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Message of the president of the United States
communicated to the two houses of Congress at
the beginning of the first session of the Fiftieth
Congress and interview of Hon. James G. Blaine
upon the message

Grover Cleveland

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MESSAGE

OF THE

PRESIDENT OF THE UNITED STATES

COMMUNICATED TO THE

TWO HOUSES OF CONGRESS

AT THE

BEGINNING OF THE FIRST SESSION OF THE
FIFTIETH CONGRESS,

AND

Interview of Hon. JAMES G. BLAINE upon the Message.

AUGUSTA:
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1888.

MESSAGE.

To the Congress of the United States:

You are confronted at the threshold of your legislative duties, with a condition of the national finances which imperatively demands immediate and careful consideration.

The amount of money annually exacted, through the operation of present laws, from the industries and necessities of the people, largely exceeds the sum necessary to meet the expenses of the Government.

When we consider that the theory of our institutions guarantees to every citizen the full enjoyment of all the fruits of his industry and enterprise, with only such deduction as may be his share towards the careful and economical maintenance of the Government which protects him, it is plain that the exaction of more than this is indefensible extortion, and a culpable betrayal of American fairness and justice. This wrong inflicted upon those who bear the burden of national taxation, like other wrongs, multiplies a brood of evil consequences. The public treasury, which should only exist as a conduit conveying the people's tribute to its legitimate objects of expenditure, becomes a hoarding-place for money needlessly withdrawn from trade and the people's use, thus crippling our national energies, suspending our country's development, preventing investment in productive enterprise, threatening financial disturbance, and inviting schemes of public plunder.

This condition of our treasury is not altogether new; and it has more than once of late been submitted to the people's representatives in the Congress, who alone can apply a remedy. And yet the situation still continues, with aggravated incidents, more than ever presaging financial convulsion and wide-spread disaster.

It will not do to neglect this situation because its dangers are not now palpably imminent and apparent. They exist none the less certainly, and await the unforeseen and unexpected occasion when suddenly they will be precipitated upon us.

On the 30th day of June, 1885, the excess of revenues over public expenditures after complying with the annual requirement of the sinking-fund act, was \$17,859,735.84; during the year ended June 30, 1886, such excess amounted to \$49,405,545.20; and during the year ended June 30, 1887, it reached the sum of \$55,567,849.54.

The annual contributions to the sinking-fund during the three years above specified, amounting in the aggregate to \$138,058,320.94, and

deducted from the surplus as stated, were made by calling in for that purpose outstanding three per cent bonds of the Government. During the six months prior to June 30, 1887, the surplus revenue had grown so large by repeated accumulations, and it was feared the withdrawal of this great sum of money needed by the people, would so affect the business of the country, that the sum of \$79,864,100 of such surplus was applied to the payment of the principal and interest of the three per cent bonds still outstanding, and which were then payable at the option of the Government. The precarious condition of financial affairs among the people still needing relief, immediately after the 30th day of June, 1887, the remainder of the three per cent bonds then outstanding, amounting with principal and interest to the sum of \$18,877,500, were called in and applied to the sinking-fund contribution for the current fiscal year. Notwithstanding these operations of the Treasury Department, representations of distress in business circles not only continued but increased, and absolute peril seemed at hand. In these circumstances the contribution to the sinking fund for the current fiscal year was at once completed by the expenditure of \$27,684,283.55 in the purchase of Government bonds not yet due bearing four and four and a-half per cent interest, the premium paid thereon averaging about twenty-four per cent for the former and eight per cent for the latter. In addition to this the interest accruing during the current year upon the outstanding bonded indebtedness of the Government was to some extent anticipated, and banks selected as depositories of public money were permitted to somewhat increase their deposits.

While the expedients thus employed, to release to the people the money lying idle in the Treasury, served to avert immediate danger, our surplus revenues have continued to accumulate, the excess for the present year amounting on the 1st day of December to \$55,258,701.19, and estimated to reach the sum of \$113,000,000 on the 30th of June next, at which date it is expected that this sum, added to prior accumulations, will swell the surplus in the Treasury to \$140,000,000.

There seems to be no assurance that, with such a withdrawal from use of the people's circulating medium, our business community may not in the near future be subjected to the same distress which was quite lately produced from the same cause. And while the functions of our National Treasury should be few and simple, and while its best condition would be reached, I believe, by its entire disconnection with private business interests, yet when, by a perversion of its purposes, it idly holds money uselessly subtracted from the channels of trade, there seems to be reason for the claim that some legitimate means should be devised by the Government to restore in an emergency, without waste or extravagance, such money to its place among the people.

If such an emergency arises there now exists no clear and undoubted executive power of relief. Heretofore the redemption of three per cent bonds, which were payable at the option of the Government, has afforded a means for the disbursement of the excess of our revenues; but these bonds have all been retired, and there are no bonds outstanding the payment of which we have the right to insist upon. The con-

tribution to the sinking fund which furnishes the occasion for expenditure in the purchase of bonds has been already made for the current year, so that there is no outlet in that direction.

