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SPEECHES,
ADDRESSES AND LETTERS
ON
INDUSTRIAL AND FINANCIAL QUESTIONS.

TO WHICH IS ADDED

AN INTRODUCTION, TOGETHER WITH COPIOUS NOTES AND AN INDEX.



BY

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TO
THE GREAT MASTER OF ECONOMIC SCIENCE,
THE PROFOUND THINKER,
AND THE
CAREFUL OBSERVER OF SOCIAL PHENOMENA,
MY
VENERABLE FRIEND AND TEACHER,
HENRY C. CAREY,
THIS VOLUME IS WITH GRATEFUL AFFECTION
INSCRIBED BY THE
AUTHOR

PHILADA., Nov. 1, 1871.

INTRODUCTION.

IN offering this volume to the public it is proper to state that I make no pretension to a critical knowledge of literature or rhetoric, and that, when preparing the papers it contains, I did not suppose they would ever be collected for republication. They are expressions of opinion called forth by occasions; and, as the reader will observe, not unfrequently in the excitement of current debate in the National House of Representatives, or in response to invitations to address popular assemblies under circumstances that precluded the possibility of reducing them to writing in advance of their delivery. It is proper also to say that I am not wholly responsible for their publication in book form, inasmuch as they have been collected and annotated in deference to the judgment and wishes of citizens of different sections of the country, who, though strangers to each other and engaged in pursuits involving apparently conflicting interests, agreed in persuading me that by this labor I might render a service to those of my countrymen who are engaged in farming or who depend on their labor for the means of supporting their children while giving them that measure of education without which no American citizen should be permitted to attain maturity.

While I regret some expressions in the colloquial portions of the Congressional speeches, and would have omitted them could it have been done without impairing the argument, I find no reason to question the soundness of my positions. The theory that labor—the productive exercise of the skill and muscular power of men who are responsible for the faithful and intelligent performance of civic and other duties—is merely a raw material, and that that nation which pays least for it is wisest and best governed, is inadmissible in a democracy; and when we shall determine to starve the bodies and minds of our operatives in order that we may successfully compete in common markets with the productions of the under-paid and poorly-fed peasants of Europe and the paupers of England, we shall assail the foundations of a govern-

ment which rests upon the intelligence and integrity of its people. To defend our country against this result, is the office of a protective tariff, and for this duty it alone is sufficient.

This was not always my belief. My youthful judgment was captivated by the plausible but sophistical generalities by which cosmopolitanism or free trade is advocated, and my faith in them remained unshaken till events involving the prostration of our domestic industry, and the credit not only of cities and States, but of the nation, demonstrated the insufficiency or falsity of my long and dearly cherished theories. In 1847, I had seen with gratification the protective tariff of 1842 succeeded by the revenue or free trade tariff of 1846. To promote this change, I had labored not only with zeal and industry, but with undoubting faith that experience would prove its beneficence. A number of remarkable circumstances conspired to promote the success of the experiment. The potato rot was creating an unprecedented foreign demand for our breadstuffs. It was then ravaging the fields of England and the continent, having already devastated the fields, and more than decimated the people of Ireland, who, to escape starvation, were fleeing *en masse* to this country. The gold fields of Australia and California had just been discovered, and promised, by increasing the circulating medium of the world, and concentrating many thousands of emigrants, who would engage in mining, in countries without agriculture or manufactures, to create great markets for our productions of every kind, thus increasing our trade and quickening every department of industry. Beyond all this, however, and, as I afterwards came to understand, as a result of the condemned protective tariff, in conjunction with recent improvements in our naval architecture, our commercial marine was growing rapidly, our ship builders were prosperous, and our ship owners were receiving as compensation for extra speed a shilling a chest in advance of English freights for carrying tea from Hong Kong or Canton to London. Each of these circumstances was a good augury for the success of a tariff for revenue only. Going into effect under such favorable conditions, it must, I believed, procure for our farmers cheap foreign fabrics and wares, and secure a constantly increasing market for the productions of their farms; and by enlarging our share in the carrying trade of the world compel the rapid construction of ships and steamers, whose employment would increase our receipts of coin and immigrants. Trade being so nearly free, we must in a few years see the ships of all nations coming to New York for assorted cargoes, and our commercial metropolis would then become the financial centre of the world, in which international balances would

be settled. That these were but a small part of the great results my theories promised will appear to any one who will refer to the annual reports of the then Secretary of the Treasury, Robert J. Walker, who was not more sanguine than I, and whose statements of the general prosperity that would flow from a revenue tariff were as positive and rose-tinted as those with which Messrs. Atkinson and Wells now beguile their followers.

