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HARDING ON THE PROTECTIVE TARIFF POLICY.

SPEECH BEFORE THE HOME MARKET CLUB, May 14, 1920.

"Before the year is past there will be a call for the good old American protection like that of 1896. There is not any way in the world for war-worn and bankrupt nations to restore themselves except by going to work in production, and they ought to do it instead of trying to borrow money from Uncle Sam. When the world restores normal production it is going to seek the American market, and you will have a new order to face then. And yet I remember that in 1912 we were promised a reduced cost of living. We were to sharpen our wits in competition with the world. We sharpened our wits, but dulled our production. You have forgotten it now, but we were on the skids in 1914. Nothing but the world war saved us. We protected our home market with war's barrage. But the barrage has lifted with the passing of the war. The American people will not heed today, because world competition is not yet restored, but the morrow will soon come when the world will seek our markets, and we must think of America first or surrender American eminence. I want to favor a policy that makes America independent of the world in her production. We can produce things we used to buy of Germany if we adopt the right policy. We shall be a better and more thrifty people if we rely largely on ourselves. I am willing to equalize the standards of wages and the standard of living throughout the world. But I want the world to bring its standards up to ours, and not lower ours to theirs."

SPEECH OF ACCEPTANCE, MARION, OHIO, July 22, 1920.

"I believe in the protective tariff policy and know we will be calling for its saving Americanism again."

FROM THE TELEGRAM TO SOUTHERN CALIFORNIA LEMON GROWERS ASSOCIATION, August 18, 1920.

"American markets cannot be surrendered to foreign producers, however kindly we may feel toward our allies, and the conditions that your industry faces are precisely those that many others do now or will later confront unless proper protection is given in view of the extraordinary conditions in the commercial world. The Republican policy of giving first attention to American interests rather than to those of other conti-

THE TARIFF A LIVE ISSUE.

By Robert Ellis Thompson, LL. D.

In the opening months of the presidential campaign the demerits of Mr. Wilson's diplomatic policy have been the chief theme of debate. But as Mr. Harding predicts, as we draw nearer to the close of the struggle the tariff will come to the front as an important part of the President's policy, upon which the American people will pass judgment next November.

There is, indeed, an intimate relation between the international plans of the party in power and their ideas of economic policy. Richard Cobden, the high priest of the free trade cult, showed this by his aspiration that all boundary lines should be effaced from the map of Europe. In place of the historic division of that continent into empires, kingdoms and republics, he would have it become a "United States of Europe," under an effective central government like that at Washington, maintaining entire freedom of trade between its provinces, like that between the States of the American Union.

In other words, the free trade theory is essentially anti-national, and those who share in the temper of that party have no difficulty in welcoming plans which minimize or even supersede national authority in the interest of political plans for which history affords no sanction. Anyone who will compare Mr. Wilson's speeches of 1912 upon the tariff, with those of 1919-20 upon the League of Nations, will discover that there is a profound harmony between the two halves of his policy. Naturally the thorough exposition of his political cosmopolitanism, which is now going forward, will bring into view his economical cosmopolitanism.

Mr. Harding is following with the same consistency his nationalist convictions. He did not wait for a nomination to the presidency to show where he stands on the tariff. In 1916 he made a speech before the Hamilton Club of Chicago, which attracted national attention. As chairman of the Republican National Convention of that year, he gave expression to the same protectionist sentiments; and a Philadelphia newspaper mentioned at the time with what satisfaction that speech was received in New England. And he anticipates most of the speakers in the present campaign by announcing that after a Republican victory "Congress will immediately increase the tariff schedules, and will thereby not only decrease the tax burdens now falling on this country by about $200,000,000, but will protect American labor from low-paid foreign competition."

The need of higher rates of duty grows out of the mischievous tampering with the tariff in Wilson's first administration. Before his election he repudiated the name of free trader, treating it possibly as did Mr. John Ruskin, as implying the abolition of custom-houses. But when he became President he advocated in his speeches just what our avowed free traders always had been advocating. Before his election he promised that no honest man or industry would suffer by any changes in the tariff he

would approve. But his subsequent course raised the question whether he regarded such industries as the weaving of cottons and the knitting of stockings in American factories as dishonest. Before his election he sometimes talked as if he shared the pride of patriotic Americans in the vast system of manufactures which had grown up under our national policy during his own lifetime. But when he came to sit in the seat of power he seemed to regard it as a gain to the nation if we could transfer to foreign capital and labor a big slice of the American market, which our manufactures arose to supply.

It is to meet the conditions created by President Wilson and his party that Republicans will have to revise the tariff so as to restore its protectionist character. Even before the war broke out we had suffered severely from the Wilsonian alterations. Our trade with Great Britain, for instance, had risen to $375,000,000 in the fiscal year which ended in July, 1914. Much of this was by the purchase of what we could make for ourselves just as well, if not so cheaply, as by low paid foreign labor. Great industrial establishments were obliged to diminish their output, or to cease producing. Many trades were about to adopt special measures to provide for unemployed workmen. All the blessings of depression and stagnation, which had resulted from the lowering of duties in 1837, 1857, and 1894, were falling upon the country.