In the present state of legislation the only pretense of any existing executive power to restore, at this time, any part of our surplus revenues to the people by its expenditure, consists in the supposition that the Secretary of the Treasury may enter the market and purchase the bonds of the Government not yet due, at a rate of premium to be agreed upon. The only provision of law from which such a power could be derived is found in an appropriation bill passed a number of years ago; and it is subject to the suspicion that it was intended as temporary and limited in its application, instead of conferring a continuing discretion and authority. No condition ought to exist which would justify the grant of power to a single official, upon his judgment of its necessity, to withhold from or release to the business of the people, in an unusual manner, money held in the Treasury, and thus affect, at his will, the financial situation of the country; and if it is deemed wise to lodge in the Secretary of the Treasury the authority in the present juncture to purchase bonds, it should be plainly vested, and provided as far as possible, with such checks and limitations as will define this official's right and discretion, and at the same time relieve him from undue responsibility.

In considering the question of purchasing bonds as a means of restoring to circulation the surplus money accumulating in the Treasury, it should be borne in mind that premiums must of course be paid upon such purchase, that there may be a large part of these bonds held as investments which cannot be purchased at any price, and that combinations among holders who are willing to sell, may unreasonably enhance the cost of such bonds to the Government.

It has been suggested that the present bonded debt might be refunded at a less rate of interest, and the difference between the old and new security paid in cash, thus finding use for the surplus in the Treasury. The success of this plan, it is apparent, must depend upon the volition of the holders of the present bonds; and it is not entirely certain that the inducement which must be offered them would result in more financial benefit to the Government than the purchase of bonds, while the latter proposition would reduce the principal of the debt by actual payment, instead of extending it.

The proposition to deposit the money held by the Government in banks throughout the country, for use by the people, is, it seems to me, exceedingly objectionable in principle, as establishing too close a relationship between the operation of the Government Treasury and the business of the country, and too extensive a commingling of their money, thus fostering an unnatural reliance in private business upon public funds. If this scheme should be adopted it should only be done as a temporary expedient to meet an urgent necessity. Legislative and executive effort should generally be in the opposite direction and should have a tendency to divorce, as much and as fast as can safely be done, the Treasury Department from private enterprise.

Of course it is not expected that unnecessary and extravagant appropriations will be made for the purpose of avoiding the accumulation of an excess of revenue. Such expenditure, beside the demoralization of all just conceptions of public duty which it entails, stimulates a habit of reckless improvidence not in the least consistent with the mission of our people or the high and beneficent purposes of our Government.

I have deemed it my duty to thus bring to the knowledge of my countrymen, as well as to the attention of their representatives charged with the responsibility of legislative relief, the gravity of our financial situation. The failure of the Congress heretofore to provide against the dangers which it was quite evident the very nature of the difficulty must necessarily produce, caused a condition of financial distress and apprehension since your last adjournment, which taxed to the utmost all the authority and expedients within executive control; and these appear now to be exhausted. If disaster results from the continued inaction of Congress, the responsibility must rest where it belongs.

Though the situation thus far considered is fraught with danger which should be fully realized, and though it presents features of wrong to the people as well as peril to the country, it is but a result growing out of a perfectly palpable and apparent cause, constantly reproducing the same alarming circumstances—a congested national treasury and a depleted monetary condition in the business of the country. It need hardly be stated that while the present situation demands a remedy, we can only be saved from a like predicament in the future by the removal of its cause.

Our scheme of taxation, by means of which this needless surplus is taken from the people and put into the public treasury, consists of a tariff or duty levied upon importations from abroad, and internal-revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of the things subjected to internal-revenue taxation are, strictly speaking, necessities; there appears to be no just complaint of this taxation by the consumers of these articles, and there seems to be nothing so well able to bear the burden without hardship to any portion of the people.

But our present tariff laws, the vicious, inequitable, and illogical source of unnecessary taxation, ought to be at once revised and amended. These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty, by precisely the sum paid for such duties. Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our people who are manufacturers, to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that while comparatively a few use the imported articles, millions of our people, who never use and never saw any of the foreign products, purchase and use things of the same kind made in this country, and pay therefor

nearly or quite the same enhanced price which the duty adds to the imported articles. Those who buy imports pay the duty charged thereon into the public treasury, but the great majority of our citizens, who buy domestic articles of the same class, pay a sum at least approximately equal to this duty to the home manufacturer. This reference to the operation of our tariff laws is not made by way of instruction, but in order that we may be constantly reminded of the manner in which they impose a burden upon those who consume domestic products as well as those who consume imported articles, and thus create a tax upon all our people.

It is not proposed to entirely relieve the country of this taxation. It must be extensively continued as the source of the Government's income; and in a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of our manufacturers. It may be called protection, or by any other name, but relief from the hardships and dangers of our present tariff laws should be devised with especial precaution against imperiling the existence of our manufacturing interests. But this existence should not mean a condition which, without regard to the public welfare or a national exigency, must always insure the realization of immense profits instead of moderately profitable returns. As the volume and diversity of our national activities increase, new recruits are added to those who desire a continuation of the advantages which they conceive the present system of tariff taxation directly affords them. So stubbornly have all efforts to reform the present condition been resisted by those of our fellow citizens thus engaged, that they can hardly complain of the suspicion, entertained to a certain extent, that there exists an organized combination all along the line to maintain their advantage.

