The Commercial Future.

—BY—

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THE COMMERCIAL FUTURE.

WE suspect that people are slowly coming to the conviction that the present hard times are not an event in financial and business history like the panics of 1837 and 1857. Their duration is great beyond precedent; the wide extent to which their severity has been felt is without example. And they are not to come to an end without effecting vast and permanent changes in the relations of the chief industrial communities. Previous panics effected no such change. England, the chief monopolist of the world's commerce, came out of them a little better established in her preëminence than she went in. She had used the period of prostration chiefly to crush native rivals in her foreign markets, and she had the field clearer for her own operations. No nation "had so strong a back," and could hold out so long as she; and after every panic, the weaker fell a little more under her power in that industrial warfare in which her great capital was her chief weapon.

But the present period of depression is no ordinary battle of that warfare; it is rather a Salamis, a Zama, a Chalons or a Waterloo, from which the world's history is to take a new departure, because the power of commercial supremacy is to pass out of the hands which have held it. A great revolt against that supremacy as exercised by England, has been approaching its culmination for decades past, and the result is not likely to be transient. But exactly what that result will be is not to be predicted without looking a little below the surface of the situation.

For almost a century, England has been sacrificing nearly every other interest to the ambition of becoming and remaining the great manufacturing and trading nation of the world. This ambition has not been thrust upon her by circumstances, for, as we shall show, other paths to national welfare are open to her. Neither has it been adopted from a wise and circumspect consideration of her own material interests, for many of these have been overlooked in the course of her policy. A dominant idea, taking its start from

the great mechanical inventions which occupied the last quarter of the eighteenth century, seemed to take possession of the minds of nearly all classes, and especially of the middle classes. Whatever stood in the way had to give way, in order that she might fulfil her destiny as the maker and seller of the cheapest cottons, woollens and iron wares that the world had to show. It is hard to realize how little in the previous history of the people pointed to such a destiny. The England of the sixteenth century was hardly abreast of her continental neighbors in any branch of manufacture, and she seemed little likely to do better. It was of her that the Dutch said sneeringly that she sold the hide for six pence and bought back the tail for a shilling, being a country which exported raw materials and took manufactured goods in exchange. From the time of the expulsion of the Huguenots from France, there came a change, but the new manufactures were in the hands of these immigrants chiefly, and they formed but a small fraction of the nation. The readers of *The Tatler* and its sprightly rivals, will recall the passion for French fabrics of all sorts which still ruled in London society, and the general dependence upon Paris for fine goods of every kind. Meanwhile, the North of England lay inert, not yet awake to the impulses of industrial life which now thrill through the old kingdom of Northumbria. Its people, now the advanced Liberals of the kingdom, were among the pronounced Tories of that day. Whereas Dissent now holds large sections of the wealthy classes, the attachment to the Roman Catholic creed still lingered in nearly all the county families; and Jacobitism was a good deal more common than in any other part of the Island south of Stirling.

Watts, Crompton, Arkwright and Wedgewood were the names of conjury with which the new era was opened, and a new ambition awakened in the minds of the English people. That ambition did not express itself in appropriate legislation only, although there was quite enough of that. It took shape in the determined effort to develop manufactures and commerce to the utmost. Capital tended only in that direction for investment; ambition sought in this field alone for its reward. And the end aimed at was accomplished. Where a great, practical people, like the English, have set their heart on a thing, they are not likely to come short of it. They did actually succeed in underselling half the world in the

chief staples of manufacture. They crushed out native manufactures in India, in Turkey, in Ireland, and for a time in Russia, Germany, Belgium, and the Cantabrian peninsula. What gains could be secured by their grasp on the world's markets they made in abundance. Their agriculture was neglected; their people were drawn away from the land to the factory; millions of acres were left lying waste, and are still waste; they became more and more dependent upon foreign producers for food; their political position was hampered by the necessity of keeping peace with everybody in Europe and some people in America.[1] But, with all these unforeseen drawbacks, they did succeed in what they had set their heart on doing. They reached the goal of their ambition, but they do not profess to have found paradise there. "England is like a vast city, to which the less peopled parts of the civilized world are an agricultural country which is glad to send its overplus of provisions in exchange for the luxuries and conveniences of a manufacturing region," Professor Thorold Rogers says.

But, the position they have acquired is, in very truth, the *siege perilous;* it is full of dangers on every hand. A general European war, and, still more, a war with America, might inflict such sufferings as the proletariat of Rome groaned under when the corn fleet from Alexandria was detained by stress of weather or political disorder. And, worse still, the commercial supremacy, to which so much has been sacrificed, is far from being secured to England. It

[1] Note here three important facts:—Mr. Seebohm, in the *Protestant Revolution*, estimates the agricultural population of England in 1500 at 500,000 families, chiefly yeoman farmers, while not half so many lived by trade or manufactures, and most of these latter owned their shops and looms. There are now but 1,000,000 families employed in agriculture, while three millions are engaged in trade and manufactures, and of both the greater part are working for wages. This represents a six-fold change.

A committee, appointed by the English House of Lords in 1873, reported that England alone, to say nothing of Scotland and Wales, had seven-and-a-half million acres of waste lands, which were not even used for game preserves, and that this waste constituted nearly a fifth of the whole in the most fertile parts of the island. They declared that the improvement of this land is, "as an investment, not sufficiently lucrative to offer much attraction to capital."

Out of an area of nearly fifty-seven million acres in the whole island, not much over thirty-one millions are under any cultivation. But even were this amount farmed as is the wretched soil of the Flanders provinces of Belgium, under the small farm system, then England and Wales alone could furnish food for forty-seven millions of people, or a little more than twice their actual population, without reclaiming an acre of waste land or importing a grain of wheat.

is destroyed, in so far as any other nation makes up its mind to manufacture for itself. It will be wrested away so soon as any rival arises to compete successfully for the markets of the world. And they are fully aware of the danger which thus threatens them. "England's position," says Hon. Dudley Baxter, in his work on *National Income*, "is not that of a great landed proprietor, with an assured revenue, and only subject to occasional losses of crops or hostile depredations. It is that of a great merchant, who, by immense skill and capital, has gained the front rank and developed an enormous commerce, but has to support an ever increasing host of dependents. He has to encounter the risk of trade and to face jealous rivals. . . . . England is more favorably situated than any other country, except the United States, for manufactures and commerce. . . . . The future rise of the United States into a great manufacturing and naval power appears the most probable and certain cause which will place a limit to our natural increased prosperity."

