

# TRIUMPHANT PLUTOCRACY

The Story of  
American Public Life  
from 1870 to 1920

By  
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from South Dakota



Printed by THE ACADEMY PRESS  
112 Fourth Avenue, New York City

THE NEW YORK  
PUBLIC LIBRARY

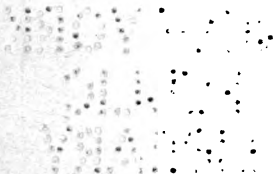
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Published January 1, 1922.



## V. THE TARIFF

Next, perhaps, to the money system, the tariff is the handiest weapon that the American business interests have at their disposal. I believe in a tariff, provided it is accompanied by a free and untrammelled competitive system of production. The purpose of such a tariff would be to give temporary assistance to such industries as are necessary to the sound economic life of a country. Once the competitive system is destroyed, however, the tariff falls to the ground, becomes merely an instrument in the hands of the Government for the plundering of the people through the agency of their monopolistic combinations. Under such circumstances a tariff cannot be justified unless a man is in favor of stealing.

The tariff bills that I saw enacted, two by Republican Congresses and one by a Democratic Congress, aimed to distribute favors and special privileges to those industries that were strong enough to demand them and to enforce their demands. The Wilson Bill, passed by a Democratic Congress, provided almost as much protection as the McKinley and Dingley bills, passed by the Republicans. The commodities on the free list were changed, but the principle of protection was accepted by both great parties. Both were serving business and business demanded protection.

It was to meet this situation that I urged (May 29, 1894) a tariff commission with power to examine the books of every protected industry in order to ascertain the cost of producing these goods in the United States; to compare this cost with the cost of producing them abroad, and thus to determine a fair rate of protection for the home industries. I urged at that time that the tariff commission be established as a permanent bureau in order to make protection a science. The business interests, who were clamoring for protection, did not wish it to be a science. On the contrary, they looked upon it as a sinecure.

I had a further reason for believing in a protective tariff as a means of preventing nations which produced similar lines of goods from trading with one another.

Commerce is a tax on industry. The act of producing wealth has already been finished when commerce begins. A nation should therefore trade only with nations so situated as to soil and climate that their products are different, and are naturally necessary to comfort and happiness. The United States should, therefore, trade chiefly, not with Europe, but with the countries of the tropics, and our industries should be so adjusted that our surplus would pay for those things which we cannot produce; and this would be our condition today if we produced everything to which our soil and climate are adapted.

We should insist that the man who produces the things we can produce shall live here, if he wants us to buy them; shall help support our Government; shall be a taxpayer and a defender of our institutions; we should have the art and the artisan as well as the article, and thus be able to reproduce it. In this way, by varied industry alone, can we bring out all that is in our people, every trait of character, every variety of talent, and can produce an unmatched race of men and an unparalleled civilization.

The United States is endowed by nature with the greatest natural resources of any equal area of the earth's surface. We have the most intelligent, free, vigorous and active people. Our wealth and prosperity depend upon the amount we draw from nature's inexhaustible storehouse and that, in turn, depends upon the industry, frugality and sobriety of the living generation.

Little is left over from one age to another; the nearer we can bring consumer and producer together, the smaller the friction and the less the wear and tear and the expense of energy in making the exchange, and the greater the amount of production. It makes no difference what price we pay each other for our prod-

ucts; if our laws are just there will be an equal and fair distribution of wealth, and, as a result, universal happiness. The theory of free trade is beautiful, and if all the people on earth had an equal chance, were all equally intelligent, moral and industrious, and lived together under the same just laws, free trade might be universally enacted with profit to all.

But these conditions do not exist. Therefore, if we enact free trade our great natural resources and our accumulated wealth would be dissipated throughout the earth, resulting in a slight rise in the scale of living and civilization of all mankind and a great fall in the scale of living and civilization of our own people. An old illustration is apt. If you connect two ponds of water, one large and at a low level, the other small and at a high level, they will both reach the same level—the large one rising a little and the small one falling very much. So it would be with us were we to adopt free trade; for from it results the corollary that our people must do whatever they can do and grow whatever they can produce in competition with all the rest of the world.

What can we economically produce in competition with the starving millions of Asia or the paupers of Europe? England is trying the experiment; with what result? Great aggregations of wealth; numerous millionaires living in incredible extravagance; but a million of her people on an average are paupers always—twenty-eight out of each one thousand of her population. One person out of every twelve needs relief to keep from starvation; one-half of the people of England who reach the age of sixty are or have been paupers. Is this a pleasant picture—an example fit to follow? India, with the oldest civilization on the globe, has reached a little worse state than England.

India suffers from a widespread famine every four or five years; eighty out of every one hundred of her people never have enough to eat; sixteen out of every one hundred have barely enough to eat; four out of

every one hundred live in idleness and luxury, and these are the castes which separate the people so that there is no chance to rise and no future but death.

