

CHAPTER X

REFORMING THE TARIFF

Strong as was the opposition of the majority of those who profited by the discriminations of the railroads to all attempts at equalization, the fight of the manufacturers who enjoyed tariff privileges against all attempts by Congress to lessen the burden of taxation these duties loaded on consumers, farmers particularly, was far better organized and stronger.

The duties in existence at the beginning of our period were practically those imposed in the Civil War to produce revenue. (1) Congress had accepted them as temporary "war measures." But the war over ^{the} conditions of the treasury made it impossible to lower them abruptly. It was clear that there must be a gradual scaling down according to revenue needs. The first attempt was honest and scientific. Before Mr. Lincoln's assassination in April of 1865 he appointed a Commission to prepare a report on the revision of the revenue and put at its head David A. Wells, the inventor of the first machine for folding newspapers. (2)

1) Allan, Nevins. The Emergence of Modern America (A History of American Life, VIII) 167

2) Cyclopaedia of American Biography - Wells, David A.

In 1864 Mr. Wells had written a pamphlet called, "Our Burden and our Strength," a pamphlet so clear and so forcible that it had attracted general attention and had led Mr. Lincoln to name him as the head of the new Commission.

Mr. Wells' first report did not slaughter the tariff as the protected interests at once tried to prove. It cut only where it could be shown that the duties were so high that they were unnecessarily raising prices.

The struggle between advocates of a high protective tariff in essential industries and those who believed in a moderate duty at once developed. The intent was clear, the benefited industries did not intend to give up their advantages.

In and out of the government a strong effort to put the tariff on to a revenue basis developed, many of the most valuable men of the period taking part - Carl Schurz, General James A. Garfield, Chester A. Arthur, "Sunset" Cox, whose name came from his proposal to Congress to tax sunshine since it competed with the coal producers of Pennsylvania, Joseph S. Moore, known as the "Parsee Merchant", Professor W. G. Sumner, and Professor Arthur Perry, Henry Waterson, ^{and} Horace White. Most important of the leaders opposed to them, outside of those in the ranks of industry, were Horace Greeley, Henry C. Carey, and a Pennsylvania Congressman, William D. Kelley - "Pig-iron Kelley." These were disinterested men, passionately supporting high protection as they believed that only through it could the American working man be kept continuously employed at high wages.

Four industries led in the campaign for high protection; the wool growers sponsored by a trio from Ohio, popularly known in Congress as the "wool trinity"; the wool manufacturers, already one of the strongest manufacturing organizations politically in the country - the National Association of Wool Manufacturers the work of John L. Hayes, an able, experienced and influential lobbyist and promoter; the sugar growers and refiners; and fourth and most important iron and steel backed by the Industrial League founded in 1867 to represent all protected industries.

Powerful in the League from its beginnings was a Pennsylvania iron master, Joseph Wharton, the head of the nickel trust, founder of the important Wharton Institute of Philadelphia. ~~At~~ Mr. Wharton laid down his ultimatum in the matter of iron and steel duties/speech in Pittsburgh/on in a in 1880

"The American Iron Master."

"It is meet that we should declare to the country," he said, "that we will support no party and no candidate who cannot be depended upon by something better than election-day promises to protect and defend home labor. It is fitting for us to call 'hands off' to those who are itching to tear our tariff laws to shreds; to call upon the President in advance to refrain from meddling with commercial treaty-making and to veto, as he doubtless would, any measure injurious to home industry which a hostile majority in Congress may pass; to call upon the representatives of all other American industries to stand by us as we will stand by them in resisting all changes in the tariff laws and all tariff-making by treaty until these laws can be carefully and prudently revised by a Congress or a commission known to be devoted to the interests of the nation." (2)

11

The contention went on until in 1882 a tariff commission was appointed by President Arthur, nine excellently chosen men, four of them leaders from the great protectionist combine - wool growers, wool manufacturers, sugar, and iron and steel.

