

The original arrangement indicated this was subsequent to March 9, 1878, the Secretary of the Chamber of Commerce could, no doubt, supply the exact date.

SPEECH OF THE HON. CARL SCHURZ.

GENTLEMEN OF THE CHAMBER OF COMMERCE: When your worthy President some time ago invited me to respond to a toast at this banquet, he added by way of encouragement, that at the dinners of the Chamber of Commerce every speaker was permitted and expected to speak as he thought. This happily agrees with an old habit of mine; and it is in fact to this habit that I owe the distinction of being an honorary member of this very Chamber of Commerce—a distinction of which I am proud, for it was conferred upon me some fifteen years ago, for having in the Senate spoken as I thought against an irredeemable paper money, and for the resumption of specie payments. I shall try now to show myself worthy of my honorary membership by speaking as I think on our foreign commerce—a subject so vast, however, that I shall, in an after dinner talk, be able only to touch a few important points of it.

As a Chamber of Commerce you will, of course, recognize an active interest in the development of our commercial intercourse with the world as one of the primary reasons of your being. There is also at present among the people a very general feeling that something ails them, for which the extension of our foreign commerce would afford at least a partial remedy. But when the means are discussed by which that extension is to be brought about, we frequently witness wonderful efforts at profound reasoning and beating about the bush, as if there were some dark mystery to be solved. I do not think there is. Like many other things, our problem of foreign commerce may be reduced to very simple principles which will be universally recognized by all who do one thing: take the politics out of the matter and judge it on its own merits. This is important. I have known good business men in whose

problem of reduced foreign commerce may be reduced to very simple principles which will be universally recognized by all who do one thing: take the politics out of the matter and judge it on its own merits. This is important. I have known good business men in whose otherwise cool and clear heads politics would turn the very multiplication table upside down.

If we wish further to extend and develop our foreign commerce, these things are necessary:

1. That we should have something to sell.
2. That we should adapt the goods we wish to sell to the requirements and tastes of those to whom we wish to sell them.
3. That we should be able to sell our goods as cheaply as goods of the same kind and quality are sold by other people in the same market.
4. That if we sell to foreign nations we must be willing to buy from them, one-sided international trade being a contradiction in itself.

You will tell me that there is nothing new in this. Certainly there is not. It is an old story, as old as common sense. But it is amazing how far some people contrive to get away from such self-evident truths as soon as the practical application is called for.

As to the first point, we surely have a great many things to sell. There is the surplus of agricultural products. There are almost boundless natural resources of raw material for manufacturing industries. There are several of these industries, the mechanical appliances and the laboring force engaged in which, as has been computed by good authority, are capable of producing in seven or eight months as much as the home market will regularly absorb in twelve. There are, in addition to this, American enterprise, energy and inventive genius, capable of increasing incalculably the production of things to sell and to feed our commerce, if given a fair chance.

As to the second point, the adaptation of our products to the requirements of the foreign market, we find here and there among our business men the lofty notion that the foreign consumer should cultivate his tastes according to our ideas of what is good for him. This attitude may in some cases exercise the influence desired, but in many others it smells of narrow mindedness. At any rate practical business men, wishing to establish themselves in foreign markets, will not carry their missionary work too far. Let me illustrate my meaning by a personal experience. Last year I was in Europe, and one day dined at the house of a prominent merchant in Hamburg. There were about twenty ladies and gentlemen at the table. The dinner talk brought me one surprise after another. It turned out that most of the ladies present—I think even all of them—had been across the seas, and spoke about Hong Kong, Shanghai, Bombay, Zanzibar, Mexico, Montevideo, Buenos Ayres, Rio, Valparaiso, Havana, etc., as familiarly as our ladies speak about Long Branch, Newport or Bar Harbor. All these ladies had lived at such places with their husbands—merchants who were still

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as the export resources of foreign countries, and giving the commerce of their German home the benefit of their studies and experiences. The company I met was, as I was informed, by no means an exceptional one. It rather represented the rule among that class of business men, whose education is scarcely considered complete without the foreign course. Do you not think that, when we hear of German commerce crowding out that of other nations in many parts of the world, this fact may in some measure be owing to the systematic care with which the study of foreign markets is cultivated? Now, if our young merchants, married or unmarried, devoted a little less time to Fifth Avenue, Newport and Paris, and a little more to Buenos Ayres, Rio, Valparaiso, Shanghai, Zanzibar and similar places, thus enlarging their mercantile education too, would not that be likely to do our foreign commerce a world of good?

The third condition to be complied with is certainly not of less importance: that we should be able to offer our goods in the foreign markets at prices at least as low as those at which other people offer goods of the same kind and quality. This is so self-evident that I should deem it almost insulting to business men of sane mind to argue it before them, had we not of late been told by great statesmen that the demand for cheapness is un-American. This doctrine is new and unique, and it may have a certain patriotic charm to the seller of goods. But in foreign commerce we have to do with ignorant, mean-spirited, grovelling foreigners who, when we offer them an article at fifty cents, and somebody else offers the same at forty, will actually be contemptible enough to give the forty cents thing the preference. We may despise and pity them, but we can hardly expect to convert them. Whether we like it or not, we have to accept the fact that he who offers abroad his merchandise at the lowest price, other things being equal, will have the business.

