

IX THE TARIFF

Delivered at Des Moines, Ia., on the 21st of August, 1908, and setting forth the party's position in the campaign of that year.

IN my notification speech I stated that, as the campaign progressed, I would discuss the question, "Shall the People Rule," as it applies to the various issues involved in this campaign. I begin with the tariff question, because it is the most lasting of our economic questions and the one upon which the leading parties have most frequently opposed each other. Other questions may come and go, but questions which affect taxation, like Tennyson's "Brook," "go on and on forever." As the Government is not a Lady Bountiful, with unlimited means, but merely an organization which must collect on the one hand what it pays out on the other, the subject of taxation is an ever-present one. We may discuss how much we should collect, what methods we should employ in collecting, and how best to distribute, through appropriations, the money collected, but we are never far removed from the subject of taxation. Iowa has been selected for the presentation of what I desire to say upon this subject. because the Iowa Republicans were pioneers in the effort to secure tariff revision at the hands of the Republican party. I

come among them to define and defend the Democratic position on the tariff question, because I believe it will commend itself to them. That the issue may be clearly stated, I shall read you the Democratic plank on this subject, and then the Republican plank.

The Democratic platform says:

"We welcome the belated promise of tariff reform now offered by the Republican party as a tardy recognition of the righteousness of the Democratic position on this question; but the people cannot safely entrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican party. We call attention to the significant fact that the promised relief was postponed until after the coming election—an election to succeed in which the Republican party must have the same support from the beneficiaries of the high protective tariff as it has always heretofore received from them; and to the further fact that during years of uninterrupted power, no action whatever has been taken by the Republican congress to correct the admittedly existing tariff iniquities.

"We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list; material reductions should be made in the tariff upon the necessities of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

"Existing duties have given the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and paper, thus imposing a tax upon the spread of knowledge.

"We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber and logs, and that these articles be placed upon the free list."

The Republican platform says:

"The Republican party declares unequivocally for a revision of the tariff by a special session of congress immediately following the inauguration of the next president and commends the steps already taken to this end in the work assigned to the appropriate committees of congress, which are now investigating the operation and effect of existing schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries.

"We favor the establishment of maximum and minimum rates to be administered by the president under limitations fixt in the law, the maximum to be available to meet discriminations by foreign countries against American goods entering their markets and the minimum to represent the normal measure of protection at home; the aim and purpose of the Republican policy being not only to preserve, without excessive duties, that security against foreign competition to which American manufacturers, farmers and producers are entitled, but also to maintain the high standard of living of the wage-earners of this country, who are the most direct beneficiaries of the protective system.

"Between the United States and the Philippines, we believe in a free interchange of products, with such limitations as to sugar and tobacco as will afford adequate protection to domestic interests."

Secretary Taft refers to this subject briefly in his notification speech—only briefly—but as I shall quote such passages from his speech as are pertinent to this discussion, it is not necessary to read his remarks in full.

It will be noticed that the Republican party has abandoned the earlier arguments advanced in support of a high tariff. We hear no more of the "Infant Industries," that must be tenderly cared for "until they can stand upon their feet"; there is no suggestion that the "foreigner pay the tariff," and nothing about the "home market." These catch phrases have had their day—they are worn out and

cast aside. The Republican leaders are no longer arrogant and insolent; they cannot longer defy tariff reform. Their plan now is to seem to yield without really yielding.

I submit that the Democratic platform accurately described the Republican position when it refers to "the belated promise" made by the Republican leaders as "a tardy recognition of the righteousness of the Democratic position on this question." The Democratic party in its platforms and through its representatives in Congress has for years pointed out that the tariff schedules are excessively high and ought to be reduced, but the Republicans have, until recently, refused to admit that there was any necessity for reduction. They now confess, through their platform and through their presidential candidate, that the need for revision is so great as to justify the party in declaring "unequivocally for a revision of the tariff" and the need is so urgent that the work is to be undertaken at "a special session of Congress immediately following the inauguration of the next president." The use of the word "unequivocally" indicates that those who wrote the platform recognize that they are under suspicion. They want to distinguish this promise from the unkept promises of the past by adding as emphatic an adjective as could be found in the dictionary. If former Republican promises had been conscientiously fulfilled, it might not have been necessary to thus strengthen the promise made this year. The use of the words "immediately after the inauguration" is evidence that the Republican leaders are conscious that the patience of the public has been

strained to the point of breaking, and it is almost pathetic to note the solicitude which they now feel about doing a thing which, but for wilful neglect, might have been done at any time during the last ten years.