Her position among the nations is, therefore, a thoroughly artificial one. It can only be retained through her interfering with the natural development of industry in other communities upon whom she depends for customers. If these were to enter upon that process of growth traced by Adam Smith, by which the artisan and the manufacturer take their place, naturally, in the vicinity of the farmer, and as the consumer of his surplus, then the "nation of shopkeepers" would be losing valuable customers with every week of every year. England, therefore, has been forced to seek remedies to prevent this, and she has had recourse to three.

The first is military force, by which she overawes dependencies and weaker allies. Ireland and India illustrate her treatment of the former class, as did our own States in their colonial period; Turkey and Japan the latter. Japan was entrapped into a system of treaties, by which a merely nominal duty of five per cent. is imposed on foreign goods, and the development of native manufactures is effectually checked. To prevent any retreat from this false position, these treaties have been made open to revision only when *both* parties are agreed that revision is necessary,—a virtual cession of Japanese autonomy, without precedent in the history of international politics. And it was by the display of overwhelming force that Japan was thus made a dependency of the British Empire. We

say of the British Empire, for, although other powers are nominally secured the same advantage, yet it is only the great trading power which was expected and intended to derive benefit from this iniquity, and it is only she who has done so. Other powers, notably the United States,[2] have given Japan encouragement in their efforts to put an end to this state of things, and the embassy now in Europe has this for its main purpose. But there is every reason to anticipate the resistance of England to its just demands. An English writer in the *Fortnightly Review*, says:

"We have everywhere obtained that our goods shall be imported into all these [Eastern] countries at duties of either three or five per cent. We are continuing to apply to Eastern nations this double system of tariffs, and jurisdiction of goods and judges. To attain those ends we use all sorts of means, from courteous invitation to bombardments. We prefer to employ mere eloquence, because it is cheap and easy; but if talking fails, we follow it up by gunboats, and, in that convincing way, we induce hesitating 'barbarians' not only to accept our two unvarying conditions, but also to pay the cost of the expedition by which their consent to these conditions was extorted from them. We tried patience and polite proposals with Tunis, Tripoli and Morocco. China was so unwilling to listen to our advice, so blind to the striking merits of our opium and our consuls, that we were obliged, with great regret, to resort to gentle force with her. Japan presents the most curious example of the series; it is made up of ignorance circumvented, and of indignation frightened. Indeed, the story of the Japan treaties would be worth telling, because it is a very special one, because it is the new triumph of our justice abroad, and because it may be taken as indicative of our present 'manner,' as painters say."

For it is not merely the bad provisions of the treaties from which Japan is suffering. Under the system of extra-territorial jurisdiction, exercised by foreign consuls and ambassadors, it is altogether impossible to enforce any revenue laws against British

[2] We are sorry to be obliged to make an exception as regards Secretary Fish. Japan made a most urgent appeal to him for aid in regaining her autonomy, while he was Secretary of State, and even offered valuable concessions in return, but he turned away these proposals with the remark that he saw no reason to be dissatisfied with things as they are. The treaty which did the mischief was negotiated by Sir Rufus Alcock, in 1866, in the absence of our ambassador, and it was signed on behalf of the American embassy, by a Hollander, who was an attaché. The *Tokio Times*, an American paper published at the capital, has done excellent service in exposing this and other iniquities.

subjects. The British ambassador, on his own authority, has dispensed British steamships from paying the export duty on coal, and their consuls have taken such steps in regard to the smuggling of opium as bids fair to secure the Indian government a new market for that poison. A clause in the treaty forbade its importation, absolutely and without qualification, but the English court at Yokahama has ruled that "medicinal opium" may be imported to any extent under the five per cent. duty, and, of course, can then be converted into "smoking opium" very easily and cheaply, as was shown during the trial.

The second weapon employed is the power of the purse. Rivals are to be crushed out by unfair competition of every sort, and then, when the market is cleared of native competition, the trader recoups himself for his temporary sacrifices by higher prices.[3] This has been not merely shown, but conceded to be true. Official reports to the English Parliament describe the process with great candor and circumstantial detail, but without a trace of any sense of wrong done.[4] Samuel Taylor Coleridge is the only English writer in whom we have been able to find any reprobation of these practices. The English like fair play, but they find it very hard

[3] We had a taste of this in 1847–54. In the former year native iron sold for sixty dollars a ton. Through the folly of the Dallas, or Horizontal Tariff, the English producers got a chance to shut up our furnaces by wholesale underselling. When our native producers were out of the way, the price was put up to eighty dollars and was kept at that for years.

[4] The following extract from the Parliamentary Report on Strikes made in 1864, by Mr. Hugh Seymour Tremenheere, will bear quoting once more:—

"The laboring classes generally in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for being employed at all to the immense losses which their employers voluntarily incur in bad times in order to destroy foreign competition, and to gain and keep possession of foreign markets. Authentic instances are well known of employers having, in such times, carried on their works at a loss amounting in the aggregate to £300,000 or £400,000 in the course of three or four years.

"If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in when prices revive, and to carry on a great business before foreign capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success.

"The great capitals of this country are the great instruments of warfare against the competing capital of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized."

to see foul play in anything which suits British interests. They are the most innocent of Machiavellians! As De Tocqueville, one of their most lenient judges, says: "In the eyes of the English, the cause whose success is useful to England is always the cause of justice. The government which serves English interests has all sorts of good qualities, but that which hurts her, all sorts of defects; so much so, that it appears that the criterion of honesty and justice must be sought for in whatever favors or whatever is adverse to the interests of England."

