

# A CABINET OFFICER'S FRANK TALK

After Senator Hopkins of Illinois, had held a conference with Mr. Roosevelt at Oyster Bay he announced that "the conclusion was reached that no tariff revision should be undertaken until after the next presidential election."

"It would be suicidal to the republican party," the senator added, "to undertake a revision of the tariff during the next congress. After the presidential election I believe it will be the duty of the republican party to revise the tariff and that it will be done."

Mr. Hopkins remarked that he believed such an argument would appeal to and be accepted by the republican revisionists in all parts of the country.

If these "arguments" do appeal to republican revisionists they are certainly a susceptible lot of people. These people ought to know that there is no hope for tariff revision after or before election day.

Commoner readers may remember that at the beginning of the Roosevelt administration there was considerable talk about revision and some republican editors and members of the party's rank and file really imagined that there is hope for that reform at the hands of the republican party. So great was this expectancy that a cabinet officer speaking to Walter Wellman, then Washington correspondent for the Chicago Record-Herald, frankly stated why tariff revision under the republican party is impossible. Without naming his authority Mr. Wellman printed the interview in the Record-Herald of August 12, 1902, and in the Record-Herald of August 16 Mr. Wellman indicated that the cabinet officer referred to was Mr. Shaw, then secretary of the treasury.

In the beginning Mr. Wellman quoted a member of President Roosevelt's cabinet as saying:

"It is all nonsense to talk about a revision of the tariff. It can not be done. We may as well understand that at the outset. Republicans who are demanding revision are demanding the impossible."

Two explanations were given for the statement that "it is all nonsense to talk about the revision of the tariff." The first explanation was that Senator Aldrich and other eminent republicans in the senate would not permit tariff revision. The second explanation was that tariff revision might result in a panic that would "topple over" all of the industrial combinations.

It seems that the action of the Iowa republican state convention and the sentiments expressed by a number of leading republican newspapers favorable to tariff revision had impressed upon administration leaders the necessity of informing their fellow republicans that tariff revision is an impossibility and that it would be wise to abandon all hope on that line.

Mr. Wellman quoted this cabinet officer as saying:

"Let us suppose that the republican party tries to revise the tariff, and tries honestly. We might get a good bill through the house, but in the senate it would be fixed to suit Mr. Aldrich, the leader of the high protection element, and his followers. When we got a bill through we might have revision, but it might be a revision upward instead of downward. Every one knows that it is impossible to put a tariff bill, big or little, through the senate if Mr. Aldrich objects to it."

Mr. Wellman then asked:

"Do you mean to say that the republican party is impotent to reduce the tariff, no matter what the popular demand might be? Do you mean to say that your great party is subject to the will of one man?"

The cabinet officer replied:

"I mean to face the facts as I find them. Our party passed the McKinley law, and that law put the tariff higher than it had ever been before. We enacted the Dingley law, and its average duties are higher than the average of the McKinley law. As the senate is now constituted I see no hope for any proposition to revise downward. We may bring on an agitation, and that agitation may unsettle business and interfere with prosperity. It may possibly result in some revision, but I can not for the life of me see how it is going to

be revision with reduction. If we go through all this turmoil and unsettling for the sake of getting a tariff just as high or a little higher I think we shall feel very foolish when it is all over.

"Our friends out in Iowa think they want some revision of the tariff. So do our other friends, the retail butchers. But I'll wager something pretty they can't agree as to where the protection shall be taken off. The butchers want free meats, but if the Iowa republicans want the tariff taken off cattle and other live stock they have failed to make their wishes known. I venture the assertion that a proposal to take off the live stock duties would be very unpopular in Iowa. The tariff is largely a local question, after all. One section won't have one schedule touched and another won't have another scheduled fooled with, and then there are men like Aldrich who will raise hedges if the duties on doll's eyes are shaded a hair's breadth, and who will log-roll and make combinations and help everybody who will help them to take care of dolls' eyes."

Mr. Wellman then asked: "Are we to understand, Mr. Secretary, that the Roosevelt administration is opposed to tariff revision?"

The cabinet officer replied:

"I do not pretend to speak for the administration, but only for myself. There is great danger that our people will work themselves into a state of excitement over the revision question without understanding the difficulties that stand in the way. If they force the republican party to do the revising they won't get the sort of revision they want. If they put the republicans out and bring the democrats in they won't get what they want, either. Fortunately the senate is republican for years to come, but if such a thing were to happen as the democrats getting full control of the government and they were to enact a tariff law like the Wilson act we should have a dreadful panic in this country, probably the worst we ever had. Do you know that if we had today the customs revenue which the Wilson law provided we should have a deficit of \$200,000,000 a year, with gold exports, gold at a premium, the government forced to abandon the effort to maintain parity between gold and silver and compelled to give two silver dollars for one of gold; and this, of course, would spell disaster."