These nine men with their retinue spent the summer and fall of 1882 taking testimony. Some six hundred witnesses came before the Commission. The hearings began at Long Branch, New Jersey in July of '82. It was an easy and comfortable place for the business men of New York, Philadelphia and all Eastern centers - the Atlantic City of the day. After a month the Commission moved on to Boston where the New England industrialists were interviewed. They then followed a route Westward as far as the Mississippi, South to St. Louis, Eastward to Atlanta and Savannah. They had planned to go to the Pacific Coast but decided that it would take too much time. They gave up the Gulf States because of a "dangerous epidemic." (1) Among the different industries presenting their reasons for asking protection were makers of neckwear, quinine, bicycles, oil cloth, chemicals, crockery, glass, lumber, salt, as well as all conceivable products from iron and copper, oils, from wool and cotton. ~~and raw sugar.~~

Thus the hearings defined both the geographical spread and the nature of our industrial enterprises.

No better method for gauging the industrial mentality of the period could have been devised than these hearings. The witnesses were so absorbed as a rule in the protection of their individual interests that they failed or refused to consider consumer and related interests. Mr. Wharton was an example. The prosperity of his nickel monopoly apparently convinced him that what was useful to him could not be hampering to anybody else or that he might in the long run weaken his own market. So it came that when makers of German silver, of which large quantities were used in the country, charged that the high prices Mr. Wharton could and did charge for nickel was making it impossible for them to manufacture at a price which would enable them to compete with the foreigner, and when they pointed out that already the Meriden Britannia Company had established a factory in Canada in order to hold the foreign markets it had developed Mr. Wharton's answer was, "There is no market in the world that is comparable to this country as a market for manufactured goods." (1)

- 1) Report of Tariff Commission, 1882. Page 204 Vol. I.
Joseph Wharton Witness, July 26, 1882

The Commission, however, showed by its report that it did have a fairly clear idea of these effects and relations. It argued that the existing high duties were not only hurting consumers but were frequently undermining the very interests they were supposed to benefit by encouraging "rash and unskilled speculation" and destroying ^{the} sense of stability required for extended undertakings."

The Commission was convinced that the extraordinary improvement in processes and in machinery made in the preceding twenty years would permit our manufacturers to compete with their foreign rivals under a substantial reduction of existing duties. A general cut of twenty percent was what they suggested and they emphasized their conviction ~~after~~ founded on the review they had given the industrial life of the Nation that 'No rates of defensive duties except for the establishment of new industries which more than equalize the conditions of labor and capital with those of foreign competitors can be justified.' (1) They were for ~~what they thought was~~ what they called "a judicious tariff" or "a revision of existing tariff upon a scale of justice to all interests." (1)

President Arthur in his message of December 1882 told Congress that the report of the commission would be before them at the beginning of '83 and made this comment:-

"The present tariff system is in many respects unjust.

It makes unequal distributions both of its burdens and benefits.....I recommend an enlargement of the free list so as to include within it the numerous articles which yield inconsiderable revenue, a simplification of the complex and inconsistent schedule of duties upon certain manufactures, particularly those of cotton, iron, and steel and a substantial reduction of the duties upon those articles and upon sugar, molasses, silk, wool and woollen goods." (1)

But when Congress set out to make a bill which would be in accord with the recommendations of the President and of its commission the combined industries began an assault on the proposed twenty percent reduction unlike anything Washington had ever known. It resulted in an almost complete rout of the attempt to scale down the duties. The bill finally adopted not only came far from a twenty percent reduction but the reductions made were without consistency or harmony. They were what each of the organized industries could force from its representatives by threats of political revenge. It was generally recognized as the victory of the organized business man. Senator John Sherman of Ohio, who was one of those who

1) Messages and Papers of the Presidents. Arthur, Chester A.
Vol. XIII. Page 135,136

believed that in making tariffs it was the industrial organization which must be satisfied, declared in his Recollections that the Tariff Law of 1883 laid the foundations of all the tariff complications since that time. (1) It certainly saddled the industrial lobbies on Congress. Their success made it sure that whatever the tariff reforms might be demanded in the future they had developed a solidarity and a technique which would be difficult to break or match.

The most powerful of the big four entrenched industries proved to be iron and ~~and~~ steel. Instead of the twenty percent average reduction the tariff commission believed should be made in its schedules it came out with 4.54 percent - a demonstration that its political power was in keeping with its industrial importance.

