of a farm by giving a mortgage. A mortgage usually implies that the purchaser has the means of paying a considerable part of the price. A part paid down gives additional assurance to the seller that the investment is a safe one. Men who have no capital can rarely find owners of farms willing to risk a trade where the mortgage given represents the total price. Uncle Sam has given away many millions of

acres of land to men without means, and in a few years these may have acquired sufficient value to put on small mortgages for implements, teams, etc. Other than this way, if a man without capital wants a farm he generally has to hire either by agreeing to give a certain share of the crops or pay so much cash when the crops have been converted into money. We think it fair, then, to define a tenant as one who is too poor to obtain possession of a farm by giving a mortgage.

The census record for 1900 shows the following condition—"Per Cent. of Farm Families Having Homes;"—in other words:

Per Cent. of Farms Owned or Hired.	Farms Owned. ¹		Hired.
	Free.	Mortgaged.	
<i>Continental United States,</i>	44.4	20	35.6
North Atlantic Division,	48.2	30	21.8
South Atlantic Division,	45.9	9.3	44.8
North Central Division,	42.2	30.1	27.7
South Central Division,	42.3	8.9	48.8
Western Division,	63.4	17.6	19.0

An examination of this table shows that more farms were mortgaged than hired in the North Atlantic and North Central Divisions; while in the South Atlantic and South Central Divisions few farms were mortgaged, but very many hired.

Does the above table indicate a prosperous condition? For the nation but a little over 44% of the farms tilled by the owners were free of incumbrance; the owners of 20% more were mortgaged; while over 35% were carried on by tenants. In that stronghold of agriculture, the North Central Division, 58% of all the farms were either mortgaged or let to tenants.

Another important link in the chain of evidence of the

decline of agricultural prosperity is the slow gain in total annual value of agricultural products. As shown by one of the preceding tables the capital invested in the industry has increased four-fold since 1850; the number of farmers as indicated by the number of farms has multiplied three-fold; and owing to the substitution of the quick-moving horse for the slow-going ox and great improvement in farm machinery, the labor of man is far more productive than fifty years ago. For these reasons the *quantity* produced in 1900 must have been three or four times as much as in the former time. Did the value received by the farmer show a corresponding increase? For answer we turn to Mr. S. N. D. North, one of the prominent supervisors of the census of 1900. In an article published in the *American Review of Reviews* September, 1902, pages 319 to 324, he says, "The population has in the meantime increased two and one quarter fold (since 1850) and the value of agricultural products something less than two-fold."

The slow increase in total value of agricultural products will be far more apparent by a comparison with the increased value of manufactured products. The value of manufactured products increased twelve-fold. The increase in number of average wage-earners was about four and one-half fold. The increase in capital is given as nearly seventeen-fold, but was actually far less. In 1890, for the first time, "Live capital, i.e., cash on hand, bills receivable, unsettled ledger accounts, raw materials, stock in process of manufacture, finished products on hand, and other sundries, was for the first time included as a separate and distinct item of capital." These items undoubtedly added billions of dollars to capital. To indicate the enormous effect we give the percentage of gain

in capital before and after: from 1870-80, 31.7%; from 1890-1900, 50.7%. In 1880 returns of value of capital were given by former methods, in 1890 came the change indicated above, and the *apparent* gain was 133.8%. In 1850 the total annual value of agricultural products must have been more than twice that of manufacture. In 1900 the total annual value of the latter was nearly three times that of the former. Under somewhat similar conditions where manufacture shows a twelve-fold increase, agriculture in the fifty years, forty of these under the highest kind of protection, shows less than two-fold. Is it strange that the poverty of returns in agriculture caused such a desertion of farms that where in 1880 the 44.3% of those engaged in farming fell to 35.7 in 1900?

Summary of the chief links of the chain proving decline in agricultural prosperity:

(1) In the nation, a rapid decline in the *percentage of gain* in value of agricultural property in the last forty years.

(2) A great decline in the *percentage of gain* in value of the average acre of land with buildings, with a positive decline of 7% in such value in the last decade.

(3) The great percentage of mortgaged and hired farms in 1900.

(4) The small increase in the total annual value of agricultural products during the last fifty years.

(5) The large decline in the percentage of those who follow agricultural pursuits.

What a pity that there are no data as to the amount of wealth in possession of manufacturers and the holders of bonds and stocks of manufacturing companies, by decade periods!

CHAPTER IX.

THE INDEPENDENT FARMER SINKING TO THE POSITION
OF MERE TENANT.

“There was one remark made by EX-governor Boutwell at the Old Home celebration at Lunenburg last week which particularly arrested the attention of his listeners. ‘Farmers tell me,’ he said, ‘that it is hard to make both ends meet, and I am glad of it’. The astonished auditor then had matters explained as follows:—

“ ‘We look about and see such aggregations of individual wealth as were never dreamed of when I was a lad, or in middle life. This vast capital is seeking safe investment, and if it can find it at 2%, and safe, it is satisfied. If farming were profitable these people would certainly buy up all the land and hire its cultivation for profit, and the present self-respecting and respected farmer would become practically a serf on the soil. So I am glad of the struggle, for it keeps our sturdiest people still self-supporting, industrious, self-reliant; still the sound common sense of the nation, its backbone in every great stress. So it is fortunate the condition is what we hear, and what I have explained.’ ”

“Whether the provincial life is being buttressed in its independent position and hardy virtues by a meagre and laborious existence, or whether it is not thereby weakened, may be questioned. In the Roman republic the impoverishment of agriculture preceded and led up to its enslavement; and it is decidedly open to doubt whether existing conditions on our farms, as described, offer as great resistance to the centralizing tendencies of the

time as would more prosperous conditions. If the latter prevailed there would be smaller aggregations of individual wealth with which to effect a practical serfdom of the soil.”

The above is copied from an article in the Massachusetts Springfield Weekly Republican of August 8, 1902.

We think the doubts expressed by the journal exceedingly well taken. Which is most likely to be the sturdy, independent farmer admired by Mr. Boutwell—the one who has a master in the form of a mortgage so heavy that to keep the interest paid requires unceasing, exhaustive effort, where care presses incessantly like a dead weight on the breast; or the man whose well-directed efforts on a fertile farm have secured a handsome bank account to his credit? Which of these two will dare look a haughty opponent square in the face and express opposing views—the one whose weak financial condition causes a constant seeking of favors from those about him, or the other on whom no man has any hold, who feels perfectly able to care for himself?

Did Mr. Boutwell take into consideration the fact that because of poor returns, the old original Yankee stock has largely been driven from the farms, and into their places have come men from Canada, Sweden, Germany? Will this change to men of less intelligence, who have not inherited love for our country and its free institutions, lessen the danger of the farmer's becoming a serf on the soil?”

Whoever heard before that the way to keep “our sturdiest people still self-supporting” was by making it “hard to make the two ends meet?”

The farmers of 1776 brooked no tyrants, but in our day the blood of agricultural prosperity has been sucked to such an extent by the vampires of monopoly that no life

seems to be left in the agricultural community. They endure wrongs without a murmur, compared to which those of 1776 were mere shadows.

Mr. W. J. Ghent does not see with Mr. Boutwell's eyes. In his book, "Our Benevolent Feudalism," occur these sentences: "The subject of the changing status of the farmer—a change which involves his ultimate reduction to the sixteenth century level—is too large to receive adequate treatment in these pages."

"In most ages the working farmer has been the dupe and prey of the rest of mankind. Now by force and now by cajolery, as social customs and political institutions change, he has been made to produce the food by which the race lives, and the share of his product which he has been permitted to keep for himself has always been pitifully small. Whether Roman slave, Frankish serf or English villain; whether the so-called 'independent' farmer of a free democracy or the ryot of a Hindu prince, the general rule holds good."

"Neither do small holdings in agriculture mean economic independence. As the late census reveals, they mean tenantry. The proportion of farms operated by owners is decreasing; tenantry is becoming more and more common, and so is salaried management of great estates. Of the 5,739,657 farms of the nation, tenants now operate 2,026,286. Owners operated 74.5% of all farms in 1880; 76.6% in 1890; 64.7% in 1900. The tendency is general, and applies to all sections."

"This remarkable growth of tenantry would be considered in any other than our own complacent days as an alarming, even an appalling fact."

How far the process of reducing the farmer to the position of mere tenant has gone in twenty years we show by computations from census figures. We present the

figures for the nation; then for the grand divisions; lastly give the separate record for more than a third of all the states. In the latter case, we start from the Atlantic Ocean, and pass into the very heart of the nation, naming the great states where agriculture is in the most flourishing condition; then, making a long skip over the Rocky Mountains, show how things are in the oldest settled of the Pacific States. We thus bring to view nearly all but some of the newer states and the Southern States.

THE NUMBER OF FARMS WORKED BY OWNERS AND TENANTS.

	Owners.		Percentage of In- crease or Decrease.	Tenants.		Percent- age of Increase.
	1900	1880		1900	1880	
Continental United States,	3,712,408	2,984,306	24.4	2,024,964	1,024,601	97.6
North Atlantic Division,	536,724	584,847	8.2 ¹	140,782	111,292	26.5
South Atlantic Division,	536,627	411,673	30.3	425,598	232,756	82.8
North Central Division,	1,583,841	1,350,225	17.3	612,726	347,743	76.2
South Central Division,	852,620	565,556	50.7	805,546	321,092	150.9
Western Div.,	202,596	72,005	181.4	40,312	11,718	244.0
STATES:						
Massachusetts,	34,112	35,266	3.3 ¹	3,603	3,140	14.7
New York,	172,517	201,186	14.2 ¹	54,203	39,872	35.1
Pennsylvania,	165,982	168,220	1.3 ¹	58,266	45,322	28.5
Ohio,	200,788	199,562	.6	75,931	47,627	59.4
Indiana,	158,449	147,963	7.1	63,448	46,050	37.8
Illinois,	160,453	175,497	8.5 ¹	103,698	80,244	29.2
Michigan,	171,048	138,597	23.4	32,213	15,411	109.2
Wisconsin,	146,799	122,163	20.2	22,996	12,159	89.1
Minnesota,	127,904	83,933	52.4	26,755	8,453	216.5
Iowa,	148,886	141,177	5.5	79,736	44,174	80.5
Missouri,	197,989	156,703	26.0	86,897	58,872	47.6
Nebraska,	76,715	51,963	47.6	44,810	11,424	292.24
Kansas,	112,172	115,910	3.2 ¹	60,926	22,651	168.98
California,	55,782	28,810	93.6	16,760	7,124	135.26

¹ Loss.

Here it is seen that for the nation, tenant farming has increased in twenty years nearly 100%, outstripping the gain in ownership four-fold. In 1880 about one farmer in four was a tenant; in 1900 more than one farmer in three. To this statement should be added what was noted in the sixth chapter, that 31% of those who owned the farms they carried on had a mortgage upon them; in other words, nearly one-third of the farms owned were mortgaged. At the rate tenant farming has increased (a percentage of gain of 97.6% in twenty years) in much less than forty years the independent farmer will be extinct—landlordism will be universal.

From this general statement concerning the nation we pass to observe the condition in the sections or states. Reversing the order in which the grand divisions are usually given, we first glance at the status of the Western Division. This group consists of Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Idaho, Washington, Oregon and California. But little of this vast extent of territory was settled in 1880—the greater part of California was not. Even in 1900 less than 4% of the total land surface of this division was improved. Its herds and flocks, from which was obtained a very large part of the value of its products, mainly drew sustenance from its boundless grazing lands. Its great farms or ranches are not yet cut to civilization size; and their comparatively high value indicates farmers with means much above the average of the class. With all conditions relating to the industry so different from those usually existing in agricultural communities, it could not be expected that data of value to the subject in hand could be obtained from this section of the nation.

THE SOUTH ATLANTIC AND SOUTH CENTRAL DIVISIONS.

