

upon liquor and tobacco, should be reduced one-twentieth each year until a 25 per cent rate is reached, the purpose being to reduce the tariff gradually to a revenue basis and thereafter to collect tariff for revenue only.

A platform drawn upon these lines presents an issue, and if we can elect a majority of the members of congress on such a platform, the house can pass the tariff reduction measure and send it to the senate; if the senate rejects it the issue can then be presented to the country in 1912. If, however, our democrats can not agree upon a tariff measure we will be worse off with a majority in congress than without one, for a failure to agree upon a tariff measure would insure our party's defeat in advance, if the tariff question is a prominent issue in the coming presidential campaign.

While the platform which I have read to you embodies what I think should be in the tariff plank I recognize that there will be differences of opinion, and that some may not be willing to go as far as I have in the way of tariff reduction, while others may desire to go further. But if each democratic candidate will state his position the voters can select a representative who will give expression to their views, and I am much more anxious that the representative shall reflect the wishes of his constituents than I am that he shall agree with me in opinion; but the advocates of tariff reduction ought to have a representative in each district, for it is only when the different views are presented that the voters have a chance for a choice and for the expression of their opinions.

As the tariff plank which I have suggested is built upon the theory that the principal raw materials should be admitted free of duty, I desire to present some arguments in support of the position.

First, a tariff upon raw material is a hindrance to the export of the manufactured article; if the American manufacturer must compete in foreign markets with a manufacturer who has free raw material, the American manufacturer is handicapped to that extent. If he can compete now with that handicap he could compete still better without it. We can not hope for a wide extension of our export trade without free raw material. The only way to relieve an American manufacturer of the handicap placed upon him by a tax on raw materials is to give him a rebate on imported raw material when such material is used in articles made for export; but a rebate not only contemplates the sale of the American article abroad more cheaply than at home, but it discourages the purchase of American raw material by manufacturers who export.

It has been urged that free raw material is an indirect form of protection to manufacturers. It is true that free raw material is a benefit to the manufacturer who is engaged in exporting, but when an American manufacturer sells at home he always has a compensatory duty on the manufactured product. When a tax is imposed upon his raw material the manufacturer is given a corresponding duty on his manufactured product, so that he transfers the tax to the consumer. It would be of no advantage to the manufacturer to give him free raw material if a corresponding reduction is made in the tariff upon the manufactured product and such a reduction is always contemplated, whether made at the time or at some future time. I will give you an illustration of this:

The free wool bill passed by congress in 1892 provided not only for free wool, but for a large reduction in the tariff on woolen manufactures, and in the platform which I have suggested the demand for free wool is accompanied by a demand for the abolition of the compensatory duty on woolen goods, and in addition to that it demands a substantial reduction of the ad valorem rate on woolens.

I call your attention also to the fact that when hides were put upon the free list a reduction was made in the tariff on leather, harness, boots and shoes. It is not fair, therefore, to say that free raw materials are asked for in the interests of the manufacturers.

The second point I desire to make has already been foreshadowed in what I have just said, viz: That a tax upon raw materials implies a tax upon manufactured products and a greater tax than would be imposed with free raw material.

When a man votes for a tariff on raw material, therefore, he understands that there will be a corresponding increase in the tariff on the manufactured product, and if he votes intelligently he knows that the benefits which he gives to the producer of raw material will be collected at last from the man who uses the finished pro-

duct. If the advocate of a tax on raw materials has studied the tariff question he knows that the compensatory duty placed upon the manufactured product is usually more than the tax on raw material. Let me give you an illustration of this: The Aldrich law, or the Payne law, or the Aldrich-Payne or Payne-Aldrich law—whatever you wish to call it—provides for a duty of 11 cents to 12 cents a pound on wool, 11 cents on some kinds and 12 cents on others.

Section 378 provides that "The duty on clothes, knit fabrics and all manufactures of every description, made wholly or in part of wool, not specially provided for in this section, valued at not more than 40 cents per pound, the duty per pound shall be three times the duty imposed by this section on a pound of unwashed wool of the first class; valued at above 40 cents per pound, and not above 70 cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class; and in addition thereto upon all the foregoing, 50 per cent ad valorem; valued at over 70 cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class and 55 per cent ad valorem."

I have quoted this section in full that you may see the manner in which the compensatory duty is levied. The section covering clothing ready-made and articles of wearing apparel of every description, etc., is substantially the same, except that the ad valorem duty is a little higher. The compensatory duty is four times the duty on unwashed wool and 60 per cent ad valorem.

You will notice that it is assumed that it takes four pounds of unwashed wool to make a pound of cloth or clothing. This is probably an exaggerated estimate. You will also notice that this duty is imposed, whether the cloth and clothing are made wholly or in part of wool. If only a part is of wool the duty is imposed just the same as if the whole was of wool. The manufacturer, therefore, under the pretense that he is getting a compensation for the tariff imposed upon the raw material, secures a much larger tariff on the manufactured product than he could secure if there were no duty on raw material.

