THE WOOL TARIFF ONCE MORE.

In the *Quarterly Journal of Economics* for August Mr. C. W. Wright publishes a paper on "Wool-Growing and the Tariff since 1890," which presents all needed facts and figures on the situation during the last fifteen years, and demonstrates once more that the duties on this raw material are both futile for aiding the wool-growing farmers and harmful in burdening the consumers. Mr. Wright sets forth his results in matter-of-fact terms, and in no way intimates whether he is a protectionist or free-trader. But his very moderation makes his conclusions the more convincing. He proves beyond doubt that the wool tariff has been powerless to prevent the decline of wool-growing in the heart of the country, and has not been necessary to bring about its advance in the trans-Missouri grazing regions.

The abrupt changes in the duties on wool under the Wilson and Dingley Tariff acts have served unintentionally as experiments to demonstrate these facts. The Wilson act, in 1894, put wool on the free list—the one radical and fearless change made by that Senate-manipulated measure. The Dingley act in 1897 restored the duties to the rates of 1890. Under the McKinley tariff we had a period of high duties from 1890 to 1894—virtually the same as through the whole preceding period from 1867 to 1890; then free wool from 1894 to 1897; then high duties again since 1897. The free-wool experiment of 1894-97 was not allowed to remain in operation long enough to work out its full results. It happened to coincide with the general depression that followed the crash of 1893, and so never was in effect under normal conditions. Time enough was not given for the manufacturers to accommodate themselves to the new conditions of freedom, and the full effects on manufacturers and consumers were never tested. But so far as wool-growing is concerned, some important facts were plainly established. In the first place, it appears that wool-growing in the agricultural region of the North—that is to say, anywhere from the Atlantic seaboard to the Missouri River—will be carried on to a certain extent without any duties at all, and, on the other hand, will not be stimulated beyond that extent even by the highest duties which the most fanatical protectionist has ventured to propose. When wool was admitted free in 1894, wool-growing in

this region declined. Part of this decline was doubtless due to the abolition of the duty. Part of it was due to the general business depression. At all events, the number of sheep fell sharply. In the North Central States (Ohio, Michigan, Wisconsin, Illinois, and adjacent States) the number fell from 12 millions in 1893 to 6½ millions in 1898. But—and this is the striking fact—high duties have not restored the number. In the North Central region there were in 1904 actually *fewer* sheep than in 1897; and the same is true of the other agricultural States, North and South. As Mr. Wright says: "There are now, after eight years under the duties of the Dingley tariff, fewer sheep than at any time throughout the period when wool was admitted free!"

The explanation is simple: the farmers find other things more profitable. Wheat, corn, cattle, the dairy pay better. Production in these has advanced; whereas, notwithstanding the stimulus of the tariff, wool-growing has declined. A certain number of sheep can be kept by the farmer virtually without expense, nay, with advantage to his land. Mutton grades of sheep pay best in this way; especially as, in recent years, fashion has increased the demand for those kinds of wool which come from the mutton sheep. But beyond the number which will thus be maintained, sheep-raising and wool-growing do not pay as well as wheat, corn, and cattle; and no tariff will help the case. As Mr. Wright says, the period of distress in the trying years 1893-97 taught the farmer this lesson thoroughly. Under the duties of the earlier period, before 1894, there had been brave attempts at sheep and wool, not merely as by-products of the farm, but as independent sources of profit. But the period of stress put an end to this, and the revised duties under the Dingley act have been absolutely without effect.

On the other hand, in the great grazing regions beyond the Missouri River—in the arid district where agriculture is impossible without irrigation, and where almost all of the land is suitable for ranching only—wool-growing is able to maintain itself without the tariff. Here, and here only, we have an independent sheep industry; not a by-product of general farming, but sheep (or cattle) as the sole products of the land. And here the number of sheep actually increased during the period of free wool! The number of sheep in the Northern Rocky Mountain region was 4,400,000 in 1893, and 6,300,000 in 1898; in the Southern Rocky Mountain region it was 7,200,000 in 1893, and 7,300,000 in 1898. In the Northern region there has been a further growth since 1898; the number of sheep being 11,600,000 in 1904. In the Southern region there has been neither growth nor decline; the number of sheep is now practically the same as in 1898. Montana is now the most prosperous of the sheep-growing States. There, sheep-ranching on free Government land pays. It would pay under any circumstances, as is proved by the steady increase during the period (1893-97) of free wool and business depression. It pays better, of course, when the price of wool is made higher by the tariff; but the tariff is not necessary for the maintenance or even the prosperity of wool-growing. It simply adds so much to the profits, ample in any case, of the sheep-ranchers.

In other words, with free wool, we should have no revolution in the industry. The farmers would continue to keep sheep very much as they do now—more for mutton than for wool—but without great change as to numbers. The ranching States would doubtless have less sheep than they have now; but the experience of the free-wool period shows that they can hold their own on a great scale without any tariff help. There would very likely be some shifting from sheep to cattle in the West, and pretty surely some cutting-down of the present high profit of the sheep-ranchers. The imports of wool would increase somewhat. They are already rising, even in face of the duties, for the country simply cannot produce enough wool for its consumption. With wool cheaper, cotton and shoddy would be used in less degree. One of the remarkable facts noted by Mr. Wright is the actual decline during recent years in the use of wool *per capita* in the United States; a clear consequence of the high price of wool. In sum, nobody would lose, except a small knot of trespassers on the public lands of the West; and the consumers would gain.

But—and here's the rub—the protective system would be deprived of one of its greatest shams. The wool duty is held forth as the shining example of benefit to the farmers; it stands for their share of the largesses of all-inclusive paternal care. That it is in fact practically of no consequence to them does not prevent it from being paraded and lauded and clung to. It enables the wool manufacturers to secure what *they* want in the way of duties, after granting to the growers what these are supposed to need; and it makes for cohesion in the whole protective scheme. It has no economic justification, but it has surprising political strength. It will probably hold its own for some time to come; and then—who knows?—will topple over with a crash, and bring with it a reconstruction of our whole tariff system.