The relation of these tariff rates on iron and steel to such a combination as Mr. Carnegie had created by 1890 was clear enough. It had prevented that foreign competition with the consequent lower prices to the consumer which a tariff computed strictly on the basis of costs of production in a modern mill would have allowed. That is the tariff had unquestionably been a big factor in Mr. Carnegie's forty percent dividends, also it had made it possible for him to undersell his rivals steadily while making his forty percent. Did he need it for what may be called reasonable and normal success? Given a reasonable tariff or no tariff and there is little doubt that Andrew Carnegie would have quickly risen to the top in the industry.

- 1) Sherman, John T. Recollections of Forty Years in the House, Senate and Cabinet Vol II (1895)

He had the qualities necessary, daring, resourcefulness, energy, imagination and the large ruthlessness in snatching advantages characteristic of the strong men of his time.

The tariff enabled the strong units in the industry quickly to take advantage of the stream of new processes; weak units could not command the money to scrap, improve, rebuild. They sold or shut down. In the decade we are considering, that of the '80's, the number of establishments in iron and steel fell from 1,005 to 645, with an increase of but one half of one percent in the numbers of wage earners employed. (1)

	Number of Establishments	Average Number Wage Earners	Total Wages
1890	645	148,715	78,977,900
1880	1005	140,978	55,476,785

Wages had risen about forty percent, that is while ^{laborers} they had been earning on an average a little under \$400.00 a year in 1880, they ~~in~~ 1890 were earning about \$530.00. The value of products had increased something like forty eight percent.

While the tariff had been a factor in making Carnegie the biggest money maker in the industry it had not given him a monopoly, nor at this time was an iron and steel monopoly in sight. It was what the tariff was doing to help certain other large industries on the road to monopoly that was worrying the public. It was worrying President Cleveland chiefly because the government was collecting more than it needed. It came out

1) Abstract of Twelfth Census, 1900 Page 311

of the pockets of the people through indirect taxation, largely custom duties. They should be lowered.

Ever since his inauguration the Ways and Means Committee had been working on a bill that did lower them but Congress refused to consider it. To emphasize the need and the reasons for lower duties President Cleveland finally did an unprecedented thing, devoted his message to Congress in December 1887 entirely to the tariff question. At the moment the argument on which high protectionists were leaning heaviest was that high duties were all that made high wages possible. Mr. Cleveland made a thoughtful answer ^{to} this claim. Even if it were just to tax a population of 50,155,783 people in order that 2,623,089 might receive higher ^{wages} ~~pay~~ it was deceiving the 2,623,089 since ^{each} they must pay "a very large increase in the price of nearly all sorts of manufactures, which, in almost countless forms, he needs for the use of himself and his family. He receives at the desk of his employer his wages, and perhaps before he reaches his home is obliged, in a purchase for family use of an article which embraces his own labor, to return in the payment of the increase in price which the tariff permits the hard-earned compensation of many days of toil." (1)

1) Messages and Letters of the Presidents, VIII, 586 Cleveland - December 6, 1887

The tariff, as Mr. Cleveland saw it, put money into one pocket of the workman and took it out of the other. As for the farmer it took money out, but put little or none in his pocket. Moreover, it did have a relation to the combinations quite prevalent at this time and "frequently called trusts," which had for their object the regulation of the supply and price of commodities made and sold by members of the combination. "The people can hardly hope for any consideration in the operation of these selfish schemes.... The necessity of combination to maintain the price of any commodity to the tariff point, furnishes proof that some one is willing to accept lower prices for such commodity, and that such prices are remunerative." (1)

These combinations "frequently called trusts" to which Mr. Cleveland called attention were few in numbers in 1887, but ^{their} ~~this~~ destruction of the small units in an industry, their control of prices and production with the consequent throwing of men out of work and the weakening of growing communities proved them to have a power so close to monopoly that it was clear they must be controlled. Even a superficial acquaintance with the elements which went into their making showed questionable privilege^s of one form or another. In the case of the Standard Oil Company, up to that time the most successful monopolistic combination, the determining factor had been a control of transportation through rebates and drawbacks always illegal under the common

VIII, 588

1) Messages and Letters of the Presidents/- Cleveland - Dec. 6, 1887

law and now made so by federal statute. The tariff was not an element in the Standard Oil monopoly. It had had, however, much to do with the making of the sugar trust, the second most conspicuous of the breed as well as with the ^{American} Cotton Oil Company, the American Pipe Manufacturing Company, the Whisky Trust, the Pittsburgh Plate Glass Company (1) all worrying would-be competitors.