Are we not justified in saying that "the people cannot safely entrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican party"? The "fat-frying" process has become familiar to the American people. Pressure has been brought to bear upon the protected interests every four years—and to a less extent in the congressional campaigns between presidential elections—to compel contributions to the campaign fund in return for former favors and in anticipation of favors yet to come. It is difficult to overestimate the corrupting influences introduced into the political life of the nation by this partnership between the Government and the favored industries. The literature circulated in support of a protective tariff has studiously cultivated the idea that suffrage should be employed to secure pecuniary returns, and the appeal made by the Republican leaders has come to be more and more a selfish one. Every man engaged in a protected industry has been approached with the proposition that it is dollars in his pocket to maintain the system, while those who could not possibly trace any tangible benefits to themselves have been beguiled with the assurance that it was all a matter of public spirit and that they ought to support the system out of patriotic love of country. If attention was called

to the fact that the farmer was taxed for the benefit of the manufacturer, the triple answer was that it would come back to him indirectly; that it did not amount to much for each farmer anyhow; and that a man was small minded who could begrudge so insignificant a contribution to the nation's prosperity. The plan has been to keep the taxpayers quiet by keeping them in the dark as to the operation of the law, and then to concentrate the votes and influence of the tax-eaters in favor of a continuation of high tariff legislation. If a tariff of fifty per cent. was imposed upon a given article of merchandise, it was assumed that those engaged in the production of the article would contribute liberally to keep up the tariff. It was also assumed that the employees would vote with their employers to keep from having their wages reduced, and it was expected that the business men of the town would also vote for the tariff because of the business brought to the community by the protected industry. Those who are acquainted with the tariff fight know to what an extent the pecuniary argument has been used. The recent Republican platform is a bugle call to every beneficiary of special privilege, to enlist again under the Republican banner, and when the election is over and the Republican committee publishes the list of contributors—too late to make the information valuable—it will be found that the Republican party has again so obligated itself to the protected interests as to be unable to make a revision in the interests of the consumers.

With a President who, toward the close of his term, admitted the necessity for tariff revision, with

a two-thirds majority in the Senate and nearly sixty majority in the House, the Republican party has refused to permit any revision whatever. Mr. Williams, the leader of the minority in the House, introduced a bill providing for a reduction of the tariff to 100 per cent., wherever it is now more than 100 per cent. It would look as if the Republican party might have taken this step toward tariff revision, had it been deeply in earnest; but no, the bill was not even reported from the committee. Whenever attention was called to an indefensible schedule, the answer was that they could not afford to open the subject for debate just before a campaign, but there is no force in this objection because the House rules are so framed that the majority can cut off debate, prevent amendment and silence opposition.

The administration has claimed credit for the fine against the Standard Oil Company in the case which was lately reversed, but no effort has been made to relieve the people from the fine which is imposed upon them every day by the Standard Oil Company through the operation of the tariff law which gives that company more than 100 per cent. protection against its chief rival, Russia. What faith can a real tariff reformer, whether he be a Republican or a Democrat, repose in the Republican leaders, when they deliberately put off all reduction until after election, and then call for contributions, with the understanding that the public shall not know the names of the contributors until after the polls are closed?

