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FARM AND MILL IN MAINE SUFFER IN
THE DEMOCRATIC TARIFF
DISCRIMINATION AGAINST NEW ENGLAND

SPEECH

OF

HON. FRANK E. GUERNSEY
OF MAINE

IN THE

HOUSE OF REPRESENTATIVES

APRIL 24, 1913



WASHINGTON
1913



SPEECH
OF
HON. FRANK E. GUERNSEY.

The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Mr. GUERNSEY. Mr. Chairman, the passing of the Federal Government under complete control of the Democratic Party on the 4th of March last—and southern control at that—foreshadowed changes in our governmental policies, but none foresaw that the most radical changes in the fiscal policy of the Nation since its formation were to be proposed and such as are presented by Chairman UNDERWOOD's revenue-tariff, free-trade measure now under discussion.

This measure will put in force new methods for securing revenue for the support of the Government that not only will affect the wealthy of the country but those of most moderate means. It will compel the curtailment and in many instances the closing down of great industries that have been established under the protective-tariff system as the business of this country to-day is adjusted to a protective-tariff system.

The measure before the House was prepared with absolute disregard as to the cost of production abroad; absolute disregard of the effect of foreign competition; in absolute disregard of the extent that labor in the United States may be discharged as the result of increased importations from abroad.

In the campaign of 1912 and earlier in this House it was charged by Republicans that the Democratic Party was a free-trade party. With great heat this charge was denied here and denied throughout the United States prior to the election of 1912, yet the Underwood bill—the administration bill it may well be called—approaches nearer a free-trade measure than any tariff law ever presented to an American Congress. Its

free list is of greater length. Imports aggregating last year more than one hundred millions, which paid a duty under existing law, would enter the country free under the provisions of this bill.

More foreign goods.

Under the free-list provisions of the bill and the radical lower rates of the dutiable list importations from abroad will increase enormously. Every dollar of foreign product or merchandise that enters the country will replace labor and production here. Our money will be spent in the employment of labor abroad instead of at home.

Advocates of this measure claim it will lift the burden of taxation from the average man and lower the cost of living. Nevertheless the measure plans to collect from the country millions of dollars more than the existing law collects, and should its enactment be followed by stagnation in business it will add to the burdens of the people, and, instead of reducing the cost of living, as claimed by many, it will reduce living.

It is contended by those in charge of the bill that a protective tariff creates trusts, but regulation of tariffs will not prove the solution of the trust question, and, as many of the so-called trusts are to-day international in their scope, it is probable that the tariff reductions will have little effect upon them and in many instances greatly add to their advantage.

Will lose Cuban trade.

It is claimed for the measure that it will extend our foreign trade. It is obvious that it will increase our purchases abroad but not probable that it will materially increase our sales across the water, while in Cuba the passage of this measure will probably result in the termination of the preferential treaty with that island and the loss of a large and growing trade in flour, potatoes, and other products of the United States that are now sold in the Cuban market under the treaty advantages.

If the preferential treaty with Cuba is terminated, as I believe will be the ultimate result of the passage of this legislation, the Cuban trade will be lost by us to Canada, who will

capture it with her subsidized steamship lines that are now being extended from the Maritime Provinces to the West Indies.

The present administration has taken over the Government of the United States while the country is enjoying the full swing of business prosperity that has existed throughout the entire period of the last Republican administration—industrial prosperity unequalled in our history. Never have our agricultural interests been so active and the encouragement to develop and cultivate the soil been so great as in recent years.

Will discourage agriculture.

The policy of the Government should be to encourage these conditions, as upon the prosperity of the farmer depends the prosperity and future of the Nation. The measure before Congress holds out no inducements to our agricultural interests. Indeed, this bill seems to have been drawn wholly for the purpose of slaughtering the American farmer. None of his products are left untouched. It is far worse than reciprocity, as it places him in direct competition with the world. It will compel him to compete with the farming conditions of Europe, and may compel him to withhold his children from school and his wife from the household for work in the field.

This measure will not only bring depression to our agricultural interests, but to our manufacturing interests, if we can judge anything by our political history, which is full of the record of disaster that has almost invariably followed radical reductions in the tariff. Many times in the past 124 years, since the adoption of the Constitution, we, as a people, have changed our financial policy, sometimes from protection toward free trade, and as often been driven back to the policy of protection by hard experience.

First protective tariff.

From 1812 to 1816 the country enjoyed its first real protective-tariff laws. During that period five in number were enacted, which increased the entire list of duties about 100 per cent. Under the policy the American market was reserved for the American manufacturer, and notwithstanding the severe drain of the war with England the country was more prosperous and wealthy at the close of the war than at its beginning.

