

## HOME MARKET FALLACY

### HOW IT FAILS TO PAN OUT FOR THE FARMER.

A Specimen Humbug with Which Protection Baffles the Farmer and Obtains Goods Under False Pretenses—The Theory Briefly Stated.

Here, let us say, is a farmer located on a bit of land a hundred miles away from the nearest city. That city is his market. There are farmers all about him; he cannot sell to them either his staple products or the occasional surplus of fruit or garden stuff which unusually good seasons may bring upon his hands. He must carry everything to the city. The cost of transportation is so much taken from his profits.

Here steps in the protectionist. There is in this region, say, a stream capable of abundant water power. "Let us put up a woolen mill here," the protectionist urges; "let us agree to pay something more than we pay now for woolen stuffs, and so make it an object for some one to come here and start a manufactory. Hundreds of hands will be employed; the railway will be put through. We will build up a town right in the midst of our farms, and have a market at our very doors. Good prices then for everything." It is done. The mill is built; the railway is laid; the town grows up. And the farmer—what of him? Strange to say, we presently find him getting poorer!

Where is the mistake? It is just here—in the agreement to "pay something more than we pay now" for manufactured goods. In the protectionist's theory that "something more" is put away in a quiet corner; in the actual practice it comes out and plays the mischief. If the farmers of this locality want a woolen mill, those in that locality want a cotton mill, and those in the next county an iron furnace, and so on. The result is that the farmers everywhere pay "something more" for everything they buy.

But this is not all. The promise for higher prices for wheat in the "Home Market" calls for scrutiny. The appeal, sifted down, comes to this: "Pension a number of corn consumers to come and buy of you. Subsidize an army of artisans to settle at the farm gate. Pay them for making goods at a loss, and out of their profits they will purchase your abundance."

This, however, is not the worst. It is but fair to admit that though the protectionist logic was always at fault and the farmer never helped by "protection," yet that, in fact, the farmer did use to have the "home market" for which he bargained—purity as might be the whistle for which he had paid so dear. But nowadays there is no such thing as a "home market" for any considerable portion of his produce. The farmer in the Genesee Valley, New York, not merely sees the train run past him to Rochester, laden with flour rolled in Minneapolis from Dakota wheat, but uses the same flour in his own household, and his village butcher sells fresh meat from beeves killed at Kansas City. No manufacturing town dreams nowadays of looking to the locality about it for any supplies, except only the cheapest part of its "garden truck." The labor markets of the world are open to the American manufacturer, who thus has free trade in the one thing he buys most of—labor. He lives in a land where transport facilities are so developed that he need not depend upon the locality about him—and he does not—in a country whose surplus of food products is so great that their first price-fixing markets are found at Liverpool, a free-trade city; and so he gets them, too, at free-trade rates. The American farmer has sold his birthright and has lost his pat-tage to boot.

The home market theory may be briefly stated as follows: If you farmers will only give us manufacturers enough money to enable us to go into business, and will consent to pay prices high enough to make it possible for us to continue business at extraordinary profits, we will agree to buy our supplies—what we must have from some source—from you at low and steadily diminishing prices—if we can't get them cheaper elsewhere.

That is all there is to it. What the American farmer most needs is a "home market" in which he can purchase his supplies as cheaply as his competitors purchase theirs; and if he cannot secure this, then he should have the poor privilege of making his purchases where he is compelled to make his sales, and be permitted to bring his goods home, without being compelled to pay unreasonable taxes and fines for carrying on legitimate business.

#### The Next Struggle.

The new tariff bill will soon become a law, and then will come the process of finding out in the courts just what it means. It is one of the beauties of protective tariffs that they cannot be so constructed as to shut off all doubt as to their meaning, and in this way there is always a long process of litigation to find out just what the law is.

Thus the McKinley bill, which is now about to go into operation, may be torn to pieces by the courts within a few years that McKinley himself will not be able to recognize it. Horace Greeley, the great protectionist, said once:

"The longer a tariff continues the more weak spots are found, the more holes are picked in it, until at last, through the influence of successive evasions, constructions, decisions, its very father would not discern its original features in the transformed bantling that has quietly taken its place."

An interesting case of this kind has been seen since the present administration came into power. The present tariff, which was made in 1883, divides cloths made of wool into the two classes commonly recognized in the dry-goods trade. These classes are woolens and worsteds, the latter being made of wool, but differing from woolens in the manner of manufacture. In the law of 1883 these worsteds bore a lower rate of duty than woolens.