We are in the midst of centennial celebrations, and with becoming pride we rejoice in American skill and ingenuity, in American energy and enterprise, and in the wonderful natural advantages and resources developed by a century's national growth. Yet when an attempt is made to justify a scheme which permits a tax to be laid upon every consumer in the land for the benefit of our manufacturers, quite beyond a reasonable demand for governmental regard, it suits the purposes of advocacy to call our manufactures infant industries, still needing the highest and greatest degree of favor and fostering care that can be wrung from Federal legislation.

It is also said that the increase in the price of domestic manufactures resulting from the present tariff is necessary in order that higher wages may be paid to our workingmen employed in manufactories, than are paid for what is called the pauper labor of Europe. All will acknowledge the force of an argument which involves the welfare and liberal compensation of our laboring people. Our labor is honorable in the eyes of every American citizen; and as it lies at the foundation of our development and progress, it is entitled, without affectation or hypocrisy, to the utmost regard. The standard of our laborers' life should not be measured by that of any other country less favored, and they are entitled to their full share of all our advantages.

By the last census it is made to appear that of the 17,392,099 of our population engaged in all kinds of industries 7,670,493 are employed in agriculture, 4,074,238 in professional and personal service, (2,934,876 of whom are domestic servants and laborers,) while 1,810,256 are employed in trade and transportation, and 3,837,112 are classed as employed in manufacturing and mining.

For present purposes however, the last number given should be considerably reduced. Without attempting to enumerate all, it will be conceded that there should be deducted from those which it includes 375,143 carpenters and joiners, 285,401 milliners, dressmakers, and seamstresses, 172,726 blacksmiths, 133,756 tailors and tailoresses, 102,473 masons, 76,241 butchers, 41,309 bakers, 22,083 plasterers, and 4,891 engaged in manufacturing agricultural implements, amounting in the aggregate to 1,214,023, leaving 2,623,089 persons employed in such manufacturing industries as are claimed to be benefitted by a high tariff.

To these the appeal is made to save their employment and maintain their wages by resisting a change. There should be no disposition to answer such suggestions by the allegation that they are in a minority among those who labor, and therefore should forego an advantage, in the interest of low prices for the majority; their compensation, as it may be affected by the operation of tariff laws, should at all times be scrupulously kept in view; and yet with slight reflection they will not overlook the fact that they are consumers with the rest; that they, too, have their own wants and those of their families to supply from their earnings, and that the price of the necessities of life, as well as the amount of their wages, will regulate the measure of their welfare and comfort.

But the reduction of taxation demanded should be so measured as not to necessitate or justify either the loss of employment by the working man nor the lessening of his wages; and the profits still remaining to the manufacturer, after a necessary readjustment, should furnish no excuse for the sacrifice of the interests of his employes either in their opportunity to work or in the diminution of their compensation. Nor can the worker in manufactures fail to understand that while a high tariff is claimed to be necessary to allow the payment of remunerative wages, it certainly results in a very large increase in the price of nearly all sorts of manufactures, which, in almost countless forms, he needs for the use of himself and his family. He receives at the desk of his employer his wages, and perhaps before he reaches his home is obliged, in a purchase for family use of an article which embraces his own labor, to return in the payment of the increase in price which the tariff permits, the hard-earned compensation of many days of toil.

The farmer and the agriculturist, who manufactures nothing, but who pays the increased price which the tariff imposes, upon every agricultural implement, upon all he wears and upon all he uses and owns, except the increase of his flocks and herds and such things as his husbandry produces from the soil, is invited to aid in maintaining the present situation; and he is told that a high duty on imported wool is necessary for the benefit of those who have sheep to shear, in order that the price

of their wool may be increased. They of course are not reminded that the farmer who has no sheep is by this scheme obliged, in his purchases of clothing and woollen goods, to pay a tribute to his fellow farmer as well as to the manufacturer and merchant; nor is any mention made of the fact that the sheep-owners themselves and their households, must wear clothing and use other articles manufactured from the wool they sell at tariff prices, and thus as consumers must return their share of this increased price to the tradesman.

