

HONEST POLITICS.

Mr. Speaker's Closing Speech in Support of His Bill.

Speech of CHAIRMAN MILLS, delivered in the House July 21, 1888.

Mr. Speaker: The report of the Treasury Department shows that we have in the United States over \$1,300,000,000 in gold, silver and paper money. Of this amount, exclusive of bullion, there is securely locked within the vaults of the Treasury the sum of \$500,000,000. Of this latter sum one hundred million is set apart to secure the redemption of the Government Treasury notes; one hundred and nineteen millions is set apart to secure the redemption of gold certificates; two hundred millions is set apart to secure the redemption of silver certificates, and ninety-eight millions to secure the redemption of banks which have failed or are in liquidation. After all demands against the government have been provided for there is left a balance of \$129,000,000, which represents the surplus wrung from the people by excessive and unjust taxation.

THE LARGE AND INCREASING SURPLUS.

When I make this statement, sir, I have said enough to arrest the attention not only of Congress but of the whole country. But this is not all. Under the rates of taxation now existing the excess of receipts over expenditures is increasing over nine millions of dollars per month. To take from the people this large excess not required for any just and necessary expenditure of government, even if done by a just and equitable system of taxation, would be vicious and harmful enough; but when we remember that taxation is levied not upon the wealth of the country, not upon its lands and houses, its bonds and stocks, its gold and silver, but upon the products of labor, as they go from production to consumption, and consumption necessary to sustain human existence; when we remember that the burden falls heaviest upon those least able to bear it, and that the amount required by law is so much taken from the annual supply that must satisfy the necessary wants of life, and that the sum of the exaction so required is equal to \$47.10 on every \$100 of taxed articles, it is enough to startle the country and arouse it to action.

But this is not all of the vicious consequences that flow from unjust and excessive taxation. Wrongs never go alone. They are gregarious. They hunt in flocks. This large sum of money extracted from the channels of business circulation and locked up in the Treasury is constantly lowering the price of the products of labor not protected against competition, and while increasing the demands of the tax-gatherer it decreases the ability of the tax-payer to comply with those demands. Every one knows that the price of commodities in the market is fixed by the amount of money in actual circulation, and when the circulation is depleted price falls, property shrinks in value and loans and mortgages increase. The load grows heavier on the back of the debtor, and his pathway grows darker and his struggles harder day by day.

Those who have means, and who have been excused from sharing with their fellow-citizens the burdens of taxation, find their fortunes improved, while the less favored citizen, who must live by his daily toil, finds himself anxiously inquiring how he is to obtain employment and support for himself and those dependent on him. Depleting the channels of circulation necessarily arrests consumption.—When ability to buy all things that want requires is decreasing the demand for them will decrease in the same proportion, and when the demand decreases the production will correspondingly decrease. Then employment is restricted, laborers are reduced or discharged, and suffering, distress, and discontent are seen on every hand.

THE MANUFACTURING LABORER.

What, then, is to become of the manufacturing laborer? He has no income to draw upon. If he has, it is a small one he has laid up with a frugal hand, and it is soon gone. He must wander around and hunt employment, and in its stead find hunger confronting him at every corner. What is to become of that large body of laborers engaged in carrying the products of labor from the producer to the consumer when the production and consumption are restricted and checked? This, sir, is the peril that threatens the country to-day. With the one hundred and twenty-nine millions now piled up in the Treasury, and with contraction of the circulation going on at the rate of more than nine millions a month, how long will it be before stagnation and death will follow and bankruptcy and ruin stalk together through the land?

Sir, that is a question we must consider. If this contraction continues at the present rate it cannot be long before the threatened disaster reaches us; but the time of its coming none can tell. It is enough for us to know that the country is in a perilous situation and it is yet in our power to avert the peril. Aptly and well did

the President in his message define the situation when he said it was not a question of theory, but a question of condition, that confronted us. On this side we have made an honest effort to relieve this condition of affairs. We have brought before the House a bill which will lessen the inflow of money into the public treasury and permit the excess to remain where it rightfully belongs, in the pockets of the people. By existing law the average rate of taxation on dutiable goods imported is \$47.10 on every \$100 worth.