The Republican platform says that the tariff is intended for the American manufacturers, farmers

and producers, and especially for the wage-earners. If the farmer and the wage-earner are really the chief beneficiaries of the protective system, will the Republican candidate explain why the farmer and the wage-earner have contributed so little to the Republican campaign fund? Is he willing to publish a list of contributors on the 15th day of next October and allow the relative advantage of protection to the manufacturer, the farmer and the wage-earner to be measured by the contributions received from each class? Why is it that the manufacturers are expected to furnish so large a proportion of the money to run the campaign, if, as the Republicans claim, the farmers and the laborers enjoy so large a proportion in the benefits of the system? Is it not a significant fact that the farmers and wage-earners who are always put in the foreground when the blessings of a high tariff are being enumerated are in the background when the collections are being made? Is it not significant that the manufacturers, who furnish the funds, are so little advertised as beneficiaries? Is it not significant also that the wage-earners, instead of the manufacturers, are always described as "the most direct beneficiaries of the protective system?"

But let us suppose, for the sake of argument, that the Republican party sincerely repents of its delay in beginning tariff reform, repudiates its obligations to the contributing manufacturers and honestly begins a "revision." What rule is to govern the revision? The Republican platform says:

"In all tariff legislation, the true principle of protection is best maintained by the imposition of such duties as will

equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries."

Mr. Taft endorses this rule and says that "in a number of schedules the tariff now exceeds this difference, and that the excess offers a temptation to those who would monopolize the production and sale of such articles in this country." He adds, however, that "there are some few articles on which the tariff is not sufficiently high to give them the measure of protection they should receive."

Will he explain upon what rule the present tariff was framed? When have the Republicans claimed more protection than enough to cover the difference in the cost of production here and abroad? The "reasonable profit to American Industries" is an addition to the rule, and is likely to be used as an excuse for raising the tariff. And, by the way, to what other business does the Government guarantee a "reasonable profit"? To the farmer, or the merchant, or the laborer? To none of these. If in revising the tariff the Republican party is to work upon exactly the same plan (or a plan contemplating a higher rate) what hope have we that the new tariff will be lower than the present one? Are the present leaders more honest than the ones who framed the existing tariff? Are they not, in fact, the same men who are responsible for tariff extortion during the last decade? If this new-born zeal for revision were a hundred times greater than his notification speech indicates, what chance would the Republican candidate have of securing any real tariff reform at the hands of such Republicans as

brother Aldrich to go over them with me and ascertain what the people wanted in each case, and if there were any cases where the committee had not already done exactly what the petitioners desired or had not inflexibly passed upon the question, I could have a hearing before you, but I find in every instance the action of the Committee, as Mr. Aldrich thinks it likely to be, is entirely satisfactory to the interests I represent, with the exception of one or two, and the papers in regard to those cases I have handed to Mr. Aldrich."

Mr. Miles, whom I have before quoted, says, in *American Industries* of April of this year:

"People asking a government representative for relief on another schedule were by that representative referred to a New England manufacturer, the official agreeing to act in accordance with the protected manufacturer's wishes. Said the manufacturer: 'I wrote that schedule myself. I did not intend that it should be interpreted as severely as it has been, but having been so interpreted, I will not consent to a modification of it.' And this man's will remains the law."

We would not expect a jury to do justice to the defendant if it was composed entirely of the relatives of the plaintiff; neither can we expect a Congress to do justice to the masses if it is composed of men who are in sympathy with, and obligated to, the corporations which have for a generation been enjoying special privileges.

There is no prospect of relief from a Republican President and Congress. The Democratic party, if entrusted with power, can and will reduce the tariff.

The Democratic platform not only demands a reduction of the tariff, but it plainly outlines the course to be pursued in securing the reduction. It begins by proposing that articles which come into competition with articles controlled by a trust be

voters have not understood either the theory of protection or the facts that are relied upon to support it.

