

THESIS

Wilson-Gorman Revenue
act, 1894—

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"THE CONGRESSIONAL HISTORY OF THE WILSON-GOWAN REVENUE ACT
OF 1894"

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Outline

- I. Introduction
 - A. Tariff trends before the Civil War
 - 1. Walker Tariff Act of 1846
 - 2. Tariff Act of 1857
 - B. The Civil War and its effect on tariff legislation
 - C. The Republican Party and protection
 - 1. The future of the party after the War
 - 2. Its vacillating policy 1864-1875
 - 3. Its acceptance of the protection policy, 1875
 - 4. Republican tariff legislation 1875-1890
 - a. The Morrison Bill of 1884
 - b. The Mills Bill of 1888
- II. Major issues effecting the tariff when Democracy returned in 1893
 - A. The Democratic tariff plank in the Campaign of 1892
 - B. Tariff as the major issue of the Campaign
 - C. The effect of the election of 1892 on Democratic control in Congress
 - D. The Panic of 1893 as it effected the Revenue Issue
- III. The Legislative history of the Wilson-Gorman Revenue Act of 1894
 - A. Attitude of the Cleveland Administration toward tariff revisions, 1893-1894

1. Congress
 - a. House of Representatives
 - b. The Senate
2. President Cleveland
- B. Preparation of the Wilson Bill in the Special Session of the Fifty-third Congress
 1. Resolution requesting the bill October 25, 1893
 2. The Condition of the United States Treasury in 1893
- C. The report of the Wilson Bill by the Ways and Means Committee to the House of Representatives in the Second Session of the Fifty-third Congress
 1. Introduction of the bill into the House December 19, 1893
 2. Debate on the bill in the Committee of the Whole, January 8, to February 1, 1894
 3. Significant amendments
 4. Passed by the House, February 1, 1894
 5. Public opinion on the House Bill as expressed by the press
- D. Introduction of the Wilson Bill into the Senate, February 2, 1894
 1. Referred to the Finance Committee, February 2, 1894
 2. Reported out of the Finance Committee to the Senate, March 20, 1894

3. Debate on the Bill in the Committee of the Whole, April 2, to July 3, 1894
 4. Significant Amendments
 5. Public opinion of the Senate amendments as expressed by the press
 6. Passed by the Senate as amended, July 3, 1894
- E. The Wilson-Gorman Bill returned to the House of Representatives for further consideration, July 6, 1894
1. Reference of the bill to the Ways and Means Committee, July 7, 1894
 2. The bill reported back to the House by the Ways and Means Committee, July 7, 1894
 3. The debate on the proposed Senate amendments, July 7, 1894
 4. Rejection of the Senate amendments, July 7, 1894
- F. Congressional Conferences on the bill
1. The conferees
 2. The bill submitted to Joint-Conference Committee on July 7, 1894
 3. The first conference
 - a. The report of the House conferees, July 19, 1894
 - b. The report of the Senate conferees, July 20, 1894
 4. The second conference
 - a. The report of the House conferees, August 15, 1894

b. The report of the Senate conferees,

August 14, 1894

G. The Wilson-Corman Revenue Bill as accepted by
Congress

H. The resolution became law with the signing of the
bill

1. Signed by the President of the Senate, August
14, 1894

2. Signed by the Speaker of the House August 15,
1894

3. Became law without the President's signature
August 28, 1894

IV. Conclusion

I

American tariff legislation was initiated with the inauguration of the new government under the Constitution of the United States. The first Congress passed the Tariff Act of 1789 which with several revisions from time to time constituted the major source of national income down through the period of the war of 1812. These early tariff provisions were for revenue purposes and only incidentally, when duties were high, did they afford a degree of protection. The Period of the war, 1812-1814, created a situation which made it necessary for the United States to become economically self-sufficient. In consequence the infant industries, that had sprung up during the war-time period, demanded a degree of protection with the termination of the war in order to avert the "dumping" policies of foreign producers, English in particular who threatened the continuance of the newly-founded American industries. A program for the development of a system of national economy was fostered, in part at least, by the protective tariff legislation which found its first expression in the Act of 1816. The protective feature was enlarged upon in the subsequent Acts of 1824, 1828, 1832, 1833, and 1842.

In the Baltimore Convention of 1844 the machination of Robert Walker of Mississippi led the Democratic party to nominate a Southerner, James K. Polk, as their candidate. With Polk's election the influence of the Southern wing of the Democratic party was assured from March 4, 1845 to March 4, 1849.¹ During the campaign of 1844 the tariff issue had

1. W. E. Dodd, "Expansion and Conflict," pp. 127-128.

been purposely obscured by the party leaders, but Polk had expressed his stand in the following manner:

I have heretofore sanctioned such honest discriminating duties as would produce the amount of revenue needed and at the same time afford reasonable incidental protection merely, not for revenue. 2

In 1845 the Treasury had a moderate surplus and with the advent of the year of 1846 it seemed likely that it would be increased. In keeping with the Southern Democratic position on the tariff Robert Walker, the Secretary of the Treasury, recommended the following six principles as the basis for new tariff legislation: (1) all tariff rates should provide for a revenue sufficient for current government expenditures; (2) no duty should be imposed on any article above the lowest rate which would yield the largest amount of revenue; (3) below such rate discrimination could be made descending the scale of duties or, for imperative reasons, the article might be placed on the free list; (4) that a maximum duty should be charged on luxuries; (5) that all minimum and specific duties should be abolished in favor of ad valorem duties; (6) that all duties should operate equally throughout the Union.³ In 1846 Congress passed a bill embracing these ideas of Secretary Walker with provisions for tariff schedules alphabetically arranged.

The period from 1846 to 1861 was one of great industrial prosperity and was fostered by the tariff, the discovery of

2. E.L.Bogart, "Economic History of the American People", pp.413-415.

3. Ibid.

gold in California, as well as the increased demand for manufactured goods resulting from a growing population due to immigration.⁴ The acceptance of the Walker Tariff Act of 1846 occurred at the beginning of an upward trend in the economic cycle so that the administration of the measure was more adequate fiscally than the government expenditures demanded. The effect produced was indicated in the increased annual income from 1846 to 1857 which was \$46,000,000 over the previous annual income derived from the tariff between the years of 1842-1846 which had been \$26,000,000.⁵

The Tariff Act of 1857 was based on the Act of 1846 and effected a general tariff reduction amounting to an average of 20% in 1859, 19% in 1860, and 18.1% in 1861.⁶

From 1853 to 1857 the average annual income of the Federal Government had amounted to \$68,000,000, but in 1858 as a result of the depression, which had begun in 1857, the annual income dropped to \$46,000,000 resulting in an actual deficit of \$50,000,000 during the years from 1858 to 1860.⁷

In the Republican Convention of 1860, due to the influence of Horace Greely and the wishes of several former Whigs, a moderate protective plank was written into the platform which stated:

While providing revenue for the support of

4.E.L.Bogart, "Economic History of the American People", pp 413-415.

5.Ibid.

6.W.W.Jennings, "History of Economic Progress in the U.S.", pp. 293-294.

7.D.R.Dewey, "Financial History of the United States", p. 266.

the general government by duties on imports, sound policy requires such an adjustment of these imposts as to encourage the development of the industrial interests of the whole country, and we commend that policy of national exchanges which serves to the workingmen liberal wages, to agriculture renumeration prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the nation commercial prosperity and independence. 8

Such a position on the tariff was made possible because of three different factors: (1) the party was making a bid for the vote of manufacturing interests in Pennsylvania; (2) the National Treasury was in need of increased revenue; (3) free trade had become practically synonymous with the slave power of the South.⁹

To meet the economic situation the Morrill Tariff Act of 1861 was enacted before the fall of Fort Sumter and the culmination of the secession movement. J. S. Morrill, the author of the measure, was a Vermont Republican who ardently believed in protection and who described the Act of 1861 in the following sentences:

No prohibitory duties have been aimed at but to place our people on a level of fair competition with the rest of the world is thought to be more than reasonable. Most of the highest duties fixed upon have been so fixed with a view more to revenue than to protection. 10

With the outbreak of the Civil War subsequent tariff laws were drafted in order to raise revenue for the government's war-time needs. The Morrill bill, however, did not

8. Percy Ashley, "Modern Tariff History", p. 196 ff.

9. Ibid.

10. D.R.Dewey, op. cit., p. 266.

pass the Senate until several of the Southern States had
 seceded from the Union.¹¹ The next tariff measure was
 passed in the summer of 1861 with provisions for raising the
 rates on iron and wool. Again, in December of the same
 year tariff revisions were made which placed duties on tea,
 coffee, and sugar,¹² while a later act of the same year
 provided for increases in the revenues.¹³ In effect these
 several tariff laws of 1861 had merely restored the tariff
 level to what it had been in 1846 under the Walker Act.¹⁴

One of the weaknesses of the Federal Government's
 administration of the Civil War was its inability to enact
 revenue laws that could meet the wartime demands on the
 Treasury. The many internal revenues provided by
 Congressional acts during the war had raised the prices on
 raw materials of the manufacturers, and led to their demand
 for increased protection for their manufactured goods.¹⁵

Contemporary with the tariff measures was the Federal
 Income Tax. This revenue feature provided for a tax of 3%
 on all incomes over \$800, but was increased in 1865 to 5%
 on all incomes between \$600 and \$5,000, and 10% on all incomes
 over \$5,000. This tax was repealed in 1872. It is evident
 from these facts that under Democratic influence before the
 Civil War tariffs were gradually reduced until the wartime
 demands for revenue introduced a policy that started a trend
 toward increasing tariffs.^{16 17}

11. F.W.Taussig, "Tariff History of the U.S.", pp. 159-160.

12. Ibid.

13. Ibid.

14. D.R.Dewey, op. cit., p. 266.

15. Ibid.

16. Ibid.

17. See appendix A.

The Republican Party had been organized in 1854 for the purpose of preventing the spread of slavery to the Federal territories. This objective of the party was expressed in its platform of 1856 as follows:

Resolved that in view of the necessity of battling for the first principles of Republican government and against a scheme of an aristocracy, the most revolting and oppressive with which the earth has ever been cursed or man debased, we will cooperate and be known as Republicans until the contest be terminated. 18

As the Civil War progressed the Republican administration was forced to raise revenues by every conceivable means which included high tariffs, a multiplicity of internal revenue measures, the income tax, besides the many heavy loans.

Having realized its objective, the Republican party at the close of the war was confronted with the vital question of continuing as a national organization. Naturally the party politicians were not inclined to let go of the gains made by the Republicans under the Lincoln administration, 1861-1865. If the party were to continue it would be necessary to revitalize itself by making new affiliations and deciding its position on the post-war issues which confronted the country. Should the party support the interests of the Western farmer; should it seek to win the favor of the Eastern industrialists; or should it try to win the support of both elements?

From 1865 to 1875 the Republican administration had not definitely determined its position on protection, largely because it had not yet decided the question of its economic

affiliations. After the war period when the Federal Government began to cut the sources of national revenues, it was not the tariff which met with lowered revisions, but rather the repeal of internal revenue measures as well as the income tax.¹⁹ The repeal of the excises was due to two influences, namely; (1) the popular discontent with the multitude of internal taxes, and (2) the influence of manufacturing groups who were anxious to repeal excises on raw materials and thereby cut the costs of production, but who at the same time wished to retain high tariffs. During the years from 1865 to 1869 the antagonism between President Johnson and Congress afforded a political situation favorable to the manufacturing group in obtaining its objective.

After 1873 the income from the tariff declined because²⁰ of a decrease in our imports, and the effect of this decline tended to encourage higher tariffs rather than add to the internal taxes. In 1875 a "lame-duck" Republican Congress restored the duties to their wartime level and in so doing the party in power definitely committed itself to the policy²¹ of protection.

Republican Presidents were hampered by Democratic Houses during the years of 1875 to 1881 and by a Democratic Senate from 1879 to 1881, thus preventing the passage of tariff laws. Congress in 1881 provided a Tariff Commission, which in spite

19. Percy Ashley, op. cit., p. 202.

20. See appendix B.

21. Percy Ashley, op. cit., p. 208.

of its protectionist bias due to the character of its personnel, came to the conclusion that "a substantial reduction²² of tariff duties is demanded". It was not until 1883 that its report received due attention when a protectionist measure, which reduced the duties on a few textiles and raised duties on other manufactured goods, was passed. This same measure also provided for the repeal of internal taxes which had made possible the passage of the tariff²³ provisions. The McKinley Bill of 1890 was passed to meet the pledges for protection as advocated by the Republican party Platform of 1888. The Congressional elections of 1868 had been fought largely on the tariff issue and in as much as the Republicans had gained strength by the elections they logically concluded that their victory was a popular²⁴ mandate for increased protection. The new bill raised all duties beyond the wartime level and the American public was confronted with the tariff issue more clearly and decisively²⁵ than at any previous time.

As the Republican party had been gradually drawn from a moderate leaning toward protection, so the Democratic party on the other hand had continued to oppose the protective principle and to advocate a tariff for revenue only. In the election of 1856 the Democratic party had **openly** opposed²⁶ protection but at the same time it had elected James Buchanan.

22. Percy Ashley, "Modern Tariff History", p. 195.

23. W.W.Jennings, "History of Economic Progress in the U.S.", p. 457 ff.

24. F.W.Taussig, "Tariff History of the U.S.", pp. 282-283.

25. Ibid.

26. Percy Ashley, "Modern Tariff History", p. 195.

The election of 1864 marked the return of the Democrats for the first time since the Civil War. The platform was a general document except on the issue of prohibition to which it referred to as being a "sumptuary" law. The tariff was not mentioned²⁷ nor was any legislation in that direction promised.

President Cleveland in 1885 had little or no understanding of the complex tariff issue of his day.²⁸ With the usual dogged perseverance the President, after a careful study of the whole question, drew up his memorable message to Congress in December of 1887, which presented a clear and logical exposition of his tariff views.²⁹ As a result of this message the Election of 1888 was the first of a series to be³⁰ fought between the two major parties on the tariff issue.

The Tariff legislation of the Democrats during the period from 1864 to 1889 consisted of two measures. The first of these, the Morrison Bill, was sponsored by Mr. Morrison of Illinois. It advocated a twenty per cent "horizontal" reduction of the tariff on all schedules with the purpose at heart of fulfilling the party pledges in spirit but in reality of leaving protection undisturbed. The vot of the House in December of 1886 revealed that a Democratic minority was opposed to tariff reform as indicated by a vote of 26 for and 169 Democrats against--thus the bill failed of enactment³¹ in the House.

27. Frank Kent, "The Democratic Party", pp. 286-293.

28. Ibid.

29. Ibid.

30. Ibid.

31. F.W.Taussig, "Tariff History of the U.S.", pp. 250-252.

Two years later Congress faced a changed situation. Tariff had been an issue in the Campaign of 1888 and the Democrats, who had been elected, were soon to present the Mills Bill in fulfillment of Democratic party pledges. The proposed bill of the House reduced some protective tariffs but its outstanding feature was the alteration of duties on raw materials and the placing of wool on the free list.³² However, the presence of a Republican majority in the Senate made possible the introduction of a counter bill so that neither of these bills were passed. Nevertheless, they did reveal the positions of both parties on the tariff issue.

In summary it may be stated that the tariffs from 1846 to the outbreak of the Civil War, 1860, had been devised as revenue measures with protection only incidental. However, after the Civil War protection rather than revenue had come to be the prime objective of tariff legislation. The Republican party had definitely accepted the protectionist principle and consistently advocated the protective system, while the Democratic party had assumed the role of champion for revenue tariffs only.

II

Two years after the passage of the McKinley Tariff Act of 1890 the Democratic party included the following tariff plank in its platform:

We denounce the Republican protection as a fraud, a robbery of the great majority of the

32. F.W.Taussig, "Tariff History of the U.S.", p. 256.

American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic Party that the federal government has no constitutional power to impose and collect tariff duties except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we endorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials and cheaper manufactured goods that enter into general consumption, and we promise its repeal as one of the beneficent results that will follow the action of the people in intrusting to the Democratic Party. Since the McKinley tariff went into operation there have been ten reductions of the wages of the laboring men to one increase. We deny that there has been any increase of prosperity to the country since that tariff went into operation, and we point to the dullness and distress, the wage reduction and strikes in the iron trade, as the best possible evidence that no such prosperity has resulted from the McKinley Act. 33

That the Democratic Party had adopted by 1892 the views introduced by Grover Cleveland in his famous message of December 16, 1887 was conclusive.³⁴ In 1892 the public feeling in opposition to tariff was running high, as indicated in periodical literature by such writers of prominence as Mr. David A. Wells who wrote in the "Forum" of September 1892:

If the legislative department of the State decides that it would be expedient to establish or stimulate the manufacture of certain commodities, no one under a free government would venture to openly justify such action except on the ground that the public welfare would be thereby promoted, although practically, such justification in the United States has long since ceased to be other than a pretence and a cover for the promotion of private interests. 35

33. Frank Kent, "The Democratic Party", p. 310. ff.

34. Allan Nevins, "Letters of Grover Cleveland", p. 168.

35. "Forum", Vol. 51, p. 51.

As a result of the November **election** of 1892 the Democratic party had gained control of the majorities in **both** the Senate and the House of Representatives, but these majorities could not brook any difference of opinion with-
³⁶
 in the party. In the House of Representatives the Democratic party had 220 members as against 126 Republican members; while in the Senate there were 44 Democrats as against 38
³⁷
 Republicans. Then too, by 1893 there were three Populists in the Senate who could be depended upon to vote with the
³⁸
 Democrats on a tariff bill. It was apparent that only by a very narrow margin did the Democratic party have control of legislation and that dissension within the party would defeat constructive legislation sought by the executive.

The platform promises of the Democratic party were modified in their fulfillment by the economic conditions that immediately followed the inauguration of the Cleveland administration. Instead of a troublesome government surplus, which had been created by a high protective tariff, the Panic of 1893 was steadily reducing the Government revenues until it became necessary for President Cleveland to call a special session of Congress immediately following his inauguration. While the main issue involved in the Panic was a monetary
³⁹
 one, yet the Ways and Means Committee was authorized by this Special Session of Congress to prepare a general tariff

36. F.W.Taussig, "Tariff History of the U.S.", p. 285.

37. Ibid.

38. Ibid.

39. O.C.Lightner, "History of Business Depressions", p. 188.

measure to be reported in the regular session.⁴⁰ During the trying months of the Special Session of Congress two things were happening to the Treasury of the United States: (1) its sources of revenue were cut off by the prohibitive tariffs of 1890 and the general business decline, and (2) the Secretary of the Treasury was forced to deplete the gold reserve of the country \$20,000,000 below its statutory level.⁴¹

As a result of the business depression wage reductions had caused strikes in industry while a bumper crop had caused an agricultural surplus that reduced the farmer's income.⁴² These tendencies **within** and without the government made a new revenue measure imperative. In the House of Representatives a reform tariff was welcomed by those who wanted to raise revenue and decrease protection, while in the Senate a majority wanted to keep protection but remedy the financial problem of the Treasury.⁴³ It is evident then, that the Panic of 1893 tended to force both Houses to come to terms on a revenue measure in an hour of crisis.