The bill now pending when reported by the committee on ways and means reduced the average rate from \$47.10 to \$40. But the amendments which have been adopted in the committee of the whole have restored to the dutiable list many free articles which we had reduced, so that the average rate of duty on dutiable goods by the bill as amended is \$42.49 on every \$100 worth imported. This is \$4.61 reduction on the present average rates on each \$100 worth imported.

The total reductions on the revenues derived from imports by the bill as amended amounts to \$50,591,636, of which \$30,832,791 are reductions on the free list. These are small reductions from articles placed on the free list. These are small reductions exceedingly moderate, yet this bill has been stigmatized as a free trade measure. A proposition to make a reduction amounting to less than \$5 in a hundred is met with a storm of denunciation and characterized by the combined interests protected against competition as a free trade proposition that is to ruin all the manufacturing interests of the country. Is \$42.29 of taxation on every \$100 worth of dutiable goods imported free trade? It seems to me an enormous rate of taxation. It is a rate of taxation that if levied on the wealth of the country would not be permitted to stand for one hour. What State in the Union imposes a rate of taxation equal to 5 per cent?

Taxation in the States is levied on lands, houses, bonds, stocks, notes, horses, cattle; in short, on all kinds of property. The owner sees and realizes fully what he is doing when he pays taxes on his property, and no party and no administration could remain in power one hour in any State in the Union that would impose a tax of \$5 on the \$100 of property. It could not be collected. It would produce insurrection. But a tax of \$42.49 levied on the products of labor and concealed and disguised by the methods of indirection adopted in its collection is boldly proclaimed a free trade measure. In a majority of the States the rate of taxation does not reach \$1 on the \$100 for State and county purposes, and there are but few cities in the United States, extravagant as they generally are in their municipal administrations, that support a taxation of three per cent.

NOT A FREE TRADE MEASURE.

And yet this bill, carrying a taxation of 42.49 per cent., is characterized as a "free trade measure." The term "free trade" seems to have a double meaning. Some gentlemen seem to understand that free trade means an absolute exemption of our foreign commerce from all taxation. Gentlemen on this side of the House and the Democratic party in all its history have used the term free trade to mean freedom of our foreign commerce from all obstructions save that of just and necessary taxation for the support of an honest and economical administration of the government. [Applause.]

The tariff of 1846 was framed to raise revenue and for that purpose only, and it was called by both parties a free trade tariff. The tariff of 1857 was a still lower tariff and framed for revenue purposes alone, and it was called a free trade tariff. But nobody ever contended for the abandonment of the policy born with the government of raising revenue by duties on imports. I have often spoken of these tariffs as free trade tariffs, and the decade from 1850 to 1860 as a free trade decade, because under those tariffs and during that time the foreign commerce of the United States was not then fettered by obstructions in the interest of individuals and monopolists. [Applause.]

But let us examine the schedule of this bill and see if we can find any free trade concealed in them. We have not touched the liquor schedule, nor the silk schedule, because we thought that those who used the articles embraced in these could afford to pay the duties levied on them by existing law. The tobacco schedule has been stricken from the bill in the committee of the whole.

We have tried to reduce the duties upon the necessities of life because the great body of the people are compelled to have them.

The first schedule is that of drugs and chemicals. The average rate of duty by existing law is 32.87 per cent. We reduce it to 28.17, or a reduction of \$4.70 in the hundred. They say that will destroy the domestic manufacture. Why? Because labor is so much cheaper in foreign countries. But the whole labor cost is only 10.9 per cent. If the labor cost here was 100 per cent, higher than in foreign countries, which it is not, then 6 per cent would fully cover the difference but we have 28.17

more than twice the entire labor cost. Is there any danger to chemical industry in reduction of 4.7 per cent? The demand of the government for revenue will more than double the entire labor cost, so that the labor is not endangers. But it seems a little strange that the tariff is levied to protect American labor and the protection is 32.87, that the laborer only gets 10.9. There seems to be a leak somewhere.