In ordinary affairs there is no difference between a tariff reformer and a protectionist. They meet together in business, in society, in the lodge room and in the church. In their daily life they apply the same rules and are guided by the same business rules. This similarity manifests itself all through life and up to the very hour of death. If a protectionist makes a will, he makes it upon the same plan that the tariff reformer follows. As death approaches, he estimates the value of his property, leaves to his wife and children what he wishes them to have, and then makes such bequests as he likes to public institutions and to those outside of the family; and such part as he leaves to his wife and children, he carefully divides among them, giving to each a definite share. He does not give all his property to one child and say that he trusts the child to deal fairly with the rest of the family. Why? Because he knows his children and would not put a child in a position where selfishness might lead him to do injustice to other members of the family. No, he would not trust his own flesh and blood to deal fairly with those reared at the same fireside with him; and he is wise in not placing this temptation before one of his own family. But when a protectionist comes to make a tariff law, he acts on an entirely different plan; he votes millions, yes, hundreds of millions of dollars, to manufacturers whom he has never seen, and trusts them to be just in the distribution of

the trust fund among their employees. And what has been the result? Just what might have been expected—the manufacturers have appropriated the trust fund to their own use and have paid their employees only such wages as trade conditions compelled.

The Homestead strike occurred after the Republican convention of 1892, but before the Republican candidate wrote his letter of acceptance. He could not ignore the strike, for it presented an object lesson which even a high-tariff Republican could not fail to see. So Mr. Harrison, the candidate, referring to the strike, said:

“I regret that all employers of labor are not just and considerate and that capital sometimes takes too large a share of the profits!”

“Too large a share of the profits?” Yes; more than that. The protected manufacturers have secured, in many cases, a tariff of more than twice the percentage paid to workmen in wages. The net profits of the steel trust last year were just about equal to the entire amount paid in wages, and the wages constituted less than twenty-five per cent. of the total value of the product. According to this statement, each workingman employed by the steel trust earned, on an average, not only the amount paid to him, but one hundred per cent. profit besides for his employer. And, I may add, while these beneficiaries of protection have been pretending to make the tariff laws for the direct benefit of the employees, these same employees have, as a rule, been kept close to the hunger line, while many of the employers have become the possessors of the

“swollen fortunes” which now menace the nation’s morals as well as its business.

And yet the Republican party was not willing that a single item on the steel schedule should be touched, and the Republican campaign committee will not dare to publish, before the election, the contributions that have been made or will be made to the Republican campaign fund by the men most largely interested in the steel trust.

Let me show you how the tariff operates. I have here a statement made by Mr. H. E. Miles, Chairman of the Tariff Committee of the National Association of Manufacturers and head of the Agricultural Implement Association. The statement appears in the *American Industries* of November 15th, 1907, a paper which is now supporting the Republican ticket and making a special fight against the labor plank of the Democratic platform. Here is what Mr. Miles says:

“I have made money every year out of the Tariff Graft. Not much, but still a little.

“The tariff barons raised their price \$50,000 to me. I made a charge against the jobber of \$60,000 and I know that he charged more than \$70,000 for the \$60,000 he paid me. Before reaching the consumer the \$50,000 charge became about \$100,000 to be paid by the agricultural consumer.

“The manufacturer who would prosper must make a double profit, one by the shrewd management of his business and another by still shrewder manipulation in Washington.

“We have no great difficulty in shipping abroad for we could get as high prices as at home. We are so held up, however, by our supply people that to most of us there is very scant profit in foreign business.

“When Congress gave us forty-five per cent., we needing only twenty per cent., they gave us a congressional permit,

if not an invitation, to consolidate, form one great trust and advance our prices twenty-five per cent., being the difference between the twenty per cent. needed and the forty-five per cent. given."

Mr. Miles shows how the tariff raises prices to those who, in manufacturing, have to buy other manufactured products. This expense is transferred to the next purchaser. The jobber charges a profit on the tariff as well as on the cost of the article, and each person who handles the product collects a profit, so that, according to Mr. Miles, the first charge of \$50,000 becomes \$100,000 by the time it reaches the consumer. Mr. Miles in another article estimates the total tariff tax on the people at \$500,000,000 annually. The statement of Mr. Miles also shows that the tariff law is an invitation to consolidate, and that having been given the tariff on the theory that it is needed, the manufacturers naturally assume that it is intended that they shall take advantage of it, even if they have to combine to do so.