III

In Congress the majority party was divided on the question of tariff reform. The opposition in the House was not sufficient to block a reform measure so that Mr. W.L.Wilson of West Virginia, who was Chairman of the Ways

40. Cong. Record, 53 Cong. 1 Sess., p. 3100.

41. A.D.Noyes, "Thirty Years of American Finance", p. 026.

42. Ibid.

43. Ibid.

and Leans Committee, was able to assume the leadership of the tariff reform group in accordance with the wishes of President Cleveland.⁴⁴ With the President's prodding, the Wilson Bill was ready by November 27, 1894 so that it could be pushed forward in the House without delay.⁴⁵ In the Senate a different situation prevailed for there the Democratic Senators Hill and Gorman, whose presidential aspirations had been overshadowed by Mr. Cleveland, at once became the leaders of opposition to tariff reform. Moreover, because of their political strength, they were able to revise the Wilson Bill of the House into the Wilson-Gorman Bill of the Senate. This Senate opposition was "accentuated by the violent personal enmity which many Senators developed against Cleveland. Morgan of Alabama, a silverite and a believer in Hawaiian annexation, Declared that, 'I hate the ground that man walks on.'⁴⁶ Murphy of New York had a grievance against Cleveland, since the time Mr. Hill and Mr. Crocker of New York combined to exalt Murphy to the Senate and Cleveland protested even telling Murphy to his face that he was unfit for the Senatorial office. All this was in 1892 when Cleveland was President-elect.⁴⁷ Irrespective of what the Senate did with the Wilson Bill President Cleveland in 1894 still held to the same tariff views that he had expressed in 1887 so that the Wilson Bill as passed by the House had his approval from the start.⁴⁸

44. Frank Kent, "The Democratic Party", p. 328 f.

45. Allen Nevins, "Grover Cleveland", p. 568.

46. Ibid.

47. Ibid.

48. Frank Kent, op. cit., p. 328 ff.

During the Special Session of Congress called by President Cleveland the Ways and Means Committee was authorized to⁴⁹ prepare a new tariff measure. The membership as follows: W.L. Wilson of West Virginia, Chmn.; Benton McMillin, Tennessee; H.G. Turner, Georgia; Alex. B. Montgomery, Kentucky; J.R. Whiting, Michigan; W. Burke, New York; M.T. Stevens, Massachusetts; W.J. Bryan, Nebraska; C.R. Beckinridge, Arkansas; W.D. Bynum, Indiana; J.C. Tarsney, Missouri; T.B. Reed, Maine; J.C. Burrows, Michigan; S.A. Payne, New York; John Dalzell, Pennsylvania; Albert J. Hopkins, Illinois; John H. Gear, Iowa.

William Lyne Wilson, the Chairman of the Ways and Means Committee, had been a educator, as well as a Cabinet member before his election to Congress. During the Civil War he had served in the Confederate Army under General Robert E. Lee. The Federal Test Oath laws had kept Wilson from practicing law for some years during which time he had been President of West Virginia University. He was elected to Congress from a district where high tariffs on coal were in favor so that his views on tariff reform were hardly in keeping with the wishes of his district. He helped to frame the Mills Bill of 1888 and vigorously opposed the McKinley Bill of 1890. The Wilson Bill embodied his ideas in that it embraced free raw materials, and ad valorem instead of specific duties.⁵⁰

49. Cong. Record, 53 Cong. 2 Sess., p. 2822.

50. "Dictionary of American Biography", Vol. 20, pp. 351-253.

The condition of the United States Treasury at this time depended upon three factors, namely: (1) the character⁵¹ of the policy of the Secretary of the Treasury; (2) the amount of surplus revenue available; (3) the general economic conditions prevalent in the country.

John G. Carlisle was Cleveland's Secretary of the Treasury from 1893 to 1897. He was born in Kentucky, of humble parentage, had been a teacher, a lawyer and, during the Civil War, a State legislator. In 1887 he entered national politics as a United States Representative. When Cleveland appointed Carlisle in 1893 the latter had gained the recognition of the American public as a statesman and economist, as well as a constitutional lawyer.⁵²

The condition of the Treasury according to the report of July 1893 revealed that the government income had an increase of nearly \$26,000,000 over that of 1892, in spite of the fact that no bonds had been sold. During the same period the government's expenses had been increased by \$38,000,000 over those of 1892. Nevertheless, a surplus of \$2,341,274.29 was in the Treasury and according to the estimates that were made for the next two years this Treasury report anticipated a surplus. The actual conditions indicated that the Treasury faced several perplexing problems, namely:

51. J.A.Barnes, "J.G.Carlisle", p. 203.

52. Ibid.

(1) the Sherman Silver Act of 1890 had caused a decrease in the gold reserve which tended to destroy public confidence, (2) European investors had already started to liquidate their American securities,⁵³ (3) the surplus revenue of Cleveland's First Administration had vanished during the Harrison Administration, and the government now faced a serious currency⁵⁴ problem.

On December 19, 1893 Mr. Wilson of West Virginia as Chairman of the Ways and Means Committee presented a bill entitled, "House Resolution 4864, to reduce taxation, to provide revenue for the government and for other purposes".⁵⁵ Mr. Burrows, one of the Michigan representatives on the Committee of Ways and Means, requested that a minority report be printed. Permission was granted and the report was made⁵⁶ available on December 21, 1893. Thus by such action a bill was introduced into the House of Representatives which was to become a source of serious and prolonged debate, as well as a cause for party divisions.

It was not until January 8, 1894 that the House resolved itself into the Committee of the Whole to consider the⁵⁷ bill. Mr. Wilson opened the general debate, in which 265 of the 352 Representatives took part, by first indicating the need for tariff reform legislation, and by asserting that the

53. J.A.Barnes, "J.G.Carlisle", p. 201.

54. Ibid.

55. Congressional Record, 53 Cong. 2 Sess., p. 415.

56. Ibid.

57. Ibid.

proposed bill was aimed at a practical solution of that
⁵⁸problem. In his introductory remarks Mr. Wilson stated
 that:

The majority of the members on the Committee of Ways and Means who have prepared this bill do not present it under any delusion as to its true character. They have had to deal with a system that has grown up through thirty years of legislation. They do not profess that they have been able in one stroke of reform to free it from injustice. ⁵⁹

Mr. Wilson, in reviewing the tariff policies of the past, asserted that protectionism had created a privileged class who through the tariff brought economic and social inequalities to the masses, and he further pointed out that the Republican tariff of 1883 had forced the laborer to pay 117% for 100% of value for his wool clothing while the McKinley Act of 1890, also a Republican measure, had raised
⁶⁰the price from 117% to 255%. He concluded that the natural advantage possessed by America in having its iron and coal mines in close proximity to each other had not produced the desired social benefits under a protective tariff, but had simply added to the strength and wealth of the owners of
⁶¹these resources.

In referring to the condition of the Treasury Mr. Wilson suggested that internal taxes could be used in meeting the deficit if an amendment for a 2% income tax on all incomes over \$4000 were added to the bill as recommended by

⁵⁸ Congressional Record, 53 Cong. 2 Sess., Appendix, p. 193 ff.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

the Ways and Means Committee of the House.

On the evening of January 8 the bill was again presented for debate in the House before the Committee of the Whole. Mr. Lane, a Democrat from Illinois, at that time spoke in favor of the bill and urged its passage for the following reasons: (1) the Democratic party in the recent campaign had promised to revise the tariff downward and the proposed bill constituted a general reduction in the rates; (2) that protective tariff laws were unconstitutional because they constitute class legislation and such legislation had been declared unconstitutional in the State Supreme Courts of Iowa, Kansas, Maine, and Michigan; (3) because tariff does not produce high wages--they are merely the result of conditions in the American labor market and was further demonstrated by the fact that those industries protected by the high tariff of 1890 had, in many cases, lowered wages; (4) That tariff revision was essential to equalize the returns on farmers investment with those of the manufacturers who had made profits amounting to 36 $\frac{1}{2}$ % before 1890, and 44% after 1890 while the farmers investment return averaged only two per cent.

63

A Republican member of the House from Massachusetts, Mr. Morse, continued the debate for the opposition by declaring that the tariff was not a tax on the American people, and

62. Cong. Record, 53 Cong. 2 Sess., Appendix, p. 193 ff.

63. Cong. Record, 53 Cong. 2 Sess., p. 538 ff.

by referring to salt as an example he showed that while a duty of \$2 a pound had been imposed, yet the farmer could buy all the salt he needed for 50¢ a barrel--the barrel included. He also maintained that wool farmers needed protection from the importation of foreign wool at a cheap price. Mr. Morse blamed recent railroad failures to the Democratic threat to destroy that tariff protection which was vital to those companies. After comparing the platforms of Andrew Jackson and Cleveland to show that Cleveland's tariff views were opposed to those of Jackson, he expressed his disapproval of the proposed law by giving as his reason that it was an attempt to show favoritism to interests of the majority party. In proof of this Mr. Morse pointed out that protection was taken away from northern lumbering interests which were known to be Republican, while protection was increased for the chocolate industry, which was located in a district strongly Democratic.⁶⁴

Mr. Bell, a Democratic Representative from Texas arose to define the difference between a protective tariff and a revenue tariff. The protective tariff he stated prohibits the sale of imports while a revenue tariff on the other hand is so adjusted as to permit the entry of imports but exacts customs duty adequate for the United States Treasury. When protection is practiced not only is government revenue cut off, but the people are taxed in other ways in order to meet

⁶⁴ Cong. Record, 53 Cong. 2 Sess., p. 546 ff.

the expenditures of government. Bell illustrated his point by commenting that a pair of shoes imported to sell at \$1.25 would yield a tax of twenty-five cents to the government while shoes manufactured within our country of the same quality might sell for \$1.20 a pair, but the twenty cents, instead of being paid to the government in a tax would be added to the profits of the manufacturer. On this basis the growth of wealth in the country tended to be one of inequality and unfairness. In his desire to further convince the Committee of his contention, Mr. Bell pointed out that while the cost of labor on a pair of American-made shoes was twenty-five cents in England the labor costs were thirty-⁶⁵four cents a pair.

In answer to the statement of Mr. Morse, who advocated protection for wool growers, Mr. Bell said that since the price of wool in London had been higher than in the United States from 1867 to 1891 with the exception of two years, 1871-1872, it seemed correct to conclude that the tariff was not the cause of a fair wool price as England had no⁶⁶ tariff. Mr. Bell continued his remarks by attributing the cause for depressed economic conditions of the country to the McKinley tariff of 1890 which, he claimed, had caused the home industries to overproduce, thereby flooding the markets at a time when agricultural indebtedness prevented a like extension of buying power to increase consumption enough to consume the goods. He continued by stating that people

⁶⁵. Cong. Record, 53 Cong. 2 Sess., p. 548 ff.

⁶⁶. Ibid.

were starving while the banks bulged with money--a condition due to an unequal distribution of profit caused by a protective tariff system. After citing the reductions that would result from the new tariff proposed, Mr. Bell concluded his remarks by arguing that the proposed law was a just one as well as a party necessity.⁶⁷

The debate for the opposition was continued by Mr. Bowers, a Republican from California, who remarked that uncertainty was largely the cause of the present economic distress and that the basis of this uncertainty was the tariff reform issue which had been before the people since 1884. After denouncing Democratic principles contained in the proposed measure he pointed out that the European countries would welcome such tariff legislation as was being proposed in the United States as it would enable them to profit at the expense of the American producer. Bowers quoted from the Pall Mall Gazette of London, dated November 9, 1892⁶⁸ which made the following comment:

Both the merchants and unemployed workingmen of England have reason to rejoice at the Democratic victory as with the possibility of the reopening of the American market to the goods of Birmingham, Bradford, and Manchester. Capitalists will get a chance to procure some return on their money invested and the workingmen will have an opportunity to get a decent price for their labor without the necessity of striking.⁶⁹

After presenting several letters and petitions, which sought to defeat the bill, Mr. Bowers retired to his seat. The Committee of the Whole was dissolved without coming to any

67. Cong. Record, 53 Cong. 2 Sess., p. 548 ff.

68. Cong. Record, 53 Cong. 2 Sess., p. 559.

69. Ibid.

decision on the measure.

On January 9, 1894, Mr. Burrows, a Republican from Michigan, attacked the proposal because, first, it supplanted the McKinley Bill which had successfully reduced the surplus, and secondly, because the revenue obtained by the McKinley Bill was needed by the Treasury, in as much as the uncertainty of American tariff policy had thrown the country into a panic. He went on to show that a great many new textile factories had been established on the strength of the policies set forth by the McKinley Bill.⁷¹ That the tariff was constitutional was evidenced by the fact that the Constitution was designed to protect American Welfare Mr. Burrows asserted, and he attempted to prove his statements by quoting from such eminent Americans as James Madison, Thomas Jefferson, and Daniel Webster.⁷² A new title for the bill was suggested by Mr. Burrows which, if accepted, would have read, "A bill to lessen revenue, to destroy American industries, and pauperize American labor."⁷³ He concluded by asserting that ad valorem duties offered too great an opportunity for fraud in the stating of the price and the value of the goods.⁷⁴

In the evening session of the same day Mr. Haines, a Democrat from New York, continued the debate by presenting a petition from Troy, New York which asked for the defeat of

70. Cong. Record, 53 Cong. 2 Sess., p. 559.

71. Cong. Record, 53 Cong. 2 Sess., p. 572.

72. Ibid.

73. Ibid.

74. Ibid.

75

the Wilson bill. After drawing a pathetic picture of European industrial conditions and pointing out that the Wilson bill would produce like conditions in America if passed, Mr. Haines asserted that the opponents of the bill had taken a justifiable position.

The Populist Senator from Kansas facetiously asked if the Troy petition came from those who made collars and shirts, or from the people who wore shirts and collars, and was answered by Mr. Haines with the single word "both." Mr. W. J. Bryan, the Democrat from Nebraska, asked to what extent protection was desired to which Mr. Haines replied that the protection of the McKinley bill was all that was needed. Again Mr. Bryan inquired of Mr. Haines, that if such protection were granted, would Mr. Haines be willing to help pass the pending bill to which query Mr. Haines replied affirmatively.

The Republican Representative from Pennsylvania, Mr. Woomey, continued the discussion by lauding the protective theory of tariff legislation because it fostered new industries, and he was of the opinion that at all times a country as rich in natural resources as America should develop new industries by giving them the protection from outside competition essential for their growth. He thought the protective tariff should be the policy of this country and that it should be

75. Cong. Record, 53 Cong. 2 Sess., p. 604.

76. Ibid.

77. Ibid., p. 607.

78. Ibid., p. 607.

79. Ibid., p. 608.

80. Ibid., p. 608.

81. Ibid., p. 608.

consistently maintained. As to the comparative advantage of the protective system to farmers, he stated that while they might have to pay higher prices for some types of manufactured goods, yet they would find compensating benefits in tariffs on wool, potatoes, and eggs. In closing his remarks he directed attention to two weaknesses of the proposed Wilson Bill, namely: (1) it did ironically offer a degree of protection while the party sponsoring the bill was vehemently declaring protection as unwarranted and unconstitutional, and (2) the change from specific duties to ad valorem duties was a weakness of the bill which Mr. Burrows of Michigan had⁸² already pointed out.

Mr. Pendleton, a Democrat from Texas, favored the bill by declaring that in addition to "death and taxes being two sure things", might be added another certainty, and "that is that no bill which promises any substantial relief to the tax-burdened people will meet the approval of the tariff-⁸³protected industries." The two tasks which the Democrat party ought to perform, as Mr. Pendleton saw them were: (1) to reduce the tax burden as far as possible, and (2) to see that the tax burden was equally distributed among all classes⁸⁴ of citizens. He further declared that protective tariffs enabled merchants to profiteer at home and cut prices abroad,

82. Cong. Record, 53 Cong. 2 Sess., p. 608 ff.

83. Ibid., p. 611 f.

84. Ibid.

and he **contended** that the protective system had destroyed American commercial shipping, as attested to by the fact that in 1860 United States ships carried thirty per cent of our own imports and exports, while in 1894 American vessels were carrying only fifteen per cent of our own goods. ⁸⁵ Mr.

Pendleton argued that the free list of the proposed bill would hurt his district, but since the bill was such a great improvement over the McKinley Act of 1890 he would favor its passage, however reserving the right to advocate such amend-⁸⁶ments which, in his estimation, would improve the bill.

As could be expected Mr. Curtis, a Republican from New York, opposed the Wilson bill because he thought it sought to raise revenue and in so doing left enough protection to throw the whole system of business out of balance. He offered as examples in proof of this contention the reduction of tariff duties on granite, marble and sandstone, and added that the laborers did not live in marble palaces they would not be able to profit by the reduction, yet they would be taxed to make up for the deficit in the revenue the government would loose by such reductions. ⁸⁷ Curtis was of the opinion that duty-free lumber would ultimately raise the price of Canadian lumber because of an increased demand for it, that the American lumbering industry would cut wages and prices, and the government would loose the tariff revenues ⁸⁸ while our citizens would be taxed to make up the loss.

85. Cong. Record. 53 Cong. 2 Sess., p. 611 f.

86. Ibid.

87. Cong. Record. 53 Cong. 2 Sess., Appendix, p. 36 f.

88. Ibid.

By similar reasoning he opposed many articles on the free list claiming such a measure would unbalance the existing relations between labor and industry, imperil revenues, and fail to equalize the government burden on the people. He, too, blamed the uncertain tariff policy of the party in power for bringing about the Panic of 1893.⁸⁹

The Republican Representative from Illinois, Mr. Hopkins, continued the debate on January 10, 1894 by quoting from a document written by Mr. Ingersoll of Pennsylvania which showed that the prices of goods of the protected industries⁹⁰ were lower in America than in foreign markets. By revealing a list of commodity prices for the year of 1837 and comparing them with a list of commodity prices for 1894 he showed that the 1894 prices were less than the prices for 1837 and that while protection was not present in 1837 it⁹¹ was in 1894. Mr. Bryan asked if protection had caused the reduction and Mr. Hopkins replied that undoubtedly it had, in as much as protection had fostered inventions and through⁹² inventions came cheaper manufactured goods. Not satisfied⁹³ with Mr. Hopkins answer Mr. Bryan again asked, if this reasoning also applied to agricultural products. Mr. Hopkins retorted that he considered the reduction in farm products⁹⁴ as an effect of a low tariff. Mr. Bryan inquired, if he

⁸⁹. Cong. Record, 53 Cong. 2 Sess., Appendix, p. 36 f.

