

II

ABRAHAM LINCOLN ON THE TARIFF

A MYTH ¹

THOSE who have followed the campaign literature on the tariff during recent years will have become familiar with a phrase attributed to Abraham Lincoln. The following version is taken from Curtiss's *Industrial Development of Nations* (1912), a pretentious three-volume publication, in which are collected indiscriminately all sorts of protectionist arguments. Under a portrait of Lincoln this is printed: —

“I do not know much about the tariff, but I know this much, when we buy manufactured goods abroad, we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money.” ²

No reference is given by Curtiss to Lincoln's writings; nor is such a reference given in any place where I have found the phrase quoted. A careful examination of the various editions of Lincoln's published works brings to light nothing that remotely resembles it. There is nothing in either of the two editions of his writings put together by Nicolay and Hay, nor is there anything in the so-called Federal Edition. Nico-

¹ From the *Quarterly Journal of Economics*, August, 1914.

² Vol. iii, p. 6. Elsewhere in the book the version is in somewhat different form: “Abraham Lincoln said: ‘When an American paid \$20 for steel rails to an English manufacturer, America had the steel and England had the \$20. But when he paid \$20 for the steel to an American manufacturer, America had both the steel and the \$20.’” *Ibid.*, vol. ii, p. 471.— This obviously is an anachronism, since such a thing as a steel rail was unknown in Lincoln's time.

lay and Hay's *Life* yields nothing of the sort, nor any of the biographies. So with Lincoln's Speeches in Congress and his Messages to Congress. There is no lack, to be sure, of references to the tariff by Lincoln. He began his political career as a Whig, and remained a protectionist; though during the decade preceding the war his political insight led him to put it aside as an issue on which to appeal to the people. Those who are interested in the history of the tariff controversy may find it worth while to turn to some notes of his written in 1846-47, containing a sketch of an address on the tariff. Here the main thought is that labor given to transporting a commodity from foreign countries is wasted, if the commodity can be produced within the country with as little labor as elsewhere.³ This may be an echo of some of Carey's well-known utterances; and it could be made the text for some explanation of the principle of comparative cost. A passage of a similar sort is in an address made at Pittsburgh in 1861, indicating that Lincoln had kept this particular turn of reasoning in mind. But there is not the slightest suggestion of the much-quoted phrase.

Now, what is the history of the phrase?

The very first mention which we have found⁴ is in 1894, in the *American Economist*, a weekly protectionist sheet published in New York. In that periodical for June 29, 1894, the following is given as having been copied from the *Independent* of Howard, Illinois, of June 9, 1894: —

"Lincoln's first speech on the tariff question was short and to the point. He said he did not pretend to be learned in political economy, but he thought that he knew enough to know that 'when an American paid twenty dollars for steel to an English manufacturer, America had the steel and England had the twenty dollars.

³ Lincoln's Complete Works (2 vol. edition), vol. i, p. 90. Cf. p. 679 for the Pittsburgh address.

⁴ I say "we," because in the endeavor to trace the phrase to its origin I have had invaluable assistance from Dr. D. M. Matteson, well-known for his thoroughness in research on problems of American history.

But when he paid twenty dollars for the steel to an American manufacturer, America had both the steel and the twenty dollars.’”

In a later issue (Oct. 26) of the *American Economist* of that same year, it is stated that another newspaper, the *Peoria Journal*, protested that the “goods and money” speech was made at Kewanee; while still another newspaper, the *Chicago Record*, pointed out that this version was not at all in accord with Herndon’s report of Lincoln’s first speech.⁵

That the phrase was not current before 1894, at least in its attribution to Lincoln, and probably was not known at all, is indicated by its absence from those collections of opinions of “the fathers” which form a familiar part of the protectionist stock in trade. It is not to be found in Stebbins’ *American Protectionist’s Manual* (1883); though Lincoln is there mentioned as being “in favor of a high protective tariff.” Nor is it in a tract published in 1892 by the American Iron & Steel Association, under the title *The Testimony of the Fathers*. The tract contains a choice collection of excerpts from the utterances of Hamilton, Jefferson, Calhoun, Webster, Clay, even Fillmore and Buchanan; but not a word from Lincoln. Nor is it used with any frequency for some years after its first appearance in 1894. But after 1900 it turns up repeatedly in the file of the *American Economist*: in 1901, in 1905, twice in 1906, again in 1908.⁶ After the

⁵ Dr. Matteson reports that Howard, Ill., appeared on the maps until about 1902; since then a village at the same spot — a mere junction-point, apparently — is named “Lotus” on the map. It is in the north-west corner of Champaign County, forty miles from Lincoln’s early home at New Salem. Dr. Matteson adds: “I am forced to the conclusion that the *Howard Independent* is a myth, or at least a misprint. The post-master at Lotus writes me that no paper has ever been printed there; and there is no other town in Illinois, so far as I have been able to discover, with which the name Howard is associated. No *Howard Independent* was published elsewhere in the United States, according to the newspaper directories of 1891, 1894–95, and the last issue.”