The next is earthen and glassware. The duty under the existing law is \$59.55 on every \$100; by this bill it is \$52.17. And this is free trade, too. A reduction of \$7.38 on a hundred, and leaving a tax upon the consumer of \$52.17 in every \$100 worth of product imported into the country, will shut up the glass and earthenware business, they say and they call that free trade.

Mr. Speaker, if \$52.17 taxation on \$100 worth of property imported into the United States from foreign countries is free trade, in God's name will some one tell me what is meant by the term protection? [Applause.] Well, these manufacturers are alarmed about cheap foreign labor, too and they want protection enough, they say to cover the difference between wages in Europe and here. One of our Consuls in England tells us that the average labor cost of earthenware in the United States in 1882 was 46 1/2 per cent., and in Staffordshire, England, 47 1/2 per cent. If this be true our labor is cheaper than the Foreign. But if the foreign labor cost nothing then we have left per cent, enough to pay the whole labor cost of our manufactures. The labor cost of earthen and glassware, as shown by the census of 1880, was 41 per cent and we have left 52.17 per cent. Why is it that all of that 59.55 per cent did not get to the laborer, only 41 per cent, having found its way into his pocket?

THE METAL DUTIES.

The next schedule is metals. We have reduced the duties from an average of 40.77 per cent, under the present tariff to 38.47 under pending bill. This is a reduction of \$2.30 on \$100 worth of imported metals. There is nothing revolutionary in that nothing to excite alarm, and it is a long way yet to free trade. A reduction on pig-iron from 59.60 to 50.50 per cent still leaves it with a heavy duty, and the tax of \$6 per ton which we propose is the war tariff rate of 1863. The reduction of the duty on steel rails from 84.33 per cent, to 54.57 leaves a duty higher than that from 1865 to 1870. It was then 45 per cent. In 1870 the duty was changed to a specific rate of \$28 per ton. The equivalent ad valorem was then about 28 per cent. It seemed a reduction. Doubtless it was done under the pretense of preventing undervaluation and fraud; that is the pretense under which specific duties masquerade; but when English rails come down to \$26.96 per ton in 1879 the duty on steel rails, though remaining the same per ton, amounted to 104 per cent. Why should the present exorbitant duty be retained? Steel rails can be made as cheaply in this country as in England or elsewhere.

I received a letter a few days ago from a gentleman engaged in steel manufacture who said he could make the best cutlery steel in Alabama at a total cost of \$16 per ton. The average price of steel rails imported last year was 20.61 per ton. From 1875 to 1878, inclusive, steel rails were cheaper in the United States than in England, and cheaper here because they could be produced at a lower cost here than in Europe. And if they could be made cheaper here for four years, why not all the time? From 1875 to 1878 the importation fell from 43,000 tons to 2 tons. The average English price last year was 20.16; the average American price for the same time was 37.13; difference in price, \$16.97; tariff duty, \$17. Now, if the Steel Rail Association could make rails as cheap in the United States in 1878 as they could be made in England, they could do it in 1887, and the 16.97 difference in price was put in the pockets of the manufacturer. It is claimed to be in the interest of laborer, but he only gets from 3 to 5 per cent; the balance goes the manufacturer to make millions of men that they may build castles in Scotland and go coaching through her mountains. [Applause on the Democratic side.]

We have reduced the duty on steel rails to 11 per cent. It is equivalent to more than double the entire labor cost of the rails. Why should not this reduction be made? There is but one reply all along the line. It is free trade. On wood and woodenware we found the present rates averaging 18 per cent, and we reduced them to 17.40 per cent. That is too small to require further notice.

THE SUGAR REDUCTION.

On sugar we reduced the rate from 78.15 per cent, to 62.31 per cent. This is the largest reduction made on any schedule except the woolen. The reduction of the revenue on sugar proposed by the bill is 11,759,799, and excepting the woolen schedule is nearly twice as much as all the others combined. This is a heavy cut, but nobody seems to be distressed about it.