⁹⁰. Ibid., p. 632.

⁹¹. Ibid., p. 633.

⁹². Ibid.

⁹³. Ibid.

⁹⁴. Ibid.

were to understand that the same tariff which lowered the price of manufactured goods also raised the prices of farm products.⁹⁵ At this juncture Mr. Hopkins declined to assume any responsibility for what Mr. Bryan might understand, but he did claim to prove that protective tariffs were universally beneficial by citing specific reductions in the selling⁹⁶ prices of products manufactured by protected industries. Mr. Hopkins concluded his remarks by expressing grave fears for American labor if the Wilson bill were passed because he believed it would tend to lower wages, and by causing an⁹⁷ increased import trade would force our workers out of jobs.

In the evening session of the same day Mr. Snodgrass, a Democrat from Tennessee, continued the debate by calling for all true Democrats to vote for the Wilson Bill, and by remarking that those who were elected on the Democratic ticket and who opposed the measure **should** join the ranks of the Republicans⁹⁸ rather than remain Democrats and block party legislation. He confessed that there were parts of the bill which he did not like such as the high rate on finished steel, the duty-free iron and coal, the sugar bounty, and the income tax of 2% on all incomes over \$4000--unless such a⁹⁹ tax would be graduated. By referring to and by quoting Andrew Jackson he attempted to prove that the protective tariff in American history had been and continued to be both¹⁰⁰ unjust and unconstitutional. Snodgrass declared that the

95. Cong. Record, 53 Cong. 2 Sess., p. 633.

96. Ibid.

97. Ibid., p. 661.

98. Ibid.

99. Ibid., p. 662.

100. Ibid.

proposed bill would give a net saving of \$300,000,000 to the American public annually by taking into consideration price reductions, as well as by the lowering of taxes due to the increase in revenue when the prohibitive tariffs were lowered. 101

The Pennsylvania Republican Representative, Mr. Mahon, by presenting a brief history of the tariff laws of the United States indicated how the agricultural South had gradually grown to favor free trade, while the industrial North had come to demand the high tariff provision. To illustrate this conflict of economic interests he quoted from the Constitution adopted by the Confederate States which forbade protective tariffs. Mr. Mahon, however, favored a protective tariff. 102

On January 11, 1894 Mr. Beckenridge, a Democrat from Kentucky, spoke in favor of the Wilson Bill by commenting on its fairness and the inclusion of the principle of ad valorem duties. 103

On the same day Mr. Richards of Ohio defined the issue as not being one of protection versus free trade, but rather an issue of reform or no reform. 104 After citing the 1892 Campaign as being for reform he proceeded to give a history of the tariff in which he attempted to show that free trade

101. Cong. Record, 53 Cong. 2 Sess., p.662 f.

102. Ibid., pp. 873-688.

103. Ibid., p. 710.

104. Ibid., p. 713 f.

eras were times of independence and progress, while high tariff periods were productive of protected interests and trusts. He concluded that 'the remedy for this condition could be found in a tariff for revenue only. Relative to tariffs favoring wool growers he pointed out that the price of wool was higher during the years from 1846-1860, with the exception of the panic year of 1858, without protection, than the price had been for the fifteen year period preceeding 1894, with protection. In addition to this he showed how wool tariffs changed the quality of woolen manufactured goods by encouraging the use of shoddy. Richards stated that before 1890 the ratio of shoddy to pure wool had been one to four, while it was raised to the ratio of one to one after the passage of the McKinley Act. In commenting on any possible harm low tariffs on iron might do, he pointed out that free ore simply competed with sources of supply that were located within one hundred miles of the seaboard, while for those iron mines located farther inland the transportation across the land cost enough to give American ore a price advantage. In answering the argument that protection makes possible high wages Richards stated that wages in the tariff countries of Germany and France were lower than they were in the free-trade countries of Belgium and England.

Mr. Everett, a Democrat from Massachusetts, continued the debate by suggesting that later he wished to **propose an**

105. Cong. Record, 53 Cong. 2 Sess., p. 713 f.

106. Ibid.

107. See Appendix C.

amendment to the bill, but that at the present time he would
¹⁰⁸defend it as it stood. He quoted from the writings of
 Alexander Hamilton to show that European high protection made
 it essential for the United States to adopt a similar policy,
 and suggested that if we feared the competition of European
 labor then we should meet the issue by appropriate legislation
¹⁰⁹restricting the migration of such labor to our country.
 He further stated that the system of protection violated
 the principles of Christianity and was, therefore, pagan,
 since it promoted the interest of one country at the expense
¹¹⁰of all others.

The Republican Representative from New York, Mr. Payne,
 who was next to speak was of the opinion that no one liked
 the Wilson Bill completely in its present form. He felt
 that various tariff schedules were treated in the bill as
 local issues and that the bill with its suggested amendments
¹¹¹was simply catering to local interests. While he did not
 favor the passage of the bill he did favor its preservation
¹¹²as a monument to the folly of the Democratic party.

Mr. Simpson, a Populist Representative from Kansas,
 next wished to place himself on record as favoring a tariff
¹¹³for revenue only. Agriculture being the backbone of American

108. Cong. Record, 53 Cong. 2 Sess., p. 756.

109. Ibid., p. 762.

110. Ibid.

111. Ibid., p. 765 f.

112. Ibid.

113. Ibid., p. 772 f.

life, Mr. Simpson declared the success or failure of the country hinged on the condition of that basic economic activity.¹¹⁴ Between the years of 1850 and 1890, he remarked, the farmers decreased their holdings of the wealth of the nation from sixty to forty per cent while in the country at large conditions were in contrast to this. Wealth had increased in the nation over 237% during the years from 1850 to 1880, but during this period the gross income of the farmer was only six per cent, while that of the manufacturer¹¹⁵ averaged over two hundred per cent on his investment. When asked by Mr. Bowers from California if he would attribute the decline in agricultural wealth to the Republican protective policy, Mr. Simpson replied that he most certainly would¹¹⁶ place that responsibility upon it.

Another Republican, Mr. Daniels of Virginia, next spoke by discussing the constitutional aspects of the question. He stated that since the states had the power to levy tariffs before the Constitution of the United States was adopted, then the Federal Congress did not now possess that authority since the power still rested with the several states, if tariffs by the Federal Government were to be declared unconstitutional. He endeavored to show that the tariffs passed by the States previous to the adoption of the United States Constitution were protective in purpose, and then to prove that such protective measures should now be provided

114. Cong. Record, 53 Cong. 2 Sess., p. 772 f.

115. Ibid.

116. Ibid.

by federal law, he cited the Supreme Court decision that
¹¹⁷
declared a State could not set up tariff barriers. He
¹¹⁸
further explained how the provisions of the Act of 1890 gave
the right to American manufacturers to have refunded to them
99% of the tariff they paid on raw materials when they shipped
the finished products made from those raw materials back to
foreign countries. In this way a free trade relationship
was established for the manufacturer but it did not give
corresponding advantages to the consumer. Mr. Daniels
¹¹⁹
opposed the "Wilson bill.

Mr. Hermann, a Republican from Oregon, opposed the bill
¹²⁰
by presenting statistical material favoring protection which
brought out the fact, that while in the United States the
laborer earned from \$249 to \$258 more a year than his English
cousin yet it allowed more than enough for a protective
tariff and at the same time pay American labor a higher wage.
¹²¹
Mr. Hermann's argument was largely concerned with the merits
¹²²
of the McKinley Bill.

The Democratic Representative from New Jersey, Mr. English
placed tariffs in three categories, namely: (1) the tariff
of robbers for protection only; (2) the tariff of idiots
providing insufficient revenue and giving no protection; (3)
the tariff for revenue only for which the Democratic party
¹²³
stood. He rejected entirely the idea that industry any

117. Cong. Record, 53 Cong. 2 Sess., p. 772 f.

118. Ibid., p. 777. (Priggs vs. the State of Pennsylvania)

119. Ibid., p. 777.

120. See Appendix, D.

121. Ibid., Cong. Record, Appendix, p. 507.

122. Ibid.

123. Ibid., Cong. Record, p. 789.

longer needed to be fostered by protection.¹²⁴

Mr. Pickler, a Republican from South Dakota, was the next member to engage in debate by stating that over one-sixth of the imports of 1889 were products which competed with the American farmer, and that the repeal of the McKinley Bill would not only restore that condition, but in addition would give the Canadian wool growers and horse breeders the opportunity to compete with us. Mr. Turner of Georgia replied to Mr. Pickler by pointing out that an ad valorem duties would give even more protection than the specific duties of the McKinley Bill. He attempted to prove his contention by citing a comparison of duty on a ten dollar Mexican mule with the duty on a one hundred and fifty dollar mule that would compete with Dakota mules. He added that the Wilson Bill would require a thirty dollar duty on the valuable mule, but only two dollars on the Mexican mule. Under the McKinley Act both would be taxed alike; under the Wilson Bill the importation, that would compete with the American product of value, would receive equal protection according¹²⁵ to Mr. Turner.

Mr. Grosvenor, a Republican from Ohio, undertook in his remarks to explain why American-made goods that needed protection at home were sold cheaper abroad than at home by American manufacturers by stating that such goods were of an

124. Cong. Record, 53 Cong. 2 Sess., p. 777.

125. Ibid., Appendix, pp. 45-46.

inferior quality since foreign tariff laws permitted low
 quality goods to be imported for a lower tariff bounty. ¹²⁶

The Democratic Representative from New York, Mr. Cockran, who was a member of the Ways and Means Committee, stated that it was the uninformed who feared that the proposed bill would be unable to raise sufficient revenue, and to support his remark he quoted from Mr. Took, as "perhaps the greatest authority who ever wrote on prices," as follows:

The breaking down of the old barriers to the free exercise of the skill and industry of the modern states is equal in its economic effect to the discovery of a new and beneficent agent in nature, to the opening of a fresh continent or the access to a new South Sea. ¹²⁷

Much discussion was provoked as to whether increased imports would not slow down internal production and thus offset any benefits of reduced tariffs. Mr. Cockran maintained the negative position throughout his discussion by asserting that our imports would consist of those products which we ought not to produce and for which we could better trade goods that we could better trade goods that we could more
¹²⁸
 efficiently produce.

Mr. Weadock, a Democrat from Michigan, advocated a revenue tariff only and then expressed his approval of the
¹²⁹
 Wilson Bill as establishing good revenue rates.

¹²⁶ Cong. Record, 53 Cong. 2 Sess., Appendix, p. 142.

¹²⁷ Cong. Record, 53 Cong. 2 Sess., Appendix, p. 11 ff.

¹²⁸ Ibid., App., p. 11 ff.

¹²⁹ Ibid., App., p. 213.

Mr. Doolittle, a Republican from Washington, added his support to the opposition of the debate by basing his arguments on the previous thirty years of prosperity attributing it to the protective policy of the Republican party.¹³⁰

Mr. Bryan, a Democrat from Nebraska, was granted unlimited time to discuss the proposed measure. He stated that the bill as it stood reduced by fifty per cent the taxes imposed by the McKinley Bill of 1890.¹³¹ Protection was attacked by him because raised prices proportionate to the increase in wages thereby leaving the manufacturer to reap the sole benefits of high tariff laws. To substantiate this statement he showed the decrease in the value of farm lands in New England from 1880 to 1890, while in the earlier period from 1850 to 1860 under low tariffs land values had increased.¹³² In referring to the coal industry he remarked that, if we could not produce coal as cheaply as Canada, then we had better produce something which Canada could not produce and buy our coal.¹³³ Mr. Bryan defended the gradual reduction of the sugar bounty at the rate of $12\frac{1}{2}\%$ each year for eight years as provided for in the proposed bill on the ground that it prevented a sugar tariff, while at the same time, it gradually reduced the government expense occasioned by the bounty. The tax reduction effected by this bill would amount to \$75,000,000 directly according to the imports of 1893, as well as an estimated saving of \$375,000,000 being

130. Cong. Record, 53 Cong. 2 Sess., p. 806 ff.

131. Cong. Record, 53 Cong. 2 Sess., App., p. 219 ff.

132.. Ibid.

133.. Ibid.

taken by American Manufacturers who were able to raise prices so that the people would pay four dollars in price increases before the Government obtained one dollar in revenue. The total saving according to Mr. Bryans' estimate would amount to five dollars per capita or twenty-five dollars per family head.¹³⁴ Mr. Bryan looked upon ad valorem duties as the fairest method of taxation and he accused the opponents of the measure of waving the "bloody shirt" on the wool schedule, when they stated the bill was a Southern measure in as much as Texas alone raised more sheep than all the Northern States, and yet they were willing to grant free wool to textile mills of Massachusetts.¹³⁵

The general debate on the bill closed on January 14, 1894. During the morning session of January 15, 1894, Mr. Wilson, the Chairman of the Ways and Means Committee, requested that the bill be taken up section by section. After some discussion as to the propriety of such a procedure his suggestion was adopted.¹³⁶ From January 15, to February 1, 1894, the date the Democratic caucus had set for the final vote on the bill,¹³⁷ the day sessions were given over to considering the various sections of the bill while the evening sessions were marked by prolonged debate.

Mr. Hudson, a Populist from Kansas, spoke in favor of the bill and especially favored the income tax feature although

134. See Appendix E.

135. Cong. Record, 53 Cong. 2 Sess., App., p 219 ff.

136. Ibid., p. 822.

137. Allen Nevins, "Grover Cleveland," p. 566.

he did not advocate the income tax on Corporations in as much as so many of the common people held stock in those corporations. Hudson also expressed a desire to have the income tax graduated according to the amount of income received alluding to quotations from English statesmen who
138
believed in a graduated income tax.

Mr. Sperry, a Democrat from Connecticut favored a tariff for revenue only by remarking that:

It is a condition that confronts us. It is a condition which ought to be met without regard to theory. The condition is one to which this House ought to give its immediate attention. The Secretary of the Treasury is today beseeching Congress to grant him permission to issue bonds to run the government into debt in a time of profound peace. 139

He attacked the Wilson Bill because at a time when increased revenue was needed, it proposed to reduce the government
140
income from tariff.

Mr. Post, a Republican from Illinois, addressed the Committee of the Whole on "party responsibility" asserting that the welfare of all the people was the duty of any party and since the Republican tariff had brought prosperity while the Democratic tariff had brought depression the path of duty was clear, the proposed bill was not to be regarded as
141
a good thing for all the people. Mr. McKeighan, a Populist from Nebraska spoke in favor of the bill because a Protective

138. Cong. Record, 53 Cong. 2 Sess., App. p. 49 ff.

139. Ibid., App., p. 107 ff.

140. Ibid., App., p. 107 ff.

141. Ibid., App., p. 86.

tariff benefitted only 125,000 people at the expense of all the rest, while Mr. Hayes a Democrat from Iowa favored the bill not as an end but rather as a constructive step toward
¹⁴²
 a tariff for revenue only.

Mr. Caldwell, a Republican from Ohio, opposed the measure on the ground that a free wool provision would decrease the number of sheep in the country and be disastrous for that
¹⁴³
 industry's future.

Mr. Sibley, a Democrat from Pennsylvania, addressed the Committee first in opposition to the issuing of bonds to aid the Treasury deficit and suggested a legal tender bond bearing 2% interest to be used in payment of pensions until either the deficit was removed or bonds had been issued to the extent
¹⁴⁴
 of \$50 per capita. These bonds would be legal tender except for import duties and taxes. He next spoke in favor of an income tax calling upon all Democrats to support such a
¹⁴⁵
 measure as a just means to provide government revenue.

Mr. Bell, a Democrat from Colorado, spoke in favor of the income tax provision but expressed fears of its passage due to the general feeling of doubt that persuaded legislators on the proposal. He looked upon the measure as being more equitable than any previous revenue bill but proceeded to point out that already the balance of trade had turned

142 . Cong. Record, 53 Cong. 2 Sess., p. 1020; App., p. 1452.

143 . Ibid., p. 1026.

144 . Ibid., p. 1030 ff.

