

**REVIEW OF PROFESSOR
SUMNER'S SPEECH BEFORE
THE TARIFF COMMISSION**

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Review of Professor Sumner's speech before the tariff commission by George Basil Dixwell

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GEORGE BASIL DIXWELL

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TARIFF COMMISSION.

PHILADELPHIA, PA., OCT. 14, 1882.

PROF. W. G. SUMNER, of New Haven, Conn., addressed the Commission as follows:—

"I have noticed that in the discussions which have taken place before this Commission there has been a constant reiteration of some false doctrines of theoretical political economy about wages. If there is to be any theoretical political economy admitted, it is worth while to have it correct. I have therefore thought that it might be proper for me, as a professional student of political economy, to appear here and read a paper setting forth the true relations between protective taxes and wages."

Mr. Sumner assumes that, being a professor of political economy in a great institution of learning, he is competent to correct what he alleges to be a gross error in the public mind in regard to the relation between protection and wages. His reasons shall be carefully examined; but we must first ascertain how much deference we ought to pay to his opinions on the ground of his being a professor. What guarantee does that fact give of the accuracy of his doctrines? Let us see how it has been with others over whom Mr. Sumner could hardly claim superiority.

First let us take Prof. Adam Smith, the very distinguished author of the "Enquiry into the Nature and Causes of the Wealth of Nations." He was as certain as Mr. Sumner of the correctness of his opinions; indeed, he was not the least bashful about intimating that the "notions" of all statesmen and lawgivers were childish in comparison with his.

But Prof. J. R. McCulloch (equally positive) declared that Adam Smith was in error upon more than eighty points, many of them of great importance.

Mr. John Stuart Mill, also, who was so distinguished a thinker and reasoner as to be ranked perhaps almost upon an equality with the professors of political economy, declared that the work of Adam Smith was "in many parts obsolete and in all parts imperfect"! and Mr. Mill could not agree with Malthus, Chalmers, or Carey.

But Professor Cairnes dissents in very important points from Mr. Mill, although declaring himself to be a humble follower; while Professor McLeod, in a work which has had an immense success upon the Continent of Europe, maintains that Mr. Mill and all his school are in error as to the very method of studying political economy, — they declaring that it should only be studied by the deductive, he that it can yield correct results only when investigated by the inductive, method.

Professor McLeod also, in his Dictionary, falls foul of other professors upon various points, especially upon their doctrine that absenteeism is no injury to a country; and he presses his own views with such vigor and warmth as might lead a hasty reader to infer that his opponents were little better than blockheads. But it would be a very precipitate reader who would draw such a conclusion. Each of these great thinkers made inestimable contributions to political economy, notwithstanding that each contradicts others and himself as well. To examine these contradictions and ascertain wherein and to what degree each was right, is a work to which plodding conscientious mediocrity is quite competent. The critic needs not the genius and inspiration of the author, but only the diligence which brings the author to the bar of his own methods of reasoning. Mr. Mill's great works upon Logic and Political Economy will furnish the tools by which to detect the few errors into which even Mr. Mill himself may have fallen; but they will never be discovered by one who, like Professor Sumner, draws his inspiration from Bastiat, Mr. D. A. Wells, and the Cobden Club Essays, and who from inability to understand Mr. Mill's methods is quite incompetent to distinguish between the propositions which are and those which are not consistent with those methods. Professor McCulloch's paradox regarding absenteeism passed for science for thirty years without, however, making any impression upon the popular mind; but at last the

error in his reasoning was recognized, and his position abandoned by several even of the free-trade writers.

We see, then, that we cannot safely indulge our laziness in allowing a professor to think for us. He has no sources of information which are not equally open to statesmen and educated business men, all of whom have been pupils of the professors and afterwards pupils in the great school of practical life, where they often learn first to doubt and then to discard much which had been learned at college.

The professor, in fact, stands at some disadvantage. He is obliged to teach the same old propositions year after year, until they root themselves in his mind too deeply to be torn up; in short, he is very liable to fall into that condition which is described by Carlyle as being "possessed by Fixed Idea." In ordinary life he has nobody to challenge his opinions, and he must therefore be more likely than others to become dogmatic, and to be prone to wrath whenever he does encounter opposition.

Like Professor McCulloch in the matter of absenteeism, Mr. Sumner comes forward to sustain a paradox, and to prove by dialectics that wages are not higher by reason of protection; that is, he has set himself the task of proving that an opinion generally entertained upon both sides of the Atlantic during all past time is entirely erroneous. It was necessary in the interest of the free-trade party and of the Cobden Club that somebody should make the attempt, and it was perhaps judicious that he should be one who would carry before him the shield of a great institution of learning; but we have said enough to show that this, after all, amounts to very little, and that the reasons of a professor must be brought to the test as rigidly as those of any other individual. Let us now examine them.

"I learn, from the reports of the proceedings before this Commission, that some people believe that protective taxes make wages high, and at the same time that high wages make protective taxes necessary. If the Commission should act on these two doctrines, it would first raise taxes in order to raise wages in obedience to a delegation of workmen, and then raise taxes again in order to offset the previous increase, in the interest of a delegation of employers, and so on forever. These two notions, therefore, contradict each other and produce an absurdity. They are both false. Protective taxes

lower wages, and high wages are a reason for free trade, not for protection. These two propositions confirm and sustain each other, and so ratify the truth of each."