Now, the surplus of our agricultural products has to be shipped abroad to be sold at the world's prices, determined by the world's competition, and if those prices are low, and the farmers' profits are still more reduced by the comparatively high prices of almost all he has to buy at home, we deplore his misfortune, and should be willing to remedy it by wise measures of public policy. It seems our farmers themselves, have at last begun to understand the case. We export, also, some of our manufactured products which compete successfully in the foreign market. A majority of them consists of those articles whose principal value is contributed by labor—our intelligent, energetic, efficient American labor, aided by superior machinery and inventive ingenuity; articles representing that striking, important and natural combination: the best labor, commanding the highest rate of wages, and producing at the lowest cost. A large exporting merchant tells me that when he finds a manufactured article 65, or in some cases even 60 per cent. of whose value have been contributed by labor he considers it as a

striking, important and natural combination: the best labor, commanding the highest rate of wages, and producing at the lowest cost. A large exporting merchant tells me that when he finds a manufactured article 65, or in some cases even 60 per cent. of whose value have been contributed by labor, he considers it, as a rule, fit for exportation and sure to compete successfully in the foreign market. But a majority of our manufactured products generally do not sustain that competition and cannot sustain it, unless the cost of their production be reduced.

Here I touch the tariff. Of course, I do not intend to discuss the general question whether our high protective system is on the whole a good or a bad policy for the country, but only the narrower question of the relation existing between the tariff and our foreign commerce. And then I say that, as the tariff enhances the price of the things the manufacturer has to use in the production of his finished article, it enhances the cost of production; and as it enhances the cost of production, it enhances the price the manufacturer must ask for his finished product to make a reasonable profit; and as it enhances the selling price of the manufactured goods, it puts them at a disadvantage in the foreign market, renders them unfit for exportation, and thus narrows and cripples our foreign commerce.

The remedy naturally suggests itself. It consists in such a revision of the tariff as will deliver our manufacturing industries of those artificial burdens which increase the cost of the things they have to use in production, thus permitting them to obtain those things as cheaply and advantageously as their foreign competitors obtain them, and in that way giving them a fair chance for the export trade.

Let it not be said that this would be developing commerce at the expense of the industrial interests. No, it would be an extension of commerce *for the benefit* of our manufactures. Far from being the destruction, it will be the liberation of our industries in two senses: It will liberate our manufactures of the clogs that hamper their production, and to those that are now confined to the home market alone, it will open the boundless field of the markets of the world. Nor will the raw material men suffer. Even those gentle shepherds of Ohio, who by dragooning Congress into a strict maintenance of the tariff-taxing of raw material gained their high rank among the most insidious enemies of our industries and our commerce, even they will finally see that a policy calculated to promote the manufacturing of woollens will eventually prove a benefit to the grower of wool. Indeed, in advocating such a policy for the harmonious development of our industries and of commerce together, I claim to be a better friend to our manufacturers, aye, a better protectionist than Mr. McKINLEY ever was.

Now a word about our merchant marine. There is scarcely any subject on which there has been of late years a larger display of high flown oratory, and around which that oratory has raised such a cloud of dust to obscure the true state of the case. We all know

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Now a word about our merchant marine. There is scarcely any subject on which there has been of late years a larger display of high flown oratory, and around which that oratory has raised such a cloud of dust to obscure the true state of the case. We all know how our merchant marine in the foreign trade has declined since the wooden ship had to make way for the ship built of iron. What is the cause of our having no mercantile fleet worth speaking of in the foreign trade under the American flag? Is it the unwillingness of

American business men to put their capital in ships? By no means. There is in fact a large amount of American money invested in ships aside from our coasting trade.

But that money has sought investment in ships flying foreign flags—the British flag, the flag of the Hawaiian Kingdom, the flag, as I am told, even of the Dominican Republic. Aye, it is a matter of common report that two of the finest ocean grayhounds plying between New-York and Liverpool are substantially owned and controlled by Americans, while they are sailing under British colors, and form part of Her British Majesty's navy reserve, to fight against us in case of war between England and the United States, the happening of which heaven forbid! Have we any right to accuse those Americans of a lack of patriotism? Why did they not put their money into ships bearing the stars and stripes? Simply because American laws prevented them. We have navigation laws reading like relics of a barbarous age, which forbid us to buy ships where we might buy them as cheaply as other nations buy them; and we have tariff laws under which we cannot build ships as cheaply as other nations build them. I know, for many years we have had a statute in force admitting free certain materials imported for ship building purposes, but it was so contrived that its provisions in the main benefit only the building of wooden vessels, which in the foreign trade are fast becoming a thing of the past. Thus we can neither buy nor can we build modern ships fit to compete with the commercial fleets of the world abroad. That is the way in which our merchant marine has become that pitiable starveling in our national household, a monumental victim of murderous legislative persecution.