145 . Ibid., p. 1030 ff.

unfavorable to the United States under the threat of free trade just as it had done under the free trade status that existed from 1857 to 1861. He concluded that the proposed bill should not be passed lest it repeat these conditions.¹⁴⁶

A considerable number of minor amendments were made to the bill on the floor of the House and many more were proposed which were not passed. On the whole the amendments to the bill as recommended by the Ways and Means Committee were neither numerous nor as a rule important.¹⁴⁷ However, two important amendments were passed which were personally proposed, namely: (1) a provision for a free wool schedule to take effect immediately, and (2) a provision that all sugar bounties were to cease after July 1, 1894.¹⁴⁸ It was Mr. Johnson, a Republican from Ohio, who proposed an amendment to the bill, which Congress passed by a vote of 112 to 102, placing wool on the free list immediately. The Committee had already placed it on the free list, but the change was not to be effective till December 1, 1894.¹⁴⁹ Mr. Warner, a Democrat from New York next introduced an amendment that provided for all sugar bounties to be immediately repealed and which would have if accepted placed sugar on the free list.¹⁵⁰ The bill as previously reported out of the Ways and Means Committee had provided for a gradual reduction of the sugar bounty over a period of years at the rate of twelve and one-half per cent for eight years.¹⁵¹

146. Cong. Record, 53 Cong. 2 Sess., p. 1079.

147. E. Stanwood, "American Tariff Controversies", p. 324.

148. Ibid., p. 100.

149. Cong. Record, 53 Cong. 2 Sess., p. 947.

150. Ibid., p. 947.

151. Ibid., p. 1181 f.

Mr. Robertson of Louisiana who shortly proposed an amendment for the repeal of the sugar bounty wished to continue a fairly high tariff on the product.¹⁵² He was supported by Mr. Cannon of Illinois who argued that the Democratic party was inconsistent if it did not include a tax on sugar since it stood in favor of a tariff for revenue only, and that the sugar tariff had been an accepted source of revenue for over one hundred years.¹⁵³ Mr. Cannon reminded the House that, although the Democratic members had opposed free sugar in the McKinley bill of 1890, they were favoring it in 1894.¹⁵⁴

Mr. Tarsney of the Ways and Means Committee, defended the bill because it was free from both a bounty and a duty on sugar. He was of the belief that a bounty stood as a wasteful unconstitutional subsidy while a protective tariff stood for an unfair tax on consumers for the benefit of producers.¹⁵⁵ The Democratic Representative from Tennessee, Mr. Cox, asked whether or not bounties were constitutional to which question Mr. Tarsney evasively answered by quoting from Mr. Cockran of New York who had remarked:

These protected industries are in the condition of an individual who has been upon a long debauch and that to take away from them that which has sustained them would result in death.¹⁵⁶

While individual representatives favored tariff reform in general, yet protection for the industries in their own

152. Cong. Record, 53 Cong. 2 Sess., p. 1248.

153. Ibid., p. 1186.

154. Ibid., p. 1192.

155. Ibid., p. 1192.

156. Ibid., p. 1193.

district seemed to be justifiable.¹⁵⁷ Mr. Mercer, a Democrat from Nebraska--a sugar beet producing state, favored a sugar duty, while Mr. J. E. Washington a Democrat from Tennessee, opposed the bounty but favored the retention of the tariff duty.¹⁵⁸ A Republican from California, Mr. Eowers, justified the sugar bounty on the basis that it would produce a home industry within a ten-year period, thereby freeing the United States from its subservience to the foreign sugar interests.¹⁵⁹ He tried to strengthen his argument by explaining the effect of the coffee tariff on the price of coffee. He informed the House that whenever the coffee tariff had been lowered the Brazilian producers had increased the selling price, so that while the government lost revenue the American people paid just as much for their coffee. Such exploitation, he remarked, could be stopped only by a home-producing industry.¹⁶⁰ Naturally Mr. Blanchard from Louisiana favored a sugar bounty to aid the American cane sugar industry.¹⁶¹ Mr. Wilson of West Virginia explained that, while free sugar with a decreasing bounty was a compromise measure, an immediate repeal would not do violence to the intent of the proposed bill.¹⁶² After considerable debate Mr. Warner's amendment for free sugar was passed on January 23, 1894 by a vote of 161 to 38.¹⁶³

157. E. Stanwood, "American Tariff Controversies", p. 323.

158. Cong. Record, 53 Cong. 2 Sess., p. 1194.

159. Ibid., p. 1196.

160. Ibid., p. 1197.

161. Ibid., p. 1200.

162. Ibid., p. 1205.

163. Ibid., p. 1250.

The most significant of all the House amendments to the revenue bill was the one presented on January 29, 1894 by Mr. McMillin, a Democrat from Tennessee. The proposed amendment provided for an income tax of two per cent per annum on all incomes of persons and corporations whose gross receipts totaled \$4,000 when the income was estimated by including: (1) all interest received on notes or bonds; (2) all income from real estate sales; (3) all received by gifts or inheritance; (4) all income as salary; but excluding, (1) all interest paid on indebtedness; (2) all taxes paid to federal, state or municipal governments; (3) only one amount of \$4,000 from the income of all the employed in any one family.¹⁶⁴ There were certain exemptions from the income tax as outlined by the amendment providing that; (1) all religious and charitable organizations should not be taxed; (2) all income from Federal bonds was exempted; (3) mutual insurance companies were not required to pay; (4) the salaries of Federal employees were not to be subject to such a tax.¹⁶⁵ All residents and citizens of the United States whether resident or not, were expected to file reports when their income exceeded \$3,500. This also applied to all corporations operating within the jurisdiction of the Federal Government. In case a revenue collector was refused this information, the amendment provided that he could obtain aid and make an estimate of the income of such a person or firm and after adding fifty per cent thereto, could use such an estimate as a

¹⁶⁴ U. S. Statutes at Large, Vol. 28, pp. 555-561.

¹⁶⁵ Ibid.

166

Federal income tax claim.

Mr. McMillin defended his proposal by first attacking Republican protectionism and by asserting that the time had come for using taxes for public good rather than for the benefit of private interests. He estimated the government costs to be .08 per capita which he believed should be paid by a tax on what persons already possessed. Mr. Stone, a Democrat from Kentucky, inquired why United States bonds were tax-free and to which Mr. McMillin replied by stating that such exemption should not be contemplated for it seemed unconstitutional in his opinion. Mr. Compton of Maryland inquired as to the amount of revenue the proposed tax would raise, and Mr. McMillin replied that a four per cent tax on personal incomes would raise \$30,000,000 annually with and additional \$15,000,000 from the corporation and inheritance taxes. In referring to the question of administration, McMillin asserted that \$346,000,000 had been raised by a similar tax during the Civil War period when law and order were less stable than they were in 1894. Mr. McMillin had raised the question as to the source from which revenue to off-set the reductions of the Wilson Bill could be best raised on the estates of the dead or the labor of the living. He pointed out, as the virtues of the new tax, its flexibility and justice as well as its successful use in other countries.

166. U. S. Statutes-at-Large, Vol. 23, pp. 556-561.

167. Cong. Record, 53 Cong. 2 Sess., App., pp. 411-420.

168. Ibid.

169. Ibid.

170. Ibid.

171. Ibid.

172. Ibid.

The Republican Representative from Pennsylvania, Mr. Stone, pointed out that since protective tariffs had always provided ample revenue for government expenses, it was a sound method which represented the Republican position and should be continued as a permanent American policy.¹⁷³ Mr. Bartlett, a Democrat from New York, remarked that since the Populists rather than the Democratic platform had stood for an income tax, the Democrats who favored such a tax were traitors to their party.¹⁷⁴ In quoting from Mr. David A. Wells, the well known economist, Mr. Bartlett stated:

The practice of taxing property outside of the territory and jurisdiction of the State and which, therefore, the laws of the State can in no way protect, merely because the owner is a citizen or resident of the state, rests upon identically the same principle as that which constitutes the basis of bargainage, namely, that control of the person of the victim confers the right to a revenue consisting of a percentage of the value of all the victims property of every description and wherever situated.¹⁷⁵

Mr. Pence, a Populist from Colorado, proposed an amendment to the income tax amendment that would have graduated the income tax by placing a levy of 1% on all incomes between \$2,500 and \$10,000; 2% on all incomes between \$10,000 and \$30,000; 3% on all incomes between \$30,000 and \$60,000; 4% on all incomes between \$60,000 and \$100,000; 5% on all incomes over \$100,000 annually.¹⁷⁶ Mr. Sibley of Pennsylvania offered a substitute for Mr. Pence's proposal that would have

173. Cong. Record, 53 Cong. 2 Sess., App., p. 1642.

174. Ibid., p. 1599.

175. Ibid., p. 1599.

176. Ibid., p. 1730.

required a tax of 2% on all incomes between \$4,000 and \$10,000; 3% on all incomes between \$10,000 and \$50,000; 5% on all incomes between \$50,000 and \$100,000; 10% on all incomes over \$100,000. Sibley defended his suggestion by asserting that it was based on principles in accordance with
¹⁷⁷
the Bible. Due to the fact that debate was limited little discussion was provoked, but both the amendments of Mr.
¹⁷⁸
Pence and Mr. Sibley were rejected.

The income tax amendment to the Wilson Bill passed the Committee of the Whole on February 1, 1894 by a vote of 175 to 56. After the vote, the Committee of the Whole arose and Mr. Richardson of Tennessee reported the bill to the House of Representatives. There was never any doubt that the bill would pass the House quickly and easily which it did on February 1 by a vote of 204 to 140, there being 8
^{179 180}
Representatives not voting. Of this vote there were 194 Democrats and 10 Populists who voted for the bill, and 18 Democrats who voted against it. Of the dissenting votes there were 9 from New York, 3 from Louisiana, 2 from Pennsylvania, and 1 each from New Jersey, Connecticut, Rhode Island, and Nebraska. It was evidenced by this vote that
¹⁸¹
party unity was far from realized.

During the months that the House of Representatives was debating upon the provisions of the Wilson Bill the editors

177. Cong. Record, 53 Cong. 2 Sess., p. 1731.

178. Ibid., p. 1732.

179. Allen Nevins, "Grover Cleveland", p. 565.

180. Cong. Record, 53 Cong. 2 Sess., pp. 1780-1796.

181. Allen Nevins, op. cit. p. 567.

and journalists of the country were commenting on the wisdom of such a measure.

"The protectionist organs indulged in an instant and raucous outcry, the New York Tribune declaring that the bill meant hauling down the American flag, and the Philadelphia Public Ledger that it would practically revolutionize our whole economic structure." On the other hand the "extreme free trade organs were equally critical, Watterson's Courier-¹⁸²Journal attacking the measure as feeble and inadequate."

The real truth was probably stated in the "New York Journal of Commerce:"

The reductions of duty are much more moderate than has generally been expected. As a rule, the existing duties leave such a wide margin of difference between the prices at which home goods can be profitably made and those at which like foreign articles can be imported, that the tariff goes far beyond all requirements for protective effort. The Proposed duties do not, for the most part, even approximately wipe out the surplusage of duty. Beyond this, most of the leading branches of industry will be benefitted either by an entire exemption of raw materials from duty or by reductions of duty upon articles partly manufactured and which become the raw materials of other products.....the spectacle of an industrial revolution which has created such an incontinent scare all over the country is therefore dispelled. Those who had hoped for a fundamentally non-protective tariff find a tariff still more highly protective than that of any other country. 183

Ex-Speaker of the House, Thomas B. Reed, wrote in the North American Review of January 1894 that if the Ways and

182. Allen Nevins, "Grover Cleveland", pp. 564-565.

183. Ibid., p. 565.

Means Committee had sought to paralyze business, they would have devised no better way than to prolong the tariff controversy.¹⁸⁴ A contrary opinion was expressed by Mr. A. T. Lyman, the Treasurer of the Lowell Massachusetts Carpet Co., who remarked that the low price of wheat as well as the general business depression of 1893 had effected business rather than the tariff controversy.¹⁸⁵

An economist of California, who was a specialist on tariff, Mr. O. L. Elliot explained in the March number of the Overland Monthly for 1894 that both protection and free trade sought prosperity, but differed as to the means of accomplishing it. He asserted that high wages must be earned or they could not be paid, so that the solution of the tariff problem demanded a series of new definitions relative to society and new concepts of national life as well as a revolutionary change in our industrial conditions.^{186.}

The Providence Rhode Island Journal, an independent daily, of March 22, contended that the Wilson Bill would bring to an end the steps toward reciprocity encouraged by the McKinley Bill but that such a change would be beneficial in as much as the idea of reciprocity had been a failure.¹⁸⁷ On the other hand the Chicago Record, an independent daily, favored such agreements as well as a bounty or tariff on sugar in order to

184. Public Opinion, V. 16, p. 382.

185. Ibid.

186. Ibid., p. 618.

187. Ibid., p. 616.

188

aid the Louisiana cane and western beet sugar interests.

The Philadelphia Press, a Republican daily, of March 16, 1894 held that sugar was the chief item involved in reciprocity and favored the House bill,¹⁸⁹ while the Chicago Herald, a Democratic paper of March 21, remarked that an amendment abrogating the reciprocity of the McKinley Bill¹⁹⁰ was most needed.

In general, while the press comments were in the nature of discussion relative to the merits and demerits of the bill's several provisions, yet they manifested far more concern over the passage of some bill that would end the uncertainty that had prevailed for months. The Republican group opposed the bill as could be expected, while the Democrats outside of Congress were dissatisfied with it because it did not carry through enough of a reform as¹⁹¹ indicated in the tariff rates.

On February 2, 1894 Mr. Daniel Wolsey Voorhees, the Democratic Senator from Indiana, who had served in the House of Representatives during the years from 1861 to 1866 and again from 1867 to 1873 as Chairman of the Senate Finance Committee, placed the bill entitled "House Resolution 4864, to reduce taxation, to provide revenue for the Government

188. Public Opinion, V. 16, p. 617.

189. Ibid.

190. Ibid.

191. E. Stanwood, op. cit., p. 321.

and for other purposes" before the Senate, and moved that it¹⁹² be referred to the Committee on Finance. It was so ordered.¹⁹³

Mr. Quay, a Republican from Pennsylvania, requested that copies of the bill be printed both in document as well as in bill form. Mr. Quay's request was granted.¹⁹⁴

From February 2 to March 20 the press continued to express wonder, while the people waited for the introduction of the Wilson Bill in the Senate. For months before the Bill reached the Senate "high-tariff lobbyists had been concentrating their pressure upon Senators known to be doubtful".¹⁹⁵ During the time the Bill was in the hands of the Finance Committee of the Senate little is known as to what happened to the measure. It was first entrusted to Senators Vest and Mills (Mills was not a member of the Finance Committee) who undertook to revise tariff schedules downward beyond what the House Bill had done. When this became known certain Democratic Senators, who were opposed to even as much of a reduction as was provided for in the House measure, took steps that resulted in a Democratic Caucus in which the Louisiana Senators, especially White, argued for a duty of either forty-five per cent ad valorem or a specific rate of one and one-half cents a pound on sugar.¹⁹⁶ "Pugh of Alabama gave defiant notice that he would oppose any bill which placed coal and iron ore on the free

192. Dictionary of American Biography, Vol. 19, p. 291.

193. Cong. Record, 53 Cong. 2 Sess., p. 1804.

194. Ibid., p. 1804.

195. Allen Nevins, "Grover Cleveland", p. 568.

196. Ibid., p. 572.

list, and others rose in rebellion".¹⁹⁷ Although "the Administration leaders, Voorhees, Vest, Jones, and Harris, argued hotly, they saw that a compromise was inescapable".¹⁹⁸ The Caucus finally chose a sub-committee of the Finance Committee consisting of Vest, Jones, and Mills who were given instructions to modify the Bill enough to secure the votes of forty-three Democrats.¹⁹⁹ They were to personally interview the Democratic Senators in order to find out just what they wanted in the Bill.²⁰⁰

The composition of the United States Senate in 1894 consisted of forty-four Democrats, four Populists, and thirty-seven Republicans. The Populists could be counted on to vote for the bill if it included an income tax provision but such a provision would be sure to alienate one Democrat (Mr. Hill of New York) and all the Republicans.²⁰¹ Although no official list of the Senators who opposed the bill was made available, it is certain that "the antagonism felt in the Senate was both revealed and accentuated by Cleveland's militant attempt to place on the Supreme Court bench a man personally repugnant to Hill. Following the death of Justice Samuel Blatchford in the summer of 1893, the President shortly nominated William B. Hornblower of New York City to this vacant seat".²⁰² This was a very wise choice as Hornblower, besides being a Princeton graduate, was the head of an

197. Allen Nevins, "Grover Cleveland", p. 572.

198. Ibid.

199. Ibid.

200. E. Stanwood, op. cit., p. 328.

201. Ibid., p. 327.

202. Allen Nevins, op. cit., p. 569.

important law firm. The appointment, however, was too much for Hill who looked upon Hornblower as a bitter enemy, because two years before Hornblower had been on a Committee of Investigation for the New York State Bar Association. This committee had found Hill and his friend Isaac H. Maynard²⁰³ "guilty of an utterly unjustifiable crime". Maynard, who at that time was deputy attorney-general and acting counsel for the Board of State Canvassers, had committed a theft of the public records of Dutchess county in order to make certain of the Democratic control of the State Senate. Hill now rallied his friends to defeat the appointment and was successful by a ballot of six votes due to the fact that Cleveland took no pains to influence his friends in the Senate since he allowed no personal situations to influence his decisions as a public servant.²⁰⁴ Cleveland further defied Hill by passing over the nomination of Rufus W. Peckham who would have been acceptable to Hill, and appointed Peckham's brother, Wheeler H. Peckham, who had been even more aggressive than Hornblower in revealing Hill's misconduct in as much as he had been the President of the New York State Bar Association.²⁰⁵ Again Cleveland's prestige was disturbed for the Senate led by the²⁰⁶ intriguing Hill, rejected the appointment of Peckham. The President then capitulated by appointing Senator White²⁰⁷ of Louisiana to the office. This whole affair was an insult

203. Allen Nevins, "Grover Cleveland", p. 569.

204. Ibid., pp. 569-570.

205. Ibid., p. 570.

206. Ibid., p. 571.

207. Ibid.

to the President and a victory for the Senate opposition which tended to encourage further dissension.²⁰⁸

Several Senators, among them Hill of New York and Smith of New Jersey, did not conceal their disapproval of the income tax feature of the Wilson Bill. Senator Murphy of New York revealed his tariff position by insisting upon protection for collars and cuffs at least. Senators Brice of Ohio and Gorman of Maryland were looked upon as the leaders of an "insurgent" group which included the above mentioned as well as the Senators from West Virginia, Maryland, and Alabama. These "insurgents" needed to muster but five Democratic votes in order to block revenue legislation. It was therefore inevitable that certain decided changes would have to be made in the House Bill when it reached the Senate.²⁰⁹

On March 20, Senator Voorhees of Indiana announced that the Finance Committee was ready to report the bill out on April 2 for the Senate's consideration.²¹⁰ The bill reported as ready at this time laid a moderate tariff on those commodities most discussed in the caucus, namely: sugar, iron ore, and coal.²¹¹ Mr. Voorhees was interrogated by Mr. Manderson, a Populist from Nebraska, as to whether or not the amendments and changes would be available in printed form, to which query Mr. Voorhees replied that such could not be definitely promised.²¹²

208. Allen Nevins, "Grover Cleveland", p. 572.

209. E. Stanwood, op. cit., p. 327-328.

210. Cong. Record, 53 Cong. 2 Sess., p. 3126.

211. Allen Nevins, op. cit., pp. 572-573.

212. Cong. Record, op. cit., p. 3126.

Mr. McPherson, a Republican from New Jersey, announced that while he did not favor the entire bill yet he did think it to be a fair compromise in as much as the Committee had differed so widely.²¹³

As scheduled the Revenue Bill was presented on April 2 to the Senate which resolved itself into the Committee of the Whole for debate on the measure. Mr. Voorhees, Chairman of the Finance Committee, introduced the measure by first reconciling the paradoxical nature of a measure which proposed to increase government income, and at the same time proposed to reduce the tariff. He introduced statistics to prove that sufficient revenue could be produced by the measure.²¹⁴ Voorhees attacked the doctrine of protection by presenting certain merits of the proposed bill in contrast to the protection of previous measures. He believed that ad valorem duties were preferable to specific duties and, although he favored duty-free raw wool, he did not object to a low tariff on manufactured woolsens, nor was he opposed to a moderate duty of one-eighth cent per pound on sugar.²¹⁵²¹⁶

Mr. Allison, a Republican from Iowa, continued the debate by emphasizing certain defects in the bill as seen by the minority. He stated that the income tax as well as the sugar tariff represented a departure from the accepted methods of taxation at a time when higher tariffs with specific duties

213. Cong. Record, 53 Cong. 2 Sess., p. 3126.

214. See Appendix G.

215. Cong. Record, op. cit., pp. 3396-3399.

216. Ibid.

would improve business ethics since specific duties would
 be less easily evaded.²¹⁷ Senator Mills, a Democrat from Texas,
 addressed the Senate in favor of ad valorem duties by stating
 that democratic taxation should be according to the value of
 the goods rather than according to its quantity.²¹⁸ Senator
 Peffer, a Populist from Kansas, expressed concern about the
 mounting Government expenses by revealing that the annual
 taxes amounted to five per cent of the assessed valuation of
 the real property of the country, while indebtedness amounted
 to thirty-three and one third per cent more than the assessed
 valuation.²¹⁹ He remarked that the estimates of Mr. Voorhees
 were shy by an amount of \$60,000,000.²²⁰ Mr. Peffer's chief
 objection to the proposed bill was that it discriminated against
 the farmer by reducing the duty on agricultural products to
 the extent of \$3,300,000.²²¹ As a remedy he suggested his own
 measure which provided for duty-free necessities regardless
 of the place of their manufacturer.²²²

On April 9 Mr. Allen, a Democrat from Nebraska, moved
 that the debate should cease on June 4 so that a final vote
 could be taken by June 7, but as Mr. Sherman, a Republican
 from Ohio, objected no action was taken.²²³ Mr. Hill of New
 York continued the general debate by asserting that the party
 in power was responsible for action in as much as measures
 more than men had been involved in the elections of 1890 and

²¹⁷ . Cong. Record, 53 Cong. 2 Sess., App. pp. 694-697.