These two divisions include the former slave-holding states (save Missouri), the District of Columbia, Delaware, and Oklahoma. Here again were abnormal conditions that so affected the situation as to prevent the drawing of fair conclusions. The general impoverishment of the planters by the war and the freeing of the slaves caused a large part of the land to be thrown on the market even as late as from 1880-1900. At the same time there were hundreds of thousands of former slaves, or the children of such slaves, who desired to obtain farms, but few of them had means to purchase. So here it is not strange that the percentage of gain in rented farms was nearly three times greater than increase in ownership. Even if under fair conditions there had been a great degree of prosperity, the natural indolence of the negroes, when they are their own bosses, would prevent the gradual acquiring of land possessions on the part of the greater number.

THE NORTH CENTRAL DIVISION.

This includes Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North and South Dakota, Nebraska and Kansas—a magnificent array of agricultural states that comprises within its limits more than half the value of all farm property in the United States. If there was prosperity anywhere in the agricultural community, it should be found here. What is the record for this division? Seventeen per cent. increase in ownership from 1880-1900 and 76% gain in the number of rented farms. Of those who owned farms almost 42% were mortgaged.

Of the states of this division Nebraska is the most recently settled, and it is seen that to every man who came into possession of a farm by purchase, more than six rented the farms they carried on. In 1900, 45% of all farms owned by those who tilled them were mortgaged.

The historical State of Kansas shows a decrease in ownership of farms of over 3%, and an increase in the number of farms rented of 169%. About 42% of the farms owned by the tillers thereof were mortgaged.

The story of Iowa is nearly as bad: less than 6% ownership gain, and 80% gain in rentals; while 53% of the owners who tilled their farms carried mortgages.

Michigan, Wisconsin and Minnesota show a far larger increase in ownership than Iowa, and the percentage of mortgaged is somewhat less; but there is a far greater gain in rentals, especially in Minnesota. Here a gain in ownership of over 52% is accompanied by a gain in tenants of 216%.

Illinois shows a comparatively small gain in rented farms, but a positive loss in ownership of over 8%.

The last of the North Central group to which we call attention is Ohio. No state in the Union is better circumstanced for securing rich agricultural returns. It is centrally located, with all its territory easily accessible by water or railroads. Its soil is most fertile. The land is cut into small farms, indicating intensive farming. In population only three states exceed it, which gives its farmers a market for the most profitable crops at their very doors. A very large portion of its people are engaged in manufacture. In 1900 the value of such products was so great as to give Ohio the fifth place in this industry. If the theory is sound that protection creates

manufacturing centres, and that these furnish extremely lucrative markets to the surrounding farmers, the farmers of this State should be rolling in wealth. Here is opportunity for testing the theory. The reign of protection began in 1860. The farmers have been under its benign influence for four decades. How have they fared? Here is one of the tables furnished by the census report of 1900 that tells the story:

OHIO FARMS.

The total value of farm land with buildings (with percentage of gain and loss) in round numbers.

		Per Cent.
1850	\$358,758,000	
1860	678,133,000	+89
1870	1,054,465,000	+55.5
1880	1,127,497,000	+6.9
1890	1,050,032,000	-6.9
1900	1,036,615,000	-1.3

Before the days of Republican protection a gain in the value of land and buildings of over \$319,000,000, percentage gain 89% in a single decade; under the highest protection ever known in the United States a loss in two decades of \$90,000,000, or 8%.

Then in regard to the value of buildings on the Ohio farms. Ohio was admitted to the Union in 1802. It then had a population of 45,365. In those early days little more could have been expected in the way of buildings on farms but rough sheds for man and beast. As time went on these naturally would give way for something larger and better. By the time of the great Civil War we should look to see the families provided generally with comfortable small framed houses, warm sheds for the stock, and much of the hay, formerly stacked, under a roof. The forty years since added, bringing up to

1900, should have seen large front additions made to the dwellings, and barns of generous proportions everywhere. But what sum does the census of 1900 state as the value of the buildings on the average Ohio farm? Just seven hundred and ninety-three dollars! Less than \$800 worth of buildings after nearly one hundred years. And much the same pitiable story of agricultural poverty is told by the census for a large part of the United States. When we compare the cost of buildings erected by farmers with the outlay made in the small and great manufacturing centres, the comparison is most startling.

The percentage of gain in ownership of Ohio farms from 1880-1900 was hardly anything, less than one per cent., while the gain in rented farms was nearly 60%.

Now it will be claimed by some who have reasons of their own for keeping the agricultural community in ignorance of the true condition, that this letting to tenants indicates a high degree of prosperity and not the reverse. Cases have been cited to the writer of farmers in some sections of the country who were getting into years, renting their farms and taking up their abode in the more populous centres, supporting themselves there by the gains made in many years of toil and the sums obtained by the rental of the farms. It is evident that such farms carry a double burden, which would imply large returns. But if the profits were large why did the percentage of these renters rapidly increase? Why, if they received *only fair profits*, did they not gradually obtain the means for the purchase of a farm? If generally they did gain the necessary amount, or even enough to gain possession of a farm by giving a mortgage, why did they not exchange the status of a renter for that of owner? In the twenty years from 1880-1900, there was

plenty of time to make such a change if the pursuit of farming had proved profitable. The rapid increase of renters over gain in ownership seems to be conclusive evidence that little more than a living was realized by the greater part of those renting farms.

Driven from this position there are those who will say: "The evidence presented of declining agricultural prosperity is ancient history. Since the census was taken in 1899 a new heaven and earth have appeared in the agricultural world. Not only have the western farmers paid off their mortgages, but handsome banking accounts now stand to their credit." It was shown in the eighth chapter that much the same talk was current with Republican speakers and papers in the campaign of 1900. How far off they were from the truth has been seen. The reports of increased prosperity since 1899 among the western farmers comes not only from biased but also from unbiased sources, and there seems to be little doubt of the fact. But those who believe that the burdens of many years can be dropped by a few prosperous seasons know little of the hardships of the farmer's life. The average farmer usually, even with close economy, barely makes the two ends meet. If, then, there comes a time when for several years the dollars are more plenty, there are many ways of investing the surplus besides paying off a mortgage. There are repairs to make, new machines or wagons or animals to purchase, or perhaps a small addition need be made to house or barn. So that unless there is a persistence for many years of good times the indebtedness is likely to be but little diminished. Is such persistence to be expected? We consider the larger returns to be chiefly due to four causes:

- (1) Unusually favorable seasons that have given a

larger yield of crops. Experience has taught that uninterrupted success for this cause is rarely enjoyed.

(2) To a very large foreign demand. The continuance here depends partly on the size of home crops, partly on the size of the crops of foreign nations, further, to events; and again to the continuance of low export prices.

(3) To a far more diversified farming. Instead of confining attention chiefly to the production of corn, wheat, oats, the raising of swine, horses and cattle, the latter mainly for beef, for many years a large portion of the western farmers have gone into the poultry, egg and dairy business; the growing of hay and vegetables; the production of apples and small fruits. There is a limit to the market for these things. When competition for this market becomes too intense the profit sinks below the living line. In our opinion a close approach has already been made to the dead-line.

(4) To a smaller surplus of agricultural products. This is chiefly due to what is said to be a fact that most of the land desirable for agricultural purposes has been portioned out into farms and is now more or less under cultivation. This means a smaller annual gain in quantity of products—a lessening of degree of competition. In other words demand is gaining on supply. This to farmers is the most encouraging feature. Still this may be offset by more intensified farming in the future, and by success in great irrigating schemes by which vast tracts of land now worthless may be made exceedingly productive.

But suppose the good times to continue for many years, will the larger part of the benefit be reaped by the farmers? We think not. Unless we are much mistaken

the prices of manufactured goods have already advanced to so high a level that, taking in the entire agricultural community, the higher price of farm products has been fully offset. The products of the farmers of the eastern states have increased little if any in value. The gain, so far as we have noted, has been mostly in western products, and at the south in cotton. In Massachusetts the retail price of milk, the farmer's great sale product, has, until a few months, for many years, remained unchanged. At least this is the case in Worcester County. The recent advance has been chiefly caused by the higher price of western grain. This and other factors have more than offset all the gain made by the higher price of milk.

If the farmers as a whole have received a larger net gain, give the manufacturers a little more time to tighten the bands of group monopoly, and it is certain that agriculturists will not be burdened with much superfluous cash, even if their farms produce great crops for which high prices are received.

SUMMARY.

(1) Ex-governor Boutwell is convinced that farmers find it hard to make the two ends meet; and W. J. Ghent believes that a change is going on that will ultimately reduce the farmer to the sixteenth-century level.

(2) National statistics show that tenantry farming has increased nearly 100% from 1880-1900; a gain four times that made in farm ownership. In all the sections and states, ownership is rapidly losing ground.

CHAPTER X.

HOW THE FARMER HAS FARED IN THE MANUFACTURING SECTION OF THE UNION.

The North Atlantic Division, which comprises the states of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey and Pennsylvania, may well be called the factory or work-shop of the nation. In 1900 the value of the manufactured products of these nine states was closely equal to that of the other thirty-five, being the immense sum of \$6,498,000,000. The number of the wage-earners in this industry exceeded that of those so engaged in the other thirty-five states. The total population of the nine states is to the number engaged in agriculture there as 20 to 1. Now if proximity to manufacturing centres, to large masses of food consumers, is all that is required to enrich farmers, those of this section should have enjoyed the highest degree of prosperity. And if protection is beneficial to the agricultural industry, the three decades of high tariff that followed the war period would naturally be expected to show larger gains in farmers' property than in the decade of low duties that preceded the war. Here is the record, and each one can judge for himself:

THE NORTH ATLANTIC DIVISION.

	Value of Farms, including Buildings.	Percentage of Gain or Loss.	Average Value per Farm of all Farm Property.	Percentage of Gain or Loss.
1850	\$1,455,000,000		\$3,440	
1860	2,122,000,000	+45.8	4,344	+26.2
1870	2,527,000,000	+19.1	4,899	+12.8
1880	2,803,000,000	+10.9	4,592	-6.2
1890	2,539,000,000	-9.4	4,510	-1.8
1900	2,477,000,000	-2.4	4,355	-3.4

The first table shows a gain in ten years, under low duties, of \$667,000,000, while the farms, with high duties, in twenty years, 1880-1900, sustain a loss of \$326,000,000. The percentage of gain in value from 1850-60 is well up towards 50%, while in the twenty years mentioned there was a loss of nearly 12%. In the second table, while the average farm, with its live stock and machinery increased in value over \$900 from 1850-60, there was a loss of \$237 from 1880-1900. Another glance at the table shows that forty years of hard work from 1860 to 1900 increased the average farmer's property just \$11. The average farm is somewhat smaller in area in recent years than formerly. We repeat to give emphasis. Under a revenue tariff the value of the average farmer's possession increased in ten years \$900, while forty years of the highest protection ever known added but \$11.

THE SITUATION IN REGARD TO TENURE OF POSSESSION.

Taking this division of states as a whole, there was a decrease in the percentage of those who owned the farms they tilled of over 8% in twenty years, 1880-1900. In 1900 over 38% of such farms were mortgaged. Massachusetts, the fourth state in value of manufactures, sustained a loss of 3.3% in farm ownership, and of this 37% was mortgaged. Pennsylvania, rank two in value of manufactured articles in 1900, shows a slight decline in farm ownership of a little more than 1%, but one-third of these were mortgaged. The gain in tenant farms was 28.5% in the twenty years. New York, the largest manufacturing state in the Union, shows a fall-off of farm ownership of over 14%. Of the farms owned 46% were mortgaged. The Springfield Weekly Republican of July 25, 1907, states that the United States Agricultural De-

partment has recently been investigating the depreciation of farm values in this State. "Half a dozen of the leading agricultural counties of the State show declines in total farm valuations of from 10 to 40% since 1880. The abandoned farms of the State contain over 1,200,000 acres, an area equal to the whole of Rhode Island, or half that of Connecticut. Many farms can be bought to-day at 50% less than the cost of the building thereon." "The counties that show largest depreciation in value of farm lands lie along the great highway of commerce and population between the East and the West, including the rich valleys and fertile low-lying hills of the Mohawk region traversed by the New York Central Railroad."