The last weapon was the Free Trade propaganda. A system of specious doctrines was presented to the world, whose whole purport was to deter other countries from revolting against the commercial supremacy of England. Present cheapness of money price was maintained to be the one test of the claim which a manufacturer had upon anybody's attention. The notion of a nation's making present financial sacrifices for an ultimate benefit was discredited. Every rival of British wares was held up to scorn as "hot-house manufactures," "baby industries;" and protective tariffs were likened to the Chinese Wall. The nations were warned against "the delusive policy of protection to native industries," pursued by England herself for five hundred years, and only abandoned when it seemed no longer likely to be needed. "Do not do as I did," said John Bull, in his grand, paternal manner, "but do as I say."

These doctrines took hold of men's minds, just in so far as they had not made themselves masters of the actual situation of affairs. The Free Trade ideal is true enough for an ideal set of circumstances, but altogether false for this unideal world of ours. Given a condition of things in which all nations make an equal start in the race of industrial development, and in that state of things any sort of handicapping would be unfair. But that was not the condition of the industrial world. Nor was it merely true that one nation had attained a natural and balanced development beyond the rest, for, even in that case, the interference with others would not be excessive or permanent. It was the case of a nation, rich beyond parallel or precedent, able to command vast capital at a cheap rate, and bent on giving up everything else to the promotion of her manufactures and commerce;—a nation which had sacrificed its agriculture, driven its people into its cities and its factories, and bent all the energies of the most powerful and practical of races

to the task of keeping the world in a position of commercial dependence. Protection offends certain classes of minds by its appearance of artificiality, of contrivance, of resistance to natural laws. But it is, in truth, a very natural resistance to the most unnatural and artificial situation of things that can be conceived. To others it seems but another name for national selfishness, when it is in truth organized resistance to a vast system of national selfishness.

With the theorists about Free Trade all was sincerity and enthusiasm. But as much cannot be said for the statesmen who had to carry out the theory. A single fact convicts them of insincerity. While all the rest of their chief manufactures were supposed to be on a footing to stand any foreign competition to which they were likely to be exposed, this could not be said of the silk manufacture. Their next neighbors in France and Switzerland would certainly exterminate that manufacture if it were exposed to their competition. A protective duty of twenty per cent. on silks was maintained for fifteen years after the nominal adoption of Free Trade, and while the government, as well as the people, was urging on the world the Free Trade policy, and was informing its colonies that English "experience has fully proved the injurious effect of the protective system, and the advantages of low duties on manufactures."[5] Not till 1860 was the protection of silk abandoned, as the price to be paid for the French Treaty; and the grass that grows to-day in the streets of Macclesfield and Coventry testifies with what result.

Equally inconsistent with England's Free Trade professions, though less palpably so, are the measures she has pursued to secure the control of distant markets to her merchants and manufacturers. If Free Trade be right, then the duty of government is to let commerce alone, to expend no government money to foster it, as well as to avoid legislation which favors home producers at the expense of foreigners. But the English do not so interpret their doctrine in practice, however direct and natural may be this inference. By a vast system of subsidies they have secured the existence of steamship lines which bring the English producers home to everybody's door. Some English economists, notably Professor Thorold Rogers, allege that distance and the costs of

[5] The language of a *Government Minute*, published in 1859, and directed against colonial tariffs, whose rates were nearly, if not quite, always less than twenty per cent.

transportation furnish to the new and weak manufactures of other countries the natural advantage of protection which is claimed as their due. So it might, were it not that the English Treasury steps in to relieve the English manufacturer from a large part of this cost, enabling him to reach the most distant climes with his wares, and to sell them at a cost which, without government assistance, would be impossible.

Similar, in purpose and in effect, are the large sums of government money which have been expended on the industrial education of the people of England since the Exhibition of 1851 laid bare the defects of English manufactures, as regarded from an artistic point of view. Genuine Free Traders, like Herbert Spencer and Gerrit Smith, very consistently denounce any outlay of government money for any educational purpose. They say that the law of demand and supply should be paramount in this sphere also; and that private and voluntary effort alone should be depended upon for the supply of education, as for that of horse-shoes, or of striped calicoes. To tax a man for purposes of education, is for the State to set aside his judgment as to whether education is a good thing, and, if so, what sort of education, and in what quantity? To tax all citizens for these purposes, is to take money from those who have no children, and to lay it out on objects which do not especially conduce to their benefit. The business of the state being merely to exercise a proper police, and to prevent any one from hurting his neighbor, the government must not assume that they are called upon "to promote the general welfare," in this or any similar way. To concede that the state is so far entrusted with "the general welfare," as that it may make provisions for such objects because individuals are not likely to provide sufficiently, would be to give up the first principle of Free Trade doctrine. And if a national provision for education is open to Free Trade objections, every specialized form of that education is especially objectionable. It is enabling the manufacturer "to put his hand into the pocket of the nation," and to abstract therefrom the moneys needed to make his own business more successful in its competition with foreign rivals. Such was the purpose and such has been the effect in England. The production of articles of art-manufacture in England has advanced so much that while the export of the great staples has diminished, that of articles of this class has vastly in-

creased from Great Britain, and diminished in a corresponding degree from France, as the French themselves confess.

Let us not be understood as objecting to the principle involved in any of the three cases. It was right to keep protective duties on silk,—right to subsidize English steamship lines,—right to create the South Kensington Museum and the net-work of art schools of which it is the centre. But the last two are no more capable of vindication on Free Trade principles than was the former. It was excellent policy, because it was not Free Trade.

The edifice of English prosperity, being a thoroughly artificial one, has never escaped the dangers of its position. All the great natural forces which coöperate in the advance of civilization are in deadly hostility to it. The stars in their courses fight against Sisera. However solid her commercial supremacy may have seemed at times, it was no more secure than one of those vast temple walls which the traveller sees in India,—walls constructed centuries ago, to resist the violence of earthquakes as well as the more ordinary forces of destruction, but now toppling to their fall because a banyan seed has germinated in a neglected crevice, and the huge roots are gradually hurling the stones from the places where they seemed fixed for ever.