Then came the great war crash of 1914, followed by a still greater in 1917. The demand for munitions of war almost superseded every other. America had to feed, clothe, and arm millions of Europeans at war, and then of our own soldiery. Democratic lowering of the tariff ceased to affect our industries in the way which was intended. And the derangement of exchanges prolonged the effects of the war, so that most people seemed to think that the efforts of the President and his party to check the progress of our industries and to increase our dependence on foreign producers had failed permanently.

But the Wilson tariff remains the law of the land, and with the subsidence of disturbance incidental to the war, it has begun to do its evil work. In the fiscal year 1919-20 there was a decline of $968,967,242 in American exports, and an increase of $2,142,901,600 in our imports. Big manufacturing establishments have suspended their operations, and Mr. Cox alleges this has been done for political reasons, thus acknowledging that such events work against his party. The National Association of Cotton Manufacturers have been meeting to discuss "Foreign Trade and the Tariff," in view no doubt of what they suffered in 1913-1914. Evidently those who are in touch with our great industries do not foresee plain sailing, if Mr. Cox and his party are to win the election of next November.

Nor is this concern limited to the States usually classed as Republican. Senator Glass of Virginia, representing a State which has profited but little by the general advance in varied industry, was well chosen to draft its Democratic platform, with its an-

tiquated declaration for a tariff for revenue. But other southern States are not so backward and reactionary. The Carolinas, Georgia, Alabama and Tennessee must suffer heavily by legislation which depresses the cotton, iron and other great industries. Yet in 1920 they still will cast their votes for the party which enacted such legislation. Perhaps by 1924 they will have learned better.

Besides this we all need to remember that the style of competition we are to encounter in coming years will be much more severe than in 1913-14. Up to the beginning of the war England and other free trade countries were bound—not always, but in most cases—by their professions of impartiality in the struggles between their own producers and ourselves. But as the war brought home to them the immense importance of many industries to the equipment and support of an army, they began to recognize a difference between "essential industries" and others, and to declare that the former must be supported by any legislation they require. We may expect a return to the fiscal policies of a century back, when England monopolized the trade of her dependencies, and stimulated the home production of essential commodities by direct and indirect methods. Some tastes we had of this even while the war was in progress, as in the prohibition of the importation of American automobiles into India. That English manufacturers expect it, was shown by the appeal to the government to prevent our Mr. Ford establishing a factory at Cork.

It may be found that duties adequate for protection before 1914 will not be so in coming years. The immense burden of compensation, laid upon Germany by the treaty Mr. Wilson asks us to ratify, will compel that country to manufacture for export on terms with which we cannot compete. The manufacturers of that country have shown great ingenuity in the manufacture of counterfeits of staple articles. The "pot-metal cutlery" sold on our streets under the tariff of 1893 at the rate of 15 cents for a pocket-knife, was a sample of their skill. The Allies actually are driving the Germans to undersell all competitors in the markets of the world, in order to meet the demands laid upon them as the penalties of the war.

Nor is the development of our manufactures, and their defence against unfair competition from abroad the only things to be kept in mind. The enlargement of our exports of American products, especially to the free peoples of our own continent, is next in importance. Here also Mr. Harding is prompt to respond to the needs of the situation. In reply to the Manufacturers' Export Association he writes:

I think the diplomatic and consular service and the Department of Commerce should be brought together in a concerted effort toward finding markets, and exploiting its transportation through the service of an American merchant marine. . . . America has been greatly remiss in this particular function of government as it relates to our expanding of trade, and I hope the next administration will do everything within its power to make up for our remissness in the past.

A common note of the industrial

cosmopolitanism of the past and the diplomatic cosmopolitanism of the present is the charge that American nationalists want to make this a "hermit nation," by withdrawing it from its proper participation in the affairs of the world. The charge is false from both points of view. We have borne our share of "the white man's burden" in maintaining a protectorate of this western continent against the greed of European governments, who have partitioned Africa until but five per cent of that continent is left to native governments, and have laid violent hands on the best portions of Asia.

By our criticism of imperial misgovernment we have checked abuses and made the life of many millions more endurable. By our example and our principles we have awakened hopes and ambitions toward liberty in lands long dominated by despots.

Our missionaries have not only carried to backward peoples the spiritual roots of Christian culture and civilization, but have awakened the sentiment of nationality in places where it seemed hopelessly dead. Roberts College on the Bosphorus has played a great part in the recent history of Armenia and the Balkan states, and the American college and printing-press in Beyrout have done nearly as much for Syria and the adjacent countries. And all this without expectation of material returns. We have not sent "first a missionary, and then a consul to take care of the missionary, and then an army to take care of the consul," as King Theodore of Abyssinia said of England. So of our services to the nations in the field of economic effort. We have revolutionized the commerce of the world by the application of steam to navigation. Our inventions have diminished the toil of millions by labor-saving devices, such as the reaping-machine. We have excited peaceful emulation in the conduct of industry, and found markets for neglected and undervalued resources. We have raised the standard of living not only for the millions who have made America their home, but for the still more numerous millions who had to be induced by better wages to stay at home. "Save the cost of a voyage to America, and with that in your pocket negotiate with your employers as to the rate of wages," was Richard Cobden's advice to the English working men.

Above all, we have broken the monopolies set up by a country, which sought an industrial mastery of the world, not unlike that military domination of the world sought by Germany in 1914-18. Not only by our own tariffs, but by those of other countries following our example and emulating our prosperity, we have made an end of England's hope to become "the workshop of the world." And we hardly could have rendered a greater service to the great cause of nationality.