²¹⁸ . Ibid., p. 3448.

²¹⁹ . Ibid., App., pp. 654-665.

²²⁰ . Ibid., App., pp. 654-665.

²²¹ . Ibid., App., pp. 654-665.

²²² . Cong. Record, 53 Cong. 2 Sess., pp. 3549-3550.

²²³ . Ibid.

224
and 1892. After finding fault with the President's Hawaiian policy, he commended the general behaviour of the administration and pointed out especially the handling of the Sherman Silver Purchase Act as well as the repeal of Federal Election Laws.²²⁵

In addition to recognizing these accomplishments, he urged the need for tariff reform in the light of the depressed economic conditions of the country and called for united action on a non-partisan basis in order to remedy the Treasury deficit.²²⁶ At the same time, he voiced the objection of New York State to submit to any form of an income tax for Federal revenue.²²⁷ Mr. Hill next quoted from President Cleveland's Message to Congress of December 4, 1893 in which he had mentioned a corporation income tax, but had remained silent²²⁸ on the advisability of a personal income tax. Besides finding fault with the general principle of such a tax, Mr. Hill asserted that the exemption of \$4,000 was too high if such a tax were to be enacted. He further attacked the income tax as being inquisitorial, since it required that all persons taxed would be obliged to give a complete accounting of their income sources. Due to these objections the proposed measure appeared to Mr. Hill as being too revolutionary and unnecessary at that time.²²⁹ Mr. Hill asked the Senate to contrast the experience of the country during the Civil War times when New York State alone paid three per cent of the income tax as against the Eastern and Mid-Western contribution which

224. Cong. Record, 53 Cong. 2 Sess., pp. 3357-3358.

225. Ibid.

226. Ibid.

227. Ibid.

228. Ibid.

229. Ibid.

amounted to seventy per cent of the income tax collections, with a tariff that was collected from all sections alike, and then decide which was the more equitable tax to levy.²³⁰

The debate was continued by Senator Lodge, a Republican from Massachusetts, who contended that two questions were involved in the tariff, namely: (1) the domestic effects of the tariff upon business and wages as well as on the general prosperity of the country, and (2) the theoretical considerations which involved a choice between protection or free trade.

Mr. Lodge defended the theory of protection by stating that there were twenty-eight paupers for every one thousand persons in England, Ireland, and Scotland, while in the United States there was only half a pauper for every thousand persons.²³¹

He further showed that the reduction of the tariff would remove from labor many American workers, so that the effects of the panic would be increased as well as prolonged.²³²

Mr. Morgan, a Democrat from Alabama, opened his debate by quoting from the New York Evening Post as follows:

The Till-Gorman-Pugh school of Democrats in the Senate, who are trying to block tariff reform ought to have their eyes opened by the address issued by the Minnesota Democratic Association yesterday. This is exactly the sort of pronouncement which is needed, because it names the offenders, the two from New Jersey, the two from Louisiana, the two from Maryland, the two from Alabama, Camden of West Virginia, and Brice of Ohio. These are the men who wear the mask of Democrats that they may the better betray our cause. These they are who have wrought this marvelous change putting our party in the attitude

230. Cong. Record, 53 Cong. 2 Sess., p. 3565.

231. Ibid., pp. 3611-3623.

232. Ibid., p. 3623.

of defeat and giving our opponents that of victory. 233
 Mr. Morgan pleaded not guilty to this charge by pledging his
 support to the Bill as it was reported out of the Senate
 234
 Finance Committee.

After a few days of debate it became evident that
 moderate duties would not be acceptable to the Senate. When
 the Republicans began to predict the defeat of all tariff
 legislation Mr. Jones of Arkansas, took the bill under his
 personal charge only to find that certain Senators "had
 entered into a combination confined to themselves to stand by
 one another in their different demands". 235 Jones resolved to
 "go through the bill paragraph by paragraph with each of the
 dissatisfied Democrats" and in so doing he discovered that the
 combination was headed by Gorman of Maryland and supported
 by others who were backed by "some of the most powerful
 economic interests in the country". 236 This group, which was
 composed of Murphy from New York representing the linen shirt
 and collar manufacturers of Troy, Gorman and Push represent-
 ing the iron and coal interests of their states and Smith of
 New Jersey representing glass and pottery manufacturers, were
 all interested in protection. 237 Jones took the revised amend-
 238
 ments, as agreed upon after advising with as many Democratic
 Senators as would be required to pass the bill, to the
 239
 Secretary of the Treasury Carlisle. After a nine-hour
 conference Carlisle was quoted by Jones as stating that he
 would favor those changes, if they would guarantee the

233. Cong. Record, 53 Cong. 2 Sess., p. 2361.

234. Ibid.

235. Allen Nevins, "Grover Cleveland", pp. 572-573.

236. Ibid., p. 573.

237. Ibid.

238. Ibid.

239. Ibid.

passage of the bill.²⁴⁰ Cleveland expressed hope that eventually free iron and coal could be gained, but favored the compromise amendments to get the bill through the Senate with the hope that the conference would adhere more closely to the President's desires.²⁴¹

The Republican Senator from Oregon, Mr. Mitchell, first upheld the constitutionality of a high tariff in opposing the Wilson Bill, and at the same time, he expressed his fear as to the effects of duty-free wool, lead, hay, and horses, as well as other agricultural products on which American farmers would be forced to compete with the cheap European products.²⁴² Mr. Quay, a Republican from Pennsylvania, expressed regret that the Finance Committee had failed to do its duty by not rewriting the House bill in order to free it from its absurdities, sectionalism, and injustices. He spent much time and many words in defending high protection for iron, steel and sugar and asserting that these prosperous industries constituted a national asset and should be protected for the public good.²⁴³

While Mr. McLaurin, a Democrat from Mississippi, did not favor all the provisions of the measure, yet he favored its passage because he was convinced that it was a step in the direction of tariff reform since it sought to tax on the basis of ability to pay.²⁴⁴ He did not accept the \$4,000 exemption of the income tax provision, but advocated the elimination of

240. Allen Nevins, "Grover Cleveland", p. 573.

241. Ibid.

242. Cong. Record, 53 Cong. 2 Sess., pp. 3723, 3740-3743.

243. Ibid., App., pp. 756-757.

244. Ibid., p. 3773.

that provision entirely and the raising of tariff rates in order to offset the decrease that would otherwise follow.²⁴⁵

Because the proposed measure was designed to include enough protection to secure a sufficient number of votes to pass it in the Senate, Mr. Gallinger, a Republican from New Hampshire, opposed its passage.²⁴⁶ Besides its compromise provisions he expressed fear for those industries, whose protection would be disturbed, and asserted that he was opposed to the income tax on the ground that it would remove the tax burden from the foreign importer to the wealth of the North.²⁴⁷ In proof of his assertions that the Bill would have these disastrous effects, Mr. Gallinger noted the hopefulness of Canada as well as other foreign powers that the Bill might be passed.²⁴⁸

The Senator from Minnesota, Mr. Washburn, noted that the proposed bill as it had come from the House adhered to the Chicago Platform of 1892, but the Senate bill did not. In as much as the free list provisions of both measures did not demand reciprocity on the part of foreign countries, he opposed the Bill.²⁴⁹ On the other hand Senator Mills from Texas stated that while the present bill did not meet his wholehearted approval, yet it could not be expected that a measure enacted by a legislative assembly representing so vast a country could be entirely satisfactory to all sections. He further remarked that he favored duties on coffee, tea, sugar,

245. Cong. Record, 53 Cong. 2 Sess., pp. 3780-3785.

246. Ibid., p. 3884.

247. Ibid., p. 3894.

248. Ibid., p. 3902.

249. Ibid., pp. 3963-3993.

cotton, wool, and manufactured goods, but at the same time low enough to obtain only revenue for the government. Mr. Mills explained that American wheat was being kept at home as a result of the American high tariffs which had prevented European producers from selling their manufactured goods on the American market thereby realizing credit for purchasing American wheat. In proving that high tariffs do not give the working man the advantage of higher wages, the Senator presented statistics to show that the cost of labor amounted to a larger per cent of the value of the goods produced in Europe than in America; that is, European workers were paid a larger share of the wealth they produced than were American workers.²⁵⁰ Mr. Mills concluded his debate by urging the immediate passage of the bill.²⁵²

On April 25, 1894 Senator Harris, a Democrat from Tennessee, moved that the sessions of the Senate be held until six o'clock in the afternoon daily except Saturday until the reading of the bill could be completed and all amendments to the bill be passed.²⁵³ The motion was agreed upon.²⁵⁴

Although the presentation of amendments to the Wilson Bill began April 25 in reality the debate on the Bill continued but the presentation of amendments was in order. As soon as the Finance Committee presented its first amendment which changed the date of its inauguration from June 1 to June 30 Mr.

250. Cong. Record, 53 Cong. 2 Sess., pp. 4020-4025.

251. See Appendix F.

252. Cong. Record, 53 Cong. 2 Sess., p. 4031.

253. Ibid., p. 4062.

254. Ibid., p. 4063.

Aldrich from Rhode Island, who was the leader of the Republican opposition, asserted that such an amendment was futile and that the bill as all the Democratic Senators well knew was far from being in its completed form. He went so far as to state that three or four hundred additional amendments were being secretly planned. When Mr. Voorhees questioned that assertion, Mr. Aldrich reaffirmed his statement by saying the bill could not be intelligently discussed in its present form. In reply to Senator Aldrich both the Senator from Illinois, Mr. Palmer, and the Senator from Texas, Mr. Mills, denied any such possibility for revisions. In reality these Democratic Senators were misinformed for the Jones' amendments were as yet unrepresented, but it was about time for them to be introduced. It is now generally conceded that many of the provisions of the Jones amendments were dictated by Republicans through Democratic "insurgents". Mr. Sherman from Ohio protested the secrecy with which the majority of the Committee had handled the bill, to which Mr. Voorhees, the Chairman of the Committee on Finance, offered to give voice to any minority opinion of the Committee.

The first amendment proposed by the Committee was never passed, nor was it tabled until May 2. During the discussion on that amendment Senator Lodge from Massachusetts, maintained

255. E. Stanwood, op. cit., pp. 330-331.

256. Cong. Record, 53 Cong. 2 Sess., p. 4252.

257. Ibid., pp. 4252, 4253.

258. Allen Nevins, "Grover Cleveland", p. 574.

259. Cong. Record, 53 Cong. 2 Sess., pp. 4256-4260.

that those Democrats, who proposed to change the bill, ought
 260
 to air their proposals immediately before the Senate.

Mr. Hoar, a Republican from Massachusetts, opposed the
 proposed bill delaying action on the part of the majority
 party by a prolonged speech defending protectionism as a
 261
 vital part of American life. Mr. Palmer from Illinois answered
 Mr. Hoar by asserting that protectionism, if it were needed
 to preserve industry, had served the same end as communism but
 262
 for only a restricted group.

Mr. Gallinger from New Hampshire proposed an amendment
 resembling the provision of the McKinley Act of 1890 in that
 it would have allowed reciprocal tariffs to be arranged between
 Canada and the United States at the discretion of a joint-
 263
 commission. However, the amendment was soon withdrawn.

"On May 3 a fresh Democratic caucus, dominated by Jones
 and his allies, resolved by a vote of 39 to 1, Hill being the
 dissenter, to support four hundred and eight new amendments
 proposed by the Finance Committee--that is, the Jones amend-
 264
 ments". From May 7 to July 3 these amendments were under
 consideration by the Senate. "The forty-three Democrats"
 that Jones interviewed, "stood together like a stone wall and
 265
 redeemed their pledges like men". There was one break when
 three Democrats joined the Republicans to make the sugar
 schedule effective immediately instead of January 1, 1895, as

260. Cong. Record, 53 Cong. 2 Sess., p. 4317.

261. Ibid., pp. 4475-4477.

262. Ibid., p. 4487.

263. Ibid., p. 4471.

264. Allen Nevins, "Grover Cleveland", p. 574.

265. Ibid.

266
was formerly planned.

The amendment proposed by the Finance Committee which occasioned much debate was the proposal to take iron from the free list by placing a duty of forty cents a ton upon it. 267
Immediately protests were sent to the Senate from the iron and steel interests of the country which demanded at least a duty of seventy-five cents a ton, while, at the same time other petitions were read requesting duty-free iron ore. 268 Mr. Peffer of Kansas next proposed an amendment to the amendment to remove 269 all duty from iron ore, but his proposal was rejected. Next Mr. Platt of Connecticut proposed an amendment to the amendment that would place a duty of sixty cents a ton on iron ore, but his proposal was laid on the table. 270 Mr. Gorman of Maryland addressed the Senate expressing his opposition to any great upset in tariff protection and by favoring the present law because it fulfilled the party pledges in cutting tariff rates far below the McKinley rates of 1890 as well as the Mills Bill of 1888, and yet would provide sufficient revenue to pay 272 the Government's expenses.

With some further discussion on the amendment it was agreed to place a duty of forty cents a ton on iron ore and thereby one of the basic principles of tariff reform was 273 sacrificed.

266. Allen Nevins "Grover Cleveland", p. 574.

267. Cong. Record, 53 Cong. 2 Sess., p. 4993.

268. Ibid., 5025.

269. Ibid.

270. Ibid., pp. 5058, 5066.

271. See Appendix G.

272. Ibid., pp. 5131-5134.

273. Ibid., p. 5070.

The amendment dealing with revisions of the sugar duties provoked major discussion. Senator Manderson, a Republican from Nebraska, proposed an amendment that would have continued the county on sugar until 1906, as provided by the McKinley Bill.²⁷⁴ After Senator Jones, a Democrat from Arkansas, offered an amendment to the House bill that would have repealed all sugar bounties after January 1, 1895, Mr. Manderson withdrew his amendment.²⁷⁵

Senator Caffery, a Democrat from Louisiana, spoke in favor of a sugar tariff or a sugar bounty in order to protect the sugar interests of his state. He expressed a preference for a tariff in as much as the bounty seemed to be unpopular.²⁷⁶ His proposal was supported by his colleague Senator Blanchard of Louisiana, who asserted that such protection was needed in order to preserve the sugar interests of his state.²⁷⁷ Although Senator Peffer of Kansas expressed his views by remarking that the issuing of government bonds was a Wall Street suggestion uncalled for by the financial needs of the government which could be easily remedied by internal taxes, yet he favored a bounty instead of a tariff when it came to the question of sugar.²⁷⁸

Senator Jones of Arkansas next presented an amendment to place a duty of forty per cent ad valorem on sugar.²⁷⁹ This proposed amendment was the source of much debate which finally

274. Cong. Record, 53 Cong. 2 Sess., p. 5641.

275. Ibid., p. 5641.

276. Ibid., p. 5647.

277. Ibid., pp. 5649-5650.

278. Ibid., pp. 5767-5768.

279. Ibid., p. 5661.

reached a settlement in the sugar schedule by providing for²⁸⁰
such a tax. It passed June 5, 1894 by a vote of 35 to 28.

Senator Hale, a Republican, placed an amendment before²⁸¹
the Senate providing customs duties on horses and mules.
His proposal found supporters among those Senators whose
constituencies would have been benefitted thereby, but the
regions so effected did not have sufficient voting strength²⁸²
to pass the amendment.

Senator Cullom of Illinois on behalf of the Republican
opposition opened his address to the Senate by giving a brief
history of the Wilson Bill in which he remarked, that the
Wilson Bill after a fight in the House had been sent to the
Senate from whence it was piloted into the secret council of
the majority members of the Finance Committee. Senator Cullom
pointed out that the purpose of the Bill's provisions was to
oppress the North for the benefit of the South. In order to
remedy this evil he favored a general revision of the measure²⁸³
which would afford the necessary protective features.

The Republican Senator from Montana, Mr. Powers, express-
ed his approval of a wool tariff, because it would amply protect²⁸⁴
the finished product of the farm. He was backed by nearly all
the Senators from the wool-growing states including Senator
Peffer of Kansas, Hoar and Lodge of Massachusetts, and Platt

280. Cong. Record, 53 Cong. 2 Sess., p. 5776.

281. Ibid., p. 5836.

282. Ibid., p. 5871.

283. Ibid., pp. 5951-5952.

284. Ibid., p. 6159.

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of Connecticut. While duty-free wool was theoretically maintained, yet a good many ad valorem duties were placed on wool by the Senate amendments.