How will Mr. Taft explain to the average man the benefits of protection? He can easily convince a trust that it profits by the tariff, but what about the victim of the trust?

No Republican leader will now deny that reductions ought to be made, but who is to make the reductions? The only answer given by the Republicans is that the tariff ought to be reformed by its "friends"; that is, that those who made the last tariff law should be entrusted with the making of a new tariff law. But suppose the people adopt the Republican idea and entrust the making of the tariff law to Republican Congressmen; what will be

the method of procedure? Fortunately for the voter, Mr. Miles explains this also. In the April, 1908, number of *American Industries*, Mr. Miles says: "The people instruct and trust Congress to grant just, equitable and ample protection."

Is not that just what the Republican leaders claim to favor? They want you to "instruct and trust Congress to grant just, equitable and ample protection." And what does that mean? Mr. Miles says that Congress "trusts the Ways and Means Committee." And a Republican leader will tell you that this is also proper. Then what? Mr. Miles says that "this committee trusts such persons as Mr. Dalzell," and that "they—they trust the trusts."

The method of procedure is simple. It is a case of confidence. The voters have confidence in Republican leaders; the leaders have confidence in a Republican Congress; a Republican Congress has confidence in the Ways and Means Committee; the Ways and Means Committee has confidence in the men who represent the trusts, and the trusts write the tariff law and thus secure to themselves the right to levy tribute upon the public. So accustomed have Republican leaders become to allowing the protected interests to write the tariff schedules that so eminent and honorable a man as Senator Hoar of Massachusetts said, in discussing the McKinley bill, then before the Senate:

"Instead of coming before your subcommittee for a formal hearing on our Massachusetts industries, I thought the best way was to carefully prepare a table of all the various industries, perhaps some sixty or seventy in all, and ask

Brother Aldrich to go over them with me and ascertain what the people wanted in each case, and if there were any cases where the committee had not already done exactly what the petitioners desired or had not inflexibly passed upon the question, I could have a hearing before you, but I find in every instance the action of the Committee, as Mr. Aldrich thinks it likely to be, is entirely satisfactory to the interests I represent, with the exception of one or two, and the papers in regard to those cases I have handed to Mr. Aldrich."

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The Democratic platform not only demands a reduction of the tariff, but it plainly outlines the course to be pursued in securing the reduction. It begins by proposing that articles which come into competition with articles controlled by a trust be

placed on the free list. What better place to begin? Years ago Mr. Havemeyer, the head of the Sugar Trust, said that the tariff was the mother of trusts—and her children are many. Secretary Taft, in his notification speech, says that an excessive tariff serves no useful purpose, “but offers a temptation to those who would monopolize the production and the sale of such articles in this country, to profit by the excessive rate.”

Now, suppose the manufacturers, who have been favored by legislation, do conspire against the public and enter into a monopoly. What penalty do the Republicans suggest? None whatever. These men are to be consulted about proposed changes, and if the next Republican tariff is made like former Republican tariffs, nothing will be done without the unanimous consent of the beneficiaries.

What would be the effect of the remedy proposed by the Democratic platform? Simply this: a law goes into effect at some fixed date in the future, and if the Democrats pass a law, putting upon the free list articles coming into competition with those controlled by a trust, the trust will have until that date to dissolve. If the trust considers the law too drastic, it can avoid it by giving up its monopoly.

Secretary Taft calls this remedy “utterly destructive,” and in his anxiety to prevent it overlooks the fact that the Democratic party has other remedies for the trusts. If we can succeed in dissolving existing trusts, and in preventing the organization of new ones, there will be no trusts against which to use the remedy of which he com-

plains. There is now a law against trusts, but it has not been sufficiently enforced to prevent trusts. The Democrats demand its enforcement; if its enforcement rids the country of trusts, then this policy which Mr. Taft so much fears will become perfectly harmless. If the Democrats secure control of both the House and the Senate, they are pledged to legislation which will make a private monopoly impossible. If the Republicans retain control of part of the legislative machinery of the Government and refuse to join in the effort to make a private monopoly impossible, they are not in a position to complain of tariff legislation aimed at trusts. If they refuse to assist us in exterminating the principle of private monopoly, they cannot well object to legislation necessary to protect the people from trust extortion.

