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| **Protecting American Industry**  |

 The War of 1812 provided tremendous stimulus to American manufacturing. It encouraged American manufacturers to produce goods previously imported from overseas. By 1816, 100,000 factory workers, two-thirds of them women and children, produced more than $40 million worth of manufactured goods a year. Capital investment in textile manufacturing, sugar refining, and other industries totaled $100 million.

 Following the war, however, cheap British imports flooded the nation, threatening to undermine local industries. In Parliament, a British minister defended the practice of dumping goods at prices below their actual cost on grounds that outraged Americans The British minister declared:

"It is well worthwhile to incur a loss upon the first exportation, in order, by a glut, to stifle in the cradle those rising manufacturers in the United States which the war had forced into existence."

So severe was the perceived threat to the nation's economic independence that Thomas Jefferson, who had once denounced manufacturing as a menace to the nation's republican values, spoke out in favor of protecting manufacturing industries:

"We must now place the manufacturer by the side of the agriculturalist."

Congress responded to the flood of imports by continuing a tariff set during the War of 1812 to protect America's infant industries from low-cost competition. With import duties ranging from 15 to 30 percent on cotton, textiles, leather, paper, pig iron, wool, and other goods, the tariff promised to protect America's growing industries from foreign competition.

 Shipping and farming interests opposed the tariff on the grounds that it would make foreign goods more expensive to buy and would provoke foreign retaliation.

**Protecting American Industry**

1. Why did the British dump their goods onto the American market after the war?
2. What effect did this have on newly-formed American industries?
3. How does a tariff work?
4. What did the Tariff of 1816 do?
5. Why did some groups oppose the tariff?