⁶ May 10, 1901; June 9, 1905; Feb. 16 and Dec. 21, 1906; Dec. 18, 1908; Dec. 23, 1910. The set of the *American Economist* in the Har-

very first appearance, the commodity mentioned seems to be invariably rails — sometimes iron rails, sometimes steel rails. Usually, a newspaper is quoted as having used the phrase or reported its use. Thus, in 1905, the following is quoted from the *Worcester Telegram*: —

“Senator Scott of West Virginia is scored in some places for quoting President Lincoln in support of the policy of standing pat on the Tariff issue, and some of the critics appear to doubt that Lincoln ever used the words attributed to him. The words at least are good enough to have been used by the war President. Senator Scott says: ‘President Lincoln once remarked that if we gave \$30 a ton for iron rails made in this country we would have both the rails and the money, but if we bought them in England the rails only would be ours, while the Britishers would get the cash.’ . . . Neither does it matter . . . whether the rails . . . are iron of the days of Lincoln or the steel of to-day.”

In 1908, again, the then Secretary of the Treasury, Leslie M. Shaw, is quoted in the *Economist* as having used the quotation in a Boston speech.

The first appearance for express campaign use appears to be in 1904. The phrase is to be found in the Republican Campaign Book of that year. In earlier campaign books, for 1892, 1896, 1900, it does not appear; although in that of 1896 Lincoln is cited as an advocate of protection. Evidently the phrase was not widely known during these earlier years. In the Campaign Book of 1904, there is an extended quotation from Lincoln’s tariff notes of 1846–47 (referred to a moment ago) and then at the close we find: —

“On another occasion Mr. Lincoln *is quoted*⁷ as saying: ‘I am not posted on the tariff, but I know that if I give my wife twenty dollars to buy a cloak and she buys one made in free-trade England,

ward Library is not complete; there may be other references in the missing numbers.

⁷ Italics are mine. The guarded way in which the passage is used would seem to indicate suspicion. It does not appear in the Republican Campaign Handbooks of 1908 and of 1912.

we have the cloak, but England has the twenty dollars; while if she buys a cloak made in the protected United States, we have the cloak and the twenty dollars.’”

Here, it will be observed, “a cloak” appears. In a speech by McCleary of Minnesota, in the House of Representatives, April 22, 1904,⁸ “a dress” and “my wife” appear, with the same sum of \$20. It may be that the campaign book version of 1904 was taken from McCleary’s speech.

In 1910 the phrase appears conspicuously in a booklet entitled *Story of a Tariff*, published by the American Protective Tariff League — the organization which publishes the *American Economist* also. This booklet lauds the tariff of 1909 as “the best tariff bill (*sic*) the Republican party ever passed,” and gives a quantity of extracts from speeches on that measure. On the inside cover page there is printed in large type “Lincoln’s Tariff Creed,” in these words: —

“Secretary Stanton once asked Abraham Lincoln what he thought of a Protective Tariff. Mr. Lincoln replied: ‘I don’t know much about the Tariff, but I do know that if my wife buys her cloak in America, we get the money and the cloak, and that American labor is paid for producing it; if she buys her cloak abroad, we get only the cloak, the other country gets the money, and foreign labor receives the benefit.’”

It will be observed that this is somewhat enriched. American labor and foreign labor are smuggled in; and not only is the wife introduced, but Secretary Stanton also.⁹

⁸ *Congressional Record*, 58 Cong., 2 Session, appendix, p. 246.

⁹ In response to an inquiry, Mr. W. F. Wakeman, Secretary of the American Protective Tariff League, wrote me on June 28, 1914: “About five years ago I took up this subject of what Lincoln really did say on the Tariff Question and found that the extract as printed is correct. I consulted the family and every possible authority. I will try to run over the original correspondence shortly and give you additional information if desired.” But the information, though asked for, has not been supplied. Mr. Wakeman was Secretary of the League in 1894, and has been so ever since, except in 1900–1901, when he was Appraiser in New York.