But the manufacturers of woolens were not satisfied and went before the present Treasury authorities last year and got a decision that worsteds were woolens and that the same duties should be collected on them as on woolens, notwithstanding the fact that it stood plainly written in the law that worsteds should pay the lower duty.

On this point the importers made a fight in the United States courts, and after a long trial they won their case, and the Government had to refund all the extra duties collected in the meantime, amounting to some \$6,000,000.

In this instance the attempt was made by the Treasury Department to revise the tariff laws in the interest of the manufacturers; but, as it turned out, the courts overruled the Treasury decision

and forced the law to be applied as it was plainly intended.

Now will come the struggle over the McKinley bill; for it may be assumed that all persons benefited by it who see a way of securing a still greater benefit out of it are going to fight for every inch of advantage in the courts.

#### TARIFF LETTERS TO FARMER BROWN.

NO. 2.

##### The Nature of a Protective Tariff.

Dear Farmer Brown:

There are farmers all about him; he cannot sell to them either his staple products or the occasional surplus of fruit or garden stuff which unusually good seasons may bring upon his hands. He must carry everything to the city.

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from him. I can be addressed at 21 Franklin street, Chicago. Farmer Brown and I are not a close corporation, are we? Yours truly, RICHARD KNOX.

#### A Rush for Money.

An event has just happened in New York which throws a flood of light on the stale protectionist cry that it is the foreigner who pays the tariff tax. When the Senate passed the McKinley bill it added a proviso that the law should go into effect on October 1, and that the imported goods brought into the country before August 1 and placed under bond in the Government warehouses should be subject to the McKinley duties, unless the duties are paid and the goods removed from bond by November 1.

Under the present law a merchant is allowed to import goods and leave them in the Government warehouse one year, by placing himself under bond to pay the legal duty when the goods are removed. The effect of this is to allow the merchant to order large shipments of goods, and then place them upon the market gradually as he may wish, distributing the payment of the duties in this way even a longer time, much to his relief.

Now, however, that the Senate has said that all goods brought into the country before Aug. 1 must pay McKinley duties if these goods are not removed from bond before November, fears of a panic have been felt in New York. Why? Because merchants have been hurrying into the country during the summer enormous quantities of foreign goods in order to escape the new McKinley duties. They did so under the belief that they would have several months in which to pay the duties and place these goods into their stores.

Under these circumstances the action of the Senate, as just described, fell like a bombshell among New York merchants. As soon as it was known that they were to have so short a time in which to pay these duties there was a hurrying and scurrying among the merchants to borrow money to pay the present duties and remove their goods rather than leave them in the warehouse to pay the higher McKinley duties. They did so under the belief that they would have several months in which to pay the duties and place these goods into their stores.

I have just said that protectionists admit the claim here made, but there is such a mass of doubled and twisted contradictions in the talk of protectionists—

in the most eminent ones that I shall have to qualify my language. I should say that many protectionists admit that duties raise prices, but often times you will find the same man protesting quite the contrary. Others will argue by the hour in favor of protection, with the one thought running through every sentence that protection raises prices; but they will avoid saying this in many words, and if you ask them whether protection raises prices, they are quick to protest that it does not.

I connection with this subject I wish to call your attention to one fact which I think quite significant as showing the real opinions of the protectionists.

Have you ever observed that they have a habit of crying down cheap prices as a thing to be resisted? Do you not remember that when President Harrison was a candidate for his present high office he said in one of his speeches that a cheap coat usually covers a cheap man?

Mr. McKinley, too, defends his high tariff by saying that "where merchandise is cheapest men are poorest," and again, speaking for himself and his political associates, he says: "We want no return to cheap times in our own country." All this talk means, of course, that a tariff is a good thing because it makes goods dearer.

Now, I am confident that you and all your neighbors have your opinion of such talk. Neither you nor I have ever seen the day when we did not have to practice the most rigid economy in all our buying; and if at any time we bought anything of superior quality, we did so only because we thought it would have a serious effect. This good Republican merchant evidently takes no stock in McKinley's foolish talk about the foreigner paying the duty.

What poppycock these protectionist "statesmen" are talking nowadays, anyway!

#### Scotched the Snake—Not Killed Him.

It was supposed that the recent action of the Senate with reference to the duty on binding-twine would take the sting out of the binding-twine trust, but it now appears that that opinion was too hasty.

