The Topsy-Turvy Tariff Tangle

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HAD WILLIAM McKINLEY been a visitor at the 84th Congress of the United States in 1955, and listened to the arguments for and against protective tariffs, he would have felt right at home. Sixty years ago, McKinley was a leading proponent of high protective tariffs. He had served as a congressman for nearly 20 years before he was elected President in 1896. The high tariff bill of 1890 bore his name.

In the campaign of 1896, McKinley had hoped to make his high tariff plank the main issue. However, William Jennings Bryan, with his "free silver" and "cross of gold" approach, forced the issue elsewhere.

McKinley's stock in trade in advocating high tariffs was the "infant industry" argument and still today, he would find the pleaders for the "infants" as voluble as they were in his time. But something new has been added — not really new — but of considerably more importance now to the arguments for high tariffs. That is the "national defense" argument, and it has assumed colossal proportions in the debates.

More perplexing to McKinley would have been an analysis of who, among the tariff debaters in the 84th Congress, were advocating what. In his day you could count on the South to be for free trade. Hadn't the late war been fought over that issue? New England and the industrial areas could be counted on to defend protectionism.

THE POLITICAL PARTIES of the "gay nineties" were clearly split on the question. The Republicans were for high tariffs and the Democrats for free trade. But now, McKinley would find prominent southern politicians lining up against free trade. Could it be because New England textiles and other industries have moved into the South?

Time was when farmers could be counted as free traders. A large part of their production was exported. Also, they were interested in buying what manufactured goods they needed as cheaply as possible. But now, with huge stocks built up by government loans and purchases at prices above world markets, free trade has lost some of its appeal to the agricultural interests.

Where once you might assume the protectionists were by and large Republicans and the freetraders were Democrats, now one must look further. The party label means little except as a particular vote may be along party lines.

WHILE THE tariff issue is being debated much as it was sixty years ago, it wouldn't take McKinley long to discover that this really isn't the major issue at all in a discussion of international trade. Many new devices have been invented to restrict trade. Then, trade was carried on chiefly between individuals in the various countries. Now, much of the trading is done by governments. Now, governments manipulate trade with give-away schemes, exchange controls, quotas, import and export licenses, subsidies, most-favored-nation agreements, and other restrictive measures.

It does seem a bit futile to argue over tariffs when these other measures are the controlling factors. However, if the effects of tariffs were clearly understood, a better understanding of the various other trade restrictions might evolve because the same basic fallacies seem to underlie them all.

McKinley would have discovered that human nature hadn't changed much in the sixty years. The advocates of high tariffs generally are those who think that they or their constituents will benefit by protection. The freetraders think they will benefit from low tariffs or none at all. Only rarely is a voice heard defending the principles of individual property rights and the interests of the consumer.

WHEN THE Detroit Board of Commerce made its notable statement in defense of free trade late in 1952, it was immediately charged with having a bias in favor of the automobile industry which depends in substantial part on foreign trade. Henry Ford II won considerable attention with an address, "The Free World Can't Trade on a One Way Street." However logical his arguments may have been, there were those who said: "But of course. What would you expect from a motor car manufacturer?"

The bias was by no means all on one side of the tariff issue. In October, 1953, a top executive of a large chemical company spoke on "Let's Not Import Depression." So it progressed through chemicals, watches, pottery, glass, optical instruments, cameras, textiles, gloves, and all the other industries which believe they have benefited or will benefit by protection against competition from foreign manufacturers.

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