I think it may be fairly assumed that a large proportion of the sheep owned by the farmers throughout the country are found in small flocks numbering from twenty-five to fifty. The duty on the grade of imported wool which these sheep yield, is ten cents each pound if of the value of thirty cents or less, and twelve cents if of the value of more than thirty cents. If the liberal estimate of six pounds be allowed for each fleece, the duty thereon would be sixty or seventy-two cents, and this may be taken as the utmost enhancement of its price to the farmer by reason of this duty. Eighteen dollars would thus represent the increased price of the wool from twenty-five sheep and thirty-six dollars that from the wool of fifty sheep; and at present values this addition would amount to about one-third of its price. If upon its sale the farmer receives this or a less tariff profit the wool leaves his hands charged with precisely that sum, which in all its changes will adhere to it, until it reaches the consumer. When manufactured into cloth and other goods and material for use, its cost is not only increased to the extent of the farmer's tariff profit, but a further sum has been added for the benefit of the manufacturer under the operation of other tariff laws. In the mean time the day arrives when the farmer finds it necessary to purchase woollen goods and material to clothe himself and family for the winter. When he faces the tradesman for that purpose he discovers that he is obliged not only to return in the way of increased prices, his tariff profit on the wool he sold, and which then perhaps lies before him in manufactured form, but that he must add a considerable sum thereto to meet a further increase in cost caused by a tariff duty on the manufacture. Thus in the end he is aroused to the fact that he has paid upon a moderate purchase, as a result of the tariff scheme, which, when he sold his wool seemed so profitable, an increase in price more than sufficient to sweep away all the tariff profit he received upon the wool he produced and sold.

When the number of farmers engaged in wool-raising is compared with all the farmers in the country, and the small proportion they bear to our population is considered; when it is made apparent that, in the case of a large part of those who own sheep, the benefit of the present tariff on wool is illusory; and, above all, when it must be conceded that the increase of the cost of living caused by such tariff, becomes a burden upon those with moderate means and the poor, the employed and unemployed, the sick and well, and the young and old, and that it constitutes a tax which, with relentless grasp, is fastened upon the clothing of every man, woman and child in the land, reasons are suggested why

the removal or reduction of this duty should be included in a revision of our tariff laws.

In speaking of the increased cost to the consumer of our home manufactures, resulting from a duty laid upon imported articles of the same description, the fact is not overlooked that competition among our domestic producers sometimes has the effect of keeping the price of their products below the highest limit allowed by such duty. But it is notorious that this competition is too often strangled by combinations quite prevalent at this time, and frequently called trusts, which have for their object the regulation of the supply and price of commodities made and sold by members of the combination. The people can hardly hope for any consideration in the operation of these selfish schemes.

If, however, in the absence of such combination, a healthy and free competition reduces the price of any particular dutiable article of home production, below the limit which it might otherwise reach under our tariff laws, and if, with such reduced price, its manufacture continues to thrive, it is entirely evident that one thing has been discovered which should be carefully scrutinized in an effort to reduce taxation.

The necessity of combination to maintain the price of any commodity to the tariff point, furnishes proof that some one is willing to accept lower prices for such commodity, and that such prices are remunerative; and lower prices produced by competition prove the same thing. Thus where either of these conditions exists, a case would seem to be presented for an easy reduction of taxation.

The considerations which have been presented touching our tariff laws are intended only to enforce an earnest recommendation that the surplus revenues of the Government be prevented by the reduction of our customs duties, and, at the same time, to emphasize a suggestion that in accomplishing this purpose, we may discharge a double duty to our people by granting to them a measure of relief from tariff taxation in quarters where it is most needed and from sources where it can be most fairly and justly accorded.

Nor can the presentation made of such considerations be, with any degree of fairness, regarded as evidence of unfriendliness toward our manufacturing interests, or of any lack of appreciation of their value and importance.

These interests constitute a leading and most substantial element of our national greatness and furnish the proud proof of our country's progress. But if in the emergency that presses upon us our manufacturers are asked to surrender something for the public good and to avert disaster, their patriotism, as well as a grateful recognition of advantages already afforded, should lead them to willing co-operation. No demand is made that they shall forego all the benefits of governmental regard; but they can not fail to be admonished of their duty, as well as their enlightened self-interest and safety, when they are reminded of the fact that financial panic and collapse, to which the present condition tends, afford no greater shelter or protection to our manufactures than to our other important enterprises. Opportunity for safe, careful, and deliberate reform is now offered; and none of us should be unmindful of a

time when an abused and irritated people, heedless of those who have resisted timely and reasonable relief, may insist upon a radical and sweeping rectification of their wrongs.

The difficulty attending a wise and fair revision of our tariff laws is not underestimated. It will require on the part of the Congress great labor and care, and especially a broad and national contemplation of the subject, and a patriotic disregard of such local and selfish claims as are unreasonable and reckless of the welfare of the entire country.

Under our present laws more than four thousand articles are subject to duty. Many of these do not in any way compete with our own manufactures, and many are hardly worth attention as subjects of revenue. A considerable reduction can be made in the aggregate, by adding them to the free list. The taxation of luxuries presents no features of hardship; but the necessities of life used and consumed by all the people, the duty upon which adds to the cost of living in every home, should be greatly cheapened.