Although no message from a President of the United States since the Emancipation Proclamation had awakened enthusiasm so general as this message of President Cleveland calling on Congress to consider the tariff "in a spirit higher than partnership" its chief effect as events showed was to solidify the high protectionist's interests as they never had been before. The bill which the House Ways and Means Committee now produced aroused one of the ablest, as well as longest discussion of the tariff in all its phases from free trade to prohibitives ^{or} ever heard in Congress. The Great Debate it was called. (2)

To the chief argument of the protectionist that labor, not capital, profited by the tariff a board of highly distinguished statesmen replied with figures, never disproved, that at that time ninety four percent of the wages of the community were not affected by tariffs and that all of this ninety four percent were paying higher prices because of this tariff, or taxes as

1) Moody, John. The Truth about Trusts. Table of Lesser Industrial Trusts. Pages 454-467

2) Tarbell, I. M. The Tariff in Our Times. Page 159 et sq.

the Reformers insisted in calling them to the distress of the protectionists. The answer they devised was that the tariff was the cause of prosperity, not a tax but a blessing. The Mills Bill as this first response to Mr. Cleveland's famous message was called from the chairman of the House Committee from it Roger Q. Mills of Texas was passed in July of 1888, and sent to the Senate where a protectionist Senator William B. Allison of Iowa took charge of it aided by the Senator from Rhode Island Nelson W. Aldrich. The Mills Bill smelled too strongly of free trade to suit them and an entirely new bill was made taking article after article off the free list where Mr. Mills thought they ought to be, hoisting rates that had been lowered, doing their utmost in short to give to the organized manufacturers the protection they asked.

Before the Allison Bill could be returned to the House for conference the Presidential campaign of 1888 came off. The protectionists were electing Benjamin Harrison of Indiana and in his first message he recommended a revision which would not "impair the just and reasonable protection of our industries." William B. McKinley of Ohio was made Chairman of the House Ways and Means Committee. Probably no one in all our political history ever had so complete, so untarnished a faith in the doctrine of high protection as William McKinley. He had been in Congress steadily since 1876 and his chief interest had always been the tariff. Apparently he had never doubted that it was the true secret of American wealth and progress, never doubted that it

alone gave high wages, nor allowed himself to consider that these wages went only to a comparatively small selected group of workmen. There was something devout, as well as childlike, about McKinley's devotion to the dogma.

The Allison Bill of the Senate ^{which} had already been sent to the House was now taking as a base of the new legislation - McKinley's name ^{being} they attached to it. By the time it was out and signed by the president it was emphatically his bill for in addition to the highest scale of duties yet enacted, some of them practically prohibitive, it ^{registered two} included new principles and arranged to give ^{to} a feeble industry - tin plate - a chance to prove it could establish itself if you taxed the people sufficiently to pay for the experiment.

The first of the new principles was paying a bounty to the producers of domestic sugar. ^{then} ~~Sugar~~ growers had been protected for a hundred years and now were producing about one eighth of the sugar consumed.

Four conflicting points of view were active in framing the sugar schedule in our twenty years. Advocates of tariffs ~~for~~ revenue only wished to fix the sugar duties according to the needs of the treasury shifting them up and down as the government called for more or less money. But advocates of protection for the domestic beet and cane sugar culture wanted a steady high duty which would foster their infant. Those who saw that an increasing foreign market was essential to take care of the surplus products of the farmer and of certain manufacturers wanted

to take advantage of the trading value in the sugar duties. The leader of this group among the high protectionists was James B. Blaine who argued that the duties on raw sugar could be used in barter with Cuba and other sugar producing countries for the benefit of the farmer who he saw clearly was more and more oppressed by the high duties on manufactured articles essential to his life.