The force which has everywhere been counteracting Free Trade doctrine has been the sentiment of nationality, which is itself coming into recognition as the most powerful of political forces. Not that national sentiment has always been extended to the economic sphere; not that those who have been zealous for national independence and unity have always realized the relation of those great blessings to national industry. But, in great multitudes of cases, this relation has been more or less clearly felt and acknowledged, together with the necessity of a varied industry to the completeness of the national life and to the welfare of the people. And, at the same time, there has been awakened the conviction that England is everywhere and at all times the common enemy of national industries. There is indeed much in the English character which fosters international dislike of her people and her policy, but she never was so cordially detested as since she began to pose as the cosmopolitan "friend of man" and patroness of civilization in the advocacy of Free Trade. The ruthless use of her money power

to check the natural development of other nations, and to keep them in a position of dependence upon herself, has earned her an amount of dislike which will certainly be a source of disaster to her in the long run.

As we have seen in Mr. Baxter's statement, it is to the United States, rather than to any of her older rivals or any of her colonies, that England looks for the possible destruction of her commercial supremacy. Fifty years ago the very notion of such a thing would have seemed to her ridiculous, and even twenty years ago the possibility of it had not yet dawned upon her. The attitude of her policy towards us through all the earlier decades of our independence had an insolence of contempt in it which showed the estimate she put upon our power. Our flag was insulted, our pretensions ridiculed, our claims to an equal footing, in commerce and on the sea, were met with a bland *hauteur* which made the American blood boil. America was described in the English Parliament as existing chiefly to consume English wares. "The United States of America were always considered our especial market," Lord Lyndhurst said. "It was well worth while to incur a loss upon the first exportation" after the peace of 1815, Brougham said, "in order, by the glut, to stifle in the cradle those rising manufactures in the United States which the war has forced into existence, contrary to the natural course of things." Such was the attitude of British statesmanship toward us, while English travellers blended their contemptuous caricatures of our national manners with exultations at the fact that every house they entered was crammed with the products of English manufactures.

Since the suppression of the Southern Rebellion the tone of English writers has changed very materially. Something about the country and its people had always been known, but, as soon as it became the centre of interest for the world, vague impressions gave place to a more exact knowledge of it. Scores of European correspondents and visitors came to "spy out the nakedness of the land," and to report their impressions in such sort as would secure attention in Europe. And this more careful study of us coincided with the opening of a new era of national energy and hopefulness. The incubus of slavery and of its disgrace had been removed, and Americans had begun to feel as if, at last, they owned their own souls. The national unity, hitherto always uncertain in its capacity

to stand a strain, had been subjected to the severest and had not given way. The consciousness of nationality had been awakened as never before in our history; and, in the words of our own best singer:

> Earth's biggest country 's got her soul,
> An 's risen up earth's greatest nation.

The elements of our national character and those of our national environment, which promise us a great industrial future, are too many and various to be here passed in complete review. But among them we might specify our happy immunity from many of the mischievous traditions of Europe. The relations of capital to labor, for instance, have been far less embittered by the perpetuation of bad laws for the oppression of the working classes, and of bad social distinctions which keep different classes in unwholesome separation from each other. We are not quite free from either mischief, and perhaps as regards each we owe more to our circumstances than to our own merits. But the readiness with which the ablest workingmen make their way into the class of employers, and the choice given to all of becoming their own masters, by taking to farming, shop-keeping or some other occupation, furnish a more abundant safety-valve than Europe enjoys. And, as a matter of fact, our workmen surpass those of Europe in promptness to do their duty, and in willingness to oblige. They have not spent half a century in devising methods by which to evade work. They do not vote to close the shop or mine and have a holiday, whenever the boss offends them. Their trades unions have never enacted such meddlesome regulations as those which in England forbid a man to put his hand to any work which does not properly belong to his branch, however great the emergency.[6] Their lines of action are

[6] Perhaps we owe much of this to the absence of aristocratic privileges. For notions of social caste permeate the lowest as well as the higher classes in England and in Europe generally. The inane etiquette of the drawing-room is rehearsed or travestied in the servants' hall. The butler would lose caste if he were to bring up a scuttle of coal, even though his mistress requested it as a special favor. The artisan who grinds cutlery must never lift the annealing hammer, and so on. The system is seen in its logical perfection in India, where you must employ one servant to fetch water, another to make the beds, another to attend you to the bazaar, and so on through the score or two of half-idle blacks needed for even a moderate establishment. Whatever advantages accrue to aristocratic government, we can never afford to sacrifice to them our freedom from everything like caste distinctions, and our national willingness to take a man for his weight and worth, apart from the stamp he bears. It is to this readiness that we owe the steady public opinion in favor of what is right and just, which fills the workshop because it is felt in the counting-room.

less rigid and more adaptable, and they bear evidence of a better temper and a juster disposition in those who devised them.

Another element of promise is our ambition for the national renown. Seen on its reverse or *kehrseite*, this is that thin-skinned vanity which frets over foreigners' opinions of us, circulates every bit of abuse from the *Saturday Review* and the like organs, and is always on the watch for some petty Englishman's praise. We are happily outgrowing that, just as an over-anxious preacher outgrows his anxiety as to the way in which his sermons are taken. He begins, as he reaches a saner state of mind, not to care about mere good opinions, to think more of his work and of the dignity of his position, and to feel that what he preaches is good enough for them who hear, and if they do not like it, so much the worse for them. So also it is to be hoped the American people are working themselves out of this raw anxiety of inexperience, into the feeling that their country and its works are good enough for the critics, and that it does not greatly matter whether they are appreciated or not.

At the same time, ambition for the real greatness and glory of the country is just as warm a passion as ever. We enjoy seeing our intellectual princes owned as equals by their peers in Europe; and finding Hawthorne, Lowell, Longfellow, Whittier, Emerson, Prescott, Motley, James, Whitney, and their like, placed by all competent critics on the same shelf as the British classics. We have even room for a smile to see the way in which some of our geese pass for swans in Europe, where Joaquin Miller and Walt Whitman are hailed as great poets by men who *ought* to know—better. These represent one side of a nation's life; we are not contented to come short in any. We shall have musicians, singers, athletes, marksmen, artists, worshippers of culture, men of science, philologists, libraries, picture galleries, museums, fashionable monomanias, red-hatted cardinals, and everything else equal to the best that is to be seen anywhere. We may not always know how to go about getting them. At times we may be as laughable as the *noveaux riches*, ordering books for their libraries by the yard. We may care more for the having than the understanding. But a full national life, rounded and complete on every side, is our national purpose, even though we may make mistakes as to the way to get at it, just as we made a mistake in thinking that equality before

the law would secure us immunity from all the social and political perplexities of Europe.