The complaint about sugar is that we did not reduce enough. We have dealt more harshly with sugar than with any article we have left on the

dutiable list. Yet gentlemen on the other side tell us we have been sectional; that we have protected sugar and rice and aimed at the destruction of Northern industries. The charge is absurd. We have not looked at the section where any article is produced in order to determine what we would do. We have tried to deal fairly with all, and in doing it we find that we have cut it far heavier than iron or glass, or earthenware, or woollens, or cottons, or hemp, or jute, or flax. In short, the cut on sugar is nearly twice as much as all the others put together, except woollens. [Applause.] But, on correct principles of taxation, there ought to be a higher duty on sugar than on any other article on the dutiable list.

As Democrats, we believe that a tax is a tribute from the private property of a citizen exacted by law for the support of government. We believe, with the commentators and economists, that it is a burden, and that it ought to be so laid as to be as light as possible on the tax-payer.

Now, Mr. Speaker, we get by the present duty on sugar and molasses about 58,000,000 per annum. According to the estimate of the gentleman on the other side who offered the amendment providing for free sugar and a bounty to the sugar-grower, the present rate of duty affords protection to the domestic sugar-grower equal to 6,900,000, so that the whole cost to the people is 64,000,000. In order to get 62,000,000 of revenue from manufactures of iron and steel and woolen and cotton goods, the people have to pay 500,000,000 to 600,000,000. We produced in 1880 \$670,000,000 of all manufactures of iron and steel. It is certainly over \$700,000,000 now. We produced about \$275,000,000 each of cotton and woolen goods. These figures I have from the Bureau of Statistics.

Now if protection protects, and that is what it is for, it increases the price of the domestic product nearly as much as the price of the imported product plus the duty. This is admitted by the gentleman who offered the proposition for the sugar bounty and by those who supported him. This is admitted by the constant arguments made by the other side, that if we reduce cottons and woollens and iron and steel to 40 per cent they will be ruined. This argument admits they are getting more than that now. Of these three branches of manufactures we are producing to-day fully \$1,400,000,000 worth. If they are protected 40 per cent it costs the people \$300,000,000 to get \$50,000,000.

Now, which is the better tax to keep, the one that brings \$58,000,000 with \$6,000,000 of bounty, or that which brings \$60,000,000 of revenue with \$560,000,000 of bounty. Believing that a tax is a burden, and that it ought to be as light as possible to the taxpayers, I would keep a high duty on sugar and lower the duties on cotton goods, woollens and manufactures of iron and steel. If the rate of 40 per cent on these three articles only raised the price of the domestic product 30 per cent, it would increase their cost to the people over \$400,000,000. Why, then, should we repeal the duty on sugar and keep the high duties on the others. The duties on the others ought to be lowered and the duty on sugar ought to be put at the revenue standard and kept there.

The duty on provisions by existing law is 24.33 per cent, and we leave it at 23.39. The reduction is 94 cents in a hundred dollars. This is a very moderate reduction. We might have gone further without injury to any interest.

THE REDUCTION ON COTTON.

The average rate of duty on manufactures of cotton by existing law is 39.99 per cent. We leave it by the pending bill at 39.07. A difference of 92 cents in a hundred dollars will hardly drive the cotton manufacturing industry off this continent. The whole labor cost in cotton manufactures averages 21.6 per cent., and there is but little difference between this country and England in the labor cost of cotton goods. But if England paid nothing for her labor, we have left duty enough to nearly double the labor cost here. The present revenues from cotton goods is nearly \$12,000,000. We reduce it \$277,000. Where does the free trade skeleton hide in this schedule?

Hemp, jute and flax goods we found at \$28.10 in the existing law, and we leave them at \$21.94. There is a reduction of something over \$6 in the hundred, but that occurs by putting a large number of items of hemp, flax, jute, manilla and sun and sisal grass on the free list. Still the reduction is very small.

WOOL AND WOOLENS.

Now we come to woollens and woollens. We found the duty on that schedule under the existing law average \$58.81, and we have left it at \$38.69, a reduction of \$20 on every \$100 worth. This reduction seems large, but it was caused by eliminating wool from the calculation and putting it on the free list. The reduction on dutiable woolen goods amounts to \$12,000,000. But the woolen manufacturer is not injured; he is benefited. The woolen manufacturer by the existing law gets compensation for the taxation on wool and 35 per cent protection for the manufactured product. By our bill we give him free wool and 40 per cent protection on his manufactured goods.