Not the least interesting episode in the history of the phrase is its voyage across the water and subsequent return to the United States. In 1908, the *American Economist* reports that a London correspondent has written: —

“An interesting development has been the appeal to Abraham Lincoln . . . as the final authority in an English fiscal controversy. . . . A number of Unionist papers closed the controversy simultaneously by quoting the following extract from a speech made by Lincoln shortly before his death: ‘The problem seems to me a simple one. If we adopt Free Trade it means that we import our goods, in which case the foreigner will have our money and the work, and we his goods. If, however, we adopt a system of Protection, or a system of safeguarding our industries and our working classes, thereby manufacturing the goods ourselves, the result will be that we shall have the goods, the money, and the employment.’”

It will be observed that here Lincoln is supposed to have made the remark shortly before his death; whereas on its emergence it was supposed to have been made in his first speech.

Very recently, the English “tariff reformers” have utilized it again. They distributed (apparently in the course of 1913) a post card bearing within an ornamental scroll the following printed text: —

“I do not know much about the tariff, but I do know this much: when we buy goods abroad, we get the goods, and the foreigner gets the money: when we buy goods made at home, we get both the goods and the money.”— ABRAHAM LINCOLN.

This naturally led to attack by free traders, in the columns of the *Manchester Guardian*. The *Guardian* in turn made its way to this country, and thereupon our loyal protectionists were led to retort that this shallow newspaper “in an unguarded moment recently allowed its finespun theory of free trade to come into direct conflict with the protectionist common sense of Abraham Lincoln.”¹⁰

¹⁰ See the *Textile Record* (Boston), July, 1913. I have been able to

Finally, the phrase has descended to base uses indeed. In recent issues of New York newspapers, a brand of shoes is advertised as "made from American materials, with home labor and by home capital," and then follows the precise passage quoted a moment ago from the *Story of a Tariff* of 1910, with the interpolations about American labor and foreign labor, and the reference to Secretary Stanton. The advertisement, however, seems not to have been found advantageous. The advertiser was overwhelmed by a host of inquiries, and made a public reply in which he withdrew behind the shelter of the Protective League and its publications; and he refrained from continuing the advertisement.¹¹

It seems certain that the phrase is apocryphal. There is no evidence that Lincoln ever used it. Further search may show just how it originated. Possibly the claptrap about the "goods and the money" was invented before it was foisted on Lincoln; possibly it was ascribed to him at an earlier date than the first here noted (1894). By dint of repetition it has come to be associated with Lincoln almost as much as the cherry tree is associated with Washington. So crude is the reasoning (if such it can be called), so vulgarly fallacious is the antithesis, that we must hope that it will cease to be invested with the sanction of a venerated name.¹²

secure little information about the British episode. The Literary Secretary of the Tariff Reform League writes me: "We have no post-card containing the quotation from Lincoln, nor to the best of my knowledge have we ever issued such a post-card. . . . The quotation is of course well known to us, and it is quite possible we may have referred to it in our 'Monthly Notes,' though not in any recent years." Another correspondent in England suggests that a branch of the League may have circulated the card.

¹¹ The advertisement appeared in New York in the *Journal of Commerce* and the *Times*, May, 1914; perhaps in other newspapers also. The advertiser's answer to inquiries was in the *Times* of May 18.

¹² Since this note was prepared, my attention has been called to a letter of Mr. Horace White's in the *New York Evening Post* of April 10, 1914. Mr. White points out that nothing like the oft-cited passage is to be found in Lincoln's writings, and pungently concludes: "My

A SEQUEL ¹³

The note which I published in the August issue of this Journal on the tariff phrase attributed to Lincoln (getting "both the goods and the money") has stirred discussion, as is natural with anything that concerns the great president. Some further light upon the origin of the phrase has come in consequence. For most of the information which I am now able to give, I am indebted to Mr. Calvin W. Lewis of Brookline, Massachusetts, who first called attention to some of the clues in contributions to the *Boston Transcript* signed with a pseudonym, and who has since put at my disposal in the most obliging way the results of his inquiries.