Act of 1816.

April 27, 1816, Congress by an act greatly reduced the duties, with the result that business depression came over the country. Henry Clay described the effect some years later:

We behold—

He said—

general distress pervading the whole country; unthrashed crops of grain perishing in our barns for want of a market; universal complaint of the want of employment and consequent reduction of the wages of labor. Property of the Nation has on an average sunk not less than 50 per cent within a few years.

Tariff of 1824.

May 22, 1824, Congress passed a new tariff act. It was a protective tariff, and was followed by business revival. The factory, the farm, our shipping, mercantile, commercial, and every branch of business enjoyed great prosperity. In 1828 the duties were further increased by Congress. Mr. Clay, in an eloquent speech in the United States Senate on February 2, 1832, said:

If I were to select any term of seven years since the adoption of our Constitution which exhibited a scene of the most undisputed dismay and dissolution it would be exactly that term of seven years immediately preceding the establishment of the tariff of 1824. If a term of seven years were to be selected of the greatest prosperity which the people ever enjoyed it would be exactly that period of seven years which immediately followed the passage of the tariff law of 1824.

Tariff of 1832.

On July 14, 1832, a new tariff law was enacted to reduce the duties to a uniform level of 20 per cent ad valorem. The reduction was gradual and extended over a period of several years, but its effect on business was disastrous. One writer charges it generally to being the cause of the great financial crisis of 1837. He said of it:

Within five years a panic swept over the country that almost beggars description for its severity and its distress. Not only were manufactures prostrated, but commerce, navigation, mining, and especially agriculture shared in the general wreck. Mortgages were foreclosed and forced sales made in every direction.

Tariff of 1842.

In 1840 the voters of the country rose in their might and drove from power the party that they held responsible for the tariff of 1832, and on August 30, 1842, another protective law became effective. During its existence, a period of four years, business of the country recovered and financial distress and

depression passed away, and the prosperity of the agricultural and manufacturing interests were restored.

Tariff of 1846.

The Walker tariff, as the tariff measure of 1846 is often called, was a low-tariff measure and is often pointed to by the Democratic Party as the tariff that brought the greatest and most beneficial results to the country, thereby justifying low tariff rates.

But conditions other than tariff affected that period. Successful war with Mexico and the expenditure and distribution of \$150,000,000 in the country in order to carry on the war stimulated industry. Gold was discovered in California, giving further impetus to business, while famine in Ireland made enormous demands for our breadstuffs.

As time passed on, however, the benefits of these unusual conditions passed away, and March 3, 1857, the duties were further lowered by Congress, and there followed business depression in all classes of industry. President Buchanan, in a message to Congress late in 1857, called attention to the situation in the following language:

In the midst of unsurpassed plenty in all the productions and elements of national wealth we find our manufactures suspended, our public works retarded, and private enterprise of different kinds abandoned, and thousands of useful laborers thrown out of employment and reduced to want.

With these distressing conditions throughout the country the demand for a revision of the tariff system became imminent, and it was revised along the lines of a protective tariff, which went into effect on March 2, 1861, at the very close of the Buchanan administration.

Tariff of 1890.

The McKinley law, as the law of October 6, 1890, is generally known, was a protective-tariff measure, but before its effect could be judged the election of November, 1890, occurred and a Democratic majority was chosen in the House of Representatives, and with the impetus thus gained two years later the Democratic Party elected Grover Cleveland President and secured control of the Senate as well as the House.

For a long period protective tariffs had been in force and a demand existed in the country for a trial of lower customs rates. In response to this the Democratic Party sought to enact legislation in accordance with the Democratic ideas of tariff reform.

Tariff of 1894.

August 27, 1894, the Wilson-Gorman bill became a law, and became such without the approval of President Cleveland, who withheld his signature. The measure was publicly condemned by the President and later by the country. It was a low-tariff measure, and its effect on business was destructive. Farm values throughout the country went to the lowest point that they had reached for many years. All classes of farm products and stock were practically without a market. Unemployed men swarmed the country in every direction in search of work. Able-bodied men accepted labor at wages that gave them practically nothing but their board. Manufacturing everywhere was at a standstill, trade and commerce were paralyzed. The Government revenues fell to so low a point that it was compelled to issue bonds to pay its running expenses. These conditions not only followed the enactment of the 1894 law, but began to accumulate some time prior to its enactment in anticipation of its results. Again the country turned after this bitter experience to a protective tariff, with the result that in the elections that followed in 1896 the Republican Party was returned to power in both branches of Congress, and William McKinley was elected President of the United States.

Tariff of 1897.