Instead of being injured, he is positively benefited to the amount of \$5 in the hundred more than he is by the existing law. I want to read at this point what the woolen manufacturers said to Congress a number of years ago. In 1886 they addressed a communication to the United States Revenue Commissioner to be submitted to Congress, in which they said:

The committee do not hesitate to affirm that, independently of considerations of general public policy demanding a duty on wool, the woolen manufacturers of this country would prefer the total abolition of the specific duties, provided they could have all their raw material duty free and an actual net protection of 25 per cent. [Applause on the Democratic side.]

This is signed by the executive committee of the National Association of Wool Manufacturers and by John L. Hayes, their secretary.

After the internal revenue tax was placed upon the domestic production the manufacturers came and said to Congress: "Now we want compensation for this tax." They had compensation for the tax on wool, and now they wanted compensation for the tax of 10 per cent, imposed by the internal revenue laws. The duty was raised to 35 per cent; but they are fine diplomats, and a short time after that they came before Congress and got the internal revenue tax on woolen goods repealed. But the 35 per cent, still remains, although they had said that 25 per cent, protection was all they wanted. Now we give them free wool and 40 per cent, protection, and still they say to us: "Your bill is a free trade measure." [Laughter on the Democratic side.]

THE FREE LIST.

Now, Mr. Speaker, I have gone through with the schedules of the bill and I come to the free list. We have placed upon the free list articles amounting in round numbers to \$20,000,000. The largest item is wool, \$6,390,000. Why have we put wool on the free list? They say that this is full free trade. They say to us: "When you strike wool out of the taxable list you have shot out the middle link in the chain and the chain is parted." Is that true? Why, sir, somebody put cotton on the free list a few years ago. They shot the middle link out and parted the chain then. There were millions of our fellow-citizens who were affected by that missing link in the chain of protection, but the chain was parted by gentlemen on the other side of the House, who have been so loudly crying free trade at us. It is our greatest exporting product; it gives employment to millions of laborers. It had a duty of three cents a pound, but they removed it and put cotton on the free list, and they did right. There could be no justification for its tax, as there can be none for a tax on wool.

In 1872 hides were put on the free list and by the same party that boasts itself the special champion and friend of protection. Did the chains part then? This is a great sheep-growing country. It is a great cattle-growing country. We produce all sorts of hides.

WHY WOOL IS MADE FREE.

But when we propose to touch wool, which affords in winter the clothing of 60,000,000 people, we strike at the combination that has made this protective tariff, and they say: "You shall not touch it, that is free trade." Let us see whether it is or not. The first tariff law that ever was enacted by this government after the Constitution was adopted—the joint product of Alexander Hamilton, James Madison, Thomas Jefferson and George Washington—embraced in its title the declaration of the principle that it was made to encourage home industries; and the method adopted by them to carry out that policy was to put wool on the free list. There it remained until 1824, the fathers and founders of this government never proposing to disturb it during all that time. And in all that grand array of talent there was only one, perhaps, who could have been accused of leaning toward free trade; and that was he who wrote the great Declaration, and in one line of it indicted the King of Great Britain and arranged him before the bar of mankind for cutting off our trade with all parts of the world. [Applause on the Democratic side.]

We are proposing to reduce the price of woolen goods by taking the tax off wool. It is not raised by skilled labor. It scarcely employs any labor at all. There has been a great deal of sympathy manifested on the other side for the sheep. They tell us by heavily taxing the wool more wool will grow on the back of the sheep. It is the back of the man we are caring for on this side of the House, and we propose to bring down the price of woolen clothing so that poor people can get enough to wear in winter.

