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LABOUR AND PROTECTION

A SERIES OF STUDIES.

EDITED BY

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P R E F A C E

It is easy to persuade groups of manufacturers that Protection is to their advantage. Each group in turn hopes to come within the protected area, and though as the bounds of Protection spread, the gain to special interests lessens until it may cease altogether, this effect is not at first visible. Moreover, the manufacturer may profit even from the tax that seems to hit his industry. He raises his prices beyond the point at which the tax affects them, and leaves the retail trader and the consumer to adjust the double enhancement of cost. Protection saves him brains and enterprise. It postpones the necessity of replacing obsolete plant, and generally sets up those unwise and unhealthy economies on which the natural trading man tends to rely. But how does the workman stand to gain by Protection? "The direct object and effect

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of protective tariffs," says Henry George,¹ "is to raise the price of commodities. But men who work for wages are not sellers of commodities; they are sellers of labour. They sell labour in order that they may buy commodities. How can an increase in the price of commodities benefit them?" The advocates of Protection, indeed, are seldom drawn from the friends of labour. In modern Germany their origin is much the same as it is in England; they belong to that section of the landed and commercial classes which is most hostile to labour movements. In the United States they centre in the great Trusts, and include the directors of some of the worst-rewarded toil in America. New York, the home of Protection, is also the seat of startling misery among great masses of its workers, and of conditions of housing that have become intolerable in London.

"In the highly-protected industries of Massachusetts," says Henry George, "official reports declare that the operative cannot get a living without the work of wife and

¹ *Protection or Free Trade*, by Henry George.

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children. In the highly-protected industries of New Jersey many of the 'protected' labourers are children whose parents are driven by their necessities to find employment for them by misrepresenting their age so as to evade the State law. In the highly-protected industries of Pennsylvania, labourers, for whose sake we are told this high Protection is imposed, are working for sixty-five cents a day, and half-clad women are feeding furnace fires. 'Pluck-me stores,' company tenements, and boarding-houses, Pinkerton detectives and mercenaries, and all the forms and evidences of the oppression and degradation of labour are, throughout the country, characteristic of the protected industries."

If, therefore, the very aim of Protection be hostile to labour, the great consuming interest, and if the men who propose it are often found to be its historic enemies, and even to be conspicuously identified with the most serious forms of economic oppression, with what face do its friends commend it to the workman and his family? Let me premise that indirect taxation, on which the protective

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system is based, is, *teste* Mr Chamberlain himself, peculiarly oppressive to labour. Cobden estimated that the old Corn Laws amounted to a tax of 20 per cent. on the average earnings of an agricultural labourer in the forties. It was not a thousandth per cent. on the income of the millionaire. It was calculated that under Protection a Bolton weaver was taxed about 30 per cent. on the food of his household. Taxes on bread, meat, and dairy produce fall with the heaviest effect on the poorest, and Sir James Blyth¹ puts the levy on a farm-worker implied in the threatened or existing taxes on bread, meat, and sugar, at 10 per cent. of his earnings. In Germany Mr Dawson calculates that the food taxes reach 23 per cent. of the value of the articles taxed. Mr Chamberlain begins with a 5 per cent. scale of food taxes, but this is only a beginning, and it will be found that his 10 per cent. tax on so-called manufactured goods cuts both at food and at other popular necessities. When it is remembered that great masses of the poorest workers in Eng-

¹ Letter to the *Times*, 11th August 1903.