Were we early revenue reformers worshippers at false shrines, or did the sequel approve our faith? History answers these questions with emphasis. It needed but a decade to demonstrate the folly of attempting to create a market for our increasing agricultural productions, and to develop our mining and manufacturing resources by the application of the beautiful abstractions disseminated by Free Trade Leagues. It was just ten years after the substitution of the revenue tariff of 1846 for the protective tariff of 1842, that the general bankruptcy of the American people was announced by the almost simultaneous failure of the Ohio Life and Trust Company, and the Bank of Pennsylvania, and the suspension of specie payments by almost every bank in the country. In that brief period, our steamers had been supplanted by foreign lines, and our clipper ships driven from the sea, or restricted to carrying between our Atlantic and Pacific ports. At the close of that brief term, the ship-yards of Maine were almost as idle as they are now when railroads traverse the country in all directions and compete with ships in carrying even such bulky commodities as sugar, cotton, and leaf tobacco;* and while the families of thousands of unemployed workmen in our great cities were in want of food, Illinois farmers found in corn, for which there was no market, the cheapest fuel they could obtain, though their fields were underlaid by an inexhaustible deposit of coal that is almost co-extensive with the State. Capital invested in factories, furnaces, forges, rolling mills and machinery was idle and unproductive, and there was but a limited home market for cotton or wool. Taking advantage of this condition of affairs, foreign dealers put their prices down sufficiently to bankrupt the cotton States, to induce many of our farmers to give up sheep raising, and to constrain many thousand immigrants who could not find employment to return to their native countries. 1847 had been a good year for farmers, mechanics, miners and merchants; but 1857 was a good year for sheriffs,

* See figures from the report of Mr. Nimmo, Chief of Tonnage Division, in note, page 431.

constables and marshals, though few were purchasers at their sales except mortgagees, judgment creditors, and capitalists who were able to pay cash at nominal prices for unproductive establishments, and hold them till happier circumstances should restore their value.

Not one of the glowing predictions of Political Economy had been fulfilled, and the surprise with which I contemplated the contrast presented by the condition of the country with what it had been at the close of the last period of protection, amounted to amazement. Nor did my cherished theories enable me to ascertain the cause of the sudden and general paralysis, or suggest a remedy for it. Yet I could not abandon them, for, as their ablest recent American champion, Mr. Edward Atkinson, of Boston, in his article in the *Atlantic Monthly* for October, says of the details of the Revenue Reform budget, they were "simple, sensible, and right." Was not each one a truism that might be expressed as a maxim—an indisputable proposition—the mere statement of which established its verity? To prove that they were not responsible for the prostration of our industries, the want of a market for our breadstuffs, and the widespread bankruptcy that prevailed, required the enunciation of but one of them: CUSTOMS DUTIES ARE TAXES.* No one can dispute this proposition, for the people pay them, and the Government collects them, and not only may but should raise its entire revenue through them. Surely nobody could have the temerity to assert that an industrious and prosperous people could be reduced to idleness and bankruptcy by the repeal or reduction of taxes, and thus charge this national disaster to free trade and the *doctrinaires* who had kindly taught us Political Economy, and induced us to abandon the protective system. The case was clear. Yet, strange to say, perfect as the demonstration seemed to be, I was forced by the condition of the country to doubt and ask myself whether, in some occult way, the reduction of the rate of duties might not have had something to do with producing it. The results promised by the teachers of my cherished science, and those attained by experiment, were irreconcilable, and I was constrained to ask myself whether it might not be possible that Political Economy was not an exact—an absolute—science, the laws of which were equally applicable to all nations, without regard to the conditions and requirements of the people, or the extent, variety or degree of the development of their resources? It was easier to harbor this doubt than to believe the alternative, which was, that the Almighty had not put

* See Dr. Bushnell, in note, pages 317, 318.

production, commerce and trade in the United States under the government of universal and immutable laws, but had left them to the control of chance. This conclusion being inadmissible, there was nothing left but to waive the further consideration of the subject, or to withdraw my theories from the dazzling light of abstract reason, and examine them under the shade of present experience.

It is a cardinal maxim among the adherents of free trade that TWO MARKETS IN WHICH TO BUY AND SELL ARE BETTER THAN ONE, and I could not dispute it; but when in the progress of my re-examination, I announced it to an intelligent protectionist as indisputable, he admitted that it was so. "But," said he, "where is the evidence that free trade is the road to two markets for the United States?" In endeavoring to answer this question satisfactorily to myself it became apparent that I had evaded the real point at issue. Both parties to the controversy agree that two markets are better than one. But the protectionists say, "Do not risk the loss or diminution of the home market afforded by our people when fully employed and well paid, by attempting to secure another, in a direction where success will be, to say the least, exceedingly doubtful;" the free traders saying, "Court foreign trade by all means, and as you are sure of the home market, you will thus secure two." Which are right? To determine this, we must ascertain whether trade between nations is reciprocal or nearly so.* To settle this question, I made a thorough and searching appeal to the trade statistics of our own and other countries, and ascertained that the amount of our productions consumed by the manufacturing nations of Europe has in no degree, in any year, depended upon the amount of their productions consumed by us; but on the contrary, that they never took an equal amount, and frequently, when we were taking most from them, took least of everything but cotton, which they could not obtain elsewhere, from us. Thus it had often occurred that when our store-houses were being gorged with productions of the underpaid workmen of England, she, taking gold and silver from us, had gone to Prussia, Germany, Austria, Turkey, and France, who bough but little from her, and the chief diet of whose laboring people consisted of rye bread, potatoes and garlic, for her breadstuffs. This examination further showed that the amount of breadstuffs England will ever take from us is measured by the slight deficiency she may expect to experience after having exhausted the markets of those lower priced

* See extract from Kirk's Social Politics, in note, page 186.