The North Atlantic Division, when compared with other sections of the nation, shows a surprisingly small gain in number of tenants, only 26.5%; this against a South Atlantic gain of 82%, North Central 76%, South Central 151%, and Western of 244%. The percentage in gain of tenants in Pennsylvania was 28.5, New York 35%, while in Massachusetts the percentage was but 14.7%. Why this comparatively small gain in the number of rented farms in this division of states and especially in Massachusetts? Light is thrown on the subject by a prominent Massachusetts man. Ex-governor Washburn said: "All men speak well of agriculture, but all who can shun it." The farmers here are in close proximity to the manufacturing centres, where far larger profits and wages are received than in agriculture. Why, then, should men become farm tenants?

THE DECEPTIVE ASPECT OF CENSUS RETURNS IN THE VALUE OF AGRICULTURAL PRODUCTS.

If the agricultural situation is as has been described in this and preceding chapters, how can the great increase

in total value of such products for the last decade, 1890-1900, be explained? Leaving out new states where the continual addition of hundreds of new farms would necessarily cause a rapid increase in total value of such products, and gains are everywhere shown ranging from 25 to over 100%. The gains in the states of the North Atlantic Division are seen to be from about 50 to 75%; those of the North Central from 75 to over 100%. Kentucky, Tennessee, Texas, Virginia and West Virginia are near the 100% class; some of the South Central States as low as from 25 to 50%. According to census reports the national gain from 1890-1900 was over 91%. Yet on the excellent authority of Mr. North, already quoted in chapter I, we are assured that in fifty years, 1850-1900, the gain in total value of agricultural products was less than two-fold. If the gain in the ten years mentioned was 91%, it is seen, if credit is given to Mr. North's statement, that there was scarcely any gain at all from 1850-90. The explanation of the conundrum is that the census reports of the total value of agricultural products for the two periods 1890 and 1900 are not comparable. The value of very many farm products were taken into account in 1900 by the national census for the first time. In the magazine article before referred to, Mr. North says: "The census of 1890 placed the value of the products of agriculture at \$2,460,000,000, but it omitted the value of live stock on farms, of stock sold for slaughter, etc., and statisticians have accordingly increased the figure to \$3,289,000,000." That "etc." of Mr. North's includes, we think, all the following products: forest products, honey and wax, forage, clover seeds, other vegetables than potatoes, dried beans and peas, peanuts, broom corn, hops, "miscellaneous" seeds, flowers and

plants, nursery products, small fruits, grapes and nuts. The value of these products in 1890 was estimated by the statisticians to be \$829,000,000. The value of all products (formerly omitted) *in 1900* was not far from \$1,741,000,000. What the value was in 1890 could have been little more than a guess on the part of the statisticians. Whether the guess was near or far off for the nation as a whole, no one can tell. In the returns of the various states the estimated part is not added to 1890 returns. The great percentage of gain shown by the states in the value of agricultural products for this reason is only apparent, not real; made to appear so by comparing a *portion* of the value of agricultural products of 1890 with the full value of 1900.

The case of Massachusetts is an illustration of how erroneous is the impression given. The national census indicates a gain in value of nearly 51% from 1890-1900; whereas the State reports show a gain of less than 11% from 1885-1895. A no inconsiderable part of the increase shown by the *State* census came from a far more minute search than ever made before. As indicating a more searching examination is the far greater number of products specified by name. To illustrate: under the general heading of "Fruits, Berries and Nuts," but four products are named in 1885; in 1895, twenty-four. Under the head of "Vegetables" in the former year fifteen are named; in the latter year, thirty-four are specified. Under the general headings of "Animal Products," "Food Products," "Wood Products," "Wooden Products," and "Other Products," the number of products named in 1895 is double that named in 1885.

A class not included in the latter year, but entered in 1895, comes under the general head of "Products from

the Mines, Quarries, Pits, etc.”; seventeen products are named. To show what close scraping was done to give as large a total value as possible, we note one dollar’s worth of gravel from Belchertown, Norfolk and Milford. Sudbury and Grafton are each credited with muck to the value of \$1. Four towns have a return of \$1 of sand; three towns the same value of fish. The total value of this class of products is \$226,549. It is evident, then, that if the same thoroughness had been exercised in the State report of 1885 as in 1895, the increase in gain in value of agricultural products of 11% would have been largely reduced. Of course, it is possible that a state whose gains from 1885-95 were less than 11% *might* have gains from 1890-1900 of 51%, as indicated by the national census. But the fact of many omitted products at one census-taking makes valueless any comparison in the latter case; and failure here, there is no other alternative than to fall back on the State censuses that were more carefully made.

(2) In still another respect, as regards the total value of agricultural products, the census figures are most deceptive; they imply far larger returns than the facts warrant. In proving this we shall confine remarks chiefly to the State of Massachusetts, though the charge is applicable to a more or less extent to most parts of the United States. We refer to the great duplication of values. Massachusetts officials carry the matter one step further than the national officials. This is the value of manure made on the farms. This product is treated just as if it were sold for cash and the money deposited in the farmer’s pocket. There is no reason why its value should appear as a part of the farmer’s income. While it is a product of the farms, it is only when changed into

the forms of hay, vegetables, etc., that profit accrues from it. The introduction of its value into the account is a bluff game whose only conceivable object would seem to be to present a larger total value. It is just as much a duplication of value as when, after an entry of hay and grain values, the value of milk, beef, pork, poultry and eggs made from these products is also included. But the duplicating does not stop here. The butter and cheese made on the farms, and cream sold from the very milk already put on record, are entered at their face values. There is no denial of the matter in the State report. Under the head of "Duplications of Value in the Dairy Returns" occur these passages: "In the first place, the milk product has been obtained without regard to the subsequent use made of it, and may be considered accurate when taken by itself. The returns as to cream are also accurate when considered alone, but the value of the cream is also included in the value of the milk. The 'cream used' means cream consumed by the family as cream, that is, does not include cream turned into butter. The value of the butter, complete by itself, includes the value of the cream entering into its composition, a value which is also included in the value of the milk." Again, "The duplications of value due to the manipulation and transformation of products in the various farm processes are not confined to the dairy products. They are only more manifest there on account of the simplicity of the operations. Of course, the value of hay consumed by the stock is in reality transformed into the value of animal products" (a part of which is manure), "and milk, and in the latter case, appears finally in the value of the butter. The value of cereals consumed by the poultry is represented in the value of poultry products,

and the same effect may be traced in various directions.’’

The value of hay, fodder, cereals, etc., in 1895 was returned as	\$13,595,000
The value of the products, dairy, animal, poultry, meats, largely produced by the consumption of above hay, fodder, cereals, etc.,	23,637,000
The sum of the two totals,	\$37,233,000
The value of all other products,	\$15,647,000

Thus more than two-thirds of the total value of agricultural products in 1895, as given in the State census, is largely of fictitious value when considered for the purpose of ascertaining the real income received by farmers. The value of products whose totals run into the millions is repeated twice, sometimes three times, and we are not sure but what in some cases four times. The value of hay, grain, etc. (save the small part sold, and this is undoubtedly offset several times over by purchased western grain) reappears chiefly in the dairy, poultry, etc., products. It may be disputed that the value of the hay and grain fed to furnish the needed horse-power is to be looked for in the value of the products, vegetables largely. But in no other way is the farmer paid this expense, and the power is as essential to the carrying on of business as the manure is for the growth of plants.

The value of hay, grain, etc., and manure is given as \$15,965,000. The State report indicates a further duplication in dairy products of \$3,152,000. This added to above duplication gives a total of over \$19,000,000. The latter sum taken from the State valuation leaves a remainder of less than \$34,000,000 as the amount of income of Massachusetts farmers. This is quite a fall from the reputed sum of \$52,880,000 for the year 1895.

Has the home market theory in its application to agriculture been vindicated in Massachusetts? It has already been demonstrated beyond dispute that, taking the North Atlantic Division as a whole, the theory has completely failed to work. The golden age for the farmer was before the protective system was initiated. How has it succeeded in the State of the division, Massachusetts, where the home market theory has had the best opportunity of enriching the farmer? After forty years of the highest protection it is time to inquire. The state ranked fourth in 1900 as regards the value of manufactured products, and from the density of its population gathered into numerous large centres might well be called the State of cities.

The above calculation indicated that the total valuation of agricultural products in 1895 was about \$34,000,000. The State report of that year failed to give the number of farmers whose production this represented. But the national census of 1900 states the number of farmers' families who owned or hired farms to be 36,510. Wages were paid and fertilizers were bought to the amount of about \$9,000,000. The interest on the property involved at 4% (savings bank rates) was about \$8,800,000. The value of western hay and grain bought above the amount of the same sold of Massachusetts growth, we call \$1,000,000, though doubtless twice as much. Deducting these amounts from the total real income and \$15,200,000 is the sum earned by the *labor of the farmers' families*, an average of \$416 to each family. But for the farmer's capital this sum would be all he had to pay personal and family expenses, keep buildings and all farm implements in repair, maintain the value of all live stock, board a hired man a portion of the year, keep buildings insured, and shoe the horses.

How much better than this is the prospect given by the United States census, 1900?

Here we are informed by census officials, in answer to inquiry sent on, that "no duplications took place as between milk, butter and cream," as in the Massachusetts State census of 1895.

The United States census gives the average value per farm of products of North Atlantic States as \$984. This is the gross income:

To obtain net. we deduct value fed to live stock,	\$254.00
Paid for hired help,	105.00
Fertilizers,	23.00
Interest on \$2219 (land) at 4 per cent.,	88.76
Interest on, and maintenance of values, \$2136 (buildings, machinery, live stock), 8 per cent.,	170.88
Tax (call value but \$3000 for tax purpose) at \$15 per thousand,	45.00
	<hr/>
Total,	\$686.64

Here a sufficient rate of interest was allowed to cover maintenance of values, keeping buildings and machinery in repairs (in the latter case providing new when worn out), and furnishing the means to buy cows or horses as required to maintain value of live stock.

After deducting the value of the various items, what remains is \$297.36. From this must be still further deducted the board of a hired man for a portion of the year, and the cost of shoeing the horses. What then remains (less than \$250, we judge) represents the total *labor* earnings of a farmer's family. He has this advantage over the workman, a cheap house to live in, value about \$1000; so that the small income he receives is not diminished by a rent bill.

Now what does the average workman's family receive? In a Massachusetts Labor Report of 1875 Mr. Carroll D. Wright tells of an examination made by the bureau into the condition of 397 families of many manufacturing trades. The fathers of these families earned on an average in a year \$574.89. The other members of the family, boys and girls, earned enough to bring the average per family to \$762.72. Seven nationalities of wage-earners were included in the 397 families.

According to the April number of *World's Work*, 1905, the Bureau of Labor Statistics at Washington has been trying to ascertain what is the increased cost of living. "For the purpose of its study of the diet of working people, it inquired into the habits of 13,000 persons who live in cities in thirty-three states. From this study was constructed an 'average' family, consisting of 5.31 persons. The family income is here found to be \$827.19 a year."

"Part IV of the Annual Report of the (Massachusetts) Bureau of Statistics of Labor for 1907," gives these estimates as the average earnings in nine leading industries: males \$585.45, females \$383.25, young persons \$291.39. On the same page, 362, of this report, referring to these estimates, it says: "They are substantiated also by the returns of the eleventh census taken for the year ending December, 1904, and for which the average yearly earnings for men in Massachusetts were returned as \$546.60, women \$343.58, and children \$227.11, the difference in wages for women and children being somewhat affected by the age limit, which was placed at sixteen by the census and twenty-one by the schedule for annual statistics of manufactures."