As for the sugar refiners they wished all raw sugar which could not be eaten to come in free. On clean high grade raw sugar and all half-refined sugars which could be eaten - "poor man's sugars" they were called - they wished taxes so heavy that it would be too ^{de}ar to eat. They also urged prohibitive duties on the refined sugars of other countries. They had been successful in the main in securing these duties so helpful to their ^{operation} condition and their success had been a big element in the consolidation of sugar refiners.

There was a great outcry now against allowing the sugar trust the free raw sugar and the duty on refined ^{and} it asked, but at the end the McKinley Bill satisfied all parties by putting raw sugar on the free list, giving a bounty to the beet and cane and sorghum raiser and giving the sugar trust pretty nearly what it asked.

There was nothing new in the last but the ^{bounty} first was regarded as a new principle. ^{It} The second fundamental change was an attempt to face the facts, to admit that protection as it was practiced was sacrificing the farmer to the manufacturer and

this taking the bull by the horns was done by one of the most influential men in the Republican party, James G. Blaine. In the course of reducing the free list hides which for many years had come in free was taxed. Mr. Blaine protested to Mr. McKinley. "It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face of the South Americans, with whom we are trying to enlarge our trade. It will benefit the farmer by adding five to eight percent to the price of his children's shoes.

"It will yield a profit to the butcher (Beef Trust) only, the last man that needs it. The movement is injudicious from beginning to end - in every form and phase.

"Please stop it before it sees light. Such movements as this for protection will protect the Republican party only into speedy retirement." (1)

It was stopped; hides remained in the free list in the McKinley Bill, but Mr. Blaine's concern for foreign trade made him hammer at the tariff-makers until finally they agreed to a Reciprocity Clause which empowered the president to impose duties on sugar, molasses, tea, coffee and hides - all free in the McKinley Bill whenever the countries exporting them set duties that seemed to him unjust on products of the United States. It was the most real progress in tariff making since the Civil War

though of course the dyed-in-the-wool protectionist felt that the tin plate duty with the opportunity to build an entirely new industry was the greatest of victories.

It was a victory for Mr. McKinley who ten years earlier had been persuaded by one of the most resourceful and convinced lobbyist of the period, W. C. Cronmeyer, a Pittsburgh iron and steel plate maker that the United States could if ^{the} industry was properly protected make all the tin plate it used.

Mr. McKinley had never wavered after ^{his conversion} that first interview and when the Pittsburgh iron and steel manufacturers worried about the drive on their duties came to him in 1881. He presented the infant - "My dear Major, ^{they protested} we all have at present enough to do to paddle our own canoe." "You have come here to ask me to help paddle your canoe," replied the Major. "If I do as you want me to it will be on the condition that you help Mr. Cronmeyer paddle his." (1)

The promise was given and from that day on the iron and steel manufacturers, particularly around Pittsburgh, were held to it by Mr. Cronmeyer and when he found them weakening all he had to do was to report to Mr. McKinley.

But do his best Mr. McKinley had not been able to warm up Congress on tin plate. It was a little too obvious. Then, too, the importers - a strong group many of them protectionists - fought the duty as a sure destruction of an established business. Of course it would be treason to consider what the duty would do to the foreign tin plate-makers who had

- 1) Cronmeyer, W. C. Memoirs of the Development of the Tin Plate Industry. Western Pennsylvania Historical Magazine, January 1930. Page 35

been supplying us.

By 1890, however, Mr. McKinley was able to persuade the House to put a duty of 2.2 cents per pound on tin plate. The Senate balked at it and Senator Spooner of Wisconsin who disliked the extra tax on the farmer and doubted the possibility of establishing the industry in a reasonable time, refused to go along unless a time limit was fixed. He set October 1, 1897 - ^{from the time the duty began} six years - ^{then} as the date when the ~~new~~ president of the United States must apply a yard stick to the industry, decide whether it was worth further fostering. If the quantity produced in the United States up to that time equaled one third of the plate imported during any year after the passage of the Act then the child was to be allowed to live. So Mr. Cronmeyer and Major McKinley got their 2.2 cents provisionally and reluctantly from the Senate where they had a majority of only one.