Free trade is not a panacea, and not even a probable remedy; and while a tariff will enrich us as a nation it will not cause a just distribution of wealth among our own people unless we have just laws which confer equal opportunities.

Pursuant to this theory, I presented in the Senate on June 4, 1897, during the famous debate on the Dingley Tariff, an argument in favor of a duty on nickel (Volume 30, page 1500) to illustrate the point I was making.

"The great issues that are before the people of the United States today reach further than a controversy over the amount of tariff on any item in the pending bill. They are the great questions which determine whether we will march on in the course of freedom and liberty and maintain our republic, or whether we will become a plutocracy—not a plutocracy of natural persons, but a plutocracy of artificial persons; whether we will continue to be what in fact we are today—a government of the corporations, for the corporations and by the corporations, or whether we will go back to what we were in the past—a government of, for, and by the people.

"The provision of the Senate Committee in regard to nickel is equivalent to no duty at all. The Senate Committee has provided as to nickel a duty of six cents per pound, and then has inserted in brackets "except nickel matte." Of course, under that provision, all of the nickel would come in, for nickel matte is simply the nickel extracted from the ore, with such other metals as accompany it in the ore. Then they can be separated in this country. It would all come in free, nickel matte being free. There it is absolute free trade. That provision is a good deal like a good many other provisions in the bill—obscure; not intended to deceive, but having that effect. We can produce all the nickel used

in this country, and yet what is the history of this industry? There are nickel mines in Missouri, Pennsylvania, Arkansas, Washington, North Carolina, Colorado, New Mexico, California, Oregon, Nevada and South Dakota."

Mr. QUAY: "The mines in Pennsylvania have been abandoned."

Mr. PETTIGREW: "The Senator from Pennsylvania says that the mines in Pennsylvania have been abandoned. So they have been in every one of the states I have named. Pennsylvania is no exception. So would the Pennsylvania mills be abandoned if you had free trade. Open your doors to the low-paid labor of Asia, compensated in silver, and your mills will be abandoned; the doors will be closed. There is no question about it.

"Let us see what is the history of nickel. We produced in the United States in 1885, 275,000 pounds of nickel; in 1886, 214,000 pounds; in 1887, 205,000 pounds; in 1889, 252,000 pounds; in 1890, 223,000 pounds; in 1891, 118,000 pounds; in 1892, 92,000 pounds; in 1893, 49,000 pounds; in 1894, 9,000 pounds. I have not the figures for 1896, but I understand the production went on declining, one mine after another closing throughout the country.

"When they are all closed, you will pay twice what you now have to pay for nickel. What is the occasion of the decline in the industry? A deposit of nickel was discovered in Canada which is so rich in nickel and copper that the copper pays the cost of production. Therefore, the nickel costs nothing. They can put the price at any figure they choose. The moment they have destroyed the industry in this country you will pay two prices for your nickel again, and no one will dare to open the mines of the United States in view of this known competition, because they know the moment they open the mines and invest their money in the industry the Canadians can come in and put down the

price so as to wreck their enterprise and make them lose their capital.

“What we want, then, is a duty upon nickel sufficiently large so that it can be produced in this country constantly and so that we shall not be in the hands of a foreign producer, and so that with our high-priced labor we can continue the production. It will not shut out the Canadian nickel, because it can come to this market anyway, no matter what the duty is. Their nickel costs nothing. We have mines in Oregon, for instance, the ore from which has taken the premium, but it is not accompanied with copper in sufficient quantity so that the copper will pay for mining both. Yet men are ready today to go ahead, but not under the provisions of this bill, and put up works costing \$150,000 to mine nickel in Oregon and Washington, provided a sufficient duty is placed upon the article so that they can mine it and be safe from absolute ruin by Canadian competition. I hold that there is justice in their claim.

“We can mine nickel profitably in Dakota, but we cannot do it—we cannot get capital to do it—if we know that at our door is a deposit which can put the price where it will absolutely destroy all profit and not even permit us to make enough to pay the cost of production. I hold it is good policy to place a duty upon nickel sufficient so that we can keep our mines open. Then we will always keep the price at a reasonable figure. Then, if the duty is enough so that it will assure the working of the American mines, we will not be at the mercy of the foreigners to double the price when our mines are closed. I hold that it is good, patriotic policy again to open the mines which produced almost enough nickel to supply our wants in the past, and do it by a duty of fifteen cents a pound upon nickel, and not admit nickel matte free.”

My argument carried no weight. The tariff was not based on any theory, nor did it appeal to science. Instead, it was an agglomeration of concessions to spe-



cial interests. When this became clear to me, I adopted another method of approach to the problem. These were the years when the feeling against "trusts" was running high. I, therefore, decided to relate the two problems by introducing an amendment to the tariff bill (55th Cong., 1st Session, p. 1893), providing that trust-controlled products should be admitted free of duty.