And one part of this ambition is the purpose to become a great industrial community,—to produce on our own soil and for our own use all the great staples of manufacture, from the coarsest up to the finest, and in as much abundance and of as good quality as anywhere in the world. We will yield to none, in either the variety or the vastness of our home productions. It is this purpose which formulates itself in our protective tariffs. Protection would not maintain itself for an hour if it had to depend on the support of those who are directly and to themselves evidently interested in its maintenance. It is not the contrivance of the men whose money is in our manufacturing establishments. It has its friends everywhere and in all classes, because of the feeling that American manufactures have a claim on all American citizens, a fact observed by several of our recent visitors from Europe.

A Free Trade paper once proposed, in jest, to stop the further production and "raising" of human beings on this continent. It showed that no other article was so expensive as a child, that none had so many protective laws enacted in its behalf, and none called for so large sacrifices of present advantages to future results, on the part both of society and of individuals. On the other hand, grown men could be had from Europe, at that moment, for fifteen dollars a piece. We are very far from ignoring the difference between this case and that of lifeless commodities, with no personal claim on our affections. But we desire to emphasize the resemblance between the cases, which is too commonly overlooked. There is, in the minds of our people, a sort of natural affection for the industries which furnish employment for so many thousands, and give variety to our national life. We watch the story of their triumphs in Paris with no less interest than we watched the exploits of our own young collegians on the Thames last summer. We feel, in either case, that their triumph is our triumph.

It may be said that we have not counted the cost,—that population is crowding into our cities at an unexampled rate, that times of distress affect larger masses of our people than ever before, and that the old-fashioned, wholesome life of the nation is sadly deteriorated. We admit the fact of the increase of city life, but we deny the inferences. City life has its own evils, but it is not

less intellectually sane and morally wholesome than that of the country. Nay, it is more so. And no one who has looked into the story of the years 1837 to 1842 will maintain that a larger portion of our population are suffering severely than in those years. The aggregate is indeed larger, and therefore more impressive; but the proportion is less, and especially so in communities like Philadelphia, where there is a great variety of industry. And yet no one will deny that city life does present difficult problems which Americans had not faced before, and to which they have hardly, even as yet, addressed themselves.

A third element of promise, upon which we need not dwell here, is the inventive genius of the American people, a peculiarity by no means specially possessed by the New Englanders, but diffused through all classes, wherever manufactures have been established, or some special necessity has created a demand. The inventive gift is so well recognized as abundantly bestowed upon Americans that "any American who announces a discovery attracts attention in England, where Yankee babies are believed to pass their time mainly in inventing new rockers" (*Spectator*). "It is notorious," says Mr. W. R. Greg, in his *Rocks Ahead*, "that in nearly every branch of manufacture and machine-making, the most successful and serviceable inventions have for many years been of American origin." It might seem as if this conferred no permanent advantage, since our inventors are always at liberty to dispose of patent rights to Europeans; but it is not so. In the first place, the tide of improvement is steady in America. It advances by what has happily been styled "molecular changes," with which the foreigner cannot keep up. The brand new invention he buys to-day will be out of date by next Christmas. The hind legs may get on to where the fore legs were, but the fore legs have not stayed for them.

Besides this, the American inventor has in mind a different class of workmen from those of Europe,—men of greater alertness and nervous promptness, as well as a larger intelligence. There have been cases where our machinery has been sent over to England, accompanied by the fullest instructions as to the arrangement of its parts, and it has been found impossible to have it properly put together, through the incapacity of the workmen to follow instructions. And, in other cases, where it has been set up

by American workmen, it had to be abandoned, because of some want in the discipline or the diligence of the European laborer. Our watch-making machinery, for instance, has been discarded in Switzerland, as altogether useless in connection with the best human material they have at command. The machinery is for sale; the building it filled is let out in lodgings. In another case, a machine constructed on the principle of a steam die-stamper was sold to an English firm, but the workman employed to attend it, although furnished with two boys to assist him in getting the material ready, lost, on an average, forty out of every hundred strokes of the stamp. An American workman, with no assistant, can attend the same machine and never lose a stroke. As Dr. Leonard Bacon says, "the main point of the superiority of American manufactories is the personal superiority of the American workman." The genius shown by our inventors is merely the summit peak of a widely-diffused, high intelligence and adaptability.

A fourth advantage is found in the ruling ideas which prevail in our principal branches of manufacture, and especially the growing preference for excellence rather than cheapness. The Free Trade ideal necessarily fixes the attention of the producer upon cheapness alone. England's victories in competition have nearly all been won by that weapon. It crushed out the manufacture of really good carpets in Turkey by Kidderminster imitations. It destroyed the marvellous cotton tissues of India by its Manchester "cheap and nasties." It has exterminated branch after branch of artistic manufacture among the peasants of Europe and the people of Asia, by Brummagem imitations, modelled after selected specimens, and offered at a trifling cost. Cheapness is the supreme ideal of Free Trade policy, the idol to which England sacrifices, not the manufactures of other countries only, but its own as well. The deterioration of English wares, in all but the newly established branches of art-manufacture, but especially in hardwares and textiles, is a subject of unceasing confession at home and complaint abroad.[7]

[7] Sir Edward Thornton recently transmitted to England the report of Mr. Victor Drummond, in regard to the competition which America is going to offer for the markets of the world. Mr. Drummond says, that "if the lower classes at home will only listen to reason, and accept the lower wage, which must be, ... and the manufacturers . . . . will take pains to have their work of as superior quality as the Ameri-