It is interesting to note that one of the chief opponents of this duty on tin plate was the Standard Oil Company. They used an enormous amount in the cans in which oil was exported and had been able for many years to secure a drawback, that is, when the tin plate they imported had been made into cans and exported the duty they had paid was returned. Naturally Mr. Cronmeyer and Major McKinley thought that the Standard Oil ought to use home-made tin plate, ^{and} pay the higher price it would cost them, but the Standard did not agree and the Bill came out with this privilege still in their pockets.

The McKinley Bill stirred the organized farmers of the South and West to impassioned protests and called out bitter comments from the independent press. The Chicago Times made a particular ^{severe} story case against it.

"The trick tariff committee admit that agriculture is depressed and express deep sympathy for the struggling farmer. They tell him that the principal reason why he suffers is because he is subjected to ruinous competition with the pauper tillers of the soil of other lands. And in proof of this they say that our imports of agricultural products have increased from \$40,000,000 in 1850 to more than \$356,000,000 in 1889. From this we would expect them to shut out the greater part of this \$356,000,000 by increasing the duties to the prohibitory point on the imported farm products. But when we come to look at the facts what do we find they have done? They have increased the duties on farm products of which we imported the following values during the calendar year 1889: Live animals of all kinds, \$7,000,000, breadstuffs of all kinds, \$6,600,000, provisions of all kinds, \$1,800,000, linseed, \$4,100,000, vegetables, \$2,800,000, wools, \$18,700,000, Eggs, \$2,000,000, tobacco, \$4,000,000. Total - \$47,000,000.

"Making proper deductions on these accounts, and we have left not to exceed \$45,000,000 of the agricultural products imported last year affected by the high duties. It comes, then, to this: The McKinley Committee propose to relieve the farmer by increasing the duties so far that they may partly exclude \$45,000,000 worth out of \$356,000,000 worth of imported agricultural products, leaving the other \$311,000,000 worth to come in and compete on precisely the same terms as at present. And to make up for this lean streak of goodness the Committee propose to add at least \$105,000,000 to the burden of taxes on the kinds of articles the farmers have to buy. Oh, how these high tariff economists do love the suffering farmer." (1)

The McKinley Bill did not prevent the steady decline in the country's business and its failure to do this as well as the fact that the prices of certain everyday articles not only tin plate, but coal, lumber and many foods were increasing were ~~affrontly~~ used by the Democrats. They secured a majority in the House in 1890 and in 1892 carried both houses of Congress.

1) Chicago Times, April 19, 1890

and the presidency. Reform of the tariff had been their chief argument. According to the platform adopted and on which Grover Cleveland ran for a second term tariff-for-revenue-only was promised. Henry Watterson wrote the plank.

The way he proposed to manage it was to set down the amount of revenue needed and to cover it, put duties on sugar, tea, coffee, products largely used but not raised in this country. Then he would tax spirits and tobacco and if he didn't have enough to meet the needs of the government he would tax inheritance and dividends and if necessary big incomes, nothing ^{for} iron or steel or wool, cotton or sugar or chemicals.

Mr. Cleveland ran on this platform but his practical mind told him that an immediate application of such a scheme would create a destructive confusion in industry.

"We wage no exterminating war against any American interest," he said in his letter of acceptance. (1)

The bill which the Democrats had ready by December 1893 - the Wilson Bill from the name of the chairman of the House Ways and Means Committee, James Lyne Wilson of West Virginia who framed it -- was both practical and reasonable. It freed all raw materials - wool, coal, iron, ore, hemp and flax, and many of the farmer's necessities - machinery, salt, binding twine, cotton bagging. It cut, but not too severely, duties on sugar and many manufactured articles including that on what Wilson called the "bogus industry" of tin plate. The chief addition the House

1) Tarbell, I. M. The Tariff in Our Times. (N.Y. 1911) 215

made to this bill was to add an income tax.

It was when the Wilson Bill reached the Senate that it met its Waterloo, ~~Sugar~~ the leader of the attack, ~~the~~ McKinley Bill had "made" the Sugar Trust. Its president, H. O. Havemeyer, who had engineered the complicated schedules to his liking declared ~~that~~ in 1894 that in three years the profits had been close to \$25,000,000. "As long as the McKinley Bill is there," said Mr. Havemeyer, "we will exact that profit."

In all this period the speculation in sugar stocks was disturbing the public. It had not been until February 1889 that the Sugar Refining Company had been listed on the Stock Exchange.