It is evident from these various reports from the best authorities that the farmer's family for its *labor* receives

little, if any, more than half the earnings of the workman's family.

As having an important bearing, it should be said that the Massachusetts State census for 1895 returned a far greater value of agricultural products than ever before, or was returned by the national census of 1900. Yet \$416 was the labor earnings of the farmer's family, from which further charges to the amount of from \$50 to \$100 were still to be taken.

Strongly confirmatory of above figures is the evidence of ex-Congressman J. H. Walker, formerly a prominent shoe manufacturer, and for many years one of the foremost in New England in advocating the cause of protection. He was credited by many as very well informed in statistical matter. In 1878 a Congressional committee was on an investigating tour, and this question was put to Mr. Walker: "Is it practical for the government to assist laborers to become land owners and farmers?" He replied: "I think that scheme one of the most impracticable of the long list of proposed remedies for the inevitable. The *wages* of agriculturists, including the *income of small farmers*, is not half that of the average mechanics, excepting cotton and woolen operatives; and as it is a question of wages more than of work, the average chronic beggar for work would only be insulted when, being upon his land, he learned the abstinence practiced, and work done by small farmers."

We have always thought that this statement of an advocate of protection was made at an unguarded moment.

The number of "farmers, planters and overseers" was given in 1900 as 5,674,875; of "agricultural laborers" as 4,410,877. The labor bill for the average farm was but

\$62. Ample evidence this that most all the work was done by the farmer and his boys. Only occasionally in seed-time and harvest does the average farmer hire help. What, then, is the average farmer but one of Mr. Walker's "small farmers," whose income "is not half that of average mechanics," with the exception he notes? What stronger backing can be asked for the above comparison of the farmer's family earnings with that of the workman's family?

Will any one claim that the average wage-earner is entitled to receive more for his efforts than the average farmer for his? We affirm that the ability and education required to carry on a farm greatly exceed those necessary to perform the duties of the average wage-earner. Let us see. The farmer unites in his person the office of laborer and business manager. As a laborer he must know how to use at least fairly well the many tools and machines required for planting, caring for and harvesting a variety of crops. He must know not only how to hold plow, run a planting or sowing machine, drive a mowing machine, but have considerable skill in the use of carpenter's tools so as to be able to make any repairs of farm machines and buildings. Besides in many cases he must be able to milk the cows and drive horses. As a business manager, he must know when to put in the various crops, and how to care for them; and later, when and how to harvest, and when and where to dispose of them to the best advantage. To do this successfully requires much experience and good judgment. Besides, he has general oversight over everything done, and over all property. This usually includes the care of horses, often of cows; in the latter case he must attend to the sale of the milk. These are far from being all his duties.

The duties performed by the millions of those engaged in the hundreds of manufacturing trades are so various as to preclude any description of them. Sufficient to say that the part performed by the average unit of persons is restricted usually to the narrowest limits. In perhaps the majority of cases it consists in waiting upon and slightly assisting machinery in doing the work. This, which at times requires a trained eye and a skilled hand, the result of years of practice, is in the main largely of a mechanical nature where the man is little more than a part of the machine. Where the few motions involved are continually repeated fifty or a hundred times a day, year in and year out, little if any mental effort is required. Now as compared to a person whose daily employment this description fits, the carrying on of a farm requires far superior attainments and should in consequence receive a much larger reward.

THE MORE IMPORTANT FACTS OF THE CHAPTER.

(1) STATISTICAL. (a) An increase in value of total agricultural property in the North Atlantic Division in ten years under low duties of about 46%; and a decrease in value of the same in two decades of highest protection of nearly 12%.

(b) A gain in value per farm of all farm property of \$904 in ten years of low duties, while forty years of high protection shows a gain of only \$11.

(2) In New York, the very centre of the manufacturing section, are abandoned farms containing 1,200,000 acres, while some of the leading agricultural counties of the State show declines in total farm valuation since 1880 of from 10 to 40%.

(3) The great apparent gain in value of agricultural products in the last decade was largely due both in this division of states and throughout the United States to a far more searching investigation.

(4) When allowance is made for census duplications of values, it is seen that the *earnings* of the average Massachusetts farmer's family is less than half the wage received by the workman's family. For the farmer of all the North Atlantic States the situation appears worse than for the Massachusetts farmer.

CHAPTER XI.

TO WHAT ARE NATIONAL PROSPERITY AND HIGH RATE OF
WAGES DUE?

This subject does not strictly relate to the farmer's interest in the tariff, but to points in dispute that have an important bearing. Not to say a few words upon them would be like an army leaving behind it a fortress of the enemy.

We dispute the claim that national prosperity and high wages are due to the protective system.

National prosperity and industrial progress, we claim, are due to our unrivaled natural resources and their development by the most industrious, enterprising and ingenious of all people. The natural resources consist chiefly of the riches of the soil and mineral wealth. The value of these taken from the ground in 1850 must have been over \$2,000,000,000. There was a steady rise in value year after year till 1900, when the figures stand at \$5,800,000,000. It is claimed that intensified farming and scientific treatment can wring annually from the earth twice or thrice what is now obtained.

Mr. Carroll D. Wright says, "The natural resources of the United States consist of almost every species of raw material produced by or from the earth essential to make a nation great in the three lines of development—agriculture, manufacture, commerce." Again, "The United States, according to careful estimates, possesses at least 50% of the coal area of the world. Our supply is estimated to be equal to the demand for 1000 years."

Mr. Henry Gannett, in the Forum of May, 1902, gives condensed statements showing to what extent the United States is supplying the world with products drawn from its natural resources. Mr. Gannett was geographer of the tenth and eleventh censuses, and since 1882 has been chief geographer of the United States Survey. In mining, he says, we produce 34% of all the iron ore that is mined; 34% of all pig iron comes from our furnaces, and 37% of all steel comes from our crucibles and converters. Of gold we produce 31%, silver 33, copper 56, lead 25, quicksilver 29, and zinc 25%. "Tin is the only metal of importance in the arts which we do not produce in quantities." Of all products mined the United States produces about 39%.

Yet it seems this vast nation, producing a large part of all that is required to sustain the world, must be carefully guarded from other far less-favored nations. How could a nation possessed of all this wealth of natural resources be anything but prosperous?

All these almost inexhaustible stores of agricultural and mineral wealth were in the ground when the Indian held sway, but there was then no industrial progress. Nor was there much for more than a century after the white man came. Not till the printing-press gathered from thousands of sources, and everywhere scattered the knowledge obtained, did industrial progress make rapid strides. To whom are we indebted for the printing-press? Primarily to the Chinese? The honor of inventing and making practical movable types is claimed by some for a Dutchman, by others for a German.

The chief factors that come next in the line of development are the factory and railroad systems. The latter everywhere opened up the vast wilderness to settlement,

and was the connecting link between the farmers and those who toil in the shops, bringing food and raw manufacturing material to the latter, and carrying back to the farms clothing, farm machinery, etc. To whom are we most indebted for the steam engine? To an Englishman. Whose inventive mind caused steel rails to be substituted for iron and greatly cheapened the cost? Another Englishman. Who or what greatly increased the cost of building railroads? Our protective system, by the heavy duties imposed on rails.

The factory system did not have its beginning here. Mr. Carroll D. Wright affirms: "The inauguration of the factory system in the United States was some fifteen years later than its birth in England."

Mr. O. P. Austin, chief of the Bureau of Statistics of the United States, after giving credit to our great railroad system as the chief cause of our wonderful development, states that "the value of the manufactures of the United States is nearly double that of the United Kingdom, and about equal to that of Germany, France and Russia combined."

Yet this giant dare not face its weak opponents in the open field.

The industrial situation cannot be better described than in the words of Mr. Henry Clews' "Special Weekly Market" letter of Dec. 28, 1901: "Since 1896 the growth of our manufacturing enterprises has many times exceeded the growth of agriculture, and we are rapidly changing from an agricultural to a manufacturing nation. With our magnificent mineral resources, with unequalled facilities for transportation, with unlimited supply of capital to aid enterprise, with a better supply of skilled labor than any competitor, with unrivaled capacity for

organization and the use of machinery, all backed with abundance of energy, brains and opportunity—with all these requisites in plenty, is it surprising that our situation is the wonder and envy of the world?"

Yet with everything in its favor, this, the largest agricultural and manufacturing nation, is threatened with bankruptcy and ruin if its citizens are allowed to trade on an even footing with the people of other nations! How, then, in the old colonial days, when there was lack of everything, and when the English Parliament sought by strict legislative enactments to crush out manufacturing enterprise, did industrial progress go steadily forward?

Whence came the ability to create the condition described by Mr. Clews? A large part is inherited from way back before the first tariff act. In Bishop's History of American Manufactures it is said of the colonists: "They were gathered from the most productive and ingenious nations of Europe."

High wages are due to the great demand for and efficiency of labor. From what has immediately preceded, it is evident that the call for labor in developing the resources of the nation must have immensely exceeded that ever known by any nation in any age. High wages were here before the first tariff act, and were the reason given for the need of such legislation. The talk that under free trade wages would fall to the European level is merely for political effect. For some fifty years free-trade England has been in a few hours' sail of Germany, with its far lower rate of wages. Have English wages fallen to the German level? No, and we doubt if there has been relatively any approach to the higher level.

The United States with its vast population of 80,000,-

000 of people has its own level of wages. The high level is not given by one kind of occupation, but is the effect of competition in all—in agriculture, manufacture, trade, transportations, personal service. The service of all but manufacture must be rendered *in this country*, and a *large part* of manufacture also. Under free trade there are doubtless a few branches of the latter industry that would be lost to this country, but if the past is any guide this would be balanced by an equal gain in foreign trade. How absurd it is to believe that the loss of say \$300,000,000 or \$400,000,000 worth of work would cause a fall in wages. That amount is an exceedingly small fraction to the total sum earned by all the people. Have the millions of emigrants coming to our shores caused a fall in wages? There have not been enough to supply sufficient help to the farmers.

Not only is there a prodigious amount of work to do in this country, but the means has been provided by the invention of machinery for a very large product per wage earner.

Mr. Gannett, before quoted, says that the average gross manufactured product per hand in the United States is \$1900; in France, \$650; in England, \$485; and in Germany, \$450. He adds, "This enormous difference in efficiency between the artisans of the United States on the one hand and those of Europe on the other, which is due mainly to the universal use in this country of the most modern machinery and methods, enables us not only to hold our own markets, but to invade successfully the home market of other countries."

Mr. North, one of the directors of the census of 1900, says: "It means that the horse-power employed in our manufactures in 1900 was equal in its producing capacity

to the labor of 113,000,000 able-bodied men. How insignificant in contrast appears the contribution to industrial wealth of the 5,316,802 men, women and children, the actual average number of persons employed in the census year to direct and supplement this tremendous power.”

The following statement is found in Mr. Carroll D. Wright’s “Industrial Evolution of the United States”: “Looking at this question without any desire to be mathematically accurate, it is fair to say, perhaps, that it would require from fifty to one hundred million persons in this country, working under the old system, to produce the goods made and do the work performed by the workers of to-day with the aid of machinery.” Number of workers 5,316,802.

The people of the United States have been frightened for many years by a vision of the dire effect of losing a little work to the foreigner under free trade conditions. We have given an idea of the value of products of agriculture and manufacture; we add something in regard to the value of the free-trade exchanges that take place inside the United States. Senator George F. Hoar at Concord, Mass., in 1900, put it thus: “In internal commerce that thrusts into insignificance all the foreign commerce of the world.”

In Mr. James G. Blaine’s book¹ a more definite statement is made: “Fifty-five millions of people carry on their exchanges by ocean, by lake, by river, by railroad, without the exactions of the tax-gatherer, without the detention of the custom-house, without even the recognition of state lines. In these great channels the domestic

¹ “Twenty Years in Congress.”

exchanges represent an annual value perhaps twenty-five times as great as the total of exports and imports.”