The logical deception in this paragraph consists in the substitution of a universal for a limited proposition. Men who investigate cases in political economy, whether by the deductive or inductive methods, embody their conclusions in a set of words which, taken with the circumstances of the case known to all the world, are limited with sufficient exactness to prevent anybody of ordinary caution from falling into error.

Thus Adam Smith, Fisher Ames, Mr. John Stuart Mill, and many others have noticed that where cheap land is to be had men will flock to it, unless drawn to other pursuits by wages high enough to overcome the attraction of the land. Adam Smith, speaking of the Colonies, says: "From artificer a man becomes a planter, and neither large wages nor the easy subsistence which that country affords can bribe him rather to work for other people than for himself. He feels that an artificer is the servant of his customers, from whom he derives his subsistence; but that a planter, who cultivates his own land and derives his necessary subsistence from the labor of his own family, is really a master, and independent of all the world."

Here the inclinations of the individual are opposed to the interests of his class and to those of the whole community, which tends to become disproportionately agricultural, to depend more and more upon distant nations for everything except food, and to become poorer and poorer as it increases in numbers. The demand of the outer world for the food and raw materials of the United States cannot increase as fast as the home population; for the outer world can take payment for the conversion of raw into finished products only in a few articles of comparatively easy transportation, while the home artificer and manufacturer take payment in every sort of product and every sort of service. Let the producers of food and raw materials allow to the other classes such emoluments as are sufficient to induce a portion of the community to abstain from becoming farmers, and the nation will grow symmetrically. The daily increasing numbers and skill of the other classes will give the market which will enable agricul-

ture to avail itself of better tools, machines, drainage, and other improvements. The emoluments of the other classes, meanwhile, can never exceed the limit named, — to wit, that which balances the disposition of an individual to become an independent landowner. If it goes beyond this for a while, more persons will abstain from farming, and the balance will be restored. But before the introduction of manufactures there is not only the difficulty of high wages but also that of want of skill. Without a protective duty adequate to shut out the foreign article nothing can be done. The duty being laid on raises the price, but not to the extent of the duty, for the foreign price declines under the reduced demand. If, however, the duty be sufficient, the manufacture is introduced at a certain price which covers the higher wages and also the want of skill. This rise in price is for the moment a disadvantage to the portion of the community who before obtained a sufficiency of finished products; but the articles come at once within the reach of a wider circle, who before could not obtain them at all, or not in sufficient quantity, on account of the low price or unsalableness of their crops. The duty removes those who were causing an agricultural glut, and whose labor therefore produced less than nothing, and puts them upon the construction of finished products which are pure gain to the community. The gross annual product is increased by their whole value. There is more to divide, and demand and supply ultimately distribute the increase throughout the community. The farmer and planter are the first to feel it. Their occupation becomes more remunerative; and from this movement there *follows* a rise of wages in the non-agricultural portion of the community. The working of the economic forces is progressive, not simultaneous or instantaneous. The protective law first relieves the agricultural glut and apathy, and this in turn causes an increased demand for finished products. Wages in all departments will gradually advance, but they can augment no farther nor faster than the gross annual product. The protective *tax*, as Professor Sumner likes to call it, simply removes an obstacle which prevents the best and the natural distribution of the population. As skill increases, the price falls under home competition until it covers only the difference in the cost of labor;

and the skill may increase so as to cover this also, and give the community the article as cheaply as it could be imported without any duty. Such is the case with regard to tools, locomotives, agricultural machinery, and many other goods, including the greater part of the cottons consumed in the country. Such appears to be nearly the case with regard to the woollens used by the bulk of the people. The fine cottons and woollens which are objects of ostentation are still mostly imported. The duty on them gives a large revenue to the Government, and in reality comes out of nobody, as their higher price only fits them the better to enable A to appear as rich as B. It is these duties, however, — the duties upon objects of luxury and ostentation, — which irritate some of the salaried classes who do not understand political economy, and even some professors of the subject. They think themselves oppressed, they hate the manufacturers who live more showily than they can, and they make every effort to persuade the bulk of the people that they also are the victims of oppression.

If they understood the subject they profess, they would know that if its present objects were cheapened to ostentation, it would reject them and fly to others; and they would also know that whatever social *necessity* there may exist for such indulgences must surely in the long run be considered in the salaries paid them. But this necessity does not go a great way. The high respect which they and their families command on account of their much honored office relieves them from such necessity. The wise, temperate, truthful, benevolent, right-hearted professor is as welcome in homespun as is Croesus in broadcloth; and if any individual fail to command respect, it can only be because he is an exception to the rule, and wanting in the high intellectual and moral qualities usually exhibited by professors. But to return to the price of manufactured goods. It must be sufficient to pay the wages of labor and the profit on capital usual in the community. Higher than this it cannot be for any long time, and it cannot be long lower. Monopoly has had no place in political economy since the discussion upon that point between Say and Ricardo.

It will be seen, then, that the propositions of the protection-