It will be remembered that the earliest appearance of the phrase, so far as Dr. Matteson and myself were able to trace it, was in the *American Economist* for June 29, 1894, where it was stated to have been copied from the *Howard Independent* of June 9, 1894. The *Howard Independent* proved a puzzle. Dr. Matteson was able to find no trace of any such newspaper, and concluded that it was "a myth, or at least a misprint." The puzzle was not lessened by the failure of the *American Economist* to give any explanation. Our note was brought to the attention of the *Economist*, and some reference has been made in its columns to Lincoln's utterances upon the tariff and to this particular myth; but no attempt was made to verify, or specify further, the source from which the phrase had come. A suspicion could not but arise that the phrase might have been manufactured by the *Economist*, and that the *Howard Independent* was a pretense.

That suspicion proves to be quite without foundation. The *Howard Independent* is not a myth; but, as Dr. Matteson thought possible, it is — a misprint. It appears that reason for thinking that Lincoln never said this is that he was not a fool."

¹³ From the *Quarterly Journal of Economics*, February, 1915.

there is in Illinois a flourishing town by the name of Harvard, and that a weekly newspaper, the *Harvard Independent*, has been published there for many years. "*Howard Independent*" was merely a misprint for "*Harvard Independent*." Moreover, Mr. Lewis, through correspondence with the present editor of the *Harvard Independent*, has learned from him that a search in his files brought to light, in the issue of the date stated, June 9, 1894, the identical phrase. It is there, and the *American Economist* copied it in good faith and with due credit. It is not surprising that the editor of the *American Economist*, after the lapse of twenty years, should have quite forgotten just how he happened on the phrase, and should now find it as difficult to trace as the rest of us. Any suspicion of fabrication on his part was quite without foundation.

But all this only serves to push the inquiry one step further back. Where did the *Harvard Independent* get the phrase?

In the works of Robert G. Ingersoll there is an oration upon Lincoln, which bears the date 1894. In it there is a passage¹⁴ which says that Lincoln was "nominated for the legislature and made a speech," and that this speech was in favor of a protective tariff. Ingersoll refers to it shortly after as Lincoln's first speech. After some remarks about the influence of manufactures in "developing the brain" and "giving wings to the imagination," Ingersoll goes on thus:

"It is better for Americans to purchase from Americans, even if the things purchased cost more.

"If we purchase a ton of steel rails from England for twenty dollars, then we have the rails and England the money. But if we buy a ton of steel rails from an American for twenty-five dollars, then America has the rails and the money both."

¹⁴ See vol. III, pp. 127-128 of the "Dresden Edition" of the Works of Robert G. Ingersoll (New York, 1900). The oration, or lecture, is also reprinted as an introduction to the seventh volume of "Lincoln's Collected Writings," edited by Nicolay and Hay (New York, 1905).

It will be observed that this differs in one significant particular from the phrase attributed to Lincoln. The purchase from the American is supposed to be at a higher price than that from the Englishman — twenty-five dollars instead of twenty dollars; the allegation is that it is more advantageous to buy at home, even at the higher price.

There are still other grounds for questioning whether this passage, as it appears in print, was the source of our myth. It is not put by Ingersoll in quotation marks, nor is there any intimation or implication that it is taken from Lincoln. Ingersoll mentions steel rails; if he had wished to imply that the language was Lincoln's, he would hardly have selected an article not known in Lincoln's day. A careless reader might possibly infer this to be a paraphrase or quotation from Lincoln; but only a careless one. More important is the circumstance that internal evidence points to its having been published at a later date than that of the passage in the *Harvard Independent* (June, 1894). Immediately following the two paragraphs just quoted Ingersoll goes on: "Judging from the present universal depression and the recent elections, Lincoln, in his first speech, stood on solid rock and was absolutely right." "Recent elections" must refer to the elections of the autumn of 1894. The elections of 1892 were not favorable for the Republicans, but those of 1894 were. It is the latter only to which Ingersoll could have alluded. The date of the oration in its printed form is clearly later than that of the appearance of the phrase in the *Harvard Independent*.

Nevertheless, I am disposed to believe that Ingersoll's oration is the *fons et origo* of the myth; not as it is printed in his works, but as delivered before. Ingersoll was much in demand as a lecturer and political speaker. For years he orated on the lyceum platform and spoke at political rallies. The oration on Lincoln doubtless was delivered many and many a time before it was put into cold print. The tariff

phrase doubtless figured in it, and was likely to stick in the memory of hearers; and in this way the *Harvard Independent* probably got hold of it. Hearing it as delivered, with the dramatic emphasis of which Ingersoll was a master, the reporter would not fail to remember it, and at the same time would naturally suppose it to be a quotation from Lincoln, not an epigram of the orator's. The circumstance that the difference in price between English and American rails, which is an important part of Ingersoll's version, does not appear in the *Harvard Independent* or in other places, is entirely consistent with its having had its origin in a vaguely memorized report of spoken words.