The radical reduction of the duties imposed upon raw material used in manufactures, or its free importation, is of course an important factor in any effort to reduce the price of these necessities; it would not only relieve them from the increased cost caused by the tariff on such material, but the manufactured product being thus cheapened, that part of the tariff now laid upon such product, as a compensation to our manufacturers for the present price of raw material, could be accordingly modified. Such reduction, or free importation, would serve beside to largely reduce the revenue. It is not apparent how such a change can have any injurious effect upon our manufacturers. On the contrary, it would appear to give them a better chance in foreign markets with the manufacturers of other countries, who cheapen their wares by free material. Thus our people might have the opportunity of extending their sales beyond the limits of home consumption—saving them from the depression, interruption in business, and loss caused by a glutted domestic market, and affording their employes more certain and steady labor, with its resulting quiet and contentment.

The question thus imperatively presented for solution should be approached in a spirit higher than partisanship and considered in the light of that regard for patriotic duty which should characterize the action of those intrusted with the weal of a confiding people. But the obligation to declared party policy and principle is not wanting to urge prompt and effective action. Both of the great political parties now represented in the Government have, by repeated and authoritative declarations, condemned the condition of our laws which permit the collection from the people of unnecessary revenue, and have, in the most solemn manner, promised its correction; and neither as citizens or partisans are our countrymen in a mood to condone the deliberate violation of these pledges.

Our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. This savors too much of bandying epithets. It is a *condition* which confronts us—not a theory. Relief from this condition may involve a slight reduction

of the advantages which we award our home productions, but the entire withdrawal of such advantages should not be contemplated. The question of free trade is absolutely irrelevant; and the persistent claim made in certain quarters, that all efforts to relieve the people from unjust and unnecessary taxation are schemes of so-called free-traders, is mischievous and far removed from any consideration for the public good.

The simple and plain duty which we owe the people is to reduce taxation to the necessary expenses of an economical operation of the Government, and to restore to the business of the country the money which we hold in the Treasury through the perversion of governmental powers. These things can and should be done with safety to all our industries, without danger to the opportunity for remunerative labor which our workingmen need, and with benefit to them and all our people, by cheapening their means of subsistence and increasing the measure of their comforts.

The Constitution provides that the President "shall, from time to time, give to the Congress information of the state of the Union." It has been the custom of the Executive, in compliance with this provision, to annually exhibit to the Congress, at the opening of its session, the general condition of the country, and to detail, with some particularity, the operations of the different Executive Departments. It would be especially agreeable to follow this course at the present time, and to call attention to the valuable accomplishments of these Departments during the last fiscal year. But I am so much impressed with the paramount importance of the subject to which this communication has thus far been devoted, that I shall forego the addition of any other topic, and only urge upon your immediate consideration the "state of the Union" as shown in the present condition of our treasury and our general fiscal situation, upon which every element of our safety and prosperity depends.

The reports of the heads of Departments, which will be submitted, contain full and explicit information touching the transaction of the business intrusted to them, and such recommendations relating to legislation in the public interest as they deem advisable. I ask for these reports and recommendations the deliberate examination and action of the Legislative branch of the Government.

There are other subjects not embraced in the departmental reports demanding legislative consideration and which I should be glad to submit. Some of them, however, have been earnestly presented in previous messages, and as to them, I beg leave to repeat prior recommendations.

As the law makes no provision for any report from the Department of State, a brief history of the transactions of that important Department, together with other matters which it may hereafter be deemed essential to commend to the attention of the Congress, may furnish the occasion for a future communication.

GROVER CLEVELAND.

WASHINGTON, December 6, 1887.

BLAINE'S MESSAGE.

A Powerful Arraignment of Cleveland's Free-Trade Policy.

ITS FALACIES AND DANGERS POINTED OUT.

PARIS, December 7.

After reading an abstract of the President's Message, laid before all Europe this morning, I saw Mr. Blaine and asked him if he would be willing to give his views upon the recommendation of the President in the form of a letter or interview. He preferred an interview if I would agree to send him an intelligent shorthand reporter with such questions as should give free scope for an expression of his views. The following lucid and powerful statement is the result. Mr. Blaine began by saying to the reporter:

"I have been reading an abstract of the President's Message, and have been especially interested in the comments of the London papers. Those papers all assume to declare the Message is a Free-Trade manifesto and evidently are anticipating an enlarged market for English fabrics in the United States as a consequence of the President's recommendations. Perhaps that fact stamped the character of the Message more clearly than any words of mine can."

"You don't mean actual Free Trade without duty?" queried the reporter.

"No," replied Mr. Blaine. "Nor do the London papers mean that. They simply mean that the President has recommended what in the United States is known as a revenue tariff, rejecting the protective feature as an object and not even permitting Protection to result freely as an incident to revenue duties."

"I don't know that I quite comprehend that last point," said the reporter.

"I mean," said Mr. Blaine, "that for the first time in the history of the United States the President recommends retaining the internal tax in order that the Tariff may be forced down even below the fair revenue

standard. He recommends that the tax on tobacco be retained, and thus that many millions annually shall be levied on a domestic product which would far better come from a tariff on foreign fabrics."

THE TOBACCO TAX SHOULD BE REPEALED AT ONCE.

"Then, do you mean to imply that you would favor the repeal of the tobacco tax?"

