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IRON ORE

The speech delivered by Senator Stone of Missouri was published in full in last week's Commoner. The readers of this paper will remember that Senator Stone began by referring to his friendly relations with Mr. Bryan and to his personal regard for him. Mr. Bryan heartily reciprocates the expressions of good will, and records his confidence in Senator Stone's sincerity and honesty of purpose, but he owes it to his readers to say that he does not consider Senator Stone's argument a sufficient defense for the vote cast by him and seventeen other democratic senators against free iron ore. Senator Stone gives the names of the eighteen democrats who voted for a duty of twenty-five cents a ton on iron ore, and the names of the ten democrats who voted to put iron ore on the free list.

There are four propositions which the readers must consider in deciding whether to approve or condemn the position taken by the democratic senators who voted against free iron ore.

First, What is the democratic position upon the subject of free raw material? Those democrats who attempt to justify their support of the duty of twenty-five cents a ton did so on the ground that it was a revenue duty and that, as a general proposition, they are opposed to putting raw material on the free list. What is the democratic position upon this subject? Assuming that the democratic party favors a tariff for revenue only, does that mean that a tariff must be laid upon ALL articles, including raw material, if such a tariff will produce a revenue? Senator Bailey asserts, or at least was reported in the papers as asserting, that a change had taken place in the policy of the party on this subject and that the party is now opposed to free raw material. The democratic party favored free iron ore in 1894, and the Wilson bill, as it passed the house, contained a provision putting iron ore upon the free list. In the senate, however, a duty was levied on iron ore, and the house was compelled to agree to this in order to secure the passage of the bill, but it must be remembered that the Wilson tariff bill as it came back from the house did not represent the sentiment of the party, but the demands of those who were in position to coerce the party into the acceptance of such schedules as they desired.

If, as Senator Bailey says, the doctrine of free raw material has been abandoned, and that the democratic party now stands for a tariff on raw material, it is unfortunate that the democrats of the senate were not more unanimous in their position upon the subject. To have eighteen voting for a tariff on iron ore,

and ten voting against it leaves the question still in doubt, especially when six of the eighteen come from states which together produce something more than ten per cent of the total annual product of iron ore in this country, while the ten democratic senators who voted in the negative came from states which together do not produce one-half of one per cent. (The figures are taken from the production of 1907 as given by Senator Burrows in the Congressional Record of May 13.) The fact that nearly all the democratic senators from the states that produce ore in any considerable quantity voted for the tariff on ore, while the votes against the tariff on ore came from the states that produced no ore, or only produced in very small quantities, suggests that the question of protection MAY have entered into the question. It is not conclusive proof that any democratic senator was influenced in his vote by the desire to protect an industry in his state, but it is a coincidence that is to be considered "together with all of the facts in the case." The fact that 7.81 per cent of the ore produced in 1907 was produced in Alabama may possibly have unconsciously influenced the votes of the senators from Alabama on the subject of free iron ore—not necessarily, but possibly. The fact that 1.57 per cent of the output of iron ore in 1907 came from Tennessee and 1.52 per cent from Virginia may have unconsciously affected the opinions of the democratic senators from those states. If there had been no iron ore produced in Alabama, Tennessee and Virginia, and if, in the absence of the production of iron ore in those states, the six democratic senators from those states had voted for free iron ore, it would have made the vote sixteen for free iron ore to twelve against. Several of the democratic senators who voted for a tariff on iron ore came from states in which there is no iron ore, and it is possible that the six senators from Alabama, Tennessee and Virginia might have voted as they did even if there were no iron ore in their states, but the fact that there is ore in those states may fairly be taken into consideration in deciding whether their votes can be construed as a declaration of a fundamental democratic principle.

It is going to be difficult to get the country to accept a democratic policy until it is definitely known what that democratic policy is, and the action of the democrats in the senate tends to confuse the public mind as to the party's position on free raw material.