The rate of duties from 1850-60 were from 50 to 100% lower than under the Dingley tariff. Did foreigners crowd our producers out of the home market? The crushing answer given by the census is: “The value of our manufactures increased 85% that decade.” Since then there is strong evidence that the rate of wages abroad has risen relatively more than in the United States. The far greater use of machinery here than in foreign lands has nearly, if not quite, put our manufacturers on an even footing in all branches with their foreign rivals.

Is tariff coddling conducive to industrial progress? The 85% gain in value of manufactured products under the low duties of 1850-60 does not indicate it. Under high duties the gain from 1870-80 was but 27%; from 1880-90, 74.5%, and from 1890-1900 only 38.8%.

Mr. Carroll D. Wright says: “It is a curious fact, well known to those familiar with patents, that depressed periods often result in the stimulation of invention.” He then goes on: “During the last twenty or thirty years of the period ending with 1860 there were patented some of the most important inventions of the age.” This period, with the exception of from 1842-46, is the time of lowest rates of duties way back nearly ninety years.

The noted writer on economic subjects, Mr. Francis A. Walker, quotes with approval this statement: “It was an axiom of the late Mr. John Kennedy, who was called the father of the cotton manufacture, that no manufacturing improvements were ever made except on threadbare profits.”

We turn now to the hard times of 1893-97. In the lat-

ter year, when the Dingley bill was being constructed, the two Republican leaders, Mr. Dingley in the House and Mr. Aldrich in the Senate, agreed that, owing to "changed conditions," less protection was required than at the time of the passage of the McKinley bill in 1890. The Senator said: "The bitter contest that is going on among the leading nations of the world for industrial supremacy has brought about improvements in methods and economy of production to an extent not thought possible a few years ago." Is the industrial gain credited to "protection" by this man who has led the protectionists many years in Congress? No, to *bitter contest*."

What said Mr. Archer Brown in the Forum Magazine of November, 1900, of this same time: "The trials of the lean years following the panic forced economies of manufacture and modernizing of plant to a point that excited the admiration and wonder of rivals of other nations." Again: "Let us glance at the *marvelous record of our progress* since the *uses of adversity* taught us how to make the *cheapest iron and steel*, thereby opening up the markets of the world."

The Forum says of Mr. Brown: "He has been closely identified with the movement for the export of iron, and has spent several months in Europe studying conditions and organizing business there; is director of a number of leading iron, steel and coal corporations, also director of the North American Trust Company." A man so engaged, occupying the positions he did, should best know the facts of the situation.

The story is told. The little book goes forth on its mission. It is believed to be the only publication in the world that gives a comprehensive view of the bearing of

the protective system upon the agricultural industry. It can no longer be said that the case of the farmer against the tariff has never been formulated. Here it is made evident that of all men the American farmer is the greatest sufferer by the system. In comparison with the injury done him, that received by the foreigner is insignificant. Here is shown the cause of agricultural unrest; it is the unprofitableness of the industry, the direct effect of the protective system.

Now the question is, can farmers be roused to thought and action, which means

COMMERCIAL FREEDOM,

or will they continue to be led like "dumb-driven cattle" by those who profit by their stupidity, and forever remain in

COMMERCIAL BONDAGE?



The Tariff and the Farmer

By S. PAYSON PERRY



Condensed, Popular Edition

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INTRODUCTION.

HOW TO MAKE COUNTRY LIFE MORE ATTRACTIVE.

This is the question the committee recently appointed by President Roosevelt has to answer.

Hon. Emory Washburn, a former Governor of Massachusetts, said, "All men speak well of agriculture, but all who can shun it." Why? The two chief indictments brought are the isolation of the farmer's life and the unprofitableness of the occupation.

If those who bring the first charge were subjected to a strict examination, in most cases we think it would be made apparent that other objectionable features were in combination with it that would largely be obviated if crops brought in a plentiful supply of money. Money will not buy everything, but a sufficiency will buy a great variety of things and add immensely to the enjoyment of life. The isolation of the situation does not stop men from braving hardships and extreme peril, even risking life itself in the search for gold. Make it worth while in a financial way and plenty of families will gladly face the isolation of country life. Even were it not so, Congress is powerless to provide a remedy.

Is it in the power of Congress to make the pursuit of agriculture more profitable? To a certain extent, and in certain ways, it certainly is. The industry has greatly suffered from the fact that its interests have not had fair representa-

tion at Washington. There the farmer is conspicuous by his absence. Advantage has been taken of this, and laws passed most injurious to his interests. For this our agricultural leaders are responsible. They have always assumed that all that was necessary to make the industry prosperous was a scientific knowledge of production. President Roosevelt truly says, "Our attention has been concentrated almost exclusively on getting better farming." "We hope ultimately to double the average yield of wheat and corn per acre . . . but it is even more important to double the desirability, comfort and standing of the farmer's life."

The President sees what apparently our agricultural leaders have never perceived, that doubling the yield per acre, in other words "getting better farming," does not *necessarily* greatly benefit the farmer. The one surely benefited is the consumer of such products. For the result may be so large a surplus that the money return per acre will be less than before. To benefit the farmer the *crop grown on an acre must command a larger supply of what the farmer buys.*

Now the farmer is a large purchaser of manufactured products, and in the exchange that takes place between the individuals of the two industries, legislative enactments have a most important bearing. Chief of the laws having such a bearing is the tariff system. As most persons well informed concerning foreign trade know, the laws relating to the tariff are practically made by our manufacturers. It is the object of this little book to show that the effect of these laws is to greatly lessen the exchange value of farmers' products. A repeal of these laws, or, if that is asking too much, a large reduction in rates of duties on articles imported which are similar to

those purchased by our farmers would much increase the profits of agriculture.

Of all occupations, that of the farmer's is poorest paid. (For reasons why, see chapters VI and VII.) The United States census of 1900 indicates that, subtracting from gross income there given, business expenses and interest upon capital of four per cent., the net income received from the *labor* of the average farmer and his family is only about \$400. The Labor Bureaus of Statistics in Massachusetts and at Washington indicate that the wages of the average workman and his family engaged in manufacture are near twice this sum, or about \$800 per annum.

Since 1900 there is evidence going to show that farmers at the West are obtaining better prices for their products. But little, if any, improvement has taken place in the condition of the Eastern farmer. It is even very doubtful if he is as well off as before, since there has been a general rise in cost of business and family supplies.

This book is a part of a much larger work, to which the author has devoted many years of research and thought. It is believed to be the only publication in existence that gives a comprehensive view of the bearing of the tariff upon agricultural interests. The author is a life-long farmer—for many years a good Republican—made an independent by a study of the tariff question. In doing this work he has been actuated by as purely patriotic motives as when he shouldered a rifle in the dark days of 1862.

He is well aware that many persons consider the tariff question as settled, but "nothing is ever settled that is not settled right." To believe that the present system of wrong and gross oppression will always continue is to

doubt the existence of a just God. Conditions have remained much the same for more than forty years, because the class, blinded by party leaders, has never given it consideration. The indications now are that the time is near when the subject will be taken up and the other side of the tariff question will be heard. No change is likely to come until the agricultural masses demand it; for it is true now, as ever, that "they who would be free themselves must strike the blow."

THE TARIFF AND THE FARMER.

REVIEW AND SUMMARY OF THE LARGER EDITION.

“In most ages the working farmer has been the dupe and prey of the rest of mankind. Now by force and now by cajolery, as social customs and political institutions change, he has been made to produce the food by which the race lives, and the share of his products, which he has been permitted to keep for himself, has always been pitifully small. Whether Roman slave, Frankish serf, or English villain; whether the independent farmer of a free democracy, or the ryot of a Hindu prince, the general rule holds good.”¹

In chapter I is shown how attempts were made to dupe the “independent farmer of a free democracy.”

In 1890 the total value of our surplus agricultural products sent abroad was \$629,000,000; in the previous year, 1889, \$532,000,000. Of the latter, \$22,585,000 went to Canada. In return, that country sent us not quite \$20,000,000 of agricultural products. Most persons would say that we were getting the best end of the bargain. But a new tariff bill was being considered in Congress, and the managers of it wished to secure the support of the agricultural vote. So it remained for Mr. Dingley to make the remarkable discovery that the products coming in over the border were “disastrously” com-

¹ W. J. Ghent, in “Our Benevolent Feudalism,” page 47.

peting with those sold by our farmers. To remedy this duties were increased from 50 to 100% on products for which there was no evidence in United States annual reports of commerce and navigation that any was being imported. The rate of duties on wheat was advanced when we were sending to all nations in 1889 to the value of \$96,000,000, and getting back only \$125,000. Scarcely any meat and dairy products came from Canada, and we exported there that year \$7,000,000 worth, yet the invasion seemed so alarming that the rates on butter and cheese were raised 50%, and those on ham and bacon 200%. The same year hog products were sent abroad to the value of \$66,000,000, and the total value *sent in* was but \$472,000.

On the same occasion Mr. McKinley had visions of our wheat driven from foreign markets. *He also* made a remarkable discovery, which was that "the time was already here when the American farmer must sell his products in the market of the world in competition with the wheat produced by the lowest priced labor of other countries." That is what the American farmer has always done. He feared a great flood of wheat from nations he named, some of whom had not enough to feed their own people. He told the many million bushels of wheat raised by different countries, but forgot to mention the *material* fact, which was the amount of surplus. That would have put an entirely different face on the matter.

The next phantom brought to view in the opening chapter was conjured up by Secretary Shaw of President Roosevelt's Cabinet. Probably he could not sleep nights for fear of a cattle invasion. "Suppose we take the tariff off beef, and then suppose the herds of cattle from

Mexico and South America are brought in here by the hundred thousand. It might ruin the farmers." "The farmer as it is has ample reason to be apprehensive."

As it is, under the present rates of duties, in 1906 the imports of meat and meat extracts from the countries mentioned were less than \$55,000. The value of cattle imported from Mexico was \$316,000, and none whatever from Argentina.

Of all South America only Argentina is in position to compete with our farmers to any extent even under conditions of free trade. That republic has a very large number of cattle. The first obstacle in the way of bringing them here is a long sea voyage of from 6000 to 8000 miles across the stormy equatorial regions. Many would die on the passage, and those who lived through would be in no condition for the butcher. They would have to be refitted.

Why, too, would these be unloaded at the doors of the United States when prices are so much better in Great Britain that our shippers can afford to send there \$35,000,000 worth of cattle, as they did in 1901?

Then, too, whether cattle or meat, the competition of Argentina must be met either in the United States or Great Britain. If met in the latter country, the less we supply there the larger the number left in our home market. So it makes little difference; the result is the same.

For some good reason, no doubt, the export trade of Argentina is mostly made up of wool, hides and skins, and mutton; only to a far smaller extent of cattle and meat.

There is still Mexico to consider. What is the probability of our being overwhelmed by cattle and meat invasion from there under free trade? Before serious

competition can come from this quarter the country must be cleared of noxious reptiles and animals; water be provided at an immense expense for the stock; the cattle changed for a larger breed; and in place of millions of ignorant, indolent Indians and half-breeds steeped in poverty, there must be men of a totally different stamp and education, rich enough to provide themselves with the essentials of civilization. Is this change likely to come in our day?

We now pass from the consideration of spectres created by the lively imagination of politicians to a direct and full exposure of the fraudulent claim that the farmer is protected (see chapter II).

When the Mills tariff was being discussed in the House in 1888, Mr. McKinley asked this question, "Do the agriculturists want all duties removed and their products driven from this market?" A brief examination of our agricultural foreign trade for any year would show the absurdity of this question.

In the fiscal year ending June 30, 1900, the value of agricultural imports was twice that of 1887, the year quoted by Mr. McKinley. If there had been danger then of our products being driven from our home market under free trade, much more so in the later year.