But we are met at the threshold with a proposition from the other side to increase the duties on wool and woolen manufactures \$16,000,000. This would practically prohibit the importation of either wool or woolen goods. Embraced in this schedule which they demand is one of the most remarkable propositions that has ever been submitted to a legislative body,

and that is that the cheap wool, that now comes in as carpet wool shall not be manufactured into clothing, as it is being done to-day, because the better wool is kept out of the country now by high duties. How is this law if enacted to be carried out? Are we to have Pinkerton detectives examining people's clothing, and if some garments are made of carpet wool, instead of clothing wool grown on American ranches by alien flock-masters, a c the garments to be taken off the back of the people and confiscated? Our people are to-day wearing carpet wool in their clothing because the duty on the clothing wool keeps it out. Out of 114,000,000 pounds of wool imported in 1887, over 80,000,000 pounds was carpet wool.

And now the wool manufacturers and wool-growers' associations and their allies are determined that we shall not even wear carpet wool. On the 14th day of last January they met in this city, in "a dark-lantern room," and agreed on a schedule that raises the duties on wool and woolen goods so high that neither can be imported. Now, what are our people to do for woolen clothing? Mr. Doge, the statistician of the Agricultural Department and a protectionist, says in his official report that we only grow 265,000,000 pounds of wool. Others say more, but we put it safely when we say our product does not exceed 300,000,000 pounds. Our annual consumption is about 600,000,000 pounds. Now if we refuse the importation of the foreign wool to satisfy the wool-growers and refuse the importation of woolen goods to satisfy the wool manufacturers, what are we to do for clothing? I suppose they expect the people to go naked and vote the Republican ticket. [Applause.] But we say to you we shall have plenty of good woolen clothes. Serve the Lord and vote the Democrat ticket. [Renewed applause on the Democratic side.]

Mr. Speaker, we have put wool on the free list not only to cheapen the clothing of the people, but also in order that we may give to our own workmen in this country the making of the \$44,000,000 worth of woolen goods that are annually imported. [Applause.] Instead of importing from \$45,000,000 to \$50,000,000 worth of woolen goods, which we are now compelled to do because you will not let us import the wool, we propose to admit free all the wool that our people require and let our own people make these woolen goods, and thus increase the demand for their work, and in increasing the demand for their work increase their wages. [Applause.]

Sir, the main object in this bill, the great central feature, is that it is a bill to better the condition and increase the wages of our laboring people. [Applause.] We are the greatest manufacturing people in the world. We are the greatest agricultural people in the world. We are the most skilled people in the world. We are the most intelligent people in the world. We have the handsomest men and the prettiest women in the world. [Laughter and applause.] All we want is for our government to take its meddling hand out of our business. [Applause on the Democratic side and cries of "That's it!" "That's the point!"]

We say to the government: Call upon the people and tell them how much you want to support an honest, economical administration. We will give you what you want for that purpose; we will give it to you cheerfully; but we are not going to be standing around as paupers, craving the protection of political power, when our own intellects are superior to the intellects of any people on the globe. [Applause.] We cannot only manufacture all these woolen goods, but we can manufacture our own cotton, two-thirds of which we are now exporting to foreign countries for manufacture and then buying back a large amount of it in the shape of cotton goods.

HIGH TAXES A BARRIER TO INDUSTRY.

We are the greatest cotton-growing country in the world; we are the greatest ore-producing nation in the world; we have got all the elements to make us the greatest manufacturing nation on earth. We can give employment, to all our wage-workers at fair wages and keep them constantly employed if Congress will only let us alone. [Great applause on the Democratic side.] We ask you to remove as far as you can these barriers. Let us have free raw materials that we may reduce the cost of the product, for the cost of the product is to determine the standing of our goods in the market, and if we can produce an article cheaper than anybody else in the world can produce it we will take the market away from them and hold it against them. [Applause.]

Why, then, should not we have all these raw materials free? Why should not we put our manufacturers upon the same basis with the manufacturers of other countries? Why should not we have the opportunity to contest with them in all the markets of the world? Why should not we demand that this Congress shall undo the work of previous Congresses who have imitated George III., as Mr. Jefferson says in the Declaration of Independence, by cutting off our trade with all parts of the world? Give us a fair field and an open fight, and that is all we ask. [Applause on the Democratic side.] And, Mr. Speaker, that fair field and open fight we intend to have. [Renewed applause.] We are going