Wall street being ~~so~~ suspicious of the trusts from the first and the Stock Exchange ^{often} hesitated ^{long} before admitting their securities. It did not like the secrecy surrounding them, complained that the statements of their affairs which the rules of the Exchange required were refused, complained that there was no apparent limit to capitalization. This hesitation of the Exchange seems to have influenced the Sugar Refiners Company as well as the American Cotton Trust to modify their practices ^{and} so fix their capitalization that the Exchange would feel justified in listing them. (1)

Sugar Trust stocks fluctuated between fifty and sixty for some months after their first listing, but the bounty of ~~one half cent a pound on refined sugar~~ ~~McKinley duties of one half cent on refined sugar~~ fixed in the McKinley Bill of May of 1890 sent them kiting.

"Eventually," Senator Calvin S. Brice of Ohio told Congress in 1893, "under the operations of the McKinley Act [sugar trust certificates] reached 134 or 135; an advance from January, 1890, when the McKinley Bill was introduced, of 85 points, or \$42,500,000 on the sugar trust certificates, and an advance of \$63,750,000 on the American Sugar Refining Company's Stock, the Company which in 1891 succeeded the original trust." (2)

1) Armstrong, Collins. Harpers Weekley "Trusts in Wall Street" Quoted in Public Opinion for Dec. 26, 1889

2) Tarbell, I. M. Tariff in Our Times. (N.Y. 1911) 223

It was expected by tariff reformers that the Wilson Bill, framed in Mr. Cleveland's second term would lower the McKinley duties, but as ~~the~~ ^{the House bill was} finally ~~was~~ reported by the Senate Committee ^{McKinley Act which} /it gave the sugar trust more than the ~~bill~~ it had been framed to reform.

"It would have been quite as appropriate and edifying," said the Nation, "and quite as good policy, to have enacted that the Standard Oil Trust should receive \$30,000,000 out of the public treasury during the next six months as a reward of merit, and two and one-eighth cents per gallon for all the oil they might hereafter sell in this country, as to do what is done for the sugar trust." (1)

Unpleasant scandals followed the passage of the ^{Gorman} ⁽²⁾ Wilson/Bill in 1894. There was a charge that with the new

1) Quoted in Tarbell, I. M. The Tariff in Our Times. (N.Y. 1911, 225

2) Tarbell, I. M. The Tariff in Our Times, 225-229

duties the Democrats were paying the Sugar trust for a high campaign contribution made in 1892. On investigation by the Senate committee the principals of the party were certainly cleared and it was brought out that both parties had received contributions. Mr. Havemeyer, the President of the trust, was quite frank in admitting that contributions went to both sides. "The American Sugar Refining Company has no politics of any kind," he told the examiner. "Only the politics of the business?" he was asked. "Only the politics of business," replied Mr. Havemeyer.

Along ~~the~~ with scandals over campaign contributions went one as unsavory - the charge that Senators of the United States had been speculating in sugar stocks while the schedules were making. The charge was investigated and several of the most eminent men of the times were questioned including John Sherman, George F. ^{Hoar} ~~Haar~~ and Roger Q. Mills. Senators Quay of Pennsylvania and McPherson of New Jersey both admitted that they had been dealing in sugar in the period.

What happened to the sugar schedule was the outcome of a long campaign of barter and obstruction in the course of which many of Mr. Wilson's propositions were thrown out. The bill finally came out with six hundred forty three amendments attached.

Mr. Cleveland protested in a letter to Mr. Wilson that the bill violated the free raw materials which the country had been promised, but his protest did no good. It was passed. (1)

1) Congressional Record, 53 Cong. 2 Sess. Pt. VIII, 7712

"The question is now," said Mr. Wilson its sponsor, "whether this is a government by the American people for the American people, or a government of the sugar trust for the benefit of the sugar trust." (1) The Bill became a law in August, 1894, but without Mr. Cleveland's signature. The Wilson Bill did little or nothing to stabilize business. It was challenged by Democrats and Republicans from the hour it became a law. It was certain to be remade at the first opportunity by one or the other party.

Quoted in
1) /Tarbell, I. M. The Tariff of Our Times Page 235 (N.Y.1911)