"Certainly; I mean just that," said Mr. Blaine. "I should urge that it be done at once, even before the Christmas holidays. It would in the first place bring great relief to growers of tobacco all over the country, and would, moreover, materially lessen the price of the article to consumers. Tobacco to millions of men is a necessity. The President calls it a luxury, but it is a luxury in no other sense than tea and coffee are luxuries. It is well to remember that the luxury of yesterday becomes a necessity of to-day. Watch, if you please, the number of men at work on the farm, in the coal mine, along the railroad, in the iron foundry, or in any calling, and you will find 95 to 100 chewing while they work. After each meal the same proportion seek the solace of a pipe or cigar. These men not only pay the millions of the tobacco tax, but pay on every plug and every cigar, an enhanced price which the tax enables the manufacturer and retailer to impose. The only excuse for such a tax is the actual necessity under which the Government found itself during the war and the years immediately following. To retain the tax now in order to destroy the protection which would incidentally flow from raising the same amount of money on foreign imports is certainly a most extraordinary policy for our Government."

THE WHISKEY TAX SHOULD BE RETAINED.

"Well, then, Mr. Blaine, would you advise the repeal of the whiskey tax also?"

"No, I would not. Other considerations than those of financial administration are to be taken into account with regard to whiskey. There is a moral side to it. To cheapen the price of whiskey is to increase its consumption enormously. There would be no sense in urging the reform wrought by high license in many States if the National Government neutralizes the good effect by making whiskey within the reach of every one at 20 cents a gallon. Whiskey would be everywhere distilled if the surveillance of the Government were withdrawn by the remission of the tax, and illicit sales could not then be prevented, even by a policy as rigorous and searching as that with which Russia pursues the Nihilists. It would destroy high license at once in all the States.

WHISKEY SHOULD PAY FOR COAST DEFENCES.

"Whiskey has done a vast deal of harm in the United States. I would try to make it do some good. I would use the tax to fortify our cities on the seaboard. In view of the powerful letter addressed to the Democratic party on the subject of fortifications by the late Mr. Samuel J. Tilden in 1885, I am amazed that no attention has been paid to the

subject by the Democratic Administration. Never before in the history of the world has any government allowed great cities on the seaboard, like New York, Philadelphia, Boston, Baltimore, New Orleans, and San Francisco, to remain absolutely defenceless."

IN TIME OF PEACE PREPARE FOR WAR.

"But," said the reporter, "you don't think we are to have war in any direction?"

"Certainly not," said Mr. Blaine. "Neither, I presume, did Mr. Tilden when he wrote his remarkable letter. But we should change a remote chance into an absolute impossibility. If our weak and exposed points were strongly fortified; if to-day we had by any chance even such a war as we had with Mexico, our enemy could procure ironclads in Europe that would menace our great cities with destruction or lay them under contribution."

"But would not our fortifying now possibly look as if we expected war?"

"Why should it any more than the fortifications made seventy or eighty years ago by our grandfathers when they guarded themselves against successful attack from the armaments of that day? We don't necessarily expect a burglar because we lock our doors at night, but if by any possibility a burglar comes it contributes to our peace of mind and our sound sleep to feel that he can't get in."

HOUSES AND FARMS PAY TOO MUCH TAX.

"But after the fortifications should be constructed would you still maintain the tax on whiskey?"

"Yes," said Mr. Blaine; "so long as there is whiskey to tax I would tax it, and when the National Government should have no use for the money I would divide the tax among the members of the Federal Union with the specific object of lightening the tax on real estate. The houses and farms of the whole country pay too large a proportion of the total taxes. If ultimately relief could be given in that direction it would, in my judgment, be a wise and beneficent policy. Some honest but misguided friends of temperance have urged that the Government should not use the money derived from the tax on whiskey. My reply is that the tax on whiskey by the Federal Government, with its suppression of all illicit distillation and consequent enhancement of price, has been a powerful agent in the temperance reform by putting it beyond the reach of so many. The amount of whiskey consumed in the United States per capita to-day is not more than 40 per cent of that consumed thirty years ago."

After a few moments' silence Mr. Blaine added that in his judgment the whiskey tax should be so modified as to permit all who use pure alcohol in the arts or in mechanical pursuits to have it free of tax. In all such cases the tax could be remitted without danger of fraud, just as now the tax on spirits exported is remitted.

"Besides your general and sweeping opposition to the President's recommendation, have you any further specific objection?"

WOOL-GROWERS MUST BE PROTECTED.

"Yes," answered Mr. Blaine; "I should seriously object to the repeal of the duty on wool. To repeal that would work great injustice to many interests and would seriously discourage what we should earnestly encourage, namely, the sheep culture among farmers throughout the Union. To break down wool-growing and be dependent on foreign countries for the blanket under which we sleep and the coat that covers our backs is not a wise policy for the National Government to enforce."

"Do you think if the President's recommendation were adopted it would increase our export trade?"