In 1897 the Dingley tariff law—probably the most skillfully drawn protective-tariff law that this country has ever known—was placed on the statute books of the Federal Government. The results that followed this law were most strikingly beneficial. Business of the country was restored to a sound financial basis. Prosperity burst forth in every line of industry. Since its enactment farms and the mills have flourished to an extent unequalled in our history as a Nation. The results of the measure vindicate to the very last degree the wisdom of the protective-tariff system for this country.

The tariff law of 1909 continued in force the protective policies under which the Nation had made such great progress since the enactment of the law of 1897.

In the light of the history of tariff legislation of this country, can it be expected that the radical lowering of rates proposed by the Underwood bill will be beneficial? How can we view the provisions of the bill other than with alarm?

The Democratic Party is not unlike a man who has just inherited a rich estate. Will the party be able to carry it on, continue its prosperity, and increase it, or will it, through the adoption of most violent and radical changes in the fiscal policy, experimental and uncertain in result, stop production, ruin the estate, and leave it mortgaged and in bankruptcy?

Discrimination against New England.

An examination of the proposed tariff law leads me to believe that it is not only built along free-trade lines, but it intentionally discriminates against industries of the New England States. For years Senators and Representatives of the West have been charging that New England was unduly favored in tariff legislation, and I believe that the same feeling is entertained in the South, as during tariff discussion within two years a prominent Member from a Southern State declared on the floor of the House that he was in favor of a tariff that would close the cotton mills of New England and force them to move to the cotton fields of the South, where they belonged. Congress and the Presidency are to-day in control of southern men.

Woolen industry.

The tariff bill itself bears evidence of this discrimination. It makes radical reductions in the duties on cotton goods. It is especially aimed at the great woolen industry of New England. It is toward the manufacturer of woolen goods that the full force and fury of this Democratic revision seems to be directed. Here we find the most severe cuts in the rates. These mills are to-day in sharp competition between themselves. Add foreign competition and many will be compelled to close their doors.

The chairman of the Ways and Means Committee asserted here on the floor but yesterday that the old, worn-out mills

were being sustained through tariff legislation. Did he refer to the woolen industry of New England? There may be some such mills, but the vast majority of the New England woolen mills are the most modern in equipment and up to date in construction to be found in this or any other country.

Shoe industry.

That leading industry in New England, the shoe industry, seems also to have been selected for sacrifice, as shoes have been placed on the free list. Why does the Democratic Party favor endangering the shoe industry of the New England States? American shoe machinery will be set up in Europe, operated by the low-cost labor of foreign countries, and our markets supplied by the foreign article. This must be the inevitable result.

Sardine industry.

The New England fish industry is also the subject for severe attack by the provisions of this bill. The rates proposed for the sardine packers of Maine threaten to transfer a great portion, if not the whole, of that important industry to Canada, an industry which has built up and maintains large communities along the coast of Maine. If present wage scales are maintained for those employed in this industry, competition with the Canadians will be impossible, and much less with Norway, which is a strong competitor for the American market, and where, I am told, the labor of girls employed is from 18 to 20 cents and men from 40 to 50 cents per day.

Maine pulp and paper industry.

A New England industry of great importance, not only to New England but to the country, is that of paper making. In the State of Maine alone there are 44 pulp or paper mills in operation. They represent investments of more than \$40,000,000 in mill properties and employ more than 15,000 men. One company alone—the Great Northern Paper Co.—has an investment of more than \$18,000,000 employed in paper making. It employs 1,500 men in its mills and in getting the raw material from the forest about 3,500 men, and produces 565 tons of paper per day.

These paper companies are developing the resources of the State. They are developing the heretofore undeveloped water powers of the State. They are developing properties, towns, and communities, often in the very wilderness of Maine. They are supporting thousands of people of the State, giving millions of tons of freight to railroads, and furnishing business to the business men of Maine, large and small.

The future of the State of Maine depends to a great extent upon the continuance and development of this great industry. There is an empire undeveloped in northern Maine, though it is in the older part of the United States. It is a vast territory containing millions of acres of unbroken forest that slopes toward the St. John's waters and is drained by that important river. On this territory it is estimated that there is about fifty millions of cords of pulp wood, which would supply an annual stock forever, by cutting at the rate of 3 per cent per annum, to paper mills producing 2,000 tons of news-print paper per day.

Great paper mills are on the eve of construction along the St. John River in Canada. Pass this bill unamended and you will insure the delivery of the great wood products from more than 4,000,000 acres of Maine forests to paper companies along the St. John, in New Brunswick, for manufacturing into a finished product to the upbuilding and growth of the Dominion of Canada, not alone for the present, but for all time.