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The income tax feature of the Bill had aroused some opposition in the House, but it was in the Senate that it encountered its bitterest struggle. Senator Hill of New York spoke first on that feature of the bill when it was taken up June 21, 1894. From the point of view of party policy, Mr. Hill contended that an income tax was an unwise measure in as much as it was a Populist rather than a Democratic feature, and that no national emergency then existed to make such a tax imperative and condemned it as a rider to the proposed bill. To show that such a tax was an unwarranted innovation, which had been made without the sanction of the Democratic Party Convention, Senator Hill presented a petition from the Democratic business men of New York. In referring to England's income tax he argued that because of Britain's commitment to a war-time program over a long period of years such a tax was necessary, while the American situation did not permit the United States government to resort to it during an era of peace. He strengthened his contention by quoting the eminent historian, Professor Goldwin Smith of Oxford University, who had said that such a tax constituted a demoralizing influence on any people. Moreover, Hill maintained, that since the

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285. Cong. Record, 53 Cong. 2 Sess., pp. 6169-6259.

286. Ibid., pp. 6118, 6119, 6397, 6399.

287. Ibid., p. 6611.

288. Ibid., p. 6611.

289. Appendix H.

290. Cong. Record, 53 Cong. 2 Sess., p. 6613.

states under their existing tax system were taxing heavily the larger incomes, a federal income tax would add to the burden of those who were already bearing the greater portion²⁹¹ of the municipal and state taxes. In concluding his remarks Senator Hill cited the estimate of the Secretary of the Treasury, for the year of 1895 providing the Wilson Bill were passed, which showed a surplus over expenses of some thirty-one billion dollars even if the income tax feature of the bill²⁹² were eliminated.

On June 22, Senator Kyle of South Dakota addressed the Senate by favoring the income tax amendment to the Bill and by offering as proof for the soundness of his ideas quotations from such eminent authorities as Professor Ely, an outstanding economist at the University of Wisconsin, Professor Thompson of the Social Science Department at the University of Pennsylvania, Mr. N. A. Dunning, Editor of the National Watchman, and Professor Levi, of Kings College, London, all²⁹³ of whom favored an income tax as just and equitable. Senator Kyle continued by asserting that wealth had usually been favored by our system of taxation, and he produced a chart of statistics indicating that the rich paid taxes on eight per cent of the real value of their property while the poor paid on the average of twenty-four per cent of the real²⁹⁴ value of their property. He concluded his remarks by remarking

291. Cong. Record, 53 Cong. 2 Sess., p. 6615.

292. Appendix G.

293. Cong. Record, 53 Cong. 2 Sess., pp. 6685-6690.

294. Appendix I.

that the decline in the revenue from the Income Tax of the Civil War period had been another illustration of the fact, that the rich were unwilling to bear their just part of the tax burden.²⁹⁵

The next provision of the Bill, which came under the fire of debate, was the provision that the incomes accruing from Government bonds should be exempted from the proposed income tax. Senator Hill of New York pointed out that the exemption of such securities would remove some \$635,000,000 of taxable wealth from the scope of an income tax which had been built on the principle of taxing those best able to pay.²⁹⁶ He then suggested that both state and municipal bonds should also be included in the exemption as a matter of fairness to both governments.²⁹⁷ On the other hand Senator Vest of Missouri argued that such a proposal would further defeat the very purpose of the income tax provision, while Senator Hill defended his position by asserting that any other course of action would make it too difficult for the states and municipalities to negotiate bond issues.²⁹⁸ When the amendment was rejected Senator Hill immediately proposed that the exemption be extended to include the state bonds but not the municipal.²⁹⁹ Vest continued his opposition on the same ground as before, namely, that it sought to defeat the purpose of the income tax provision of the bill.³⁰⁰ Senator Higgins, a

295. Cong. Record, 53 Cong. 2 Sess., p. 6690.

296. Ibid., p. 6804.

297. Ibid.

298. Ibid., p. 6805.

299. Ibid., p. 6810.

300. Ibid., p. 6811.

Democrat from Delaware, prolonged the discussion by accusing the Democratic party of violating its state rights principles in two ways, namely; (1) by proposing an income tax which was a state's method of income by taxation, and (2) by seeking to include in it income derived from state bonds. After some lesser discussion between Vest of Missouri, Hill of New York, and Hoar of Massachusetts, the vote was taken and the proposal was rejected.

After repeated attempts to so amend the income tax provision of the Bill that it would be useless, the Senate began to consider the amount of exemption to be allowed by that provision. Senator Allison of Iowa proposed an amendment to exempt small corporations from the tax provision, while Senator Hoar of Massachusetts proposed an amendment to allow a tax exemption on the income of a corporation equal to the aggregate exemption of all its stockholders. Senator Hill of New York, argued that only individuals should be taxed while Vest, of Missouri, argued that, since corporations enjoy the protection of Federal law, they should likewise bear their share of the income tax. Senator Allison finally withdrew his amendment. While several amendments recommended by the Committee on Finance were agreed to, yet they were merely inserted to clarify the administrative set up under the Bill.

301. Cong. Record, 53 Cong. 2 Sess., p. 6811.

302. Ibid., pp. 6812-6814.

303. Ibid., p. 6820.

304. Ibid., pp. 6820, 6832.

305. Ibid., p. 6865.

306. Ibid., p. 6835.

307. Ibid., pp. 6887-6896.

Senator Allison next raised debate on the internal revenue feature of the Bill by proposing a change in the limit on the bonding period of distilled liquor from eight to four years, but his proposal was rejected.³⁰⁸

June 29 was the last day the Bill was considered in the Committee of the Whole. Many amendments were proposed on that day and several of them passed the Senate, but none of these was of any great significance.³⁰⁹

On July 2 the Senate was ready to consider the report of the Committee of the Whole. The opening minutes were consumed by the various Senators asking for a separate vote on certain specific amendments effecting provisions of the Bill in which they were interested.³¹⁰ The report of the Committee was generally accepted with but little debate and with few changes. The greatest change was the one providing for the repeal of the sugar bounty immediately instead of January 1, 1895.³¹¹ "At the last moment, on the morning of July 3, there was an interview between Harris and Cleveland. Harris told the President that he and his friends in the Senate, particularly Vilas, must reconcile themselves to the Bill as it stood without the dotting of an 'i' or the crossing of a 't'; or all hope for tariff legislation would sink in utter failure before twenty-four hours elapsed".³¹² Late the same night, after an eleven hour continuous session, votes •

308. Cong. Record, 53 Cong. 2 Sess., p. 7006.

309. Ibid., 7006-7014.

310. Ibid., pp. 7042-7044.

311. E. Stanwood, op. cit., p. 339.

312. Allen Nevins, "Grover Cleveland", p. 579.

were taken. "Seventy-seven of the eighty-five Senators were in their seats. Twelve of the Senators were paired. Hill it was said, was confident till the very end that his 'no' would defeat the bill" and the Republicans were led to expect the defeat of the bill up to the final roll call. "A sigh of relief went up from the Democratic side" when it was announced that the bill had passed by a vote of 39 to 34. The margin was even closer than the final vote indicated for Blanchard of Louisiana had refused to vote while Caffery, his colleague, voted 'no' in protest "against what he considered an injustice to his state". When Irby of South Carolina, who was known to be doubtful voted "aye", "Caffery was observed to start". A few seconds later the Populist from South Dakota, Kyle, and Edward Murphy also voted "aye". It is evident then that if Irby and Kyle had joined both Senators from Louisiana "the bill would have been lost beyond recovery". The bill had passed, but it was only a hollow victory for the majority party. The bill was then returned to the House of Representatives from which it had originated.

While the Wilson Bill was pending in the Senate a considerable amount of speculation and comment was offered by the press as to what was actually happening to it. The independent New York Herald of March 17, 1894 expressed wonder as to the amount of time the Senate would consume in consider

313. E. Stanwood, op. cit., p. 339.

314. Cong. Record, 53 Cong. 2Sess., p. 7136.

315. Allen Nevins, op. cit., p. 580.

316. Ibid.

317. Ibid.

318. Ibid.

319. Ibid.

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ing the Bill, while the tariff reform paper, American Industries, assailed the Senate Finance Committee by asserting that the proposed changes showed the trail of the serpent

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of vested interests. The New York Outlook asserted that the promise of duty-free raw materials had been reduced to free wool, and that the promise of free necessities had now become lost since sugar was to be taxed under the proposed changes

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to the extent of one cent a pound. The American Federation of Labor paper, the American Federationist, pointed to the changes made in the Senate as evidence that only the organization of labor, rather than a protective tariff, could insure

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high wages to the worker. The Farmers' Alliance paper, the Washington National Economist, called the Bill less oppressive than the previous McKinley Act.

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The independent Detroit News remarked that, since the proposed bill was to raise revenue, protection would defeat it's purpose, hence wisdom demanded that the tariffs be lower-

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ed. The Democratic Baltimore Sun stated that every loyal Democrat would be dissatisfied and indignant at the changes

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made by the Senate Finance Committee, while the New Orleans States, also a Democratic paper, opposed all changes, except

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those changes offering protection to sugar.

The Democratic paper, The Kansas City Times, accused Senator Gorman of leading a clique of Democratic Senators who

320. Public Opinion Vol. 16, p. 592.

321. Public Opinion Vol. 16, p. 592.

322. Ibid.

323. Ibid.

324. Ibid.

325. Ibid., p. 475.

326. Ibid., p. 568.

327. Ibid.

had borrowed the Democratic party by which to sponsor protection. Both the Detroit News and the Indianapolis News, which were independent papers, agreed with that opinion.

The accusation of bribery of Senators in order to raise tariffs was heralded by many papers including the Democratic Brooklyn Eagle, the Republican Toledo Blade, and the independent Philadelphia Ledger.

Harper's Weekly referred to the Senate Bill as being of a worse character than the McKinley Bill, but expressed the hope that the House would finally refuse to concur on the Senate amendments.

The view of the Canadian press of course depended largely upon the political bias of the papers represented. The liberal Toronto Globe remarked that such a bill as the Senate had revised out of the Wilson Bill and which was nearing completion on the eve of Independence Day, proved to what depths America had sunk since the Day of Independence when she had revolted against unjust and unfair taxation. The conservative Montreal Gazette, on the other hand, praised the Democratic opposition to the Bill asserting that too much was at stake for even a free trade party to ignore.

A variety of opinions prevailed throughout the country but in general the opinion of the public seemed to favor the

328. Public Opinion, Vol. 17, p. 203.

329. Ibid.

330. Ibid., p. 204.

331. Ibid., p. 329.

332. Ibid.

333. Ibid., p. 329.

Wilson Bill as it had left the House, and was still unaware
 that the Senate had largely changed the measure by its many
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 amendments.

On July 6, the Wilson-Gorman Bill was referred back to
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 the Ways and Means Committee by the House of Representatives.
 Cleveland urged the House leaders to show fight which they soon
 began to do. A canvass of the House by the World indicated
 that 116 Democrats were decidedly opposed to the amended bill,
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 while only two definitely favored it. William L. Wilson led
 an aggressive battle to force the Senate to recede, and he
 was able to secure the backing of the Ways and Means Committee
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 which submitted the following resolution to the House:

Resolved, that after the passage of this
 resolution the Committee of the Whole on the
 state of the union shall be discharged from the
 further consideration of the bill (House
 Resolution 4864) with the Senate amendments there-
 to, and the same shall be considered in the House:
 that after two hours of general debate it shall
 be in order in the House to move to nonconcur in
 the Senate amendments to the said bill in gross,
 and to agree to a committee of conference as asked
 for by the Senate, on the disagreeing votes of
 the two Houses; and the House shall, without
 further delay or other motion, proceed to vote
 upon said motion. 338

Mr. Reed of Maine asserted that the Constitution gave to
 the House of Representatives the expressed authority to write
 tax bills and strenuously objected to the delegating of that
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 authority to either a conference committee or to the Senate.

334. Public Opinion, Vol 17, p. 329 f.
 335. Cong. Record, 53 Cong. 2 Sess., p. 7161.
 336. Allen Nevins, "Grover Cleveland", p. 580.
 337. Ibid.
 338. Cong. Record, 53 Cong. 2 Sess., p. 7189.
 339. Ibid.

Mr. Wilson stated that he would not attempt to contrast the amended bill with the original one, but would simply point out that it had been returned after "five months pendency in the Senate with some six-hundred and thirty-four amendments."³⁴⁰ While he admitted a great many of these revisions were of minor importance, yet he noted that some of them involved a change in the whole purpose of the Bill. He also pointed to the fact that the original bill had as its purpose "two clear and intelligent principles"; (1) the maintenance of the duty-free feature on basic raw materials of which only wool and lumber had survived the Senate revision, and (2) ad valorem duties which had been largely eliminated by the Senate in³⁴¹ favor of specific duties. Mr. Payne, a Democrat from New York, asserted that ninety per cent of the six-hundred and thirty-four amendments were material changes in the Bill.³⁴² Mr. Dalzell remarked that the Wilson Bill of the House as sent to the Senate fulfilled the Democratic platform, while the bill sent back by the Senate was best described in the words of senior Senator from New York, Mr. Hill, who stated:

The Senate bill, the Gorman compromise bill, as it is now generally known in the press throughout the country, I mean the bill in its present shape is neither satisfactory to the Democratic party nor to the country. There is no mistaking public sentiment upon this point.

The true principles of tariff reform have been sacrificed in the effort to insure the retention of an income tax. This the country believes--this the country understands. We

340. Cong. Record, 53 Cong. 2 Sess., p. 7191.

341. Ibid., p. 7191.

342. Ibid., p. 7192.

promised the people bread and we are giving them a stone. We promised them free raw material and we are giving them taxed coal, taxed iron ore, taxed coke, taxed lead ore, and other taxed raw materials. 343

The House passed favorably on Mr. Wilson's motion for a Conference Committee, and conferees were subsequently appointed. 344 The personnel of the Conference Committee was exceptionally well qualified from the standpoint of the loyal Democrats. From the House there were four Democratic and three Republican members on the Committee. Mr. Wilson, the Chairman of the Ways and Means Committee as well as a leader for tariff reform; Mr. McMillin, who proposed the Income Tax amendment; Mr. Turner a southerner from Georgia, and Mr. 345 Montgomery of Kentucky constituted the Democratic members; while Mr. Reed of Maine, Mr. Burrows of Michigan, and Mr. Payne of New York constituted the Republican group from the 346 House. The Democratic conferees from the Senate were tariff reform sympathizers and having steered the Wilson Bill through the Senate knew how far the Senate would compromise on the measure. The Democratic conferees from the Senate were Mr. Voorhees of Indiana, Chairman of the Finance Committee, Mr. Harris of Tennessee, Mr. Vest of Missouri, and Mr. Jones of 347 Arkansas, while the Republican members were Mr. Sherman of 348 Ohio, Mr. Allison of Iowa and Mr. Aldrich of Rhode Island.

Senator Hill was quoted by the New York World as assert-

343. Cong. Record, 53 Cong. 2 Sess., p. 7194.

344. Ibid., p. 7195.

345. Ibid.

346. Ibid.

347. Ibid., p. 7136.

348. Ibid.

ing that the conferees were at a standstill because, of their choice of food for he said, "Men who are in agreement and making progress never send for sweet milk and corn bread; when you see trays carrying a decanter and a box of cigars, 349 you can bet that an agreement has been reached."

On July 15, Senator Brice of Ohio predicted a deadlock which was realized three days later when the conference 350 committee voted itself unable to reach a decision.

The report of the House conferees was considered in the House on July 19, when Mr. Outwaite of the Rules Committee laid a motion before the House which read as follows:

Resolved, that after the adoption of this resolution it shall be in order when the House conferees on the House Bill 4864 make a report of disagreement to move that the House insist upon its disagreement to the Senate amendments to said bill in gross, and ask a further conference with the Senate on the disagreeing votes of the two Houses thereon. That two hours of debate shall be allowed upon said motion, and then without delay or other motion a vote shall be taken thereon. Should such a motion prevail the Speaker shall appoint the House conferees and the matter shall then for the time being pass from the consideration of the House. 351

The House however was reluctant in adopting this recommendation of the Rule Committee and Mr. Wilson of West Virginia was obliged to present an adverse report of the conferees back to the House which read:

The Conference Committee on the bill House Resolution 4864, after final, full and free conference, failed to agree. The Senate conferees

349. Allen Nevins, "Grover Cleveland", p. 580.

350. Ibid., p. 581.

351. Cong. Record, 53 Cong. 2 Sess., p. 7709.

insist on their amendments to said bill, and the House conferees insist on their disagreement to the Senate amendments.

W. L. Wilson
Benton McMillin
H. G. Turner
A. B. Montgomery 352
Conferees on the part of
the House

Mr. Wilson advised the House to insist on their disagreement and to give a call for a second conference. To convince the House, that this should be done, he made a definite departure from what had previously been considered proper by closing his speech in a sensational manner with the reading of a letter sent to him by President Cleveland under the Date of 353 July 2. The letter in part read as follows:

Every true Democrat and every sincere tariff reformer knows that this bill in its present form as it will be submitted to the conference falls far short of the consummation for which we have long labored, for which we have suffered defeat without discouragement, which in its anticipation, gave us a rallying cry in our day of triumph, and which, with Democratic pledges and Democratic success that our abandonment of the cause of the principles upon which it rests means party perfidy and party dishonor.

Our topic will be submitted to the conference which embodies Democratic principle so directly that it cannot be compromised. We have in our platforms and in every way possible declared in favor of the free importation of raw materials. We have again and again promised that this should be accorded to our people and our manufacturers as soon as the Democratic party was vested with the power to determine the tariff policy of the country. The party now has that power. We are as certain today as we have ever been of the great benefit that would accrue to the country from the inauguration of this policy, and nothing has occurred to release us from our obligation to secure this advantage to our people. It must be

352. Cong. Record, 53 Cong. 2 Sess., p. 7711.

353. See Appendix J.

admitted that no tariff measure can accord with Democratic principles and promises, or bear a benuine Democratic Badge, that does not provide for free raw materials. In the circumstances it may well excite our wonder that Democrats are willing to depart from this the most Democratic of all tariff principles, and that the inconsistent absurdity of such a proposed departure should be emphasized by the suggestion that the wool of the farmer be placed on the free list and the protection of tariff taxation be placed around the iron ore and coal of corporations and capitalists. How can we face the people after indulging in such outrageous discriminations and violations of principles. 354

Mr. Wilson had "Persuaded Cleveland to let him use this letter 355
in the hope of moving the Senate to favorable action"..