Mr. Taft did not refer to the platform demand that wood pulp, print paper, lumber, timber and logs be placed upon the free list. Why? Because the President vainly besought Congress to enact a law embodying part of this demand. It is absurd to complain of the exhaustion of our forests while we encourage their destruction by a tariff on the products of foreign forests. But such legislation becomes not only a folly but a crime when it is remembered that a handful of men monopolize the benefits flowing from the tariff on these things while the whole country bears the burden of the tax. Hon. R. F. Pettigrew, of South Dakota, in a speech made in the United States Senate, referred to an important statement, which appeared in *The Northwestern Lumberman*, February 27, 1897.

Senator Burrows of Michigan had referred to a Mr. Winchester as a man of great reliability and truthfulness, and Senator Pettigrew quoted Mr. Winchester as saying in *The Northwestern Lumberman*:

"There were a lot of gentlemen from the Northwest up Minnesota way, in Washington the other day, and they were sitting in Senator Brown's room. An interesting incident occurred there. Senator Burrows is chairman of the committee. The committee had not had a meeting for a long time. They happened to be seated in that room, and one of the gentlemen from Minnesota had an envelope and lead pencil. He walked around the room and ciphered up a little bit, and he said:

"Mr. Burrows, do you know what \$1 a thousand would mean to this crowd of men in here?"

"There were not as many in the room as there are here. He said:

"An advance of \$1 a thousand on lumber would mean \$6,125,000 on last year's product."

Could more conclusive proof be desired? And the Senator Burrows mentioned is the same Senator Burrows who acted as Temporary Chairman of the last Republican National Convention, and sounded the keynote of the campaign.

How long will the Republican farmers, merchants and laboring men permit a few men to make the tariff laws for their own pecuniary advantage and at the expense of the rest of the country?

The second step in the reduction of the tariff is a "material reduction upon the necessities of life, especially upon goods competing with such American manufactures as are sold abroad more cheaply than at home." At present the articles used by the poor bear a higher rate, *ad valorem*, than the articles used by the rich. This statement can be

verified by an examination of any of the schedules. A tax upon consumption, even when laid with absolute impartiality, bears heaviest upon the poor, because our necessities are much more uniform than our possessions. People do not eat in proportion to their income; they do not wear clothing in proportion to their income; they do not use taxed goods in proportion to their income. As all taxes must come out of one's income, no matter through what system levied or collected, they are, in effect, income taxes, and taxes on consumption are really graduated income taxes, the largest per cent. being collected from those with the smallest income and the smallest per cent. from those with the largest income. It is only fair, therefore, that in an attempt to relieve the people from the iniquities of a high tariff, the poor, who are overburdened, should be given first consideration. Then, too, a reduction in the tariff on the necessities of life brings a benefit to all the people, while a reduction in the tax upon luxuries would benefit but a portion of the people.

Surely no one will object to a reduction being made upon articles which come into competition with American manufactures which are sold abroad more cheaply than at home. The American manufacturer who sends his goods to foreign lands and there, without any protection whatever, competes successfully with the manufacturers of all the world, does not need a high tariff to meet competition in the home market. And there are enough articles sold abroad at a low price to assure a large

advantage to the American consumers through the carrying out of this one plank.

Mr. Taft, however, finds the greatest alarm in the following clause in our platform: "Gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis."