The total value of agricultural imports as given by the Year Book of the Department of Agriculture for 1900 was \$420,139,288. Before proceeding to a classification of these products we note articles to the value of 5.71% of total that are clearly manufactured products. These are set one side. The remainder we divide into three classes:

Class 1. Non-competing Products. These are not produced to any considerable extent by our farmers.

Chief of these are coffee, raw silk, goat skins, jute and sisal grasses and tea. Total value, \$177,602,000, or 42.28%. Nearly all are on the free list.

Class 2. Protected. That is, products similar to those produced by our farmers that are effectively protected. These include raw sugar material, wool, tobacco, semi-tropical products, and rice. Their value in 1899, including lambs dropped that year, was only about 4% of total agricultural production. There is no dispute but those engaged in these lines of husbandry are protected. But what sort of protection is this for the farmers engaged in producing the 96%? Because 45% duties are levied on wool, and still higher rates on raw sugar material when imported, every family of the agricultural community has to pay more for clothing and the sugar it eats. Also the food and clothing of all persons not engaged in farming are increased in price, which causes a rise in wages of those who handle farmers' supplies. Where is there any compensation to the agricultural masses for the extra gain made by the 4% fraction?

About 83% of the \$420,000,000 value has now been considered, and Uncle Sam's system so far has resulted only in increasing the farmer's taxes. The value of the importations of Class 2 was \$146,908,000, or 34.97%.

Class 3. Unprotected. These imports, as far as they go, are similar to those produced by those represented by the 96%. We call these unprotected, though nominal duties are levied on nearly every agricultural product similar to those produced here, when imported, with the exception of cotton. The value of this class of imports was but \$71,612,000, and of this amount \$32,853,000 was on the free list. Of the \$38,759,000 that was dutied \$19,408,000 consisted of hides. The value of live

animals imported (not including sheep), of breadstuffs (includes all grain brought in), of meats, dairy products and vegetables was only about \$10,000,000.

Here we have protection to the agricultural masses brought down to about the vanishing point. Now it will be claimed that the reason why so small a value of competing agricultural products is imported is that these are kept out by the tariff. But this claim is knocked into smithers when answer is made that the products named above, imported only to the value of \$10,000,000, were exported the same year to the extent of \$492,000,000. When competition is successfully met way beyond where tariff bars have any effect, how absurd sounds the question of Mr. McKinley, "Do the agriculturists want all duties removed and their products driven from this market?" The agricultural masses will suffer no harm if given the freest trade. No protection is given them.

We have next to consider the effect of protection on the exportation of agricultural products (see chapter III).

In the famous report of Secretary Walker made in 1845 it is asserted that "the farmer and the planter are deprived to a great extent of the foreign market by those duties." The high protective duties of the tariff of 1842 are referred to.

This position of Mr. Walker is combated by Mr. Stanwood in his recently written book on tariff controversies, who adds in his closing remarks, "If this view of the subject is accepted, it follows that the tariff affected in no way the amount of American produce which could be or was sold abroad." We understand Mr. Stanwood takes this view of high protective duties generally. Now to come to such an opinion as this is to ignore the report of the agricultural export trade. Especially does this

view appear false when the gain made in exports from 1846-60, under low duties, is contrasted with that made from 1880-97 with high duties. The starting-point, 1880, is taken as being about the time when retaliatory tariffs began to affect our export trade.

The percentage of gain in the former shorter time was 210%. At this time most exportations, about four-fifths, consisted of agricultural products. In 1880 the value of agricultural exports was \$685,000,000. The average of five years before and after this date was \$620,000,000. In 1897 the value was \$683,000,000; the average of five years before and after, \$641,000,000. The percentage of gain of one five-year period over the other was not 4%. After 1897 the percentage of gain was much more, but still from this date to 1906 inclusive was but 67. From 1880-1906 the gain in agricultural exports was but 54%; in fourteen years of low duties a gain of 210%; in twenty-six of the highest duties but 54%.

Looking at the matter from a common-sense standpoint, it is impossible to believe but that high protective duties have decreased the flow of agricultural products abroad to a large extent. The example of the United States has been followed by other nations, with the exception of Great Britain. The great increase in rates of duties imposed upon our exports in those countries could not fail to shut them out in whole or in part, for the larger part of this merchandise consisted of agricultural products.

After referring to the time when various nations increased rates of duties, Mr. David A. Wells, in his book, "Recent Economic Changes," says: "There can be no doubt that the objective of much of the restrictive commercial legislation of other countries in recent years has

been the United States, a policy which has notably affected the agricultural supremacy of the latter country in the world's market."

By referring to chapter III it will be seen that the little free trade nation of Great Britain takes much more than half of all our agricultural products, which goes far to confirm the assertion that were the ports of all nations equally open to us, there would be a vast increase in value of agricultural exports. The American policy has sent the European workmen into the *fields* instead of into the shops; it has tended to develop other agricultural nations at the expense of our farmers.

This brings us to the inquiry of the effect upon agriculture of a greatly restricted market (see chapter IV).

The number of farms in the United States in 1850 was 1,449,073; in 1860, 2,044,077; in 1900, the number had risen to 5,739,657. From 1860-1900 the average annual increase was over 92,000 farms. This great increase came primarily from the opening up of the country by the railroad system. But it was greatly hastened by the policy adopted by Congress of giving away farms.

With such a tremendous development taking place, largely due to the action of Congress, it would seem to be incumbent upon that body to do everything possible to open out avenues of trade in foreign lands, and thus protect the agricultural interests from the evil effect of an ever-increasing surplus. Instead of this, legislation was enacted that well might have closed every foreign door to our products. Instead of rendering aid to farmers whose home market was flooded with western products, Congress did what it could to make the position more difficult. Had manufacturers been in the place of farmers, there would have been no protective duties, but the

freest trade. Neither would Congress have been permitted to give away farms.

The ever-increasing agricultural surplus caused a continuous fall in prices from the close of the great war to 1897, inclusive. Price went far below what it was before the great war. The fall was so great that with any other industry the result would have been universal bankruptcy.

We note now the views commonly held as to the powerful influence a surplus has upon price. Mr. John P. Young, long managing editor of the San Francisco Chronicle, said that American manufacturers "learned the bitter lesson that the surplus, when dumped on the domestic market, fixed the price without reference to the cost of the product." "The idea is now generally entertained by workmen in the United States, and it is shared by those of Germany, that excessive competition in the home market is destructive to home industry."

Senator Beveridge speaks of the "sale of our surplus upon which our whole prosperity depends."

Senator Hoar's words are: "A prosperous manufacturing country that sends its products abroad will always, if it is to remain prosperous, get higher prices for its products at home than it does abroad. In other words, it dumps its surplus in foreign markets."

The effect of disposing of a surplus in the home market is indicated in these words of Mr. David A. Wells: "If production exceeds by even a very small percentage what is required to meet every current demand for consumption, the price which the surplus will command in the open market will govern and control the price of the whole; and if it cannot be sold at all, or with difficulty, an intense competition on the part of the owners of the

accumulated stocks to sell will be engendered, with a great reduction or annihilation of all profit.”

So intense has been the desire to sell with American farmers that they are competing to an immense value with the poorest paid “pauper labor of Europe.”

It is now time to consider the effect of high protective duties on the farmers.

The agricultural community annually purchases manufactures to a vast value, probably nearly \$2,000,000,000 worth of products, usually entered by the census reports under the head of manufactures. These consist chiefly of clothing, the many articles comprised under the word furniture, all the machinery and tools, large or small, required to carry on a farm; articles of food more or less changed for the consumption of man or beast, and the buildings necessary to shelter the family and live stock. As most of all this is manufactured in this country what has the tariff to do with it? Under free trade the price of a large part of the products indicated was regulated by outside supply. A rise in price was likely to be followed by an increase in importations, a fall in price by a decrease of imports. The tariff interfered with this self-regulating arrangement, either by shutting out or largely increasing the price where the article came in. Our home producers then came into *absolute* control of the American market, as claimed by President Dolan of the Manufacturers' National Association (see chapter VI).

Under ordinary conditions this might work no injustice, but for the last twenty or thirty years conditions have been unusual and extraordinary.

The manufacturing industry in the United States is divided into at least from 300 to 400 distinct groups. In

most cases only the individuals of the same group are in competition with each other for the same product. Now instead of these competing with each other for the trade, it is more and more becoming the custom to establish a standard price, subject to some variations. While price is based upon cost, which includes fair profit for service performed, it by no means stops at that level; it is carried up as high as it is thought the traffic will bear. With foreign competition shut out, and themselves sole judges of what the price shall be, no one who knows human nature would expect an exhibition of fairness or moderation. Each group has a monopoly in its line, and each is eager to make the most of it. With irresponsible agents, all seeking to become quickly rich, in the place of the self-regulating method of free trade no one can doubt but that farmers' supplies will be and have been greatly increased in price. That this is the result is the opinion of men of prominence (see chapter V). Mr. Mulhall, a noted English statistician, gives it as his opinion that "the value of American manufactures is artificially raised by protective tariffs fully 33% over the real value."

Governor Cummins of Iowa expresses the belief that tin plate, steel rails, barbed wire and kindred articles are made about 100% too high by tariff monopoly.

Ex-senator Washburn of Minneapolis speaks of industries that, "sheltered as they are by the Dingley tariff, make profits of from 25 to 100%." He speaks, too, of "the enormous prices of barbed wire, lumber, glass, steel rails and paper."

Ex-governor William L. Douglas of Massachusetts, one of the largest shoe manufacturers in the United States, thinks of the tariff tax that where "\$16.52 per

family went to the government, over \$94 went to the trusts and other protected interests.”

The evidence of Mr. H. E. Miles, president of the National Association of Implements and Vehicle Manufacturers (see chapter VI), a protected manufacturer, is directly to the point; he knows what he is talking about, for he is in the game himself. He starts off with the frank admission, “I have made money every year out of the tariff graft.” He goes on to say, “Under this tariff those who supply the factories I am interested in with their material have consolidated or formed trusts, and have raised the prices 25 to 50%. All those years I have, as before, made my sale price on a percentage of costs, and when the tariff pets raised their prices, as they did \$50,000 to me, I made the charge against the jobber \$60,000, and I know beyond question that he also figured on a percentage basis and charged more than \$70,000 for the \$60,000 he paid me. The product went through one or two other hands before reaching the consumer. The \$50,000 I paid became about \$100,000 to the *agricultural consumer*.”

It is the United States government that sustains a system under which such oppressive transactions are permitted and made possible.

Now while the protective system is the chief cause of agricultural unprofitableness, there are still other circumstances that put the farmer to a disadvantage in the warfare of business. His trade position throughout is weak and defenseless (see chapters VI and VII). This we shall proceed to show by the use of what has been called “the deadly parallel column.”

THE ADVERSE TRADE POSITION OF AGRICULTURE.
(1860-1900.)

MANUFACTURE.

AGRICULTURE.

MARKET CONDITIONS.

Most favorable.

Due to the great demand of a rapidly growing nation for transportation supplies, for buildings, for farm and manufacturing machinery, and for products required for dispatch of business and supply the many wants of civilization.

Most unfavorable.

Due to the rapid development of the west and southwest by the railroad system, whereby 92,000 new farms annually increased the ever-growing surplus of such products.

COST OF PRODUCTION.

Can be ascertained.

Expense in terms of dollars and cents.

The effect.

(1) Price is held to the level of cost.

(2) When cost increases, the prices of products rise in equal measure. Business floats safely on the rising tide.

Cannot be ascertained.

Cost dependent on articles of indefinite value produced on the farm.

The effect.

(1) Blind competition—price driven to the lowest level.

(2) When cost increases, there is no connecting automatic device to cause an equal rise in the value of products. If supply is large to demand, price may fall in the face of advancing cost.

CONTROL OF SUPPLY.

Various devices for regulating supply to demand. No control whatever.

METHOD OF SALE.

Practically a one-price system, with price advanced as high as the market will bear. Every kind of price fixed in each market by chance and degree of competition.

