

Democrats and Free Raw Material

Democrats everywhere will be interested in an editorial that appeared in the March 24th issue of "The State" published at Columbia, S. C., and edited by Mr. W. E. Gonzales. This editorial was printed prior to the abandonment of free wool by the democratic caucus. Particular attention is called to the closing paragraph of this editorial where so late as March 24th Editor Gonzales said that Mr. Underwood had told him that the committee would stand for free raw material.

The State's editorial follows:

SENATOR BAILEY AND FREE RAW MATERIAL

Senator Bailey is the chief advocate, on the democratic side, in or out of congress, of a duty on raw material, and as that question will probably be the most difficult one for the democrats of the Sixty-third congress to settle among themselves, the expressions of the Texas senator on the eve of the convening of the new congress in extra session when the tariff is to have consideration, is of peculiar interest. The New York World devotes a page of its editorial section to an interview with the gifted Texan, and we find a reiteration of his attitude on the tariff tax, in its relation to raw products, of most value.

Senator Bailey earnestly denied being a "protection democrat" and then proceeds:

"Curiously enough, the charge that I am a 'protection democrat' is based upon my refusal to give our manufacturers a double protection by removing the duty from their raw material, while still leaving a duty on their finished products. The men who criticize me seem to think that they can vote for a duty on manufactured articles for the purpose of raising revenue, but that I can only vote for a duty on raw materials for the purpose of protection. My tariff philosophy wholly excludes the idea of protection and looks purely and only to revenue.

"I believe in a duty on wool as well as on woolen goods, but advocate a duty on each for the purpose of raising revenue, and I would not levy a duty on either for the purpose of protection. There is no sound principle of taxation which requires me to exempt the manufacturer from a duty on his imported wool, and the only argument in favor of free wool I have ever heard or read is that if the manufacturer is allowed to import his wool without the payment of a duty on it he can manufacture his goods at a lower cost. That argument does not convince me, because it is as true of every other man as it is of the manufacturer, and if we are going to relieve anybody from taxation in order to reduce their expenses, we ought first to relieve those who are the least able to pay their taxes, and who, therefore, stand in the greatest need of relief.

"When analyzed, the policy of free raw material bears absolutely no relation to the question of revenue, and it is a pure device to give the manufacturer an advantage not enjoyed by the other classes of our people. I do not question the patriotism of those who insist upon extending that special favor to our manufacturers, but I do deny their right to call me a protectionist because I insist that every class shall bear its fair share of taxation. I have always believed that our manufacturers are the chief beneficiaries of our tariff system, and they will be the last to receive an exemption from it at my hands. It is a grotesque absurdity for a man calling himself a democrat to demand that the manufacturers shall be relieved from all taxes on what they buy, and yet be left to exact a tribute from American consumers on what they sell—a tribute, too, that will be still further enhanced by the additional duties which must be imposed on their manufactured goods in order to supply the loss of revenue incurred by placing their raw material on the free list."

Senator Bailey makes a strong exparte presentation but it is difficult to accept as the calm judgment of this able man the reasons which he assigns for insisting on a tax on wool. "My tariff philosophy wholly excludes the idea of protection and looks purely and only to revenue." Then why lay a tariff tax on raw wool, forcing the manufacturer to pay the tax not only on imports, but to put the amount of the tax into the pockets of American wool growers, and charge the total to the consumers of manufactured wool? The average imports of raw wool for ten years have been but 22.07 per cent of the quantity consumed by American mills. In other words using round numbers and speaking relatively: A duty of five cents a pound would

bring the custom houses \$5,000,000 for 100,000,000 pounds imported, but would give the wool-growers in Texas and elsewhere in America approximately \$20,000,000 for 400,000,000 pounds. The manufacturers pay the five millions duty and the twenty millions protection to the wool-grower and charge the \$25,000,000 to the American consumer.

The "philosophy" of a tariff tax "purely and only" for revenue should include the idea of conveying into the national treasury the largest possible per cent of the increase which the tariff forces the consumer to pay. According to Senator Bailey, he would put a tariff tax on raw wool regardless of the amount of import. It is a "pure" revenue measure to make manufacturers pay one dollar (to be afterwards returned to them by the purchasers of the finished product) when but five or ten or twenty cents goes into the government's strong box and the remainder as "incidental protection" to the producer?

There is no wish on the part of sane persons in any section to crush or cripple American manufacturers. Many of them have been unjustly pampered but the prosperity of all is desired; on the prosperity of manufactures is dependent the prosperity of many parts of this country. It is the wish of all Americans that the American manufacturer should be able to compete in other markets. The first essential to such competition is that he shall be able to buy his raw material at least as cheaply as manufacturers of other countries, and that he can not do with a tariff tax in America on that which is free to manufacturers elsewhere.

Now, then, if we tax the manufacturer's raw material—and from 70 to 80 per cent of the tax he pays go into the pockets of the producer—the manufacturer will appeal for protection against the manufacturer who buys raw material in a free market, and he will have a strong case.