This fact has been pointed out in the following terms by a member of the firm of James F. White & Co., linen merchants of New York:

"Another evidence of the underlying current of trickiness that has marked the entire arrangements of the schedules is to be found in the manipulation of the binder-twine clause. It is the general opinion that all binding-twine is placed on the free list, but a careful examination will disclose the fact that the word jute has been omitted, and that it is only twine manufactured from manila or sisal grass that is on the free list, and that, as a consequence of the omission, binding-twine manufactured from jute (which is more largely used than any other) is still subject to the duty on jute goods not otherwise provided for in the bill—40 per cent.—which protects the jute trust."

It is more likely, however, that binding-twine made of jute will fall under section 250 of the bill, which reads in part: "Cables, cordage and twine, except binding twine, composed wholly of manila or sisal grass, one and one-half cents per pound." When you except binding twine composed wholly of manila or sisal grass, you leave only one kind, and that is jute twine; and this, according to the provision just quoted, must pay a duty of one and one-half cents per pound, which is equal to \$0 per ton of 2,000 pounds.

From these facts it appears that the farmers have not yet escaped the clutches of the binding twine trust, unless an amendment is still put into the bill making jute twine free also.

It is a noteworthy fact, all the same, that fifteen Republican Senators from the Northwest could be found to vote with the Democrats to put any kind of binding-twine on the free list for the purpose of squelching the trust. In voting thus they endorse the Democratic position that trusts are encouraged by the tariff, and that the greatest blow you can strike at a tariff trust is to put the competing product on the free list.

Let jute twine go on the free list now, and the snake is not only scotched but killed.

The trusts continue to multiply. Now it is a window-glass trust. McKinley's day is the heyday of trusts. Of course the window-glass manufacturers deny the existence of a trust; but they say that "undue competition must be done away with."

Only a trust of another color.

If protection is to give a benefit to anybody, where is the benefit to come from? Who creates it? The Government does not create anything, and neither does protection. Is it not clear that the consumer is the man who gets it?

We come back, then, to the bed-rock principle that protection can protect only by raising prices. There is absolutely no other way. When that is said, however, a further question is at once suggested: How much does it raise them?

As this letter, however, has already extended to too great length, I shall reserve that question for my next.

PROPERTY to the value of \$123,000,000 was consumed by fire in the United States during 1889, an increase of \$12,000,000 over the preceding year.

## IN THE HOOSIER STATE.

#### ITEMS GATHERED FROM VARIOUS SOURCES.

Light Punishment for a Terrible Crime—Patents to Indiana Inventors—Railroad Accidents—Weddings—Deaths—Criminal Record, Etc.

#### Miser Who Had Forgotten His Savings.

Just over the county line of Shelby County, on Flat Rock River, lives William Brown, an eccentric old farmer. Last spring Mrs. Brown died, leaving the old man and the youngest child, a daughter, at home. A few days ago he applied to the Court to have a guardian appointed for him.

The guardian immediately entered upon the discharge of his duties. The old man turned over about forty thousand dollars of his savings, and told the guardian that he had been in the habit of hiding his money, and the places from which he dragged the large sums of money indicated that he had yet some knowledge of his own eccentricity. The guardian thereupon instituted search for more hidden wealth. Climbing through a scuttle-hole into the garret, he found an old coffee-pot full of gold and silver of the early series of the country, amounting to \$1,500, and in a nail-keg sitting in one corner was \$300, and in an old rag-poke in another part of the house was \$60. The money had evidently been hidden for many years, and the old man had entirely forgotten that he had ever had it. He has two children to inherit his fortune at his demise. One is the wife of Marion Covert, who resides in Kansas, and is himself very wealthy. The other is a single daughter, who resides with the old man.

#### Minor State Items.

NATHANIEL E. BLOCK, of New Castle, is dead.

The Columbus street-car line is in operation.

Several cases of malignant diphtheria have appeared at Goshen.

Fort Wayne capitalists propose to erect a \$200,000 ice factory in that city.

Burglars got \$50 from the safe in Frank Smith's livery stable at Columbus.

MARTIN O'DAY killed Tim Duffy at Indianapolis by striking him with a stone.

ROMEO MERTZ got his arm caught and badly mangled in machinery at Mulberry.

JOHN C. KLINE, of English, unearthed a number of old Spanish coins in his yard.

THE Steuben County grand jury has returned seventeen indictments for gambling.

THE postoffice at North Union, Montgomery County, will be discontinued after October 1.

REV. J. P. ENGSTROM, of Waveland, has accepted a call from the Lebanon Presbyterian Church.

DAUGHTER of John Holloway fell from a second story window at New Albany and was killed.

MRS. JOHN MORRISON, who lived a mile south of Crawfordsville, dropped dead while washing clothes.