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Why I Am a Protectionist

Van Buren Denslow

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I am asked to state: “Why I am a Protectionist.” It is a personal question. Whether any other person can be a Protectionist for the same reasons is aside from the form of the question. Its answer also must be purely egotistic, and need not therefore seek to be modest.

The editor of the *Twentieth Century* has doubtless his reasons for putting the topic in this form. It is sufficient that I reply according to the fact.

I. I am a Protectionist, because forty years of continued and studious observation of my country’s economic history since 1850, reinforced by such investigation as I could make, through generous reading, of such facts as were beyond my observation, relating to America and other nations, have formed a conviction in my mind which is without a doubt. It is that protection to domestic industry is so evidently a political duty that the common sense of every people on earth has compelled each and all, more or less perfectly, to practice it at all times. To me, when largely and adequately defined, the principle underlying it seems not an expedient, but an irresistible instinct, governing all minds, English as well as American, and even free traders as well as protectionists, the only schism which gives rise to the so-called free trade sentiment resolving it-

self in the last analysis into an objection to protectionist policies on the plea that they are not sufficiently protective, *i.e.*, that they do not sufficiently conduce to the economic welfare of some class of industrial persons whom the criticising free trader professes that he has a scheme on hand to increasingly and more effectually protect.

Cobden's repeal of the duties on corn in England was, in its intent, a scheme to protect the manufacturers, irrespective of the welfare of the farmers of Great Britain, on the theory that with free bread England's export trade could be made so great that the incidental and admitted sacrifice of the farmers would be more than paid for.

So Calhoun's, Walker's, Morrison's, and Mills's bills, in 1833, '46, '84, and '88, were bills which, according to the conception of their framers, were designed to protect the cotton growers, slave-breeders, and growers of corn, wheat, hogs, and beef, from what they thought to be the unwise burden incurred to develop in America a manufacturing and urban population adequate to consume their supplies of food.

In both countries, and in all parties, therefore, the intent of the politician was always to protect his own constituents according to his best idea of what would be true protection to them. Neither meant to give away something for nothing, or more for less. Both meant to be economic according to their best conception of economy.

Now, whenever and under whatever pretense, a parliament, congress, or legislature legislates with a view to promote the better financial condition and social welfare of the people generally, as distinguished from the mere cold *laissez faire* policy of maintaining its own existence as a fiscal agent and letting social welfare shift for itself, it legislates with protective motives and on a protective theory. The adaptation of the means to the end may err, but the end, spirit, aim, and motive are "to protect." When Irish farmers ask protection to corn, the British government

demand for the labor of that shoemaker if we had permitted him to come.

In short, we have lessened the demand for shoemaking labor in exact proportion as we have cut off the supply of shoemakers.

Every pretended argument for the free importation of competing goods, which we have the natural but not yet the artificial facilities for producing in a supply adequate to our demand, proves to be a bubble that needs only to be launched in air in order to burst. Its solidity is suds. There are many other reasons why I am a protectionist, but I have exceeded my space.

may say; “We are only a fiscal agent; we protect nobody.” But when British manufacturers ask protection to trade, no British government dare make the same reply. I claim the benefit of the motive and intent, in all these cases, as being a sanction and vindication of the underlying principle of « protection to national industry;” however stoutly in a particular case I may repudiate the means used as being wasteful or wicked or blundering.

The effort of Jefferson Davis and his colleagues to found a slave confederacy was made in obedience to this universal and irresistible impulse toward protection to national industry, notwithstanding he and they embodied in their confederate constitution a provision that they would never protect any domestic industry by a duty on imports.

The whole motive for their effort was to protect a special form of the organization of labor without wages, known as slave-breeding and man-owning — together with the desired exportation of cotton, tobacco, and rice, which were the products of slave labor, and the importation of their proceeds free of duty. These being the national industries of the South, the great rebellion was the scheme resorted to to protect them.

So when England employs 160,000 white troops and 400,000 black troops in holding India where her British manufacturers can monopolize the profits of spinning and weaving the cotton and woolen and fashioning the wooden and iron goods worn and used by 225,000,000 of people, instead of allowing them to make their own, and when all this military force is supplied with its directing “will” by English manufacturers like Cobden and Bright, who aim simply, not to effect any good to the Hindoos, but to protect the manufacturers and export trade of a dozen British towns, viz., Manchester, Liverpool, Birmingham, Leeds, Sheffield, London, and the like, this is not free trade in any ethical, abstract, or economic aspect, but it is military protection to British export trade in domestic manufactures, accomplished through the murder of all ethical, abstract, and economic free trade in India.