"It is a grotesque absurdity for any man calling himself a democrat to demand that the manufacturers should be relieved of all taxes on what they buy, and yet be left to exact a tribute from American consumers on what they sell." So it would, but it is a "grotesque absurdity" that Senator Bailey has frequently imagined but none other has suggested. The democrat who would make raw material free is thinking about the "American consumer." He is the one whose set purpose is to deprive the manufacturer of the power of exacting that "tribute." He wishes, for example, to have the tariff on manufactured wool so low that foreign wool manufacturers can come here, pay the duty into the custom houses, and compete with American manufacturers. A strictly "revenue tariff" would be fixed at the point which would actively stimulate imports while producing the greatest amount of revenue. The cost of all clothing, wholly or partly of wool, would be reduced, and while the customs revenue would be large, the consumer would gain several dollars, where the government gained one. But if the government taxes raw material it must increase the tariff on the manufactured product to reach an equitable basis; it must, in other words, protect the manufacturer as an offset to the protection given—under whatever name called—to the wool-grower, and add to the cost to the consumer of every thread of manufactured material.

The leaders of Mr. Bailey's party are opposed to him on this policy. Oscar W. Underwood, chairman of the ways and means committee, recently informed the editor of the State that his committee would stand for free raw material; not as a principle but as a policy. There would be cases, Mr. Underwood thought, where the revenue consideration would be such as to warrant an exception—as sugar for instance—but the policy of the party, as represented by the committee charged with the duty of preparing the revenue and tariff measures, would be for free raw material.

THE TAXED RAW MATERIAL PRETENSE

Following is an editorial printed in the Indianapolis Star: Those members of congress who thought they had Mr. Bryan muzzled on the surrender of free wool can not derive much comfort from the utterances he puts forward in this issue of The Commoner, after he has had a week or so to think it over. He makes good his promise not to advocate a bolt of the caucus or a vote against the Underwood bill; but he makes it very clear that he deprecates the retreat from this time-honored democratic doctrine.

Democrats have reason to regret, he says,

"that the committee abandoned the free wool principle, and still more reason to regret that a democratic caucus indorsed the committee's action." If the democratic party can be scared by the bleat of a sheep, he asks, "what will it do when it hears the bellow of the bulls and the growl of the bears on Wall street?" He pronounces it "a step backward, at a time when the tariff reform sentiment of the country is moving forward."

It is hardly fair to Mr. Bryan to say that he merely criticises, as has been charged, but proposes nothing positive. He does propose something, for he says that free wool would be better for the party to adopt. He would have the party not be deceived by the sophistical advice to adapt the house legislation to what it is thought the republican senate would pass, but to show the country what it may expect of the democratic party if it should come into full power—not concessions to the protected interests, but redemption of pledges and relief for the consumer.

Mr. Bryan is also honest enough to repudiate wholly the dishonest pretense that the wool tariff is retained because of the revenue extremities of the treasury. He knows, as well as everybody else knows, that this is a palpable fraud. You can defend every protective tariff in that way, he says; and he characterizes the plea of revenue necessity, as "absurd." It is a "specious" argument, he says, and will not deceive either the consumer or the country. "If the democratic party is to be of real service to public interests," Mr. Bryan says, "it will be controlled by the voice and conscience of the rank and file and in accordance with the party's principles."

Mr. Bryan's conduct in this matter is above reproach. He does not use any violent or unkind words or resort to exuberant oratory, but he tells the truth about the surrender on free wool in restrained and simple language, which makes his meaning clear without vituperation or abuse. It seems a far cry from his youthful ardor of expression to this well-poised statesmanlike mood; and it is both an impressive and a pathetic thought that if Grover Cleveland were alive today, this utterance of Mr. Bryan could hardly fail to draw these two great democrats together; for it was precisely upon just such a betrayal of democratic principles as this (though the malefactors of Mr. Cleveland's time did not dare to tamper with free wool) that drew from him the letter in which he characterized the surrender of free raw materials as an act of "perfidy and dishonor."

SHALL DEMOCRATS PRACTICE WHAT THEY PREACH?

No subsequent concession that the democratic Aldriches are able to wring from Mr. Bryan can vitiate the merit of his splendid outbursts against the surrender on free wool. It may well be doubted whether any considerable number of honest democrats will be reconciled to a democratic tariff bill, to be defended exactly as the Aldrich-Payne bill was, on the ground that it is "a step in the right direction" and that business must not be disturbed.

Thimble-rigging about the comparative merits of various ad valorem or specific duties on raw wool is entirely out of place and palpably dishonest. So is the pretense that duties on raw wool are tariffs for revenue. A tariff for revenue only is free raw materials and revenue duties on manufactures. A tariff for revenue is laid on things we do not produce, but must buy, not home products that crave support, for that would be protection.

It is to Mr. Bryan's credit that he would not allow this lying pretense about tariff revenue in connection with the surrender on Schedule K to get by him without denouncing it for just what it is—a fraud of the first water. The Nebraska may not be the slickest politician in the world, but he is an honest man. He knows the difference between crooked politics and straightforward conduct.

In the wool-growing states the democratic congressmen are afraid of losing republican votes. They want to save the tariff on wool, and the revenue extremities of the treasury are invented to excuse them. It is a very crooked and discreditable piece of business. If there is any democratic tariff doctrine in the world, it is free raw materials. If there is any principle of free raw materials that has always been sacred hitherto, it is free wool.

What the tariff on wool ought to be has no place in this discussion at all. The question of revenues is not before the house. The overwhelming issue that dwarfs everything else into insignificance is the question of essential man-