In the end, the amendment was rejected, but it occasioned a lively debate, of which I reproduce a part:

Mr. PETTIGREW: "Up to the last national convention the amendment which I have offered was in strict accord with the platform, the principles, and the policies of the Republican party. But the last convention of the Republican party at St. Louis left that plank out of their platform. Previous to that time the Republican party had declared for bi-metallism. Bi-metallism is dangerous to trusts, because trusts do not thrive on rising prices, but flourish when prices decline. Therefore, if the trusts were to be left out, and bi-metallism left out, everything would be in absolute harmony. The platform accorded apparently with the policies of the convention. If this was accidental, if this provision was left out of the platform by an oversight, if it was not left out because the trusts had gained possession of the convention, and did not desire to abuse each other, then, of course, that will be illustrated by the vote today.

"In the platform of 1888 the Republican party declared:

"We declare our opposition to all combinations of capital, organized in trusts or otherwise, to control arbitrarily the condition of trade among our citizens; and we recommend to Congress and the State legislatures, in their respective jurisdictions, such legislation as will prevent the execution of all schemes to oppress the people by undue charges on their

supplies, or by unjust rates for the transportation of their products to market. We approve the legislation by Congress to prevent alike burdens and unfair discriminations between the states.

“And that is good Republican doctrine. It was at that time, at the next convention, in 1892, the Republican party declared:

“We reaffirm our opposition, declared in the Republican platform of 1888, to all combinations of capital organized in trusts or otherwise to control arbitrarily the condition of trade among our citizens. We heartily endorse the action already taken upon this subject and ask for such further legislation as may be required to remedy any defects in existing laws and to render their enforcement more complete and effective.

“Today we have a chance to carry out the plank in that platform and enact those necessary laws, to enact one of those protective provisions to carry out this platform by declaring that every article controlled by a trust or by a combination to limit production or increase the price shall be subject to the competition of the world, unless the trust will dissolve. The punishment is, therefore, automatic. The trust can decide whether it will go out of existence or contest the rich American market with the manufacturers of other countries.

“It is absolutely and strictly in accordance with the fundamental principles of protection as laid down by the Republican party since it came into existence, for the Republican doctrine was that by protection we reduce the price of the article to the consumer; that by protection we build up competition at home; that competition lowers the price and does justice to the consumer. But, Mr. President, when you allow the exist-

tence of a trust to control that price and then fix a tariff by which they can raise the price to the limit of the tariff, you have overturned every principle of protection. You cannot justify this bill without the amendment. . . .”

Mr. ALLISON: “I asked the Senator from South Dakota, when he introduced the amendment, to allow it to be passed over, in order that it might come in at its proper place and be more maturely considered. I am strengthened in this view by the criticisms that have already been made upon the amendment. It deals with a very important subject, and deals with it in a way that may be effective; or, instead of working justice, it may work injustice. It goes upon the assumption that the way to cure this evil is by punishing the people who are engaged in trusts by placing all the articles manufactured in the country of a like character upon the free list. It assumes also that the tariff itself is the author of the trust.

“I remember very well, as a good many Senators on this floor remember, that we had a long debate on the question of dealing with trusts and the remedies some six or seven years ago. The venerable Senator from Ohio, now Secretary of State, introduced a bill upon that subject. It was referred, I think, to the Committee on Agriculture at first, and reported from that committee. That may not have been the committee. My recollection is not very distinct upon that subject. It was reported back and debated here for a week or two. Then it was referred to the Judiciary Committee and was considered for some weeks by that committee, and then reported back here and debated, and finally passed.

“I submit to the Senate that a matter which may do injustice, which may be an ineffectual remedy, which may only do partially what is sought to be done, should have more mature consideration than can be given to it in debate here from day to day upon the subject. So I appeal again to the Senator from South Dakota to allow the amendment to be passed over for the time being

until we have finished these schedules, and then reintroduce it when Senators on both sides of the chamber shall have an opportunity to present modifications or amendments to it. If the Senator will do that I think it will facilitate our work on the tariff bill."

Mr. PETTIGREW: "I wish to make my reply at some length. Mr. President, I will say in answer to the question of the Senator from Iowa that I have no pride with regard to the form of this amendment. All I desire is to accomplish the purpose which is clearly indicated by the amendment. Neither have I any pride in its being my amendment. Let us discuss and point out what defects, if any, there are in the amendment. I think the subject is of sufficient importance for the Senate to consider it until we perfect the amendment. Where it is attacked in good faith, I believe the Senator attacking it should offer an amendment to the amendment which will cure the defect. Of course, I understand that when a Senator wishes to find an excuse for going against the amendment he can find it, and he can find it in technical quibbles. Capable and able lawyers can readily raise plenty of those. . . . We have asserted in all our arguments to the American people that the tariff produces competition, and competition reduces prices. On every stump we have told the people how an imported article, Fuller's Earth, for instance, was worth from nineteen to thirty-two dollars a ton, but we discovered it in this country and began its production under a very small duty, when the price fell to twelve dollars a ton in a year and a half. It was the same with nails. It seems to me that if we wish to perpetuate the principles of protection and defend this bill, we must carry out that policy which we have so often advocated and give to the American consumer a competitive market. That is all I desire. Cannot we perfect an amendment, then, that will accomplish that object?