Some of the Sheffield exhibitors sent to Paris this year the very articles they prepared for the first exhibition of 1851, simply because they could not now produce anything as good in the same lines. English cottons have become a proverb for utter worthlessness. The methods by which they may be filled with adulterations to the utmost are no longer the dark secrets of fraudulent establishments. They are openly discussed, as a scientific problem, in the pages of the transactions of their scientific societies. American brands have been systematically counterfeited to secure their sale to those foreigners, who have made up their minds that they have had enough of Lancashire. And Mr. John Bright publicly advocates the repeal of all laws against adulterations, even of food, on the ground that they are contrary to the principles of Free Trade, whose last word on this subject is *Cavcat emptor!*

The importance of such ruling ideas we have already pointed out in tracing the rise of England's commercial supremacy. It is a matter of congratulation that the predominant aim of our own manufacturers seems to be to make the best article possible. Mr. Morrell, when asked how the Johnstown works had attained such perfection in making Bessemer steel rails, replied that it was because they had made up their minds to make each new batch better than any which went before it. The same might be said, with truth, by our manufacturers of watches, hardware,[8] cutlery,

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cans, and not, as in some cases has happened, of cotton manufacturers using starch, clay, Epsom salts, and antiseptics, instead of the least possible amount of starch, and remember that people will have the best and cheapest article, then we need not fear the race of competition which is surely coming."

[8] The New York correspondent of the English *Ironmonger* says:—"Importers complain that the lines are drawing around them so tightly that they scarcely dare to make any ventures. Certain it is that very few goods come to this market in the hardware line which can compare favorably, either in shape, finish, quality, or price, with American goods; and if it were not that there still remains some trace of original prejudice in favor of English steel in some parts of the country, I imagine there would be no encouragement for any further effort to continue the business. There is a capacity for over-production in every line of manufacture, competition is very sharp, prices are very close to net cost, and the progress of improvement is constant. Probably more novelties have been brought out during the past two years than in the previous five, and such novelties have been the life of trade." In an appendix to this pamphlet will be found the same correspondent's sketch of the history of our manufacture of the fine grades of steel.

Mr. Lowthian Bell pronounces the American iron market permanently lost to England.

saws, axes, and other goods of that class. And any person who has followed the development of our cotton, woolen, silk and leather manufactures will have found the same laudable ambition prevailing in each. As his *Letters* show, Professor Reuleaux was struck by this American ambition for quality, in contrast to that for cheapness, which Germany had learnt from England. We have not been captivated by that Free Trade notion, that the saleable qualities of an article are more important to the producer than its capacity to stand wear. Our best, our leading producers are working for the results which come in the long run. They have not believed what Carlyle calls "those ultimate evangels, unlimited competition, fair start and perfervid race by all the world,—towards '*Cheap and Nasty*' as the likeliest winning-post for all the world,—which have been vouchsafed to" the English.

The last element of promise is found in our natural resources. In the first place, we have inexhaustible supplies of the materials of every great manufacture. Not only have we all that England has, and in still greater abundance, but we have others of which she is destitute. Her cotton manufacture is one of the most artificial of industries,—the product of prohibitions and high protective duties imposed for a century, without any reference to the special capacities of the country. But ours is the adopted home of the cotton-plant; while England was naturalizing its manufacture by protection and prohibitions, we were naturalizing its growth by protective duties. And, when once the *virus* of slavery is elimi-

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Dr. Leonard Bacon says, that when the report of Mr. Favre Perret, (Swiss Centennial Commissioner,) "on American watch-making was read to crowded meetings of watch-makers, at Neuchâtel and Geneva, the general expression was that of abject despair. Work was suspended for months on the costly building of the School of Watch-making, founded by the Genevan government. A commission was appointed by the cantonal legislature to inquire what new industry could be introduced in place of that which must henceforth be abandoned to American competitors." So with Switzerland's other three manufactures. The export of ribbons to the United States is one-sixth of what it was four years ago. American cheese is supplanting that of the Swiss mountaineers in all the markets of Europe; and Swiss leather is no longer exported to America, while "every little tannery feels the influence of importations from America."

Mr. Thorp, the correspondent of the Macclesfield *Courier*, says that the "English silk manufacturers acted wisely in abstaining from exhibiting their goods at the Centennial Exhibition at Philadelphia, as they would only have exposed their inferiority in price and quality." He says the reason is found as much in "the greater intelligence of the work people," and he predicts an English protective duty on American silks.

nated from the veins of the South, Georgia and the Carolinas will be the third great centre of the manufacture. The whole land seems to have been fitted for an industrial people,—"a land where thou shalt eat bread without scarceness, thou shalt not lack anything in it; a land whose stones are iron, and out of whose hills thou mayest dig copper." (Deut. viii. 9. Sharpe's translation). Stores of coal and ore, and quarries of building stone beneath the soil, prairies of wheat land and corn land on the surface, and water-power beyond example, are among the finger-posts by which Providence points us to our destiny. An inhospitable coast limits our outlet to foreign lands, while vast interior rivers and lakes invite to domestic commerce, and already float a greater tonnage than the Atlantic itself.

The present situation is in part the result of recent history, as distinguished from the natural and predictable course of things. The conflict for our industrial independence and, by consequence, for the markets of the non-industrial nations, must have come sooner or later. We have reached the collision more rapidly, and perhaps more violently, through mismanagement. It has come all the sooner, and has inflicted all the more suffering on both sides of the ocean, because of the period of inflation which followed the war. Home enterprise was stimulated to a feverish energy. Railroad building was overdone. The demand for iron rose to a point without precedent, followed by an excessive demand for textiles and the like, on the part of the working classes. Then, in 1873, the Panic came, and the mischiefs sown for years past were reaped in a day.

The Panic found us with our manufactures over-developed, as regards several of the chief staples of the world's trade. We were able to produce more iron and more cotton than our people were likely to consume, and are obliged to find a foreign market for it, and that quickly. A temporary suspension or diminution of production even was a necessity in some quarters, and all interests have felt the severity of distress.

In the market for manufactures, as matters now stand, it is simply a question of holding out. The capacity to supply iron, steel, machinery, tin-plate, hardware, paper, cottons and woolens is

much larger than the world's legitimate demand. Since men no longer consume in abnormally large quantities as before 1873, there are two producers besieging every consumer, and in the long run one of the two must succumb. Will it be the English, or will it be the American producer?