HOW PRICE IS HELD AT A HIGH ARTIFICIAL LEVEL.

(1) By associated effort destructive to home competition.	(1) No associated effort—in no way held up.
(2) By the interference of the national government which prevents foreign competition.	(2) No aid received from the national government.

THE POSITION FOR ASSOCIATED EFFORT.

Ideal. (1) Divided into hundreds of groups, with competition confined to those of the same group.	Impossible. (1) No division into non-competing groups.
(2) The groups centrally located, individuals in touch with each other by the use of modern facilities, and by printed price-lists.	(2) Completely isolated from each other, and scattered all over the nation.

(3) Not easy to pass from one trade to another, machinery different, and much time required to gain skill in practice and learn market condition of new trade.

(3) Easy to pass from one branch to another. Millions of farms with such similarity of climate, soil and farm machinery that many different kinds of products can be grown with equal facility.

THE PATENT SYSTEM.

This and the abuse of the system a great aid in holding price to a high level by private monopoly.

Is not applicable.

THE PROTECTIVE SYSTEM.

Trust and group monopoly protected from foreign competition by prohibitory taxes.

The pretence of protection here mere humbug and hypocrisy. There is undisputable proof of no protection. Per contrary, the value of products is depreciated, and the cost of supplies greatly increased.

For a long time even among farmers it has been a disputed point as to whether or not farming was profitable. Officials of all kinds any way connected with agricultural educational boards have loudly affirmed that it paid; a natural view to take when these know they will be held partly responsible for adverse conditions, or when these are inspired by those who make or break them. Those

on both sides, so far as observation has gone, reason from a biased standpoint, or from very limited and utterly insufficient data. The basis on which some form an opinion is how it fared with a few well-known individuals, or with the farmers of the county in which they resided. If, by close economy, these manage to pay considerably more than their bills, some seem to regard this as a prosperous condition.

For a settlement of the question a national view is essential. The condition of the class as a whole must be taken into consideration. Nor is this sufficient. The field of observation must be extended to other industrial classes, and comparisons made as to how labor and capital are paid in them, and the degree in which wealth has accumulated there.

A careful investigation has been made along these lines, and the evidence is now before us. So clear and unmistakable is this that the above question may be regarded as forever settled. Not only has it been made evident that farming did not pay, but the direct cause of such unprofitableness is pointed out. The search into the agricultural situation has covered a wide field. It now remains to bring together and focus the bearing of the more important features developed.

THE EVIDENCE OF AGRICULTURAL UNPROFITABLENESS UNDER THE PROTECTIVE SYSTEM.

(a) The deplorable tenure of farm possession (see chapter IX).

In the national campaign of 1900 Republican orators and papers asserted that farmers had been so prosperous under the administration of President McKinley that

mortgages on farms had been largely wiped out. That was talk for political effect. When the census report of 1900 came to hand, a year or two later, taken and made up by Republican officials, it was seen that a vast number of farms were either mortgaged or hired. The total number of farms was given as 5,698,901. Of these about 3,643,684 were owned by those who tilled them, but 1,094,573 were mortgaged, something less than a third. Either to defeat comparison, or some other unknown reason, the returns for 1900 were put in such a way that it could not be ascertained whether or not there had been an increase in the number of mortgaged farms.

The number of hired farms was 2,013,903. That is, more than half the farms in the United States were, by the census returns of 1900, shown to be either mortgaged or hired. Of hired farms there had been an increase in twenty years, 1880-1900, of 97%, against an increase in ownership of 24%. At that rate of increase in forty years more, tenant farming or landlordism would be well nigh universal. Few men would then own the land they tilled.

But it is in the older portions of the Union, where cheap new land with its virgin fertility has not obscured the situation, that the trend of the times is most surely indicated. In the North Atlantic section there has been an actual loss in ownership of farms by those who tilled them of eight per cent., and of those who owned the farms they tilled thirty-eight per cent. were mortgaged. In the same twenty years there has been an increase in hired farms of twenty-six per cent. Now what is the significance of a great number of mortgaged farms and the rapid increase of hired farms? If the business was profitable why should not the man who hired a farm

be able in a few years to pay down the small part usually required to purchase on mortgage? He would naturally desire to do so to have a permanent home, and secure to himself the improvements he made. After giving a mortgage fifteen or twenty years should see the man free from debt. But here in these old settled states, where farms rarely change owners, after the lapse of a hundred years the profits are so small that the owners are getting rid of them either by leasing, selling, or, where this is impossible, by abandoning them. The process known as "skinning" is under full swing, where the man in transient possession by lease robs the farm of its fertility, giving back nothing or little.

(b) The almost imperceptible gain in total annual value of agricultural products against most surprising manufacturing gains (see chapter VIII).

The amount of capital invested in agriculture has increased four-fold since 1850; the number of farms three-fold; the quick-moving horse has been substituted for the slow-going ox, and there has been great improvement in farm machinery and methods. Also, the number of people to feed and provide with raw material for clothing has increased two and one-half fold, and there has been a vast increase of live stock to feed. Further, the value of agricultural exports has increased nearly five-fold. Yet Mr. S. N. D. North, a prominent supervisor of the census of 1900, states that the annual value of agricultural products in fifty years has increased less than two-fold.

The same official credits manufacture with a *twelve-fold* increase in value of products, though the number of wage-earners had increased but four and one-half fold. The nominal increase of capital invested was seventeen-

fold, but the real increase was far less, as shown in above chapter.

This tremendous difference in gain in value of products indicates a great inflation of prices in one industry and depression of prices in the other. Further, according to Mr. North's statements concerning agricultural gain, the value of its products in 1850 must have been more than half that of 1900, or not less than \$2,400,000,000. This would give an average value per farm of \$1656. In 1900 the average value of products per farm is stated to be \$822, not half that of the above figure. The two sections of the Union now showing the highest returns make a poor exhibit beside that for 1850, the North Atlantic \$984, the rich North Central division but \$1074. Can any one explain why the farms of to-day appear to yield less than half the value of what they did in 1850?

(c) Under *normal* conditions where there has been a most rapid gain in non-agricultural wealth, there has been a marked decline in the value of agricultural property (see chapter X). In the decade that preceded high protection, 1850-60, the value of agricultural property increased wonderfully fast. The cause of this evidently was that the business was so prosperous that there was a great demand for farms. This sent up the value. In 1850 the value of agricultural property exceeded the wealth of all the rest of the nation (chapter VIII). In ten years the increase in value of the former was 101%; of the latter, 158%. These ten years was under the system of low revenue duties. Then followed forty years of high protection. The gain in agricultural property was 156%; average per decade, 39%. The gain in non-agricultural wealth, 803%; average per decade, over 200%. During the entire fifty years the chief cause of the

increase in agricultural wealth was the addition of new farms; over four million were added in that time. In the North Atlantic division of states, where conditions have been normal, from 1850-1900 the gain in agricultural property was nearly 46% in the first ten years, and less than 17% in the forty years of high protection; 46% against an average per decade in the latter period of a little more than 4%. In the last twenty years there was an actual decrease in value of total agricultural property of nearly 12%.

How has the average farmer of the North Atlantic Division fared? From 1850-60 the value of the average farm, with its buildings, live stock and machinery, shows an increase of over \$900; the next *forty years* the increase is but \$11!

This division of states comprises seven of the old thirteen original states. It is nearly 125 years since the close of the Revolutionary War. What is the value of the buildings, barn, dwelling-house and sheds of the average farm? \$1437. What is the average value of such buildings of the rich agricultural section of the North Central Division? \$773. For the nation the average is \$620. How far removed is the average farmer of the United States from living in a hovel?

How have the non-agricultural classes fared during the last fifty years? We all know that the manufacturing centres have gone ahead in great leaps and bounds, both in population and wealth. As a specimen of the vast increase in wealth in manufacturing states, here are a few figures; Wall Street state is purposely omitted: In 1850 the estimated valuation of Massachusetts' property is given as over \$573,000,000; in 1904 as \$4,358,000,000; Rhode Island for the same years, \$80,000,000 and \$710,-

000,000; New Jersey from \$200,000,000 to \$2,733,000,000; Ohio from \$504,000,000 in 1850 to \$5,019,000,000 in 1904. Yet in this latter State the value of average farm buildings in 1900 was less than \$800. And while there was a gain in value of farm land and buildings of \$319,000,000, or 89%, from 1850-60, the census shows a loss in such property of \$90,000,000 from 1880-1900.

In 1850 the wealth of the non-agricultural classes of the United States was \$3,168,000,000; by 1900 it had risen to \$73,860,000,000, or twenty-two fold increase, while the wealth of the agricultural classes for the same time increased but four-fold.

(d) Labor and capital invested in agriculture paid about half what it receives in manufacture (see chapter X).

In agriculture almost all the work is done by the farmer, assisted by his family. How does the pay received for this compare with the value of the wages of the workman's family?

We think it will not be questioned that the *net* income of the average Massachusetts farmer is at least equal to that of the average United States farmer; it is probably more. No doubt his farm expenses are larger than those of the United States farmer. But, then, the gross income of the former is much larger than that of the latter. The Massachusetts farmer is credited with an annual gross value of products of \$1122; the other of \$822. The average gross income (to find net, deduct business expenses, interest and tax from gross) received by the farmers of the richest agricultural section, the North Central, is \$1074.

As near as could be figured out from the rather blind Massachusetts state census of 1895, the *net* value of the

average farmer's products of that State was \$416. This was the sum after making all due allowance and charging 4% for property invested, including in the interest charge a dwelling of the value of \$981.50. This is the amount received for the *labor* of the average farmer's family. Besides paying all family expenses, this sum must keep all the buildings and farm machinery in repair, replacing the latter with new when worn out, furnish a hired man with board for a portion of the year, insure the buildings, shoe the horse, and pay taxes; that is, if all expenses are paid without the aid of capital, as is done by the workman.

Is the showing given by the United States census of 1900 any better? Here the average value of products per farm for the North Atlantic States is given as \$984. This is the gross income. From this must be deducted \$686.64 (see chapter X), which leaves \$297.36. This to be still further reduced by the cost of the board of a hired man for a portion of the year, and the blacksmith's bill for shoeing the horses. Compare this with the wages received by the workman and his family.

In a Massachusetts Labor Report of 1875 Mr. Carroll D. Wright states that the fathers of 397 families of many manufacturing trades earned on an average, annually, \$574.89. The boys' and girls' wages brought up the income of the average family to \$762.72.

According to the April number, *World's Work*, 1905, the Bureau of Labor Statistics at Washington, in a recent investigation into the habits of 13,000 persons who live in cities in thirty-three states, found the average family income to be \$827.19. This is nearly if not quite double what the farmer's family has to pay *family expenses* received from its *labor*. That this great dis-

parity of reward has been of long standing is shown by the reply of Mr. J. H. Walker to a Congressional committee in 1878. He was asked his opinion as to the wisdom of putting men out of work onto farms to be given them by government. He said: "The wages of agriculturists, including the income of small farmers, are not half that of the average mechanic, excepting cotton and woolen operatives; and as it is a question of wages more than of work, the *average chronic beggar* for work would only be insulted, when, being upon his land, he learned the abstinence practiced, and work done by small farmers."

Could the difference of reward be put in more caustic language than done by one who, for many years, was the most prominent advocate for protection in Massachusetts?

THE GIST OF THE SITUATION.

AGRICULTURE.

Here associated effort is confined *exclusively* to production. So far as this has been successful, the main result has been to throw a larger surplus on a market which for many years has been ruinously overstocked. The inevitable effect: the depression of prices.

Now the object of producing is to obtain means to purchase agricultural supplies. These are chiefly manufactured products. In selling and buying there are intermediate agents. But practically there is an exchange of products between those engaged in agriculture and those engaged in manufacture.

MANUFACTURE.