What is the remedy? We hear glowing speeches made in favor of subsidies, leaving otherwise the laws as they stand. Have not the United States tried subsidies before, even under more promising circumstances? Have subsidies ever really and lastingly benefited our ocean commerce? Never. What would they be now under our present laws? An attempt to cure lameness with doses of brandy to stimulate the system of the patient. Tried again, they would end as they have ended before: money sunk, and, worse than that, time and opportunity lost, a delusion kept up to divert the popular mind from the true remedy.

The wise physician is not satisfied with deceiving palliatives. He adapts his prescription to the nature of the disease. The nature of this disease is clear. It is restriction by law. And what is the natural remedy? None other than the great American medicine, FREEDOM. Freedom to buy ships where they can advantageously be bought, they to be our ships, the stars and stripes to be hoisted over them. Freedom to get the material as advantageously as other nations get it, for building ships on American soil.

Do not say that this will endanger American ship yards. Endanger what? There can hardly be less ship building for the ocean trade in them than there is now. But there may be much more.

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I repeat, freedom to buy and freedom to build ships—that will give you again an American merchant marine to be proud of; that will send the stars and stripes again over all the oceans, and nothing else will. In vain will you try to reach the end by sly schemes to circumvent the logic of things and the economic laws of this world of ours.

I come to the fourth point, that if we sell to foreign nations, we must expect to buy from them, for commerce is mutual service. Is it necessary to argue so self-evident a truth before intelligent business men? And yet we have heard strange doctrines—ancient superstitions revived—in our days: that commercial intercourse with foreign nations is a thing of doubtful desirability; that importing is sinful; that goods may go out of the country, but only cash should come in; that when an American merchant sends a ship to a European port with a cargo that cost here \$100,000, and he sells that cargo in Europe at a profit enabling him to buy a cargo there costing \$125,000, and he ships that cargo to a South American port and sells it again at a profit enabling him to buy \$150,000 worth of hides and other merchandise to be brought to New-York, the balance of trade will be against us \$50,000, and the United States have lost that amount. And such things we hear at the end of the nineteenth century—the century whose glory it is to have annihilated time and space, thus bringing man nearer to man, nation nearer to nation than they have ever dreamed of being, so that they may without hindrance exchange thought for thought, service for service, benefit for benefit. I think the barbarous doctrines I have mentioned do not deserve another word.



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Gentlemen, I have now spoken as I think on the development of our foreign commerce. One further point I might add: The necessity of a sound currency to keep this country in an advantageous position as to the commercial exchanges. But that would lead me now too far. My object was to point out in plain words some funda-

mental conditions without the fulfilment of which all those contrivances that are devised for the benefit of commerce and merchant marine will miss the main object. Even commercial reciprocity which, in its true sense, is a good thing, and the more of it the better—even that will not open new markets for those of our goods which cannot compete with foreign articles of the same quality in point of price—unless reciprocity treaties give us exclusive markets for them, which foreign nations will hardly grant, for they are not fools.

I know what the trouble is as to the practical recognition of those fundamental conditions. It is the anxiety of the beneficiaries and the political advocates of our high tariff policy not to have any part of that system touched. When I hear them discuss means for the development of our foreign commerce and the revival of our ocean marine, and talk around and around and around the subject, careful not to touch the vital point, it reminds me vividly of an experience of old times. When slavery still existed in our land, many Southern men felt painfully the industrial and commercial backwardness of the South. Time and again they held great Southern commercial conventions, in which they gravely attributed their ailment to all sorts of causes except the true one, and set forth in flaming speeches all sorts of ambitious schemes for the establishment of manufacturing industries and of Southern ocean lines and the like. Convention followed convention, always with the same speeches, the same resolutions, and then nothing more. What was it then that aided them? Of course, it was slavery. But whenever anybody told them so, they raised their hands in horror, crying with one voice: "For Heaven's sake, do not touch that. It is the very foundation of our well being. Touch that, and all goes to ruin!" Well, slavery was touched at last—and what then? The prosperity of the South, agricultural, industrial, commercial, has been fairly bounding up beyond the most sanguine dreams of her people. Is there not a lesson in this history?

I would be the last man to advise violent and precipitate measures having no regard to existing interests. I favor gradual and circum-spect reform. But I am deeply convinced, if we wish to spread our commerce over the world and revive our merchant fleet, we must at last touch the vital point. As the South needed the abolition of slavery to disclose to her all her possibilities of prosperity and greatness, so our industries and our commerce, in order to enter upon a new and boundless career of progressive development, need only the breaking of the chains which hamper them. Ah, gentlemen, it is, after all, in the air of freedom that the genius of America most grandly unfolds its powers. I am a profound believer in the great destiny of this Republic. Only let us have an agriculture relieved of the artificial burdens put upon it; a manufacturing industry liberated of the taxes which make production costly; a commerce free to get ships, and carrying merchandise challenging the competition of the world; let us have a free field and a fair chance for

point of price—unless reciprocity treaties give us exclusive markets for them, which foreign nations will hardly grant, for they are not fools.

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