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land could not conceivably benefit in wages by any protective system, and that owing to inferior physique they have the smallest chance of living long enough to enjoy an old age pension, it is time to follow with the utmost suspicion the first steps backward to the cruel system of taxing food necessaries.¹

¹ Mr Chamberlain's preliminary scale of food taxes in no way affects this argument. His proposal of 2s. a quarter on corn, and a protective duty on flour, a 5 per cent. tax on meat, 5 per cent. on foreign dairy produce, and 10 per cent. on imported foreign manufactures, amount to about 16 millions of new taxes. Against this he proposes to reduce the sugar duty by one-half, and the tea duty by three-quarters, and also to reduce the duties on coffee and cocoa. But even this is only a relief to the consumer of a little over 7 millions, leaving him 9 millions to the bad. But the entire proposal is a fraud upon the nation, and especially upon the poor consumer. The whole of the sugar duty, and a third of the tea duty are war taxes, and their remission, without any counterbalancing taxation, is already an overdue debt. Moreover, Mr Chamberlain leaves out of the account the increased burden implied in the 10 per cent. tax on foreign manufactures, which, if its protective object succeeds, must increase the price of the English products that will be substituted for them. Mr Chiozza Money has shown that an increase of only 5 per cent. in the price of a few foreign "manufactures"—many of them essentially raw materials—means an added burden of 45 millions on the consumer's back, while the manufacturer is still left to bear the Colonial

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How, therefore, does Mr Chamberlain commend to the workpeople a policy which in his Radical days he singled out for such extreme reprobation that he proposed to sweep away or greatly abate the moderate breakfast-table taxes of a few years ago? By the old and false Protectionist suggestion that high prices bring high wages in their train. Does he himself believe that contention? I cannot think so. For while he proposes to tax food imports, he expressly exempts raw material on the ground that it would tend to increase the cost of production. But if the effect of food taxes is to raise wages, there is an instant addition to the cost of production, and the British manufacturer is as much hurt as if he had to pay more for his raw material. Unless, there-

competition. Mr Chamberlain suggests that this will give employment to more British workmen. But if it simply happens that the foreign manufacturer is replaced by his Colonial rival, the employment will only pass to the workmen of Sydney, or Wellington, or Toronto. If the work goes to the English manufacturer, a certain number of British workmen will be diverted from making goods in exchange for the superseded foreign imports. So long as no addition is made to the total product, no benefit accrues.

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fore, Mr Chamberlain fails to perceive the most obvious result of his proposals, he does not believe that a food tax will raise wages. On that argument theory and experience are equally conclusive against him. No addition to the share of labour in the reward of production can come from a system which reduces the total output.¹ Professor Thorold Rogers's elaborate examination of the history of prices in England led him emphatically to deny the co-existence of high prices and high wages. A volume of passionate testimony to the same effect came from the sufferers from the Corn Laws. "I can trace the prices for fifty-three years down to the present time," said a leader of the handloom weavers,² and I find that the prices of provisions had nothing to do with each other, for, in 1815 (year of the imposition of the Corn Law), when flour was 6d. a lb., wages dropped lower."

In Forfarshire, in 1841, a report was

¹ See Mr J. A. Hobson's essay, "Protection and Wages."

² Evidence of a deputation of handloom weavers before a Conference of Ministers of all Denominations on the Corn Laws, held in Manchester in August 1841.

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made to the same Conference of Ministers that wages had fallen two-thirds, while the price of bread had risen nearly one-half. In 1835, when bread temporarily went down, earnings sprang up, and, said a worker, "I and my brother workmen received better wages that year than in the last fifteen years." "When wheat was up to 70s. a quarter," said an Oldham workman who rose in the body of the hall while Cobden was speaking, "the working-man would have 25s. per quarter to pay for it more than now when it is down to 45s., and consequently would have 25s. less to lay out for clothing and other necessaries for his comfort during the time he was consuming a quarter of wheat. I have further to state that since the prices of eatables have come down, I have seen a deal more new fustian jackets in our village of Lees than I have seen for four or five years during the time of high prices." The reason is clear. Make the workman pay more for his food—and unless he pays more Mr Chamberlain's clients, the well-to-do Canadian farmers, will gain nothing—and he becomes a worse

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customer of the clothier. The clothing trade does badly, production falls off, works are closed and wages are reduced.