"Possibly in some few articles of peculiar construction it might, but it would increase our import trade ten fold as much in the great staple fabrics, in woolen and cotton goods, in iron, in steel, in all the thousand and one shapes in which they are wrought. How are we to export staple fabrics to the markets of Europe unless we make them cheaper than they do in Europe, and how are we to manufacture them cheaper than they do in Europe unless we get cheaper labor than they have in Europe?"

THE LABOR QUESTION UNDERLIES IT ALL.

"Then you think that the question of labor underlies the whole subject?" "Of course it does," replied Mr. Blaine. "It is, in fact, the entire question. Whenever we can force carpenters, masons, iron-workers, and mechanics in every department to work as cheaply and live as poorly in the United States as similar workmen in Europe, we can, of course, manufacture just as cheaply as they do in England and France. But I am totally opposed to a policy that would entail such results. To attempt it is equivalent to a social and financial revolution—one that would bring untold distress."

"Yes; but might not the great farming class be benefitted by importing articles from Europe instead of buying them at higher prices at home?"

"The moment," answered Mr. Blaine, "you begin to import freely from Europe you drive your own workmen from mechanical and manufacturing pursuits. In the same proportion they become tillers of the soil, increasing steadily the agricultural product and decreasing steadily the large home demand which is constantly enlarging as home manufactures enlarge. That, of course, works great injury to the farmer, glutting the market with his products and tending constantly to lower prices."

WHAT WOULD BECOME OF THE FARMERS?

"Yes; but the foreign demand for foreign products would be increased in like ratio, would it not?"

"Even suppose it were," said Mr. Blaine, "how do you know the source from which it will be supplied. The tendency in Russia to-day

and in the Asiatic possessions of England is towards a large increase of the grain supply, the grain being raised by the cheapest possible labor. Manufacturing countries will buy their breadstuffs where they can get them cheapest, and the enlargement of the home market for the American farmer being checked, he would search in vain for one of the same value. His foreign sales are already checked by the great competition abroad. There never was a time when the increase of a large home market was so valuable to him. The best proof is that the farmers are prosperous in proportion to the nearness of manufacturing centres, and a Protective Tariff tends to spread manufactures. In Ohio and Indiana, for example, though not classed as manufacturing States, the annual value of fabrics is larger than the annual value of agricultural products."

THE TARIFF OF 1846 AND ITS RESULTS.

"But those holding the President's views," remarked the reporter, "are always quoting the great prosperity of the country under the Tariff of 1846."

"That Tariff did not involve the one destructive point recommended by the President, namely, the retaining of direct internal taxes in order to abolish indirect taxes levied on foreign fabrics. But the country had peculiar advantages under it by the Crimean War involving England, France, and Russia, and largely impairing their trade. All these incidents, or accidents if you choose, were immensely stimulating to trade in the United States, regardless of the nature of our Tariff. But mark the end of this European experience with the Tariff of 1846, which for a time gave an illusory and deceptive show of prosperity. Its enactment was immediately followed by the Mexican War; then in 1848 by the great convulsions of Europe; then in 1849 and the succeeding years by the enormous gold yield in California. The Powers made peace in 1856, and at the same time the output of gold in California fell off. Immediately the financial panic of 1857 came upon the country with disastrous force. Though we had in those years mined a vast amount of gold in California, every bank in New York was compelled to suspend specie payment. Four hundred millions in gold had been carried out of the country in eight years to pay for foreign goods that should have been manufactured at home, and we had years of depression and distress as an atonement for our folly.

HISTORY REPEATING ITSELF.

"It is remarkable that President Polk recommended the tariff of 1846 on precisely the same ground that President Cleveland recommends a similar enactment now, namely, the surplus in the Treasury was menacing the prosperity of the country. History is repeating itself. By the way," Mr. Blaine added, after a moment's reflection, "it is worth notice that Mr. Polk insisted on emptying the Treasury by a Free-Trade Tariff, then immediately rushed the country into debt by borrowing \$150,000,000 for the Mexican War. I trust nothing may occur

to repeat so disastrous a sequel to the policy recommended by President Cleveland. But the uniform fate has been for fifty years past that the Democratic party when it goes out of power always leaves an empty Treasury, and when it returns to power always finds a full Treasury."

HOW MR. BLAINE WOULD REDUCE THE REVENUE.

"Then, do you mean to imply that there should be no reduction of the national revenue?"

"No; what I have said implies the reverse. I would reduce it by a prompt repeal of the tobacco tax and would make here and there some changes in the Tariff not to reduce Protection but wisely foster it."

"Would you explain your meaning more fully?"

"I mean," said Mr. Blaine, "that no great system of revenue like our Tariff can operate with efficiency and equity unless the changes of trade be closely watched and the law promptly adapted to these changes. But I would make no change that should impair the protective character of the whole body of the Tariff laws. Four years ago, in the Act of 1883, we made changes of the character I have tried to indicate. If such changes were made, and the fortifying of our seacoast thus undertaken at a very moderate annual outlay, no surplus would be found after that already accumulated had been disposed of. The outlay of money on fortifications, while doing great service to the country, would give good work to many men."

