

No Longer An Excuse For Putting Off Tariff Revision

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 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 agi-

tations, 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 officials will tell you they are all right. Money plentiful and reserves above forty 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 thirty-five per cent. 'Where is your money?' 'In Chicago.' Now go to Chicago. Same story. Banks all right. Reserves thirty 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 explained 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 criticise 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 now the panic has come. That threat or fear—as you please—need no longer stand in the way of tariff revision. Why not tariff revision—immediately? Why wait until after the presidential election?

Stock Exchange Gambling Must Go

All of the power of our dual form of government should be exercised in order that gambling on the board of trade, deals in "futures," options or bucket shop gambling be done away with.

To this end public sentiment in every state in the union should be aroused. In many states legislation is not necessary, the law already upon the statute books being sufficient. In such states an aroused public sentiment will bring about the enforcement of this law.

Speculation in securities is no part of legitimate banking and these board of trade deals are nothing more nor less than organized conspiracies against property. Stock exchange gambling has no place in legitimate business and it must go if honest and safe methods are to be restored in the commercial circles of America. While a member of congress, Mr. Bryan delivered a speech in the house in favor of the anti-option bill. Following is an extract from that address.

The object of the bill—and I shall speak only of its general object, because if there are any amendments to be offered to it which will make it carry out its object better and at the same time make it less onerous upon those whom we do not desire to disturb, I am perfectly willing that such amendments should be adopted—the object of the bill, I say, is to prevent gambling in certain products. We can assume, to begin with, that there is gambling in these products. Now, if there is gambling in these products, the gambling either affects the price of the products gambled in, or it does not. If it can be shown by the opponents of this bill

that gambling in the products named has absolutely no effect whatever in raising or lowering prices, then the only reason for passing the bill would be to stop gambling because of its general demoralizing effect upon the community.

If, however, it is admitted that gambling in these products has some effect on prices, however small, then that effect must be either to increase or diminish the price of the product gambled in. If the price of the product is increased to the man who buys it, then the gambler has done a wrong to that man. If the price of the product is decreased to the man who sells it, then the gambler has done wrong to that man, and the only way that you can escape this conclusion is to assert, as was asserted by the gentleman from New York (Mr. Warner), that the gambler helps the man who sells by raising the price of his commodity a little, and helps the man who buys by lowering his price a little, and takes his profit out of those who speculate.

Mr. Warner. Will the gentleman allow me? Mr. Bryan. Certainly.

Mr. Warner. I do not believe that any gambler ever helped anybody except by the merest chance. It is the investors of funds which might otherwise be idle, who put their investments temporarily in the purchase of wheat or cotton, that produce somewhat of the effect the gentleman has suggested.

Mr. Bryan. I care not whether the purpose of the gambler is to help or not. If the gentleman could prove that the effect of gambling was to take the cost of handling and transportation out of the pocket of somebody other than

the producer and consumer, then he might justify gambling by showing that it is wise for us to promote laws which enable gamblers to take from the people who are willing to gamble and give the benefit of their losses to the producer and consumer alike.

"But, Mr. Chairman, I am not going to assume that the gambler simply makes his money out of the people who buy for speculation. I am going to assume, upon evidence satisfactory to me, that these gamblers increase or decrease to some extent the price of the products speculated in, increasing it to the man who buys or decreasing it to the man who sells. No citizen has a natural right to injure any other citizen; and the government should neither enable nor permit him to do so. Therefore, no man has a right to lessen the value of another man's property, and the law should not give to a man, or protect him in, the exercise of such a right.

"My district is perhaps an average district; about half of my constituents live in cities or towns, and about half are engaged in agriculture. I have in my district the second largest city in the state, Lincoln, the state's capital—a city of 60,000 inhabitants. My home is in that city, and I have no hesitation in declaring that it is one of the most beautiful and prosperous cities of its size in the United States. The people who live in cities will, if gambling in farm products reduces the price of such produce, be the beneficiaries to that extent. But, sir, I do not come here to lower the price of what my city constituents have to buy, by enabling grain gamblers to take it from the pockets of those who raise farm products. My city constituents do not ask that of me, and I would not assist them in so unjust an act if they did ask it.

"As I said, about half of my constituents live on farms, and they labor in a veritable