

mal expenditures in the last fiscal year?

A comparison of the items will disclose the facts.

Statement of revenue under the Dingley act in the fiscal year ending June 30, 1898.

	Amount	Per capita.
Spirits and wines	\$97,968,838	\$1.31
Beer	40,135,722	.54
Tobacco	46,146,805	.62
	\$183,951,365	\$2.47
Small internal revenues	2,007,699	.04
	\$186,559,064	\$2.51
Miscellaneous: Permanent receipts	18,852,278	.25
Sugar and molasses	20,378,038	.40
	\$234,600,280	\$3.16
Miscellaneous duty other than liquors, tobacco, and sugar	104,537,701	1.40
	\$339,327,981	\$4.56

It, therefore, appears that the Dingley act did not yield the necessary sum, five dollars per head, for the conduct of the government economically administered. The deficiency was forty-four cents per head, which being computed on the estimated population of 74,389,000 persons amounts to \$32,731,160.

The actual expenses of the government were greatly increased by the war with Spain amounting to five dollars and ninety-six cts. per head.

Revenue	\$5.96	\$443,368,582
Revenue deficiency	4.56	339,327,981
Received from Union Pacific	\$1.40	\$104,630,601
		65,993,354
Actual deficiency		\$38,037,247

A comparison of the revenue under the Dingley bill with the receipts per capita under the previous systems, of 1883, under the McKinley bill, and the Wilson bill combined, will be interesting.

	Revenue per capita year by year 1878 to 1897 inclusive.	Revenue per capita under Dingley bill.
Subject of taxation—		
Liquors and tobacco	\$2.476	\$2.47
Small internal revenue	.116	.04
Miscellaneous permanent	.457	.25
Sugar	.606	.40
Miscellaneous imports other than liquors, tobacco and sugar	2.160	1.40
	\$5.81	\$4.56

It will be observed that the deficiency on duties, on imports other than liquors, tobacco, and sugar is 66 cents per head as compared to previous acts, which amounts in round figures to \$50,000,000.

IV.

Would the Dingley bill have yielded a revenue in the present fiscal year ending June 30, 1899, sufficient to meet the normal rate of expenditure under normal conditions at \$5 per head?

The total revenue on the computed population June 1, 1898, which is the date established in the practice of the treasury department for ascertaining the per capita of receipts and expenditures at \$5 per head on an estimated population of 76,011,000, would amount to \$350,055,000.

Bearing in mind that the revenue in the last fiscal year was at the rate of \$4.56 per head, was attained under the

disadvantage of a very large stock of sugar imported before the increase of duty, and that the tax on tea had only begun to yield revenue, it is probable that the present revenue taxes on sugar, tobacco, and tea, will come to an increase of not less than 44 cents per head. On the other hand the import of goods which are subject to the miscellaneous duties is diminishing, notwithstanding the exhaustion of any stock imported before the Dingley bill came into force, July 24, 1897. On the whole it may be deemed fairly probable that the Dingley act without the subsequent war taxes would have yielded \$5 per head, but this favorable view is rendered doubtful by the diminishing imports of miscellaneous dutiable goods since June 30. In this estimate, however, many facts must be considered in comparing the very small yield of revenue from the miscellaneous duties under the Dingley act of \$1.40 per head, with the \$2.16 yielded on the average of the previous twenty years.

No considerable revenue may hereafter be counted on from metals and metallic goods—formerly yielding a large revenue. No sum of any moment will be secured from iron, steel, or copper, or their products which formerly yielded a large revenue. Supremacy in making the steel plates which are the principal element in the cost of tin plates has been coupled with the substitution of machinery for the hand work of Wales in this branch of industry. Under these conditions a relatively very small force of skilled workmen at high wages is enabled to convert black plates into tin plates at so low a cost that it is more likely that we shall become large exporters of tin plates, rather than importers. The duties on wool are yielding much less than the expected revenue, having raised the cost of imported wool so much as to have forced the manufacturers to resort to cotton and shoddy as a substitute. Aside from these subjects of former revenue the progress in many other manufactured products formerly imported has enabled us to export rather than to import. It therefore follows that even if the miscellaneous duties of the Dingley bill were reduced for the purpose of increasing the revenue, the result would probably be followed by as great a disappointment as has followed the enactment of the Dingley act, which was expected to increase the revenue in the sum of \$112,000,000—if I rightly recall the speech of the framer on its introduction, which sum, had it been realized, would have carried the per capita revenue in the last fiscal year to six dollars (\$6) per head in place of four dollars and fifty-six cents (\$4.56) actually yielded.

V.

Will the Dingley bill, with the receipts that may be expected from the war

revenue taxes now in force, suffice to meet the future expenditures on the assumption that the surplus in the treasury at the beginning of the war with the proceeds of the war loan of \$200,000,000, will have sufficed to cover the actual cost of the active war—which is a fair assumption?

The answer to this question will depend entirely upon the more important question of how long we must endure this state of passive war into which the active war with Spain has brought us. By passive war is meant,

First. To what extent are we to convert our navy, now more than ample for defensive purposes, into an offensive force?

Second. In what numbers, at what cost, and for what length of time are we to be subject to the burden of maintaining great armed forces in the Philippine islands, in Cuba, and in Porto Rico; also in Hawaii, if expensive fortifications and naval stations are undertaken, where only a police force of not over two hundred picked men will be required to keep order?

Third. In what measure and to what numbers will the burden of pensions be augmented for the support of the very large proportion of the white troops (or their widows and children), who will either die of climatic diseases or be disabled by fevers, malaria and venereal disease, so as to be more or less incapable of self-support after the term has expired of their enlistment, or for which they may hereafter be drafted?

Fourth. How much will the present revenue from sugar and tobacco be diminished when the products of Cuba, Porto Rico, and the Philippine islands come under the same revenue acts as those which now apply to the United States and to Hawaii?

It has been made plain that the utmost revenue that can be hoped for under the Dingley act may be five dollars per head.

In that computation the duties on sugar must go up from 40 cents to 75 cents per head, while the disadvantage of foreign tobacco on account of duties may now be about 5 cents per head. Sum of reduction not less than, probably more	\$5.00
Remainder	\$.80
	\$4.20

The war revenue act is now yielding a little less than two dollars per head and may be safely computed at that sum as the chief sources are from the stamp taxes, which took effect at their probable per capita maximum at once, and the increase on beer which will not probably diminish its consumption. Additional war taxes

Total	\$2.00
	\$6.20

On this estimate the increase in revenue above the normal expenditures of five dollars per head will be one dollar and twenty cents, which, assessed on the computed population of the present fiscal year, would yield only \$91,213,200—a sum probably wholly insufficient to meet the increasing burden of the state of passive war which the occupation of the Philippine islands, Cuba, Porto Rico and Hawaii has imposed