“Do not you think,” said Cobden, “that before a Christian legislator sits down to pass a law to raise artificially and legally the price of food sold to the labouring man, he should first of all settle by what means he would raise in proportion the price of the man’s labour?” Mr Chamberlain no more than any other Protectionist proposes to enact a law that wages shall go up with every addition to the price of the worker’s food.¹ He leaves the workers to fight that battle for themselves. It is not contended that labour in the unprotected industries—and

¹ I would point out that retaliation, equally with the policy of Colonial food preferences, involves the taxation of food and raw material. The gross amount of imported manufactured goods is much too trivial to form the basis of an effective retaliatory system. It would be impossible to engage in the policy of retaliation without dealing with the two great Protectionist countries of Russia and the United States. Manufactures only count for £170,000 out of a total Russian import of 25½ millions; and in the United States for £9,300,000 out of a total of 127 millions. 107 millions out of this total consists of food and raw material.

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in the States probably nineteen out of twenty industries are unprotected—will have any call for a higher wage. Clearly this rules out civil servants and people with fixed incomes, railway and other inland workers, and the great mass of the unskilled, “the people on the margin.” Even in the protected trades, if the workmen are able, by organised pressure, to wring from their masters a share of the swollen profits, the competition of labourers who will be attracted from other trades will speedily reduce wages to their old level. Protection brings to the worker no power to raise the standard of his living, or to guard himself from the competition that is really perilous to him. In seeking to reduce the country's imports, it in proportion lowers its power of exporting, and disturbs every trade engaged in this branch of the national business. The first sign of Protection in England would be the dismissal of dock labourers, seamen, carriers, as well as of special bodies of workers for export. The English workman has nothing to fear from the foreigner, and the fruits and stores that his own ships

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carry him from a hundred climes and nations. He has much to fear from English trades subsisting on masses of ill-paid, over-worked labour, the labour of women drawn from the home and children stolen from the school. From that peril Mr Chamberlain does not lift a finger to save him. His new Corn Law, like the old, will bring grist to the mill, not of the worker but of the landowner. Protection inflates land values, not wages, and the rally of the Dukes to Mr Chamberlain's platform attests their knowledge of this simple economic fact.

The object of the following essays is to present a simple but complete *nexus* of argument against Mr Chamberlain's Protectionist policy, from the point of view of labour. They are from the pens of economic experts and acknowledged leaders of the workmen, and they show—first that Protection is identified with a period of tragic wretchedness for our nation, and that a signal improvement has taken place under Free Trade; secondly, that a parallel to the misery inflicted by our Corn Laws exists

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in modern Germany, the European country in which the Protective system has been most thoroughly set up; and thirdly, that while the general advance has been great, no margin exists to justify the statesman in adding by one pennyweight to the fiscal burdens of the people. The truth about the condition of the poorest of the workers, as affected by protective food taxes, is substantially as the manifesto of the labour representatives put it: "The difference between free food and taxed food is, to masses of our people, the difference between a bare sufficiency and an actual insufficiency." "The mass of mankind," said Mr Gladstone, "is composed of men, women, and children who can but just ward off hunger, cold and nakedness," and Protection, like war, breaks down the barriers that defy these dreaded enemies. Mr Rowntree shows how easily the difference between poverty and absolute starvation may be extinguished; Mr Lough exhibits the exact operation of cheap sugar in the workman's household; and Mrs Nash traces in detail the results of the thrifty marketing which goes on under co-operation,

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and the pernicious effect upon it of the application of Mr Chamberlain's scheme of Colonial preferences. Probably not even Mr Chamberlain can restore all the horrors of the Corn Law days, when, as Sir Spencer Walpole says, "throughout the length and the breadth of the kingdom there was one universal wail of misery," when in one district of Manchester 2000 families had only 1s. 2½d. per head per week, and when labourers could tell their friends that they had not tasted one bit of animal food for two years, and could not say what was its price per pound. Men then lived on gruel and potatoes, as the "protected" German worker lives on potatoes to-day. If this poorest class now fares better—the rise in the condition of the skilled worker is, of course, incomparably greater—it has by no means attained a position of safety, and those who, like Mr Rowntree, have most closely examined the narrow basis of its domestic economy, are most fearful of the results of Protection. If Mr Hobson's close demonstration of the failure of Protection to raise wages be

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correct, no man can easily measure its evils.