That it will be the former, we are convinced. In the first place, the American, with control of the home market and a moderate export, will be very well off. The former he already has; the latter he is fast getting. England is so overloaded, so top-heavy with industry of this sort, that she cannot afford to lose even her American market. But ours is already shut on her, and her colonies, and even India, are rapidly shutting theirs. And in Europe, where her Free Trade propaganda seemed likely to bear such abundant fruit, the outlook is far from promising. Italy, France, Spain, Portugal, Germany, Austria, Hungary, Denmark, Sweden, Russia, are certainly not advancing in the Free Trade direction. Those who had it are adopting Tariffs; those whose Tariffs were weak are strengthening them. It is impossible to renew even the treaty of 1860, to get which, English liberalism, in the person of Richard Cobden, fawned at the feet of Napoleon III., and agreed to a compact secured by the Emperor's overriding the votes of his own legislature. In the course of a few years, Norway, Holland, Switzerland and Turkey, will be the only nations left to follow her lead. Nothing but an enormous foreign trade, a trade out of all proportion to her population and her agriculture, will keep her from wholesale losses. And that enormous trade she can no longer secure.[9]

[9] A Commission appointed by the French Senate to consider the Commercial Distresses of that country, has just reported. Its statements coincide in general with the views presented in this paper. After describing the rise of American competition the Report says:—

"It was thus at the very moment when Europe was pushing to excess her means of production, that a country of consumption was not only closed to her, but was converted into a redoubtable competitor, which will henceforward dispute with her a part of her markets. Under such circumstances a crisis was inevitable in Europe, even if political complications had not increased its intensity. Deprived of some of her markets and meeting with competition everywhere, England, which was organized to supply the whole world, threw herself with all the more ardor upon her rivals on the continent. Condemned to produce incessantly—for the closing of her works would be more disastrous to her than working at a loss—she has reduced her prices to the most extreme limits in order not to be stopped by the customs tariffs of her neighbors. The result has been a general depreciation of manufactured articles, a depreciation which must become more pronounced on account of the existence of enormous stocks of merchandise which will not find their normal outlet even in the pacific solution of the

England's "reserve fund" we might call the savings she has invested in the industries, the corporations and the government bonds of other countries. In 1873 this international wealth was about 940 millions of pounds sterling. Three years later, it has been reduced to 790 millions by the defaultings of a few governments, to say nothing of the vast quantities of foreign stocks, bonds and shares which had ceased to pay interests or dividends.[10] Some estimate the loss at one-half, or at lowest £400,000,000. Indeed, so worthless has this class of securities become, that the London *Times* has recently spoken of our own bonds as the only species of foreign securities which hold their place in the market. And of these bonds they are now obliged to return us very large quantities. An English paper says that this "steady export of United States securities to New York" cannot be "looked upon as satisfactory, and the loss of the interest on the bonds is in particular a direct and permanent impoverishment of a very serious kind." The commercial importance of this reserve fund is its power to redress practically the balance of trade wherever this is against England, but not excessively so. In that case, a large part of the commodities imported from any given country are really paid by bills of exchange drawn upon governments and corporations indebted to England, and require no transfer of specie. But at the present moment the balance of trade is excessively against England, being estimated at £90,000,000 for the current year. In the three

Eastern question. Consumption no longer keeps pace with production, and it is difficult to believe that the equilibrium will be rëestablished, because in future we shall have to reckon upon the industry of the United States, upon the industry of India, upon that which is being created in China and Japan, besides that of all those countries which take measures to preserve their home trade for themselves and export in their turn."

[10] Should Mr. Edison's electric light be as successful as is predicted, or should any other prove so, this international wealth would suffer another great shrinkage. English investors, we learn from the *Spectator*, "own not only all the gas works in the United Kingdom, but an immense proportion, probably much more than half of those in foreign cities, and they have hitherto looked upon these works as among their most solid and valuable properties. . . . . From Boulogne to Calcutta, the cities have been lighted with English capital, and in almost all cases the profit secured has been unusually large, regular and solid, until trustees with gas-shares in their hands, have felt it useless to dispose of them, 'and a lot of gas-shares' has been considered a prize to be competed for at auction." Mr. Edison's announcement to his agent, that he had solved the problem of indefinitely dividing the electric light, brought shares down from three to seventeen pounds a share. "The possibility of a tremendous blow was patent, and our only wonder is that the shock was not more severe."

previous years it was £4,000,000, £34,000,000 and £57,000,000, while in 1874 it was still in her favor, as it had been since before the century began.

On the other hand, the tendency of things during these years of depression has been generally in favor of the United States.[11] Even the terrible blunder of passing our debt into foreign hands, for the sake of reducing the interest, has been largely retrieved, and it is believed that not more than an eighth is now held abroad. We have gone forward in the improvement of the methods of manufacture, and in securing a market for our wares in the countries on our own continent. Our progress is indeed retarded by the refusal to follow English example in granting subventions to steamship lines; but it has escaped a worse blow in the failure of the attack upon our Tariff. Upon the success of that attempt the English staked a multitude of hopes, and predicted its success with great confidence. But the measure could not be carried through even a Democratic house, and its author has announced that the attempt will not be renewed during the present Congress. In 1880, whatever Congress may think, it will hardly venture on such a step on the eve of a presidential election, which insures another year's delay, at the least. And with every year, nay, with every month of protection, the possibility that England may regain her hold on our markets becomes still more remote.

The present distresses in her money market are not, as the English papers would have us believe, the result of mere mismanage-

[11] In the last three years the balance of trade has been in our favor to the aggregate amount of $488,582,539; our exports having risen to $680,683,798 in this year, whereas they were little more than a third so much in 1869. And while our whole export has increased 153 per cent. since that year, that of agricultural products has only advanced 86 per cent., showing that our manufacturers are laying hold of the foreign markets.