The report of the Senate conferees on the first conference was submitted on July 19 and was tabled until the following 356
day. In the meantime news of Cleveland's letter as read by Wilson to the House had served the same end as a "brickbat 357
thrown into a nest of hornets". The behavior of the Senate was not at all promising to those who hoped for a peaceable adjustment. Only a few Senators stood by the President of 358
whom were Vilas, Gray, and strange though it may seem, Hill. Besides leading obstructionists Cleveland's letter had turned the Senators previously interested in compromise, including Jones, Vest, and Harris, against him. They viewed the letter as being an unwarranted attack "upon their personal and 359
political integrity" and were aflame with resentment. On July 20 the report of the conferees, as well as the message 360
from the House asking for further conference, was presented.

354. Allen Nevins, "Grover Cleveland", pp. 355-357.

355. Ibid., p. 581.

356. Cong. Record, 53 Cong. 2 Sess., p. 7732.

357. Allen Nevins, "Grover Cleveland", p. 581

358. Ibid.

359. Ibid.

360. Cong. Record, 53 Cong. 2 Sess., p. 7733.

Senator Hill of New York then made a motion that the Senate
 recede on the amendments that had placed duties on bituminous
 coal and iron ore. ³⁶¹ There was great laughter and not a little
 indignation in both the Senate and galleries, when Mr. Hill
 presented his motion. Hill referred to the letter from the
 President, which Representative Wilson read to the House,
 expressing agreement with the President that the country
 needed duty-free raw materials. ³⁶² It was well known that Mr.
 Hill favored the elimination of the income tax provision of
 the Bill so that he was forced to defend his stand, while at
 the same time pledging his loyalty to the President, by
 quoting from the previously mentioned letter of the President
 which read, "You know how much I deprecated the incorporation
 in the proposed bill of the income tax feature". ³⁶³ Mr. Hill,
 likewise, quoted from President Cleveland's famous Tariff
 message of 1887, as well as from his Acceptance Speech of
 1892 to clarify and lend weight to his remarks. ³⁶⁴

The debate on the report of the conferees extended from
 July 20 to July 27. On July 23 Gorman launched on of the
 bitterest attacks against Cleveland ever delivered by a
 responsible Senator upon a President of his own party. In
 referring to the letter he stated that it was one of the
 "most extraordinary, unprovoked, and unwise communications
 ever penned by a chief magistrate, and he further contended
 that it was the product of dishonesty and duplicity. ³⁶⁵ Although

361. Cong. Record, 33 Cong. 2 Sess., p. 7733.

362. Ibid., p. 7734.

363. Ibid.

364. Ibid.

365. Allen Nevins, "Grover Cleveland", pp. 581-582.

Gorman was the recognized leader of the insurgents, he was never a leader on the floor of the Senate during the period of the debate. In his address at this time he insisted that a depleted Treasury and an eager country awaited the speedy passage of the Bill. ³⁶⁶ He took pains to quote the Secretary of the Treasury, Carlisle, in order to assure his colleagues that the Senate amendments were consistent with Democratic party promises. ³⁶⁷ In answer to an inquiry by Senator Gorman Senator Harris of Tennessee stated that the current press report, indicating the President's willingness to agree to the Senate amendments, if no better modifications could be made, was a correct one. ³⁶⁸ Senator Gorman then concluded by pleading for no compromise on the Senate amendments. ³⁶⁹ Therefore, the motion of Senator Hill to recede was rejected on ³⁷⁰ July 25 by a vote of 65 to 6. On July 27, the Senate decided by formal motion to maintain its position and appointed the same conferees for a second conference. "Cleveland's letter, essentially an appeal to public sentiment, had come, like his tariff message of 1887, just a little too late. It had all the desired effect in calling forth a burst of remonstrance against the Senate obstructionists, but the time had passed ³⁷¹ when such a demonstration could do any good". "Democratic State Conventions in Iowa, Indiana, Florida and Massachusetts passed resolutions endorsing the letter; public meetings for that purpose were held in Maryland; and Governor Matthews of

366. Cong. Record, 53 Cong. 2 Sess., p. 7801.

367. Ibid., p. 7803.

368. Ibid., p. 7805.

369. Ibid., p. 7809.

370. Ibid., p. 7891.

371. Allen Nevins, "Grover Cleveland", p. 582.

Indiana declared that nine-tenths of the Democrats of his
³⁷²
 state preferred no bill at all to the Gorman Bill".

The report of the second conference committee was not forthcoming until August 13, 1894, when Mr. Catchings of the House Rules Committee presented a resolution to the House which set forth:

Resolved, that after the adoption of this resolution it shall be in order in the House to move that the order heretofore made requesting a Conference with the Senate on the disagreeing votes of the two Houses on House Resolution 4864 be rescinded; that the Conferees heretofore appointed on the part of the House be discharged from further duty in that behalf and that the House recede from its disagreement to the Senate amendments to said bill in gross, and agree to the same. That after two hours debate on said motion (which shall be indivisible) the vote shall be taken without delay or other motion, general leave to print is hereby granted for ten days. ³⁷³

The resolution also called for separate bills to put sugar,
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 coal, iron ore, and barbed wire on the free list. After two hours of uneventful debate the Bill was passed by the
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 House with 188 yeas and 3 nays.

On August the fourteenth the Bill was signed by the
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 President of the Senate and was next submitted and signed
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 by the Speaker of the House on August the fifteenth.

It was quite natural to anticipate in the Wilson-Gorman Bill of 1894 the realization of tariff reform, in as much as

372. Allen Nevins, "Grover Cleveland", p. 582.

373. Cong. Record, 53 Cong. 2 Sess., p. 8468.

374. Ibid., p. 8469.

375. Ibid., pp. 8472-8473.

376. Ibid., p. 8473.

377. Ibid., p. 9505.

the Democratic party had taken so definite a position on the tariff. The tariff measure, as originally presented by the Ways and Means Committee under the able leadership of William L. Wilson of West Virginia, incorporated Cleveland's tariff ideas as well as those presented in the Platform of 1892. In the Senate, however, the Wilson Bill was revised to such an extent that it largely became for all purposes a new bill. The original purpose of the Wilson Bill to increase the revenue, but diminish protection, was at least partially lost by the wholesale revisions carried through by the Senate. "Under the guidance of Senator Gorman the bill was changed until the protective elements fairly outweighed any principle of reform".³⁷⁸

Certain features of the Republican McKinley Act of 1890, however, were abandoned by the new act, namely: (1) the bounty or subsidy on American-produced raw sugar was withdrawn, and (2) the reciprocity feature, which had been inserted with the purpose of securing a larger share of the Latin American trade, was also cast aside.

The McKinley Act of 1890 had established an average rate of 49.5% which was a little more than the wartime level of a generation before, but the actual degree of protection it afforded certain industries was doubled since 1864. The Wilson-Gorman Act of 1894 brought back the duties to the average level of the Act of 1883, or 39.9%.³⁷⁹

378. D. R. Dewey, "Financial History of the U. S. ", p. 456.

379. W. W. Jennings, "Economic Progress in the United States", pp. 464-465.

In revising the Wilson Bill the Senate restored many of the intricate specific duties which the House had eliminated. There was, however, one marked improvement over the McKinley Act in regard to the wool and woolen schedule. Raw wool was now placed on the free list without any serious hardship to the farmer. The specific duties on woolens were also removed, but the ad valorem rates were scarcely touched. In general all the textile schedules were somewhat lower than those of the McKinley Bill, but somewhat higher than those of the 1883 measure. The duties on coal and pig iron were restored to nearly fifty per cent of those in the McKinley Act, but in regard to pig iron this had little importance in as much as the United States was independent of its importation. The duty on steel rails was cut from \$13.44 to \$7.84 a ton; pig iron was reduced from \$6.72 to \$4.00 a ton; tin plate was revised downward from 2.4 cents to 1.2 cents a pound.³⁸⁰ The sugar interests in the long run virtually decided the duty on refined sugar, while the 40% on raw sugar was about half the rate under the Act of 1883 or the bounty under the McKinley Act.³⁸¹ These revisions on the sugar schedule allowed a margin of tariff profit which had not been contemplated in the original Wilson Bill.

In order to derive ample revenue to meet the critical fiscal condition of the Treasury in 1894, as well as gain the support of the Populists on the tariff measure, the

380. W. W. Jennings, op. cit., pp. 464-465.

381. Ibid.

Democrats resorted to the income tax principle which had been first employed by the Lincoln administration during the Civil War crisis, but which had been abandoned as a federal tax measure in 1872 with the repeal of the legislation. The income tax provision of the Wilson-Gorman Bill of 1894 provided that all incomes in excess of \$4,000 were to bear a tax levy at the rate of two per cent.³⁸² This was to be declared unconstitutional shortly by an ultraconservative Supreme Court in 1895, on the pretense that it was a direct tax and therefore had to be apportioned among the several states in accordance with the provisions of the Constitution, although an earlier decision in 1884 by the Supreme Court had declared the income tax an indirect tax.³⁸³ The income tax provision was vehemently denounced by its opponents "as inquisitorial, perjury provoking, undemocratic, and unconstitutional, and was called a discrimination against the well-to-do and a popular bid for support from the poor."³⁸⁴ It is thought that the high limit of incomes to be taxed was due largely to the influence of the Populists.³⁸⁵ This feature of the Wilson-Gorman Bill was especially favored in the South and West, while New England, Pennsylvania, and New York cast only five votes in the House favoring it.³⁸⁶

The Wilson-Gorman Revenue Bill was transmitted on August 15 to President Cleveland who permitted it to become a law without his signature on August 28, 1894. President Cleveland

³⁸². D. R. Dewey, op. cit., p. 456.

³⁸³. Allen Nevins, "Grover Cleveland", Appendix II.

³⁸⁴. W. W. Jennings, op. cit., p. 465.

³⁸⁵. Ibid.

³⁸⁶. Ibid.

explained his pocket veto on a letter to Thomas C. Catchings of Mississippi by stating that he had hoped the result of their efforts for tariff reform would be of such a nature that he could heartily endorse the tariff bill, but under the circumstances he was determined to let it become law without his signature. The House Bill followed the wishes of Cleveland, but he had consented to vital amendments in order to get the bill through the Senate with the hope that the lost ground could be regained in the conference committee. When the bill was in the Senate, he wrote his friend, Senator William Vilas on July 23, that all who favored reform were to aid in passing the bill with the Senate amendments, but to "take hold after the remission of the matter to the conference". As early as February 25 Cleveland knew that the House Bill would be greatly endangered by the insurgent group in the Senate as he had written to L. Clarke Davis of the Public Ledger that he believed the right would eventually win, but that he did not believe all who once wanted tariff reform wanted it as much as their political interests led them to proclaim. At that time Cleveland had yielded to the Senate in the contest over the choice of a Supreme Court Justice as he was aware that to prolong that contest might seal the fate of the tariff bill.

During the days between the time the Bill was sent to the President and the time it became law, the President

387. R. N. McElroy, "Grover Cleveland", pp. 115-119.

388. Allen Nevins, "Grover Cleveland", p. 563.

389. Ibid., p. 362.

390. Ibid., p. 568.

391. Allen Nevins, op. cit., p. 571.

received many letters urging him to sign or veto the Bill. Among these was one from Senator Palmer who wrote in part as follows:

Your message of 1887 made Tariff reform the leading issue.....The present Tariff bill contains all that your true friends in Congress were able to obtain.....If you.....conclude to veto the bill they can defend you.....If you sign the bill, you thereby retain the leadership of the Democratic party. The party can defend you and itself by comparing the measure with the McKinley Bill..... The present Tariff bill is a Democratic measure. 392

Andrew Carnegie also wrote to Cleveland urging him to veto the bill in order that a new bill could be written that would raise tariffs on luxuries used by the rich. He also pointed to the fact that Cleveland had entered the tariff reform battle when a surplus made it necessary, but since that is no longer the situation Carnegie urged the President to alter his views on tariff. 393

In spite of the peculiar circumstances in which the President found himself, he decided to allow the Bill to become law without his signature. He opposed many of its provisions and was convinced that the government could well afford to lose the revenue incident to permitting raw materials to be imported duty-free. 394 Cleveland made no claim to be better than his party, therefore, he would not disown the bill by a veto, but all the things being considered he felt it was right to withhold his personal approval by refusing to give the measure his signature. 395

392. R. N. McElroy, op. cit., pp. 114-115.

393. Ibid., pp. 121-124.

394. Ibid., p. 108.

395. E. Stanwood, op, cit., p. 354.

IV

With the exception of a small group of "protectionists" the Democratic Party had been consistently advocating tariff reform as a party policy both before and after the Civil War period. The growth of a tariff reform element within the Republican ranks, which gave rise to the short-lived Liberal Republican Party, undoubtedly revitalized the position of the Democratic group until they again won control of the national administration in 1885. The fruitless efforts of the Democrats in the Morrison Bill of 1884 and the Mills Bill of 1888, discouraging as they must have been to the Democratic tariff reformers, seem to have girded them for the realization of their tariff program when Grover Cleveland came to the Presidency for a second term in 1893.

The passage of the McKinley Tariff Act of 1890 during the Republican administration of Benjamin Harrison had aroused sharp opposition outside of Congress and had found expression in the Congressional elections of 1890 which resulted in the return of a most substantial majority of Democrats in the House and a loss of eighty-eight seats by the Republicans. The sharp upturn in retail prices as well as the marked decrease in importations were both attributed to the McKinley measure. Public opinion had turned decidedly against the high protective wall which the Republicans had raised, and that opinion was dominant between the years of 1890-1892. While it is always dangerous to account for the election of a President on a single plank of a party platform, especially when there are

several issues of major importance before the electorate, yet it may be said with a degree of certainty that the election of 1892, which involved the well-protected steel industry of the Carnegie Company, did much in arousing public opinion favorable to labor and undoubtedly turned many votes away from the party of high protection.

The Wilson-Gorman Revenue Act of 1894 was passed by a Democratic Congress at a time when that party had taken a most definite position on the tariff issue during the campaigns for the previous eight years. The rapidly changing economic conditions between the Election of 1892 and the introduction of the Wilson Bill of 1894 may have caused a change in public opinion less favorable to the program proposed. Therefore, since the basic features of the tariff reform did not come to be included in the Wilson-Gorman Act, the question arises as to how far public opinion in 1894 was willing to embrace the proposals presented in the Wilson Bill. As a consequence of the Panic of 1893 there was shifting of public opinion which in 1892 had largely supported both tariff revision and a program of sound money. Shortly Cleveland was forced to use his power over patronage in order to fulfill his sound money promise by obtaining a repeal of the Sherman Silver Purchase Act of 1890 after calling a special session of Congress for that purpose. The period of economic depression lasting from 1893 to 1897 came at a most inappropriate time for the initiation of tariff reform on the Democratic pattern. As the

years went by many people experienced the privations that always come during a period of economic recession, and which always give opportunity for explanation as well as criticism of the existing economic order. The opponents of tariff reform were positive in their declarations that the depression was being prolonged because of the uncertainty of the proposed changes in the tariff. When the Wilson Bill was introduced in the House the public was in sympathy with its purpose and provisions, but the length of time consumed in the consideration of it had tended to encourage the people to entertain any legislation that would alleviate the depressed economic conditions. In short by the time the Senate was prepared to vote on the much revised House measure public interest had shifted from insistence on tariff reform to the demand of an adequate law to meet the distressing fiscal situation.

It is logical at this point to question the desirability of a tariff reform program during a period of economic recession and especially at a time when the Treasury of the United States was confronted with the problem of enlarging deficits and the dwindling of the gold reserve far below the minimum established by the Resumption Act of 1875. From the point of view of sound finance it seemed imperative that the existing revenue laws should be maintained, if not augmented, in order to meet the crises. In the light of such facts Congress was inclined to become more hesitant in revising the tariff downward and in substituting the always unpopular internal taxes

upon the electorate in order to realize the necessary revenue. It appeared that the longer Congress hesitated the longer the depression continued and the more public opinion swung toward any adequate tariff measure regardless of tariff reform principles.

A close examination of the Wilson-Gorman Act reveals many compromise provisions which were necessary to secure the passage of the measure. In the sugar provisions may be found the explanation as to why the Senators from Louisiana were willing to support the Bill, as well as the support from the several Senators of the Western beet-sugar producing states. The protection afforded the linen collar and cuff industry of Troy, New York, was inserted to win the vote of Senator Murphy of that state, while coal and iron received the necessary attention in order to win the votes of the Senators from Maryland, Alabama, West Virginia, and Ohio. Raw wool was allowed to remain on the free list as it was apparent that no effective lobby was present to prevent it. The income tax enlisted the four Populist Senators.

Even though the Revenue Act of 1894 failed to achieve any degree of tariff reform through its many provisions, yet it did effect a lower income for the Government through the revised import duties. The loss of income, however, largely came as a result in the decline of our importations during the depression years. In order to meet the anticipated reduction of income through the source of customs duties, the Act of 1894 provided an income tax feature as a supplementary provision. There were three definite aims to be realized through the income tax feature, namely: (1) the application

of a canon of taxation that it was a just and equitable tax, (2) the support of the Populist vote in Congress, (3) the fiscal purpose of obtaining sufficient income for the Government along with the tariff duties--the incidence of taxation was placed on those persons best able to bear it. Whether or not it was a wise principle for the Democratic party to insert in the Act of 1894 may be open to question. Several criticisms were offered by leading Democrats against the income tax provision. To some Democrats the idea of the income tax was too closely associated with the "radicalism" of the Populist Platform of 1892, while to others it seemed an unwarranted discrimination against the well-to-do persons if not a deliberate bid for the support of the masses. There were, however, some persons, who probably would have been unwilling to have supported such a measure during normal times but preferred it in meeting a fiscal emergency to other types of internal taxes.

When it was revealed that the Democratic members in Congress favored tariff reform in general but were at the same time seeking protection for vested interests located within their districts, then the sincerity of the Democratic Party in regard to tariff reform was seriously questioned. Grover Cleveland in his letter to L. Clarke Davis of the Public Ledger was frank in his admission that he did not believe the sincerity of all Democrats who proclaimed their
396
interest in tariff reform.