In sum, the indications now seem to be that Ingersoll's oration, notwithstanding its having appeared in print at a later date than the first published version of the phrase, is nevertheless the source. It is precisely such as Ingersoll might have invented — epigrammatic and fetching. No evidence has been adduced, or is likely to be, that it originated with Lincoln or was ever used by him.

EPILOG

The question has been put to me from one quarter and another: why dismiss the argument in such cavalier fashion? Be it Lincoln's or another's, it has an appearance of reasonableness, to some persons even of conclusiveness. That there is a strong appeal in this way of putting the case for protection cannot be denied. Is it quite beneath contempt? Is he who so puts the case necessarily a fool?

Not stupidity has to be dealt with; simply blank ignorance. One must restate truths which ought to be familiar, as well established and in their essence simple.

Briefly, the grounds for curt dismissal are as follows. First, the main error is to suppose that we pay for imports by sending out money; that importation means loss of money;

and that a lessening of imports means a gain or accumulation of money. And in the converse case, when we export or increase our exports, it is an error to assume that we profit by gaining money or accumulating money. The most obvious fact in international trade is that imports are *not* paid for by sending out money, and that we do *not* get more money by lessening our imports; neither is money procured by the sale of exports. It is the exported goods that pay for those imported. A decrease of imports means a decrease of exports, not a corresponding inflow of money, and an increase of exports means an increase of imports, not an inflow of money. True, each individual transaction is in terms of money. But the transactions are offset, and the great bulk of the payments are effected without the remittance of cash. The details of the course of trade between nations, the use of bills of exchange and the rates of foreign exchange, the process by which merchandise transactions are offset — all this would make a long story, which must be left to the various books, elementary or elaborate, on the mechanism of international trade. The topic is not without its intricacies and difficulties, but is better understood than almost any other in the field of economics. If there is one thing established in that field, it is that a country's goods sent out of its borders serve to pay for the goods imported; they do not bring in corresponding amounts of money or enable money to be piled up.

It is true, and is also a commonplace, that a change in imports or exports often stimulates an initial and temporary movement of money (gold). Under the ordinary conditions of peaceful trade, there is a constant flow and reflow of gold between countries, serving to give a start to the movement of goods and also to equalize balances of payment. But the movement of money is always small in comparison with the total transactions. It is usually of minor importance, too, in its effect on general business conditions; and when, as

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sometimes happens, of serious importance, it is so rather as an effect than as a cause, as a symptom rather than as an ill or benefit in itself. To maintain or imply that gold flows for each item of imports or exports, or that a cutting down of imports results in an unending enrichment of a country through an inflow of money, simply indicates gross ignorance.

Next, the inquirer must rid his thoughts of the very idea of a country's enrichment by the process of buying less from foreigners or selling more to them. This is the most insidious part of the error; most insidious because it applies notions familiar in private affairs to the quite different problems of public welfare and national prosperity. Buy less and sell more — is not this the way an individual gets rich? But it is *not* the way in which a nation gets rich, least of all in its trade with other nations. Produce more and consume less — so much one might lay down. Thereby a nation does indeed accumulate capital and in a sense grow rich; that is, it does accumulate the capital indispensable for continuing prosperity. But accumulate money by buying less from foreign countries and selling more to them? Even if a country could really achieve the result, and could have the money pouring in year after year, it would not become richer in the only sense in which riches conduce to the general welfare. General welfare means that we have more of the necessities and conveniences of life — more food, clothing, houses, amusements. Money is only a symbol, a medium of exchange, a means of buying the things wanted. All the piling up of money in the world would not make the world better off; and the perpetual piling up of money in a single country would not make that country more prosperous.

Unfortunately, our daily use of money and our daily pre-occupations with private business affairs render it most natural for the ordinary man to think of riches as money, and of sales as the source of profit; and then to think of the com-

munity's affairs in the same terms as of his own affairs. The persistence of what the economist calls the mercantilist view is the most trying experience of his profession. It is in flat contradiction with truths established of old and accepted by every competent judge. Yet the familiar fallacy crops out everywhere and on all sorts of occasions, and seems to be quite ineradicable. Its deeprooted hold explains the vogue of the phrase ascribed to Lincoln; explains why the economist breathes a sigh of relief on finding that the great name cannot be associated with it; explains, too, why he displays a touch of impatience when asked once more to supply a refutation.