Pass this bill unamended and you will prevent the development of this great raw-material producing territory within the United States and prevent the development of its vast undeveloped water powers, estimated to be equivalent to 200,000 horsepower, now running to waste. To my mind, the situation I have just mentioned presents a most forcible illustration of the possibility and probability of driving by legislation raw material out of the United States for manufacture into a finished product in a neighboring country. The northern Maine situation should cause Congress to pause and give to it its fullest consideration, as it is of the greatest importance. This bill will decide as to whether water power to the extent of hundreds of thousands of horsepower shall be developed and employed in the manufacture into a finished product raw material within our

own country, for our own people, and the development of our natural resources.

Keep raw material at home.

Amend this bill so as to give this great industry fair treatment and reasonable protection. Give to it at least such protection as the Mann report said it should have, and in so doing you will legislate to save to the people of the United States the enormous natural wealth in raw material in northern Maine, and in so doing you will legislate to develop the resources of the country and upbuild the United States. My time to speak on this subject is too limited to do it justice, and I can not find language strong enough in which to condemn this legislation which will turn over to Canada the products of one of our great forests, and at the very time when the Canadian Provinces are passing restrictions that compel the manufacture within the Dominion of Canada into finished products, the products of her forests. In view of our own situation and the ease with which we might reserve these natural resources to ourselves—in view of the attitude of the Dominion and Provincial Governments—this legislation as proposed is unexplainable, unless, as it has seemed to me, that there is a well-determined purpose to discriminate against the New England States.

Canadian potato menace.

One of the chief food products of the country is potatoes. One of the great potato-growing sections of the country is New England and particularly the State of Maine. This industry in Maine is exceptionally exposed to foreign competition. On three sides the State is surrounded by Canada. Across the international line farm lands equally as good as those within the State are valued at 30 to 50 per cent less. Farm labor per month is proportionately less. The potato pickers of Aroostook County last fall were paid from \$2.50 to \$3 per day, while at the same time in the Annapolis Valley, in Nova Scotia, the same class of labor was receiving \$1.50 per day.

The Democratic tariff bill selects this great food product grown in New England States for sacrifice, placing it on the free list and placing it there now, with the result that it will im-

peril the price of the crop this year; placing it there in the face of the fact that foreign potatoes can enter the markets of New York and Boston, the great potato markets of the East, at water rates far cheaper than northern Maine potatoes can be transported to such points by rail.

Danger of foreign potatoes.

The danger of this foreign competition is clearly shown by the extent that foreign potatoes entered these markets during the last fiscal year, even with the present tariff in force. For the fiscal year ending June 30, 1912, there were imported into this country from England 3,377,426 bushels; from Scotland 4,645,877 bushels, and from Ireland 4,606,981 bushels of potatoes, which, together with some other importations, brought the total amount of potatoes imported up to nearly 14,000,000 of bushels, which paid the duty of 25 cents per bushel and entered our markets. With that duty removed foreign potatoes many times that amount will annually be imported and take from our farmers our markets to that extent.

Maine farmers injured.

Add to the foreign competition the competition of Canada, with her lower-priced lands, lower-paid labor, and cheap water transportation from the Maritime Provinces to Boston and New York markets and it will be seen that the Maine potato grower will, under the provisions of the pending bill, suffer from severe shrinkage in his land investment and in loss of market for his product. All considered, the present 25 cents duty is none too much to properly equalize conditions with the potato producer, foreign or Canadian.

If this administration believes that a reduction in the potato tariff should be made, it should be made gradually; only a portion should be removed at this time. The immediate free listing of this important product, in the production of which so many have their all invested, will bring financial ruin to large numbers of farmers in the New England States. If this provision in the bill free listing potatoes is allowed to stand and become a law, the Democratic Party must be held accountable in the elections to come for whatever distress and disaster follows.

This tariff discrimination against potatoes is particularly unjust in view of the fact that the framers of the bill in dealing with other important food products not grown in New England dealt differently.

Unfair discrimination.

The great wheat-growing sections of the Northwest are allowed to retain a duty of 10 cents a bushel on wheat to guard their product against the wheat fields of Canada. The rice of Texas and other Southern States is amply protected under the provisions of this bill for the well-known reason that in the South they are making at present large investments in rice culture and a protective tariff is necessary to promote the industry; consequently the rice growers are taken care of. The producers of pineapples, oranges, and grapefruit in Florida are allowed protective duties, and the Louisiana sugar grower is given three years in which to adjust his business to the proposed free listing of his product.

I assert again that the Underwood tariff measure now before Congress contains in its provisions deliberate, intentional, and unjust discriminations against the manufacturing and agricultural interests of the New England States. [Applause on the Republican side.]

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