The one sad feature of this change is the perplexity in which it involves those sage economists who hold that all international trade is of the nature of barter, and that we can only sell in proportion as we buy. This perplexity, strangely enough, was never felt while the balance of trade stood against us, and our neighbors sold us more than they bought of us. Nor did it seem to be felt as regards England, which managed in those days to sell more than she bought in her trade with nearly every other power. But now we see wise heads slowly shaken, and we are told that this thing cannot go on; that nations trade with their customers; that foreigners cannot continue to buy of us, unless we buy of them. The fact is, that each country sells all it can, and buys only what it must, and that nothing but the exhaustion of coin and credit can stop the process.

ment on the part of the Glasgow Bank's directors. That mismanagement was rather an effect than a cause of the bad state of business. It was the desperate acts of men who had invested the money intrusted to them in what everybody thought sound and legitimate enterprise, but had seen solid houses carried headlong to ruin, and had "thrown good money after bad" in the effort to save them. The recent management of the bank's affairs is not capable of vindication; but it seems very clear that the managers lost their heads, and preferred to risk further loss rather than accept the ruin which was threatened. They pursued exactly the policy which the whole commercial world of England is now avowedly adopting, and especially the banks toward each other,—the policy of extending help even to unsafe concerns, for fear of the consequences of permitting them to go down. But that policy can only maintain itself for a time. The number of unsafe concerns, and the degree of their danger, cannot but increase so long as the present status of business lasts. And no one can indicate the quarter from which any improvement is to be expected.

While the people of other countries cannot but feel some satisfaction in seeing the end of a commercial supremacy which has been so insolently and tyrannically exercised, there are but few who would rejoice to see England's greatness and her influence overthrown. Least of all could America afford to witness that humiliation. The ancestor of our fuller liberty, the chief champion of religious toleration in Europe, the old homestead of the Anglo-Saxon race, has claims upon our regard beyond any other foreign power. Our worst wishes for her are to see her compelled to do justice to the English and Scotch peasant, and to the Irish and the Indian peoples,—to see her abandon that dream that she is to be the workshop of the world, and can keep all other nations in industrial subjugation,—to see her slowly developing her agriculture and reclaiming her waste lands, until her fields support the millions who have been driven into the cities, and feed the whole population of her soil,—to see her better self regaining the upper hand in foreign policy, and the jingoes and their leader driven into the background. So mote it be.

APPENDIX.

The following history of the American manufacture of the finer grades of steel, is from the New York correspondence of the London *Ironmonger*. We reprint it just because there is nothing special or peculiar in the story, as it is merely the usual record of an American industry, told by an exceptionally candid outsider. He writes:—

"Steel-making has become one of the great industries of the United States, and a majority of American consumers find it fully and completely satisfactory for all purposes. Seventeen years ago Sheffield steel held this market without any competition which was worth considering. The trifling importation of to-day supplies all the demand for English steel which remains.

The popular impression in Great Britain seems to be that American consumers want Sheffield steel but are prevented from using it by the high duties. I doubt this very much, and am satisfied that if any Sheffield steel-maker should come to this country and travel about for a few weeks among the large consumers, he will conclude that his hopes of regaining an American trade under a low tariff rest upon a very slender foundation. In this case, protection has had the somewhat unusual [?] effect of stimulating manufacturers to the greatest enterprise and developing their technical skill in the highest degree.

The imposition of a high duty on steel was at first vigorously opposed by nearly all classes of consumers. The argument was that steel was a raw material, that its manufacture was not sufficiently important as a domestic industry to merit protection, and that we had neither the materials, the skill, nor the experience to make fine steel in this country in quantities proportionate to the needs of the trades using it. The answer of the steel-makers was that their industry was one of great promise, that there was no reason why, with moderate protection for a few years, they should not meet all the requirements of the home market, and that their only present difficulty was a prejudice against American steel, which was not warranted by the superior quality of the imported metal. They carried their point, and got the protection they wanted, but they did not enjoy in peace and quietness the advantages it gave them. The consumers were not satisfied. Many had always used Sheffield steel, and were not willing to try any experiments which might imperil their reputations. They besieged Congress year after year with petitions praying for a material moderation of the duty on steel; they denounced the American steel-makers as empirics in metallurgical science, and formed associations

to work at Washington in influencing congressmen to oppose the unreasonable demands of Pittsburgh steel men.

In the meantime the steel men felt that they were enjoying the benefits of protection only on probation. They must meet arguments by facts, and for years they worked manfully and intelligently to remove every objection to American steel which had been suggested by consumers. Their product was offered at prices which tempted consumers to try it; one by one the manufacturers using steel were won over to a confidence in, and preference for, American steel; and within two years they were able to rally at Washington as many consumers who favored the duty as came there to secure its repeal. Now, those who still demand a lower rate of duty on English steel, because they prefer it as a material, can scarcely recruit enough of a following to make a meeting, and I doubt if one per cent. of the large consumers could be induced to give up American steel and use the English if it were offered them at a shade lower than they are now paying for the former.

The reason for this is not difficult to find. The Pittsburgh makers have learned to exactly adapt their product to the wants of the consumers they supply. Their product is very uniform, and they can furnish any grade which may be wanted at very short notice. If a consumer is not perfectly satisfied, he can communicate with the maker in a few hours, and can exchange what he has for what he wants, without loss of time.

As regards quality, the American product represents all varieties. Those who want good steel can get as good as is made in any part of the world, and the average quality of American edge-tools shows that our manufacturers know how to use it to the best advantage. In such matters comparisons are necessarily invidious. It is idle to say that American steel is better than English, or *vice versa*. It would be difficult to convince many consumers of American steel that better could be had abroad, and while their choice between good steels adapted to their use would be influenced by considerations of price to some extent, they would now incline to give preference to American steel, because they can, if necessary, maintain daily communication with the makers.

However this may be, I can say, from personal knowledge, that but few, comparatively, of American consumers would now use Sheffield steel if they could get it at the same price as the American. There is no probability that its importation will ever fall much below present figures, but it is scarcely probable that it will much increase. Were the duty removed or materially modified, considerable importations might be expected at first, but I am quite unable to discover any reason why American manufacturers should not be able to hold their market now that they have it. In the meantime they are turning their attention to foreign trade, and

are meeting with some success. Some of the Pittsburgh makers are doing a considerable business in horse-rake teeth on English and continental orders, and in other small specialties. This, I believe, is a plain and unprejudiced statement of the facts of the case with regard to American steel."