396. Allen Nevins, "Grover Cleveland", p. 568.

The Tariff Act of 1894 as actually enacted seemed to prove that the Democratic Party stood for lower tariff rates rather than for a comprehensive program of tariff reform. Cleveland sized up the situation remarkably well when he stated, "every sincere tariff reformer knows that these bill in its' present form and as it will be submitted to the conference falls far short of the consummation for which we have long labored."³⁹⁷

What Senators had a large part in determining the final provisions of the Act? In the Senate Mr. Voorhees of Indiana, Chairman of the Finance Committee, desired the passage of the Wilson Bill as it came from the House, while Senators Vest of Missouri, Jones of Arkansas, Mills of Texas, Vilas of Wisconsin, and Palmer of Illinois hoped for lower rates through the Senate's revisions. In sharp contrast to the reform element in the Senate was the active, almost militant, group of Senators who represented various vested interests. The latter group was led by Senator Gorman of Maryland whose name was ultimately attached to the Bill as it left the Senate, in as much as his proposals rather than those of the Chairman Voorhees were incorporated in the measure. To Senator Jones must be given credit for the part he took in determining just what compromises were necessary in order to secure the sufficient number of votes for the passage of the Bill. On Senators Jones, Gorman, Hill, Brice, and the Four Populist Senators the responsibility for getting the measure through the Senate largely rested.

397. Allen Nevins, "Grover Cleveland", p. 355.

What part did pressure groups play during the revision of the Bill in the Senate? It is clear that certain Senators were motivated by the interests they represented more or less. Such vested interests as sugar, coal, and iron ore were well served by able men in the United States Senate. As the Wilson Bill lingered in the Senate rumors grew that the interests were manipulating the Senate. Such a charge found ready acceptance by the larger part of the American public because of similar experience with previous tariff measures and because the Sugar Trust had been one of the first and most generally feared monopolies. A Congressional investigation was provided to reveal any such manipulations. The Senate Committee consisting of two Democrats, two Republicans, and one Popoulist rendered a doleful report in which it was contended that at least one lobbyist had offered large amounts of money for the purpose of defeating the income tax provision of the Bill. The testimony offered the Committee by Henry O. Havemeyer, president of the American Sugar Refining Company, indicated that his company had made a practice of contributing largely to the campaign funds of one political party or the other with the obvious purpose that its interests would be served. Besides officers of that organization had been in Washington throughout the period of the pending legislation for the sole purpose of conferring with Senators and Committees. The general impression that the report made was that vested interests had been paying the campaign expenses of politicians and that the politicians in return had permitted interests to frame tariff schedules.

Likewise there is evidence revealing the willingness of at least two Senators to speculate in sugar stock while the Senate's Deliberations on the tariff schedules were in progress. Senator Quay of Pennsylvania openly admitted that he had bought sugar stock when it was low well knowing that the sugar amendment would ultimately raise the price. Senator McPherson of New Jersey admitted buying sugar stock when the price on the market was deflated for the fear that the bounty would be removed and no protection substituted to keep out foreign sugar. He admitted that before he had been able to sell he had realized several hundred dollars by the transaction.³⁹⁸

During the entire period of the battle for tariff reform, Cleveland maintained the position he had previously taken in his famous Message of 1887. Just as in 1887 he had come to realize that his tariff views had come too late for a popular campaign for reform, so now in 1894 he realized that his argument with the Senate over the appointment of a Supreme Court Justice was making personal enemies whose influence was likely to defeat his tariff reform proposals later. Again Cleveland erred when he favored the passing of the Senate amendments with the hope that they might be altered subsequently in the conference committee, because in so doing he delayed his appeal to the public made through his letter which Mr. Wilson later read to the House. That famous letter came too late to allow public opinion to force the Senate in line. Nevertheless, in spite of those blunders it can be accurately

398. Allen Nevins, "Grover Cleveland", p. 578.

stated that Cleveland at no time took his position for tariff reform. Cleveland was willing to permit the measure to become a law in so far as it actually lowered the tariff duties, but he refused to give the bill his personal approval by signing it in as much as it was not in keeping with his tariff reform ideas. His characterization of the Act of 1894 as a piece of "party perfidy and party dishonor" simply widened the breach between the executive and the Democratic party leaders.

Cleveland's refusal to veto the bill may seem to indicate his answer to the query as to whether or not it would have been better to have continued with the McKinley Act of 1890. One might conclude that an outright veto would certainly have harmed his party no more than the Act itself. On the other hand the continuance of the previous Republican tariff measure might have been interpreted as a distinct loss to the prestige of the party whose leaders were at odds among themselves as well as with their executive over a major economic issue. Neither the McKinley Act of 1890 nor the Wilson-Gorman Act of 1894 pleased Grover Cleveland, but the condition of the Treasury made the prohibitive duties of the McKinley Act during a period of economic recession less acceptable than the defective Wilson-Gorman Act of his own party's making. He therefore accepted the new Bill as being the lesser of the two evils.

The Wilson-Gorman Revenue Act very shortly proved itself inadequate as a revenue measure. While the constitutionality of the income tax provision of the Act had been assumed to have

been settled by previous Supreme Court decisions, yet it was not until the Supreme Court reversed its opinion in the case of Springer vs. United States (1880) by declaring in the case of Pollock vs. Farmer's Loan and Trust Company (1895) the income tax provision unconstitutional in that being a direct tax it must be apportioned among the several states on the basis of numbers.

Not only was the Bill considered as a decisive repudiation of Democratic tariff reformers, but it was also considered as a direct expression of defeat for the agrarian reformers of the West. Senator Mills of Texas declared that there were not a thousand people in the United States who were satisfied with the Act in its final form. The American farmer's hopes for a possible return of a more profitable agriculture by a drastic revision of tariff duties were made less likely when he learned that the income tax provision had been thrown out by the Court as unconstitutional. Plutocracy of the East seemed to be still in the favored position for the further exploitation of the agrarian group.

The Democrats also were forced to accept the political effects which always accompany unpopular legislation. The Act went into effect on August 24, 1894 just a few weeks before the Congressional elections of November. With the exception of its southern representation in the House the Democrats were just about removed from that chamber so that

when the New Congress met a Republican organization was effected. Tariff reform became a lost cause with the subsequent Dingley Tariff Act of 1897, which going into effect on the dawn of a new era of business prosperity assured the Republicans of political domination and the maintenance of high protective tariffs.

APPENDIX A

The Effect of the Civil War on Tariff Rates¹

Commodity	Morrill Tariff of 1861	Act of July, 1862	Act of June, 1864
Pig Iron	\$ 6. Ton	\$ 6. Ton	\$ 9. Ton
Iron rods	20. Ton	25. Ton	30. Ton
Steel rods		35. Ton	
Ingots	30. Ton		45. Ton
Salt	. 04 bu.	.18 cwt.	.18 cwt.
Silk	30%	40%	
Wool	160. Ton & 8%	200. Ton & 10%	263. Ton & 13%

APPENDIX B

United States Imports and Exports 1870-1875²

Fiscal year Ending June 30,	Exports	Imports
1870	\$393,000,000	\$436,000,000
1871	443,000,000	520,000,000
1872	444,000,000	627,000,000
1873	522,000,000	642,000,000
1874	586,000,000	567,000,000
1875	513,000,000	533,000,000

1. D. R. Dewey, op. cit., p. 266.

2. Percy Ashley, "Modern Tariff History", p. 209.

APPENDIX C

Wages in Protected and Non-protected Countries 1

Type of Labor	Protected		Non-protected	
	Germany	France	Belgium	England
Bricklayer	\$3.45	\$4.00	\$6.00	\$8.12
Mason	4.00	5.00	6.00	8.16
Carpenter	4.18	5.42	5.40	8.25
Painter	4.60	4.90	4.20	7.25
Plasterer	4.35		5.40	8.10
Blacksmith	3.90		5.40	8.12
Cabinet- maker	4.95		4.80	7.70
Common labor	2.60		3.00	5.00

APPENDIX D

Comparison of English and American Wages With the Cost of Clothing 2

Occupation	Wages		Prices		Article
	American	English	English	American	
Baker	\$2.04	\$1.20	\$1.50	\$1.25	Shirts
Blacksmith	2.10	1.60	1.00	.75	Drawers
Cabinet Maker	2.41	1.03	.25	.30	Hose
Common laborer	1.71	.88	2.00	2.00	Boots
Machinist	2.71	1.50	1.50	1.25	Shoes
Iron Moulder	2.65	1.65	1.00	1.50	Hats
Painter	2.82	1.48	12.50	15.00	Suits
Plumber	3.48	1.70	.20	.25	Caps

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1. Cong. Record, 53 Cong. 2 Sess., p. 509.
 2. Ibid., p. 720.

APPENDIX E

Bryan's Estimate of the Reduction of Taxation to be
Effected by the Wilson Bill of the House¹

Source	Amount
Decrease in import duties	\$ 75,000,000
Price reductions	300,000,000
Total tax reduction	\$375,000,000
Per capita reduction	\$5.00
Per family reduction	25.00

APPENDIX F

Comparison of Wages Paid to Value of Goods Produced²

Country	Value of product (in millions)	Number of employees (in millions)	Product per hand	Annual wage
United Kingdom	\$4,100,000	5,189	\$790	\$204
France	2,425,000	4,443	545	175
Germany	2,915,000	5,350	545	155
Russia	1,815,000	4,760	381	120
Austria	1,265,000	3,090	409	150
Italy	605,000	2,281	265	130
Spain	425,000	1,167	364	120
Belgium	510,000	953	545	165
Switzerland	160,000	370	433	150
United States	7,215,000	3,837	1,880	347

1. Cong. Record, 53 Cong. 2 Sess., App., p. 229
2. Ibid., p. 4020

APPENDIX G

Estimated Income and Expense of the United States Government for the Year of 1895 Based on the Wilson-Gorman Revenue Act, as Presented by Senators Voorhees and Gorman

Items	Income by Revenue	Expenses and Deductions	Surplus
Voorhees' Estimate:			
Internal revenue	\$160,000,000		
Income tax	30,000,000		
Spirits	20,000,000		
Cards	3,000,000		
Customs	163,361,000		
Miscellaneous	20,000,000		
Postal service	84,427,766		
Total Income	480,788,766		
Civil Service		\$90,000,000.00	
War Department		55,000,000.00	
Navy Department		33,000,000.00	
Indians		9,000,000.00	
Pensions		145,000,000.00	
Interest		29,000,000.00	
Postal deficit and expense		90,399,485.33	1
Total expense		451,399,485.33	
Estimated Surplus			\$29,389,280.67
Gorman's Estimate:			
Total income as above	480,788,766		
Sugar tax by Senate Amendment	1,329,067		
Total income	482,117,833		
Total expense includ- ing Pension reductions		420,775,219	
Surplus (with income tax)			61,342,614
Deduction of income tax		30,000,000	2
Surplus without income tax			31,342,614

1. Cong. Record, 53 Cong. 2 Sess., p. 3091.

2. Ibid., p. 6619.

APPENDIX H

Petition Regarding the Income Tax Law as Presented by Senator Hill of New York 1

We the undersigned citizens of the United States and members of the Democratic Party respectfully petition the Federal Senate to strike out the clause in the pending tariff bill which provides for an income tax.

In submitting this petition we not only plead for the continuation of the system of taxation which has endured without interruption in times of peace since the foundation of the Government, but we claim a right to protection against the establishment of the different system proposed injuring to us through the fact of the Democratic success in 1892.

At the last general election an income tax was proposed, not by the Democratic party but by two organizations of recent date, The Populists and Social Labor parties, each essentially communistic in its character and purposes. While we do not enter upon a discussion of the justice or injustice of an income tax or of its merits or demerits as a feature of our Federal Government we submit that the proposition for its enactment at this time comes as a political surprise without warrant and without authority proper to the introduction of a policy so revolutionary.

Without making an effort to add to our number appearing before the Senate as petitioners, we submit this petition for protection against the enactment of an income tax in the conviction **that** we demand only what is our moral and political right under the last national election.

Respectfully,
W. B. Cutting
John H. Inman
Alex. S. Orr
Evan Thomas
William Sanway
Louis Windmuller
J. Edward Simmons

APPENDIX I

1

Comparison of Tax Burden upon the Rich and the Poor

Property of the Rich	Real Value	Assessed Value	Per cent
Title and trust building	\$1,500,000	\$158,000	10%
Chamber of Commerce	2,250,000	225,000	10
Rand McNally	1,600,000	160,000	10
Haymarket Theater	600,000	41,700	6
Franklin Mac Veigh	175,000	16,750	9
Plaza Building	600,000	30,060	5
Average per cent of taxes paid			8%

APPENDIX I

Property of the Poor	Real Value	Assessed Value	Per cent
P. S. Lynch	\$2,000	\$ 500	25%
C. E. Young	4,000	1,600	40
H. Seeberger	7,000	1,526	21
F. A. Feder	6,000	1,050	17
R. W. Peters	9,500	2,384	25
W. A. Hendrie	7,000	1,450	20
Average per cent of taxes paid			24%

1. Cong. Record, 53 Cong. 2 Sess., pp. 6687-6688.

APPENDIX J

The Letter from Grover Cleveland to William L. Wilson

Washington July 2, 1894

The certainty that a conference will be ordered between the two houses of Congress for the purpose of adjusting differences on the subject of tariff legislation makes it also certain that you will be again called on to do hard service in the cause of tariff reform.

My public life has been so closely related to this subject, I have so longed for its accomplishment, and I have so often promised its realization to my fellow-countrymen as a result of their trust and confidence in the Democratic party, that I hope no excuse is necessary for my earnest appeal to you in this crisis you strenuously insist upon party honesty and good faith and a sturdy adherence to Democratic principles. I believe these absolutely necessary conditions to the continuation of Democratic existence.

I cannot rid myself of the feeling that this conference will present the best, if not the only, hope of true Democracy. Indications point to its action as the reliance of those who desire the genuine fruition of Democratic effort, the fulfillment of Democratic pledges, and the redemption of Democratic promises to the people. To reconcile differences in the details comprised within the fixed and well-defined lines of principle will not be the sole task of the conference, but, as it seems to me, its members will also have in charge the question whether Democratic principles themselves are to be saved or abandoned. There is no excuse for mistaking or misapprehending the feeling and the temper of the rank and file of the Democracy. They are down cast under the assertion that their party fails in ability to manage the Government, and they are apprehensive in their fear that Democratic principles may be surrendered.

In these circumstances they cannot do otherwise than to look with confidence to you and those who with you have patriotically and sincerely championed the cause of tariff reform within Democratic lines and guided by Democratic principles. This conference is vastly augmented by the action under your leadership of the House of Representatives upon the bill now pending.

Every true Democrat and every sincere tariff reformer knows that this bill in its present form as it will be submitted to the conference falls far short of the consummation for which we have long labored, for which we have suffered defeat without discouragement, which, in its anticipation, gave us a rallying cry in our day of triumph, and which, in its promise

of accomplishment, is so interwoven with Democratic pledges and Democratic success that our abandonment of the cause of the principles upon which it rests means party perfidy and party dishonor.

Our topic will be submitted to the conference which embodies Democratic principles so directly that it cannot be compromised. We have in our platforms and in every way possible declared in favor of the free importation of raw materials. We have again and again promised that this should be accorded to our people and our manufacturers as soon as the Democratic party was invested with the power to determine the tariff policy of the country. The party now has that power. We are as certain today as we have ever been of the great benefit that would accrue to the country from the inauguration of this policy, and nothing has occurred to release us from our obligation to secure this advantage to our people. It must be admitted that no tariff measure can accord with Democratic principles and promises, or bear a genuine Democratic badge, that does not provide for free raw materials. In the circumstances it may well excite our wonder that Democrats are willing to depart from this the most Democratic of all tariff principles, and that the inconsistent absurdity of such a proposed departure should be emphasized by the suggestion that the wool of the farmer be placed on the free list and the protection of the tariff taxation be placed around the iron ore and coal of corporations and capitalists. How can we face the people after indulging in such outrageous discriminations and violations of the principles?

It is quite apparent that this question of free raw materials does not admit of adjustment on any middle ground, since their subjection to any rate of tariff taxation, great or small, is alike violative Democratic principle and Democratic good faith.

I hope that you will not consider it intrusive if I say something about another subject which can hardly fail to be troublesome to the conference. I refer to the adjustment of tariff taxation on sugar. Under our party platform, and in accordance with our declared party purposes, sugar is a legitimate and logical article of revenue taxation. Unfortunately, however, incidents have accompanied certain stages of the legislation which will be submitted to the conference that have aroused in connection with this subject a natural Democratic animosity to the methods and manipulation of trusts and combinations. I confess to sharing in this feeling; and yet it seems to me we ought, if possible, to sufficiently free ourselves from prejudice to enable us coolly to weigh the considerations which in formulating tariff legislation ought to guide our treatment of sugar as a taxable article. While no tenderness should be entertained for trusts, and while I am decidedly opposed to granting them under the guise of tariff taxation any opportunity to further their peculiar methods, I suggest that we ought not to be driven away from

the Democratic principle and policy which lead to the taxation of sugar, by the fear, quite likely exaggerated, that in carrying out this principle and policy we may indirectly and inordinately encourage a combination of sugar-refining interests. I know that in present conditions this is a delicate subject, and I appreciate the depth and strength of the feeling which its treatment has aroused. I do not believe we should do evil that good may come, but it seems to me that we should not forget that our aim is the completion of a tariff bill, and that in taxing sugar for proper purposes and within reasonable bounds, whatever else may be said of our action, we are in no danger of running counter to Democratic principle. With all there is at stake, there must be in the treatment of this article some ground upon which we are all willing to stand, where toleration and conciliation may be allowed to solve the problem, without demanding the entire surrender of fixed and conscientious convictions.

I ought not to prolong this letter. If what I have written is unwelcome, I beg of you to believe in my good intentions. In the conclusions of the conference touching the numerous items which will be considered, the people are not afraid that their interests will be neglected. They know that the general result, so far as they are concerned, will be to place home necessities and comforts easier within their reach and to insure better and surer compensation to those who toil.

We all know that a tariff covering all the varied interests and conditions of a country as vast as ours, must of necessity be largely the result of honorable adjustment and compromise. I expect very few of us can say when our measure is perfected that all its features are exactly as we would prefer. You know how much I deprecated the incorporation in the proposed bill of the income tax feature. In matters of this kind, however, which do not violate a fixed and recognized Democratic doctrine, we are willing to defer to the judgment of a majority of our Democratic brethren. I think there is a general agreement that this is party duty. This is more palpably apparent when we realize that the business of our country timidly stands and watches for the result of our efforts to perfect tariff legislation, that a quick and certain return of prosperity waits upon a wise adjustment, and that a confident people still trust in our hands their prosperity and well-being.

The Democracy of the land plead most earnestly for the speedy completion of the tariff legislation which their representatives have undertaken; but they demand not less earnestly that no stress of necessity shall tempt those they trust to the abandonment of Democratic principles. 1

1. Allen Nevins, "Grover Cleveland", pp. 355-357.

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