In truth, therefore, there is nothing but protection going on in the actual world, according to the intent of legislators and rulers. What is called free trade is an attempt to protect by a subterfuge, something like conquest (in China and Japan), subjugation (India), man-owning (the South), or wilful depopulation (Ireland), which is too odious to be advocated under its true name and must therefore be smuggled into legislation, and into history, by false pretenses, and under false names. Those who may think this language excessive, will find the facts which fully justify it stated with accuracy in my "Principles of Economic Philosophy." He must needs seek them there or in Carey's works, as he will find no part of the actual facts of the condition of Ireland, Turkey, India, China, or Japan detailed in any free trade work whatever. Free traders can make no use whatever of the history of these nations, and no fair use of any history at all.

2. My attention was first directed to economic topics by my observations of the temporary "inflation" of 1851-53 and the speedily ensuing, long, and ever deepening collapse of 1854-60 — seven years of depression throughout America, ending in civil war. That was the period when, in an economic sense, we were "shooting Niagara." In 1851-53, two years, upward of six hundred new banks were formed in the United States, owing to the great demand for "paper money" due to the vast quantity of three, six, nine, twelve, and eighteen months' notes which were seeking conversion into cash. Six hundred new banks in two years, all authorized and aiming to issue all the paper money they can put out, and under no limit in any one state that could not be easily evaded in another, were at work "inflating." Hence prices rose and speculation boomed, in those two years.

The chief causes tending toward this inflation were the influx of gold from California and Australia, the low duties on foreign manufactures which encouraged vast importations compared with our limited capacity to pay for them, the various facts in Europe, such as the recent Irish famine, revolutions of '48 and Crimean

the capital that employs him. Hence the wage fund and the profit fund are one fund, viz., the joint earnings, an unfair or unequal division of which may, by some spasmodic exercise of power, be temporarily effected, but cannot be continuously maintained. If protection promotes profits it cannot avoid, in an equal degree promoting wages, since profits are the economic cause of the payment of wages. Whatever promotes the cause promotes the effect. This is the abstract or deductive argument.

Now, test it by the practical route. Suppose a shoemaker to be the party who demands that immigration generally shall be stopped, in order that there may be less competition, and, therefore, higher wages among shoemakers. Suppose his request be granted. Will he gain? Not so.

An analysis of the immigrants for 1886 and 1887 according to occupation shows that 1 in 231 were shoemakers before coming, while a like analysis of occupation of our people by the census shows that there is only 1 shoemaker in 440 persons, and hence that presumptively only one in two immigrant shoemakers continue to be shoemakers, or else that a sufficiently smaller number of natives become shoemakers than the ratio requires, so that the effect is the same on the competition among shoemakers as it would be if one of every two shoemaking immigrants went out of the business on coming into the country.

This is because our larger use of machinery in shoemaking than prevails in other countries renders a smaller ratio of shoemakers to population adequate to the supply.

The American ratio being 1 shoemaker to 440 population, and the imported labor distributing itself according to the demand for labor here, irrespective of the immigrant's previous occupation, it follows that in stopping all immigration, in order to raise shoemakers' wages, we would stop the incoming into the country of 1 shoemaker and 439 customers of that shoemaker, no one of whom would himself make shoes, but all of whom would constitute the

3. Every pretext brought forward in behalf of the free importation of competing foreign goods, which we have the natural facilities to manufacture, is a fallacy. Most of them are extremely tame, and, in fact, unlikely to impose upon any but the importers, the editors of journals sustained by importers' advertisements, and the limited circle of sophists in colleges and in politics who earn an easy notoriety by arraying themselves against their country's industries, while but for this opportunity they would remain unknown.

Again and again, with a stolid dullness that deserves a club over the scone rather than a verbal answer, these fellows reiterate that "the protectionists forget that to import a foreign product (in lieu of buying a domestic product of like kind and quality) furnishes a market for the domestic product which is sent abroad in exchange for it."

Protectionists reply, with infinite patience, that, in consuming the domestic product in lieu of the foreign of like quality and kind, we consume both the product in question and that which pays for it, and we thereby employ two sets of laborers instead of one and two capitals in lieu of one, viz., the laborers which produce the commodity which we elect to obtain at home instead of abroad, and the laborers which produce the commodity which pays for it, and the capital also which produces each and both commodities, instead of merely that which produces one only.

Another fallacy frequently resorted to is to assert that protective duties protect only the employer or manufacturer, and that to protect wage workers there should be a duty on the importation of competing wage workers.

Wages are dependent on profits, in the sense that no employer will continuously pay wages unless he can make a profit by doing so; and also in the closer sense that in all profitable and continuous industries the aggregate wages paid take about half the aggregate gross returns earned, deducting the cost of raw materials. Each wage worker, in effect, works on shares, as a partner with

war of '51-53, which caused a special demand for our breadstuffs, and the new era of railroad building in the United States which was rapidly extending the area of cultivation and our capacity for exporting food. Some of these circumstances were healthy and all of them were deceptive.