When a man votes for a tariff on wool for the benefit of the wool grower he votes to impose an additional tax upon those who use woolen goods, and the tax which the consumer pays because of the duty on wool is much greater than the amount which the wool grower receives.

Your Texas platform of 1896 was written upon the theory that the agricultural and pastoral interests were being discriminated against in the interest of the "rich manufacturers," but it must be remembered that the tariff which is demanded on raw materials is not demanded in the interest of all of the people of the state, but in the interest of comparatively a few of the state. Take, for instance, the duty on wool. Texas is counted one of the wool-growing states, and yet the number in the state is less than one-third of one sheep per capita. If one person in one hundred owned sheep the herds would not average more than thirty sheep for each owner.

Probably not one voter in ten owns sheep, and a large percentage of the entire number of sheep is owned by a comparatively few who own large flocks. When you put a tariff on wool, therefore, for the benefit of the wool growers, you are not taxing all the rest of the country for the benefit of Texas, but you are taxing the cotton growers of Texas and the other citizens who do not grow wool, for the benefit of the wool growers, and you are making the people who do not raise sheep pay a great deal more to the manufacturers of woolen goods than the manufacturers pay to the wool growers because of the tax on wool.

But the proportion is not nearly so great. The total number of sheep rendered for taxation in the state of Texas for the year 1908 was 1,534,000, owned by 1,107 men. Probably fifty men own 1,000,000 of these sheep and 1,150,000 are owned in thirty counties of west Texas. At the same time there are thirty counties in the state in which no sheep at all are rendered for taxation.

Estimating one-third of a sheep to the inhabitant, and estimating the wool product at 6½ pounds to the sheep and the tariff at 12 cents a pound, the duty on wool would bring less than one million dollars into Texas if the money were brought from the outside, but as a matter of fact the money is not brought from the outside. The less than one million dollars collected by the sheep raisers of Texas would

be collected from the rest of the people of Texas, and in addition to this the people of Texas would pay the manufacturers a considerable profit besides, because of the tariff on wool.

The cotton crop of Texas amounts to \$183,000,000, while the wool crop could not produce more than \$2,000,000 per year for the same territory. The cotton crop then is nearly one hundred times as valuable to the people of the state.

The same is true of the tariff on hides. Some of the people of Texas might derive a benefit from the duty on hides, but comparatively few would be benefited to any great extent. A few big cattle companies or cattle owners might make a profit but the most of the people would pay more in the increased duty on leather, harness, boots and shoes than they would make from the duty on hides.

A duty which would not hurt any one would be of no benefit to anybody. If the amount each one pays out because of protection were collected back through protection the protective system would not benefit any one. It is because the masses pay, each a little, that the few can collect in large quantities. Any attempt to make a protective tariff equitable will therefore fail. The security of the masses is to be found not in trying to get a tariff that will benefit them, but in reducing the tariff to the lowest possible point. The masses of the people must not expect to get their hands into other people's pockets; their efforts must be to keep other people's hands out of their pockets.

The third argument which I desire to present in favor of free raw material is that that tax is generally the lightest which is imposed upon the product at the most advanced stage. If the tax increases the price of the product—and it can be of no benefit to a protected industry unless it does increase the price—that increase grows every time it passes through a new stage of manufacture. Each one who handles the product exacts a profit, not only upon the original price, but upon the tariff, and the tax grows like a snowball. The consumer, therefore, finds that, other things being equal, the tax is cheapest when it is levied upon the finished product only, because it is levied but once.

Fourth, From a political standpoint the strongest argument in favor of free raw material is that it will sound the death knell of the protective system by alienating a large number of people who now favor the protective system because they think they are getting a benefit from it.

During the recent session of congress Senator Warren of Wyoming warned the republican leaders that free raw material would be destructive of the protective system, because the people of the west would not favor tariff on manufactured products if they were not allowed a tariff upon their raw materials. He said that free raw materials would sound the death knell of protection.

A similar statement was made by the opponents of the Springer bill, providing for free wool. The representatives of the wool growers warned the manufacturers that they could not expect to retain a high tariff on woolen goods if the sheep growers were not protected. The wool growers, who are insisting upon a tariff on wool, are not doing anything to reduce the tariff on woolen goods; they understand that the protected interests must stand together; every time a new industry is brought under the protective system the number of advocates of that system is increased, and the contrary will be true whenever the tariff is taken off of raw material; the producers of raw material will then join the ranks of the tariff reformers.

We have a practical illustration of this in the demand made for free harness, free boots and free shoes by those who favored a tariff on hides. Some of those who voted for a duty on hides insisted that they would vote for free hides provided the tariff was taken off of leather, harness, boots and shoes, but they insisted that the tariff should be kept on hides until it was taken off of the finished product. Now that the tariff has been taken off of hides we may expect those interested in the production of this raw material to join with us and demand free leather, free harness, free boots and free shoes.

When we get the tariff off of wool we may expect the sheep growers to join with us in reducing the tariff on woolen manufactures, for they will no longer have a pecuniary interest in supporting a protective system. Why should any democrat be in favor of a tariff on raw material, if such a tariff strengthens the protective system? If free raw material will strike a blow at the protective system, why should demo-