He regards this threatened departure from the protective system as fatal. We are here brought face to face with the theoretical difference between the positions of the two parties on the subject of tariff. The Democratic party regards a tariff law as a revenue law, the protection it gives being incidental; the Republican party regards a tariff law as framed primarily for protection, the revenue being incidental. As the effect of a given rate on a particular article is the same, whether levied for the purpose of revenue or for the purpose of protection, it may be well to define the difference between a revenue tariff and a protective tariff. A revenue tariff is so framed as to collect a revenue and you stop when you get enough; a protective tariff may be so framed as to collect but little revenue, and yet lay a heavy burden upon the people—and you never know when to stop. To illustrate: a tariff may be made so high as to absolutely prohibit importation. If, in such a case, the manufacturers yield to the temptation mentioned by Mr. Taft and combine to take advantage of the duty, the consumers will be heavily taxed, and yet none of the money will reach the treasury.

Let us suppose another case. If we import one-tenth of a certain kind of merchandise and produce

at home nine-tenths, and the imported and domestic articles sell at the same price, then the treasury receives duty on the foreign article and the manufacturers collect nine times as much on the domestic article as the treasury collects on the one-tenth imported. It becomes a matter of great importance, therefore, to the people at large, whether the tariff is intended to raise a revenue or is framed in the interest of the manufacturers and for the purpose of protection. No one would think of employing in a city, a county or a State, a tax system under which the bulk of the tax would go to the collectors, and yet the Republican leaders demand the continuance of a system under which the protected interests receive far more than half the money collected from the people through the operation of a high tariff.

As a tariff law interferes with the natural laws of trade, one who proposes a protective tariff takes upon himself the burden of proof to show, first, that a protective tariff is right in principle; second, that it is wise as a public policy, and, third, that it is necessary. And yet what protectionist attempts to present an argument in support of any one of these propositions?

Is it right to tax all of the people for the benefit of a few? Where a community has attempted to collect taxes for the aid of an industry, even when the industry was to be located in the community, the highest court in the land has declared such a tax to be larceny in the form of law. If a city government cannot rightfully tax all the people to bring an industry into the city, where such bene-

fits as are conferred are more easily seen and more universally enjoyed, who will say that a farmer in the Missouri Valley can be rightfully taxed to support an industry in a distant State?

As a matter of public policy, is it wise that the industries that do pay should be compelled to carry upon their backs industries which, according to the arguments made by their representatives, could not live without aid? Have we not seen this system introducing corruption into politics, and is it not building business upon an unsubstantial basis? Having secured a tariff from one party, the beneficiaries loudly declare that the country will be ruined if any other party obtains control of the Government. Manufacturers have intimidated their employees and threatened them with a reduction in wages unless a party favorable to the system was continued in power. This is an old device, and there are indications that it is being resorted to again. The New York Leather Belting Company has sent out a number of letters to companies with which it has business dealings, asking them to post in their factories a notice saying:

"Believing that the election of Taft and Sherman means a safe and conservative administration, the day following the election we shall start this plant on full time and keep going."

Here is a direct attempt to influence the election by a bribe. It is virtually a promise of wages if the Republican ticket is successful and an implied threat in case of Democratic success; but the offer is so made that it gives the employees no guaranty of its fulfilment. The same kind of promises were

made in 1896, and yet for six months after the election times were worse than they were before. There were business failures and bankruptcies, and many institutions that promised their employees steady work and good wages, shut down or reduced wages. If any factory posts up the sign which the Leather Belting Company is sending out, the employees ought to get together and ask for a guaranty as to the amount of the wages they are to receive and as to the length of time during which the guaranty is to extend. If the votes are to be bought, the purchase price, at least, should be made secure. If the employee's heritage—citizenship—is to be sold, he ought, at least, to be sure of his mess of pottage.

But the whole system is vicious. Business should not be built upon legislation; it should stand upon its own merit, and when it does stand upon its own merit we shall not only have purer politics, but we shall have less fluctuation in business conditions and a more equitable distribution of the proceeds of toil.