The influx of gold was deceptive because it all went straight to Europe. None of it remained, to redeem the paper money its first seeming abundance had aided to issue. The low duties on railroad iron were deceptive, because while they seemed to be building up American railroads it was found that our American roads when built were all British. The cheap cotton goods were all deceptive, for they discharged from employment the very girls who wore them. The Irish famine was deceptive, for it always deceives to imagine that those who cannot produce their own food can pay for it when produced by others. The only demand a famine makes for food is for that which can be given away. Even the era of railroad building, though it opened up new lands to a more swift denudation of their forests and fertility, was illusive, since it exported both the crops and the road earnings, thus making a net outflow of capital far larger than the inflow.

In 1856 a general financial crisis was brought on in England by the total bankruptcy of Americans on their debt to Europe. This crisis reacted on the American banks and produced the bank crisis of 1857 here. The wages crisis, however, had rolled over the country three years earlier, in the summer of 1854. In that summer and fall many thousands of residences and blocks stopped in course of erection, in New York, Boston and Philadelphia, because their owners, though possessed of ample wealth and abundant collaterals, could nowhere borrow a dollar with which to pay wages.

The paper money which the six hundred new banks of two years before had been formed expressly to issue, had in some mysterious way disappeared as peremptorily as the exported treasure horde from California. Throughout the Fall of 1854 processions of the unemployed, 12,000 to 25,000 strong, marched from Eighth

street down Broadway, and appeared before the City Hall angry and threatening. Meetings were held in the Park denouncing as traitors all who dared export that very food whose exportation it had been said would perpetually pay for our manufactures. I was a student at law in the office of Robert J. Dillon, the counsel to the corporation, and from the windows of 51 Chambers street I observed not only these processions, but the proximate riots between the old city police and the then new metropolitan police, under which was the bread question. On the last day of December, 1854, soup houses were opened in every ward of New York and Brooklyn, and early in January or February the City of New York, which had long been paying its judges' and policemen's salaries with irredeemable certificates of debt, openly confessed that it had not a dollar left with which to pay interest on its loans. As an idle sarcasm its common council voted \$10,000 from its empty till for the relief of the emptier poor.

The effect upon the morals of the country was epidemic. Almost every man in default became a criminal, or was suspected of being one, and all were in default. The streets at night were so thronged with girls soliciting the wages of perdition that one would have thought a life of shame had absolutely no terrors, nor could escape from it be certainly found either in the religious faith or tender nurture, the gentle blood or better breeding of the woman.

These facts made me a student of economic science, not through books professedly treating of economic topics, for the more deeply interested I became in the remarkable era I was passing through, the more uninteresting did any book then written become. In 1854 I delivered to several audiences a lecture on "The Causes of the Present Hard Times." I perceived then that it was our importations that had at once stripped us of our coin, destroyed our paper money, put out our furnace fires, emptied our factories, debauched public and private morals, and ruined our industries. The primal and only legislative cause was the repeal of the protective tariff of 1846. I then became satisfied that all moral causes of social welfare

are but the secondary and reflex effects of economic causes. Henry C. Carey was then writing the economic leaders in the New York "Tribune." Horace Greeley was making a tour of Ohio to find out why, in that great grain State, starvation was impending. The Governors of South Carolina and of Mississippi, the states whose representatives had been foremost in repealing protection to American industry in 1833 and 1846, issued proclamations declaring that the distress among their people, the actual presence of starvation and famine, exceeded anything witnessed in any former period. This, too, from the states whose senators had said in debate on the repeal of this very protective system: "You of the North may be dependent for prosperity on money; we of the South have our labor so organized that no financial crisis can reach us."

Even at this time there were those who thought the reason of the prodigious suffering was that we had not yet got the tariff low enough.

The "Evening Post" attributed the extinguishment of the manufacture of broadcloth and the almost utter extinction of all forms of the woolen manufacture to the duties on wool. "Only give us free wool," urged Bryant, Godwin, and Bigelow; "give us free wool and we will turn out broadcloth which France will envy."

So in 1857 the duties were made lower. All the fools in America were brayed together in a mortar, but their folly did not depart from them. The people who were starving under free trade begged for more free trade. They sought it in the Confederate rebellion. All this was an object lesson of a very vivid kind. The year 1859 found the United States importing wheat in large quantities from Great Britain. Had not the war of the rebellion come blundering on to rescue the nation from the consequences of its disastrous stupor, and to compel the restoration of a policy protective of civilization, instead of merely protective of man-owning, we might in a few years have imported even our oats, peas, beans, and barley from Great Britain.