Mr. Wellman then said: "Your conclusion then, Mr. Secretary, is that agitation for tariff revision is unwise at this time?"

The cabinet officer then made perhaps the most interesting of the several interesting statements in the interview. He said:

"Yes, agitation is the worst of it. One agitation is worse than two revisions, business men say, but we can't get one without having the other. I am well aware that I may fall under the criticism of people who say the protectionists won't have the tariff revised in good times because they don't want a check to prosperity, and won't have it revised in hard times because the country can't stand it. But I am opposed to agitations, notwithstanding the action of my party friends in Iowa.

"There is widespread belief that no danger of panic or hard times exists in our country now. Prosperity is so great and so general that the people are unable to see any end of it. I am not an alarmist, and I am not expecting trouble, but it is true that we have today all the conditions for a sharp reverse. There is a general supposition that both the banks and the people have so much money they do not know what to do with it, and that therefore a panic is an absolute impossibility.

"Let me give you some facts without comment. You go out to the farmers and ask them how they are getting on. They will tell you that they were never before so prosperous. They are out of debt, and have plenty of money. Ask them where their money is and they will tell you it is in the local banks. Call at the country banks and inquire into their condition, and their officers will tell you they are all right. Money plentiful and reserves above 40 per cent. 'Where is your money?' 'Oh, it is in the

banks of Omaha, Minneapolis, Kansas City, etc.'

"Next you go to the bankers in Omaha, Kansas City and Minneapolis, and they will tell you the same thing. They are in good shape; reserves 35 per cent. 'Where is your money?' 'In Chicago.' Now go to Chicago. Same story. Banks all right. Reserves 30 per cent. But the money is in New York.

"Finally, pursuing your inquiries in New York, you will find that both deposits and loans have been enormous. The money is not in the banks. There are only six national banks in New York that have not been below their reserves since January 1. You want to know where this money is? Well, \$450,000,000 is loaned by national banks on the bonds of industrial corporations. These corporations issued bonds instead of stocks because the national banks can take the former and can't take the latter. Intrinsically they are no better than stocks. In most of them there has been a lot of water-curing. Here you see where \$450,000,000 of the country's surplus stands against a lot of undigested, promotion-produced securities. The trust companies have put out millions more in the same way.

"That is where we stand. It is all right as long as it is all right. But I don't want to see anything happen. I don't want to see these industrials begin to topple over, to fall against one another and come down in a heap like children's play-blocks. And this is one reason why I am opposed to a tariff revision agitation that might start things going the wrong way."

It will be observed that it was not contended that the tariff does not need revision. One objection was that Senator Aldrich and other republican leaders would not permit tariff revision and that the republican party is impotent to give tariff revision even though other party leaders were unanimous as to the importance of the reform. The other objection was that tariff revision would start a "topple" in Wall Street securities.

How would tariff revision accomplish this result? This member of Mr. Roosevelt's cabinet explains it in a most interesting way. Republican leaders have had much to say concerning the immense amount of bank deposits and this member of Mr. Roosevelt's cabinet traced these bank deposits to New York where \$450,000,000 is loaned by national banks on the bonds of industrial corporations. He admitted that these corporations employed a trick whereby they could borrow this money by issuing bonds instead of stock. He admitted that intrinsically the bonds are no better than the stock. He admitted further that in most of these industrial concerns there has been "a lot of water-curing," and he pointed out that "\$450,000,000 of the country's money stands against a lot of undigested promotion-produced securities." He pointed out that the trust companies have put out millions of dollars more in the same way.

"That is where we stand," said this cabinet officer. "It is all right as long as it is all right." But this cabinet officer pointed out that tariff revision agitation may result in the toppling over of these water-cured concerns, and this cabinet officer didn't want to "see anything happen." He didn't want to see these water-cured concerns topple over. He didn't want to see them "fall against one another and come down in a heap like children's play blocks." He wanted the people to restrain their disposition to criticize public policies and to provide remedies for public evils. He wanted them to trust the republican party; to "leave tariff revision to the tariff's friends;" to "wait until after the election;" to depend upon the political party which derives its campaign funds from the tariff barons for a re-adjustment of tariff schedules in the interests of the people—but of course on "thoroughly safe and sane lines."

All of which being interpreted means that THE TARIFF WILL NOT BE REVISED by the republican party—after, or before, the election—in the interests of the people.

Does it, after all, require much argument to convince an intelligent person that the shelter which the greedy trusts find in the republican tariff will never be destroyed by a party whose campaign funds are contributed by the special interests that thrive and grow fat through these extraordinary privileges?