"But, Mr President, I have my doubts about some Senators wanting to do this. I think it has been devel-

oped in this debate, and in the votes that have been taken, that some Senators do not want to do this. They do not want to give to the people of this country a competitive market. . . .

“Mr. President, in regard to this amendment, I have this to say: I am perfectly willing it shall go over until tomorrow, so that we may discuss and perfect it. The American people are against the trust. They are not willing to allow any Senator in this body to vote against this amendment simply because its phraseology does not suit him. Neither are Senators going to crawl out by a quibble that amendment will not accomplish the object it has in view. It is the duty of any Senator who objects to the amendment to perfect my amendment, and I shall be glad to accept such an amendment.”

Later in the same debate Senator Platt of Connecticut had a discussion over the duty on Fuller's Earth. During the discussion, Senator Platt accused me of not being a protectionist “except in spots.” To this charge I replied (Cong. Record, 55th Cong., 1st Sess., p. 2041, June 26, 1897):

“Further, Mr. President, I do not know that I care to disclaim or admit the charge as to whether I am a protectionist or not. I believe that the nation should do its own work. I believe that a varied industry is necessary to the development of the best traits of character and the highest civilization among any people. I believe that it is the nation's duty to encourage that varied industry which will enable every talent among its people to be developed to its fullest extent.

“Because I refused to vote for 185 per cent duty on woolen goods, the Senator from Connecticut stands up here to say that I am a protectionist only in spots. Because I refused to vote for 700 per cent duty on the lower grades of silk, used by the poor people of this country, the Senator from Connecticut says I am a protectionist only in spots.

“Well, if to be a protectionist all over a man must

vote for 700 per cent duty on the cheaper articles and for 10 per cent on the higher-priced articles that are used by the rich, I am only a protectionist in spots. If to be a protectionist I must vote for an extra duty on sugar purely and absolutely in the interest of the most corrupt and demoralizing trust ever organized in this country, at the behest and dictation of a political caucus, then I am a protectionist only in spots. If I must vote for every trust, if I must vote for every combination, vote special privileges to the few, high rates of duty, differential duty, in order that they may be encouraged in their raids upon the people of this country, then, Mr. President, I am not a protectionist all over.

"Is the Republican party a protection party? Why, Mr. President, the issue of protection has departed from our politics. When New England made her trade with the cotton Democrats of the South for the purpose of putting a duty on cotton, thinking to break up the Solid South, she abandoned the only principle, the only issue, that gave the party character, and it has left you nothing with which to fight the next campaign. All the Republican party stands for today, inasmuch as protection is no longer an issue and the South is broken up, is as the champion of the trusts and the gold standard, as the special representative of the classes against the masses."

Thus I had tried three lines of attack. First, I had tried to have a tariff commission to determine tariff schedules on a scientific basis. Second, I had tried to show to what extent particular schedules were working hardship. Third, I had attempted to rationalize the tariff by denying protection to trusts. I failed along all three lines, and I failed because the tariff was not a scientific means of regulating industry, in the interest of public welfare, but a cleverly disguised method used by certain industrial freebooters to increase their profits.

During the twelve years that I was a member of the

Senate of the United States no effort was ever made to pass a tariff bill in the interests of the people of the United States; they were entirely left out of consideration. Two-thirds of the Senate were always lawyers and they were simply interested in passing a tariff bill that would enrich their clients and at the same time humbug the American people into the belief that it was being done in their interest.

Allison of Iowa was from an agricultural state, and you would have supposed that he would have looked after the interests of the people of Iowa; but he never did. He was in the Senate as the representative of the transportation, the financial and industrial combinations. Platt of Connecticut, another lawyer, was in the same category. The committees were all packed in the interests of business, and a majority of each committee that had charge of the tariff or any other branch of legislation were men (attorneys, as a rule) who were there to look after the exploiters of the people of the United States. I also state without hesitation or qualification that no trust legislation was ever considered by any committee in the Senate except with a view to allowing the trusts to prosper and flourish and, at the same time, so word the law as to humbug and deceive the American people. That the leaders were in the employ of the great industrial combinations and that they exercised considerable cunning in their practices to bring about this result. The tariff and the trusts always received the fostering care of the lawyers of the Senate and House and were never framed or intended to be framed to protect the interests of the people of the United States.