Associated effort here instead of seeking greater profit by increasing knowledge of the arts and sciences, and by improved methods of production, has done all that could

be done to create a condition of scarcity, real or artificial. By influence exerted on the general government cheap supplies from abroad have been shut out. Taking advantage of a highly favorable trade position, by various devices, competition among home producers has been largely eliminated. The combined effect of political action and associated effort has caused price to be lifted to a high, artificial level.

On such an unfair basis exchange has been carried on for more than forty years. How could agriculture be prosperous under such conditions?

The Protective System

is not only chief of the adverse trade conditions that has caused the position, but to a great extent it
commands the entire situation.

THE RESULT

- (a) Deplorable tenure of farm possession.
- (b) An almost imperceptible gain in total annual value of products, against most astonishing manufacturing gains.
- (c) Under normal conditions, where there has been most rapid gain in non-agricultural wealth, there has been a marked decline in the value of agricultural property.
- (d) Labor, and capital invested, is paid about half what it receives in manufacture.

FINALLY, THE GREAT MONUMENTAL RESULT IS

That while the business of our manufacturers, whose

products are similar to those of the *best paid labor in Europe*, is protected by the tremendous odds of a *fifty per cent. tax*; our farmers are *competing in Europe*, to the extent of hundreds of millions of dollars, with the *poorest paid* "pauper labor of Europe."

The review and summary of the agricultural situation ends here, but there are points in dispute, not strictly relating to the farmer, but having most important bearings, of which a few words should be said. Not to say them would be like an army leaving behind it a fortress of the enemy.

We dispute the claim that national prosperity and high wages are due to the protective system.

National prosperity and industrial progress, we claim, are due to our unrivaled natural resources and their development by the most industrious, enterprising and ingenious of all people. The natural resources consist chiefly of the riches of the soil and mineral wealth. The value of these taken from the ground in 1850 must have been over \$2,000,000,000. There was a steady rise in value year after year till 1900, when the figures stand at \$5,800,000,000. It is claimed that intensified farming and scientific treatment can wring annually from the earth twice or thrice what is now obtained.

Mr. Carroll D. Wright says, "The natural resources of the United States consist of almost every species of raw material produced by or from the earth essential to make a nation great in the three lines of development—agriculture, manufacture, commerce." Again, "The United States, according to careful estimates, possesses at least 50% of the coal area of the world. Our supply is estimated to be equal to the demand for 1000 years."

Mr. Henry Gannett, in the Forum of May, 1902, gives condensed statements showing to what extent the United States is supplying the world with products drawn from its natural resources. Mr. Gannett was geographer of the tenth and eleventh censuses, and since 1882 has been chief geographer of the United States Survey. In mining, he says, we produce 34% of all the iron ore that is mined; 34% of all pig iron comes from our furnaces, and 37% of all steel comes from our crucibles and converters. Of gold we produce 31%, silver 33, copper 56, lead 25, quicksilver 29, and zinc 25%. "Tin is the only metal of importance in the arts which we do not produce in quantities." Of all products mined the United States produces about 39%.

Yet it seems this vast nation, producing a large part of all that is required to sustain the world, must be carefully guarded from other far less-favored nations. How could a nation possessed of all this wealth of natural resources be anything but prosperous?

All these almost inexhaustible stores of agricultural and mineral wealth were in the ground when the Indian held sway, but there was then no industrial progress. Nor was there much for more than a century after the white man came. Not till the printing-press gathered from thousands of sources, and everywhere scattered the knowledge obtained, did industrial progress make rapid strides. To whom are we indebted for the printing-press? Primarily to the Chinese? The honor of inventing and making practical movable types is claimed by some for a Dutchman, by others for a German.

The chief factors that come next in the line of development are the factory and railroad systems. The latter everywhere opened up the vast wilderness to settlement,

and was the connecting link between the farmers and those who toil in the shops, bringing food and raw manufacturing material to the latter, and carrying back to the farms clothing, farm machinery, etc. To whom are we most indebted for the steam engine? To an Englishman. Whose inventive mind caused steel rails to be substituted for iron and greatly cheapened the cost? Another Englishman. Who or what greatly increased the cost of building railroads? Our protective system, by the heavy duties imposed on rails.

The factory system did not have its beginning here. Mr. Carroll D. Wright affirms: "The inauguration of the factory system in the United States was some fifteen years later than its birth in England."

Mr. O. P. Austin, chief of the Bureau of Statistics of the United States, after giving credit to our great railroad system as the chief cause of our wonderful development, states that "the value of the manufactures of the United States is nearly double that of the United Kingdom, and about equal to that of Germany, France and Russia combined."

Yet this giant dare not face its weak opponents in the open field.

The industrial situation cannot be better described than in the words of Mr. Henry Clews' "Special Weekly Market" letter of Dec. 28, 1901: "Since 1896 the growth of our manufacturing enterprises has many times exceeded the growth of agriculture, and we are rapidly changing from an agricultural to a manufacturing nation. With our magnificent mineral resources, with unequalled facilities for transportation, with unlimited supply of capital to aid enterprise, with a better supply of skilled labor than any competitor, with unrivaled capacity for

organization and the use of machinery, all backed with abundance of energy, brains and opportunity—with all these requisites in plenty, is it surprising that our situation is the wonder and envy of the world?"

Yet with everything in its favor, this, the largest agricultural and manufacturing nation, is threatened with bankruptcy and ruin if its citizens are allowed to trade on an even footing with the people of other nations! How, then, in the old colonial days, when there was lack of everything, and when the English Parliament sought by strict legislative enactments to crush out manufacturing enterprise, did industrial progress go steadily forward?

Whence came the ability to create the condition described by Mr. Clews? A large part is inherited from way back before the first tariff act. In Bishop's History of American Manufactures it is said of the colonists: "They were gathered from the most productive and ingenious nations of Europe."

High wages are due to the great demand for and efficiency of labor. From what has immediately preceded, it is evident that the call for labor in developing the resources of the nation must have immensely exceeded that ever known by any nation in any age. High wages were here before the first tariff act, and were the reason given for the need of such legislation. The talk that under free trade wages would fall to the European level is merely for political effect. For some fifty years free-trade England has been in a few hours' sail of Germany, with its far lower rate of wages. Have English wages fallen to the German level? No, and we doubt if there has been relatively any approach to the lower level.

The United States with its vast population of 80,000,-

000 of people has its own level of wages. The high level is not given by one kind of occupation, but is the effect of competition in all—in agriculture, manufacture, trade, transportations, personal service. The service of all but manufacture must be rendered *in this country*, and a *large part* of manufacture also. Under free trade there are doubtless a few branches of the latter industry that would be lost to this country, but if the past is any guide this would be balanced by an equal gain in foreign trade. How absurd it is to believe that the loss of say \$300,000,000 or \$400,000,000 worth of work would cause a fall in wages. That amount is an exceedingly small fraction to the total sum earned by all the people. Have the millions of emigrants coming to our shores caused a fall in wages? There have not been enough to supply sufficient help to the farmers.

Not only is there a prodigious amount of work to do in this country, but the means has been provided by the invention of machinery for a very large product per wage earner.

Mr. Gannett, before quoted, says that the average gross manufactured product per hand in the United States is \$1900; in France, \$650; in England, \$485; and in Germany, \$450. He adds, "This enormous difference in efficiency between the artisans of the United States on the one hand and those of Europe on the other, which is due mainly to the universal use in this country of the most modern machinery and methods, enables us not only to hold our own markets, but to invade successfully the home market of other countries."

Mr. North, one of the directors of the census of 1900, says: "It means that the horse-power employed in our manufactures in 1900 was equal in its producing capacity

to the labor of 113,000,000 able-bodied men. How insignificant in contrast appears the contribution to industrial wealth of the 5,316,802 men, women and children, the actual average number of persons employed in the census year to direct and supplement this tremendous power.”

The following statement is found in Mr. Carroll D. Wright's "Industrial Evolution of the United States": "Looking at this question without any desire to be mathematically accurate, it is fair to say, perhaps, that it would require from fifty to one hundred million persons in this country, working under the old system, to produce the goods made and do the work performed by the workers of to-day with the aid of machinery." Number of workers 5,316,802.

The people of the United States have been frightened for many years by a vision of the dire effect of losing a little work to the foreigner under free trade conditions. We have given an idea of the value of products of agriculture and manufacture; we add something in regard to the value of the free-trade exchanges that take place inside the United States. Senator George F. Hoar at Concord, Mass., in 1900, put it thus: "An internal commerce that thrusts into insignificance all the foreign commerce of the world."

In Mr. James G. Blaine's book¹ a more definite statement is made: "Fifty-five millions of people carry on their exchanges by ocean, by lake, by river, by railroad, without the exactions of the tax-gatherer, without the detention of the custom-house, without even the recognition of state lines. In these great channels the domestic

¹ "Twenty Years in Congress."

exchanges represent an annual value perhaps twenty-five times as great as the total of exports and imports."

The rate of duties from 1850-60 were from 50 to 100% lower than under the Dingley tariff. Did foreigners crowd our producers out of the home market? The crushing answer given by the census is: "The value of our manufactures increased 85% that decade." Since then there is strong evidence that the rate of wages abroad has risen relatively more than in the United States. The far greater use of machinery here than in foreign lands has nearly, if not quite, put our manufacturers on an even footing in all branches with their foreign rivals.

Is tariff coddling conducive to industrial progress? The 85% gain in value of manufactured products under the low duties of 1850-60 does not indicate it. Under high duties the gain from 1870-80 was but 27%; from 1880-90, 74.5%, and from 1890-1900 only 38.8%.

Mr. Carroll D. Wright says: "It is a curious fact, well known to those familiar with patents, that depressed periods often result in the stimulation of invention." He then goes on: "During the last twenty or thirty years of the period ending with 1860 there were patented some of the most important inventions of the age." This period, with the exception of from 1842-46, is the time of lowest rates of duties way back nearly ninety years.

The noted writer on economic subjects, Mr. Francis A. Walker, quotes with approval this statement: "It was an axiom of the late Mr. John Kennedy, who was called the father of the cotton manufacture, that no manufacturing improvements were ever made except on threadbare profits."

We turn now to the hard times of 1893-97. In the lat-

ter year, when the Dingley bill was being constructed, the two Republican leaders, Mr. Dingley in the House and Mr. Aldrich in the Senate, agreed that, owing to "changed conditions," less protection was required than at the time of the passage of the McKinley bill in 1890. The Senator said: "The bitter contest that is going on among the leading nations of the world for industrial supremacy has brought about improvements in methods and economy of production to an extent not thought possible a few years ago." Is the industrial gain credited to "protection" by this man who has led the protectionists many years in Congress? No, to *bitter contest*."

What said Mr. Archer Brown in the Forum Magazine of November, 1900, of this same time: "The trials of the lean years following the panic forced economies of manufacture and modernizing of plant to a point that excited the admiration and wonder of rivals of other nations." Again: "Let us glance at the *marvelous record of our progress* since the *uses of adversity* taught us how to make the *cheapest iron and steel*, thereby opening up the markets of the world."

The Forum says of Mr. Brown: "He has been closely identified with the movement for the export of iron, and has spent several months in Europe studying conditions and organizing business there; is director of a number of leading iron, steel and coal corporations, also director of the North American Trust Company." A man so engaged, occupying the positions he did, should best know the facts of the situation.

The story is told. The little book goes forth on its mission. It is believed to be the only publication in the world that gives a comprehensive view of the bearing of

the protective system upon the agricultural industry. It can no longer be said that the case of the farmer against the tariff has never been formulated. Here it is made evident that of all men the American farmer is the greatest sufferer by the system. In comparison with the injury done him, that received by the foreigner is insignificant. Here is shown the cause of agricultural unrest; it is the unprofitableness of the industry, the direct effect of the protective system.

Now the question is, can farmers be roused to thought and action, which means

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or will they continue to be led like "dumb-driven cattle" by those who profit by their stupidity, and forever remain in

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