"But what about the existing surplus?"

"The abstract of the Message I have seen," replied Mr. Blaine, "contains no reference to that point. I, therefore, make no comment further than to indorse Mr. Fred Grant's remark that a surplus is always easier to handle than a deficit."

POSSIBLE EFFECT OF THE PRESIDENT'S POLICY.

The reporter repeated the question whether the President's recommendation would not, if adopted, give us the advantage of a large increase in exports.

"I only repeat," answered Mr. Blaine, "that it would vastly enlarge our imports, while the only export it would seriously increase would be our gold and silver. That would flow out bounteously, just as it did under the Tariff of 1846. The President's recommendation enacted into law would result as did an experiment in drainage of a man who wished to turn a swamp into a productive field. He dug a drain to a neighboring river, but it happened, unfortunately, that the level of the river was higher than the level of the swamp. The consequence need not be told. A parallel would be found when the President's policy in attempting to open a channel for an increase of exports should simply succeed in making way for a deluging inflow of fabrics to the destruction of home industry."

OUR OWN MARKET FOR OUR OWN PEOPLE.

"But don't you think it important to increase our export trade?"

"Undoubtedly; but it is vastly more important not to lose our own great market for our own people in the vain effort to reach the impossible. It is not our foreign trade that has caused the wonderful growth and expansion of the Republic. It is the vast domestic trade between thirty-eight States and eight Territories, with their population of perhaps 62,000,000 to-day. The whole amount of our export and import trade together has never, I think, reached \$1,900,000,000 any one year. Our internal home trade on 130,000 miles of railway, along 15,000 miles of ocean coast, over the five great lakes, and along 20,000 miles of navigable rivers, reaches the enormous annual aggregate of more than \$40,000,000,000 and perhaps this year \$50,000,000,000.

ILLIMITABLE FREE TRADE AT HOME.

"It is into this illimitable trade, even now in its infancy and destined to attain a magnitude not dreamed of twenty years ago, that the Europeans are struggling to enter. It is the heritage of the American people, of their children and of their children's children. It gives an absolute free trade over a territory nearly as large as all Europe, and the profit is all our own. The genuine Free Trader appears unable to see or comprehend that this continental trade—not our exchanges with Europe—is the great source of our prosperity. President Cleveland now plainly proposes a policy that will admit Europe to a share of this trade."

A NEW POLITICAL ECONOMY NEEDED.

"But you are in favor of extending our foreign trade, are you not?"

"Certainly I am, in all practical and advantageous ways, but not on the principle of the Free Traders, by which we shall be constantly exchanging dollar for dime. Moreover, the foreign trade is often very delusive. Cotton is manufactured in the city of my residence. If a box of cotton goods is sent 200 miles to the Province of New Brunswick it is foreign trade. If shipped 17,000 miles round Cape Horn to Washington Territory it is domestic trade. The magnitude of the Union and the immensity of its internal trade require a new political economy. The treatises written for European States do not grasp our peculiar situation."

THE SOUTH NEEDS PROTECTION.

"How will the President's Message be taken in the South?"

"I don't dare to answer that question. The truth has been so long obscured by local questions of unreasoning prejudice that nobody can hope for industrial enlightenment among their leaders just yet. But in my view the South above all sections of the Union needs a Protective Tariff. The two Virginias, North Carolina, Kentucky, Missouri, Tennessee, Alabama and Georgia have enormous resources and facilities for developing and handling manufactures. They cannot do anything with-

out Protection. Even progress so vast as some of those States have made will be checked if the President's Message is enacted into law. Their Senators and Representatives can prevent it, but they are so used to following anything labeled 'Democratic' that very probably they will follow the President and blight the progress already made. By the time some of the Southern States get free iron ore and coal, while tobacco is taxed, they may have occasion to sit down and calculate the value of Democratic Free Trade to their local interests."

THE FALLACY OF ADMITTING RAW MATERIAL.

"Will not the President's recommendation to admit raw material find strong support?"

"Not by wise Protectionists in our time. Perhaps some greedy manufacturer may think that with free coal or free iron ore they can do great things, but if they should succeed in trying will, as the boys say, catch it on the rebound. If the home trade in raw material is destroyed or seriously injured railroads will be the first to feel it. If that vast interest is crippled in any direction the financial fabric of the whole country will feel it quickly and seriously. If any man can give a reason why we should arrange the tariff to favor the raw material of other countries in competition against our material of the same kind, I should like to hear it. Should that recommendation of the President be approved it would turn 100,000 American laborers out of employment before it had been a year in operation."

A FULL AND FAIR CONTEST ON THE ISSUE.

"What must be the marked and general effect of the President's Message?"

"It will bring the country where it ought to be brought—to a full and fair contest on the question of Protection. The President himself makes it the one issue by presenting no other in his Message. I think it well to have the question settled. The Democratic party in power is a standing menace to the industrial prosperity of the country. That menace should be removed or the policy it foreshadows should be made certain. Nothing is so mischievous to business as uncertainty, nothing so paralyzing as doubt."