It is in Germany, however, that we see the baselessness of the structure of false statement and false prophecy on which Mr Chamberlain and all Protectionists build. Mr Dawson's elaborate investigations¹ are corroborated in detail by the Blue Book (Cd. 1761), that saw the light after his essay was written. Judged by every standard of hardship—prices of food, wages, housing, dietary, growth of all forms of sweated labour, and general discontent—Protection has borne the same social crop in the Germany of 1903 as it reared in the England of sixty years earlier. In the forties England was never far from revolution. The workman's life hung on the uncertain balancings of the price of wheat. Sporadic risings of half-starved industries were always occurring.

¹ As to wages, the Blue Book concludes that German earnings are about two-thirds of the English figures, and as to prices, that during the last five years the German is able to get for 100 marks as much as he could get for 112 marks twenty years earlier; but that the English workman was able to make 110s. 6d. as far as 140s. 2d. twenty years earlier.

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One person in every eleven was a pauper in 1842; a generation later the proportion of paupers had sunk to one in twenty-one; in 1902 it had fallen to one in forty-one. In Germany the same tests can be applied to an inhuman and essentially anti-social policy. The whole body of workers are in semi-constitutional revolt against the thorough-going system of political and economic oppression initiated by Prince Bismarck. In the States a not dissimilar discontent exists, softened by the fact that Protection does not touch the worker's food, and that the rate of wages in a land still rich in virgin soil, and easily producing almost the entire range of human wants, has not yet reached the European level, though tending towards it. Mr Chamberlain therefore treads a path strewn with ancient troubles and overhung by gathering storms. It is not strange that if Protection be a working - class policy, not a voice of authority in the ranks of labour upholds him.

Nor is the suggestion that Free Trade has emptied the country and filled the towns

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of any substance in this controversy. The growth of great cities is a phenomenon common to all civilised countries. It is as serious a factor in Protectionist America or Australia as in England. Under Free Trade Denmark has reared a highly organised and extremely prosperous agricultural business, just as Sweden, under Protection, has failed, comparatively, in the race for agricultural markets. The English labourer's wages have grown from 8s. to 11s. a-week in the Corn Law days to about 15s. and 22s. (*See Board of Trade Tables.*) When he has an assured hold on the soil we may expect to find the call of Lancashire and London less potent in his ears.

One word more. No change in the dominating aspect of Mr Chamberlain's proposals has been wrought by the shifting of the official line of the Protectionist advance from food preferences in favour of the Colonies to retaliation against European (and American) rivals. Retaliation implies the taxation of food, and its adoption is merely a welcome sign of the extreme perils of

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a move towards Protection in a country that cannot feed itself. Nature has not provided us with a self-supporting Empire. Neither we nor the Colonies will consent to exchange a world market for an Imperial market. Our Colonies will not stint their productive power to please the manufacturers of Manchester or Bradford; our people will not stint their food to enrich well-to-do Canadian wheat-growers. The populations of our self-governing Colonies do not rapidly increase, and even as they grow they develop peculiar demands of their own. Our own demand being especially for cheap food and cheap materials, the Fates have decreed that if we tread again the way of error that our forefathers trod, if we turn to what Mr Holyoake calls the "dead world" of Protection, we must choose the Bismarckian rather than the American method. Sooner or later we come to a gamble with the food of the people, and it is no concern of theirs whether they pay the price of Mr Chamberlain's Imperial ambitions or of Mr Balfour's shifty compromises. Whether by way of food preferences or of

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retaliation, the door opens wide, as Mr Burns's essay shows, to the corrupt use of politics by commercial interests; a use by which labour, neglected in these sordid bargainings, suffers both in moral and in material power.

H. W. MASSINGHAM.

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