I cannot pass from this part of my subject, without calling attention to the fact that Secretary Taft has allowed himself to be drawn into the use of an argument which the beneficiaries of protection have been employing for a generation. Speaking of the gradual substitution of a revenue tariff for the protective system, he says in his notification speech:

"The introduction in power of a party with this avowed purpose cannot but halt the gradual recovery from our recent financial depression and produce business disaster, compared with which our recent panic and depression will seem small indeed."

labor and a small amount of raw material, but that they cannot export hardware in which the raw material constitutes a large proportion of the value. We are sending manufactures of steel all over the world. The steam engine, for instance, is made by skilled labor, and yet we can send it abroad and defy competition. Our electrical machinery is made by skilled labor, and yet we have no fear of foreign competition, even in the foreign markets. Our agricultural machinery is made by skilled labor, and yet we export it to all countries. Our sewing machines are manufactured by skilled labor, but the American traveler finds our sewing machines everywhere; and the list could be extended indefinitely.

For twenty-five years the American workman has been told that he receives higher wages than the English workman solely because of protection, but our wage-earners now know that this cannot be due to protection, because the English workman receives higher wages than the German workman, altho the German tariff is higher than the tariff of Great Britain.

Protection does not make good wages. Our better wages are due to the greater intelligence and skill of our workmen, to the greater hope which free institutions give them, to improved machinery, to the better conditions that surround them, and to the organizations which have been formed among the wage-earners.

A revenue tariff will not bring a panic; it will not inaugurate industrial depression; it will not reduce wages; on the contrary, it will stimulate business and give more employment, and a larger

demand for labor will be a guaranty against a reduction of wages. A reduction of the tariff will reduce the extortion that is now practised because of the high schedules; a reduction in price will enable more people to buy, and this larger demand for the goods will put more people to work and increase the number of industries. A lower price will greatly stimulate exportation, and manufacturers who are now crippled by a tariff upon what they use will be better prepared to enter the contest for supremacy in the world's trade.

We cannot hope to invade foreign markets to the extent we should, until we relieve our manufacturers of the handicap that protection places upon them in the purchase of materials they have to use. Neither can we hope to continually increase our exports without increasing our imports. Trade must be mutual if it is to be permanent. President McKinley recognized this, and in the last speech that he made he pointed out that we must buy from other nations if we expect to sell to other nations.

The Democratic plan does not contemplate an immediate change from one system to the other; it expressly declares that the change shall be gradual, and a gradual change is only possible where the country is satisfied with the results of each step taken. We elect a Congress every two years and a President every four years, and the people can soon stop any policy if the results of that policy are not satisfactory. But we believe that the experience the people have had with "protection for protection's sake" has led them to favor a

restoration of the tariff by gradual steps to a revenue basis, and we are convinced that the advantages following each step will be so pronounced and that the benefits will be so universally enjoyed that there will be no halt in the progress toward a system under which the tariff will be levied for the purpose of revenue and limited to the needs of the government. The low tariff law of 1846 did not produce a panic; on the contrary, it was so satisfactory that when the Republican party wrote its first platform, ten years afterward, the protective principle was not endorsed.

The Democratic party has declared for an income tax as a part of the revenue system, and for a constitutional amendment as a means of securing this tax. Secretary Taft announces in his notification speech that he is in favor of an income tax whenever the revenues are so low as to require it, and expresses his belief that it is possible to secure such a tax without a constitutional amendment. If it is possible to frame a law which will avoid the objections raised to the income tax law of 1894, well and good, but that is uncertain. If an income tax is desirable, surely Secretary Taft can not consistently oppose the adoption of a constitutional amendment. If the principle is right and the tax wise, Congress ought to have authority to levy and collect such a tax, and no supporter of Secretary Taft can oppose our position without dissenting from the Republican candidate.

The whole aim of our party is to secure justice in taxation. We believe that each individual should contribute to the support of the Government in

proportion to the benefits which he receives under the protection of the Government. We believe that a revenue tariff, approached gradually, according to the plan laid down in our platform, will equalize the burdens of taxation, and that the addition of an income tax will make taxation still more equitable. If the Republican party is to have the support of those who find a pecuniary profit in the exercise of the taxing power, as a private asset in their business, we ought to have the support of that large majority of the people who produce the nation's wealth in time of peace, protect the nation's flag in time of war, and ask for nothing from the Government but even-handed justice.

END OF VOLUME I