The Commoner believes that raw material should, as a rule, be admitted free of duty. It has already pointed out the fallacy embodied in the doctrine of those who insist that "if we are to have protection it ought to be uniform and give all sections an equal share of the benefits." Protection can not give all sections an equal share of the benefits. Protection is naturally and necessarily unfair. A democratic senator or congressman may deceive himself with the argument that he is helping his section when he insists that raw material produced in his section shall be taxed, but he can not deceive those who have studied the tariff question. Raw material is not produced by states or by districts; it is produced by individuals, and the taxation of raw material is not for the benefit of all of the state or all of the district in which it is produced. Take the case of iron ore, for instance. Alabama is credited with nearly eight per cent of the total quantity of iron ore produced in the United States in 1907. But who produced the iron ore in Alabama? All of the people? Not by any means. Not one per cent of the voters of Alabama own iron mines. A tariff on iron ore necessarily implies a compensatory duty on manufactured iron. As soon as iron ore is taxed, the manufacturer demands that he shall be permitted to transfer the duty to the consumer of the manufactured products, and the argument will always be accepted as sufficient reason for putting a tariff upon the manufactured product. Is there a democratic senator who voted for a tariff on iron ore who would vote to put manufactured iron on the free list? To vote for a tariff on iron ore is, therefore, to vote for a higher

tariff on manufactured iron than would otherwise be necessary—in other words, it is a vote to fix a larger ultimate burden upon the consumers of manufactured iron than would be necessary with free iron ore. It is possible that a democrat (in a republican senate) might vote for a tariff on iron ore and then vote against a compensatory tariff on manufactured iron, but if the democrats were framing a tariff bill, they would recognize the justice of the demand that the manufacturer be permitted to collect from the consumer a tariff equal to the tariff levied upon his raw material plus such a tariff as would be given him if there were no tariff on raw material.

The democrats who voted for a tariff on iron ore voted, therefore, to commit the party to a higher tariff on manufactured than would be necessary if there were no tariff on the raw material.

Second, It is argued by Senator Stone that the tariff on iron ore is a revenue tariff, and should be retained on that account. It is true that according to the importations of last year the government would derive a revenue of something like \$250,000 at twenty-five cents a ton—some have estimated the revenue at less than that, but Senator Stone estimates a larger importation under the reduced rate, and thinks that the treasury may derive considerable more than a quarter of a million upon this item.

It is true that the rate on iron ore is very low and would not be considered excessive from a revenue standpoint, but in considering this question it must be remembered that if the duty is added to the price of domestic raw material, it will mean a very much larger tax upon the consumer—a tax which does not go into the treasury at all, but into the pockets of the owners of the domestic product. If, for instance, the importation is put at a million tons, and brings \$250,000, twenty-five cents a ton on the more than forty million tons taken from the Minnesota, Michigan and Wisconsin mines would be \$10,000,000. Is it wise economy to tax the people forty times as much on this item as the treasury receives, and then call it a tariff levied for the purpose of raising a revenue? Can a democrat justify such a tariff as a revenue tariff?

Third, The most serious question to consider in connection with the duty on iron ore is whether the duty would help the steel trust or hurt it. The democratic platform of last year contained the following as a part of the tariff plank: "We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust controlled articles should be placed upon the free list," etc. Now the question arises, does iron ore come into competition "with trust controlled products?" If so, it should, according to the platform, be placed upon the free list. If a democrat regards that platform as binding, and further believes that iron ore is controlled by a trust, then he should vote to put iron ore on the free list. Senator Stone discusses this question and takes the position that iron ore is not controlled by the trust. He says, "Now, Mr. President, it is undoubtedly true that the 'steel trust,' so-called, has obtained possession and control of a large acreage of ore-bearing lands, but to say that the trust controls 85 per cent, or even 50 per cent, of these lands is, to my mind a gross exaggeration." He then quotes Senator Johnston, of Alabama, as saying that the steel trust does not control as much as 50 per cent of the ore lands and mines of his state; and he quotes Senator Smith, of Michigan, as making the same declaration in regard to iron ore in Michigan. But this is not conclusive. According to the table which Senator Burrows placed in the Record, Minnesota is credited with 56 per cent of the total production in 1907. Suppose the steel trust did not control more than half of the Michigan and Alabama product. Michigan and Alabama together produced only about 30 per cent of the output of 1907. The steel trust might have controlled more than half of the total product of the United States WITHOUT CONTROLLING ANY of the iron mines in Michigan and Alabama. Senator Culberson, in a

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