

Bounty on Sugar.

S P E E C H

OF

HON. WM. C. P. BRECKINRIDGE,

OF KENTUCKY,

IN THE HOUSE OF REPRESENTATIVES,

On Saturday, July 7, 1888.

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The House being in Committee of the Whole on H. R. 9651, "An act to reduce taxation and simplify the laws in relation to the collection of the revenue," and having under consideration the schedule as to sugars—

Mr. BRECKINRIDGE, of Kentucky, said :

Mr. CHAIRMAN: I do not desire to submit any remarks at this time on the political aspect of this question, nor as to what is the proper construction of the Republican platform. I leave that for the present to my venerable friend from Pennsylvania, Judge KELLEY, and to the experienced and distinguished gentleman from Illinois [Mr. CANNON], and to the various gentlemen on the other side who have ranged themselves under the hostile banners of those two eminent and redoubtable leaders. When they settle their family difficulty among themselves and agree upon the proper interpretation of their platform, then possibly we may desire to discuss it.

The sugar tariff as a business proposition is an important matter. There are several observations I desire to submit before this debate is ended. The sugar industries stand in a peculiar relation. We raise in America, in the State of Louisiana, a certain amount of sugar. I presume fairly to be estimated at about 9 per cent. of what is used by our people. We import under our reciprocity treaty with the Hawaiian Islands about 8 per cent. of the amount used in America. And we import, subject to duty, 83 per cent.

I do not mean to say that these figures are absolutely accurate, but they are approximately so. The amount of duty paid by the American people last year was over fifty-six millions of dollars (\$56,515,601.57).

Now that is only one-half of this question, large as that is. On the other hand, every pound of sugar imported into America upon which duty is paid is raw sugar. The present schedule was so framed that no sugar is imported in its refined state. The importation of refined sugar is so small as to be comparatively nothing.

Mr. DINGLEY. Will not that be the result of the bill framed by the Committee on Ways and Means?

Mr. BRECKINRIDGE, of Kentucky. The schedule in the present law remains untouched in its nature by the Mills bill. The sugars upon which duty is paid are imported in their raw state and are refined in America.

The sugar-refining business, therefore, is a very large industry, in which many millions of dollars have been invested.

Mr. BRECKINRIDGE, of Arkansas. Will not the margin between raw and refined sugar which exists under the present law be materially diminished by the Mills bill, so that there may be imports of refined sugar?

Mr. DINGLEY. I do not believe there would be such imports under the schedule framed here. Is not the margin left so that there would be no imports?

Mr. BRECKINRIDGE, of Arkansas. That is conjectural. We materially reduce the margin, but whether we reduce it enough to permit imports remains to be seen. There can be if we reduce the margin. We have reduced the margin \$1 a barrel.

Mr. BRECKINRIDGE, of Kentucky. I was going on to say that on the sugar question the first half is different from the second half; the interest of Louisiana and the southern portions of America in the production of cane sugar is entirely different from the interest of sugar refineries, which under our tariff is very large. Many millions of dollars are invested in these refineries. They employ a large number of workmen. To each of these two halves of this question are attached incidental questions of great complexity.

Mr. GEAR. Will the gentleman permit me to interrupt him?

Mr. BRECKINRIDGE, of Kentucky. Not now. The agricultural side of this question is that contingent possibility of great increase in the production of sugar

in Louisiana, Texas, and Florida, by the growth of cane, the great increase under scientific researches and industrial improvements by the culture of sorghum, which can be raised in all parts of America, and the still more promising possibility growing out of beet culture in California and elsewhere. Each of these affects a large part of the American agricultural population.

To the other half of this question is attached the fact that there is indubitably a compact trust of great power, by means of which a tax can be laid on the American consumers of sugar, which results in a large profit to the trust and a considerable addition to the burden of the American people. Therefore, when the Committee of the Whole comes to consider this question, it has to consider it in the light of these various aspects. It is one, therefore, I hope outside, as it struck the Committee on Ways and Means and strikes me this afternoon, of the temporary struggles of contending parties and beyond the sectional aspect of particular agricultural interests alone, although this is most important. It is to be considered in a broader view, and our action taken with a purpose to do what is the best under all the circumstances surrounding Congress now.

We cannot shut our eyes to the fact, however much we may dispute about it here in the committee, that there are annoyances, inequalities, and burdens to the manufacturers of America growing out of this tariff; and that there are burdens which we ought to remove from other industries. We cannot shut our eyes to the fact that the various organizations of labor in this country have grown up out of the spirit of discontent and restlessness because of the present condition of affairs.

Now, to take the entire \$56,000,000, which is the net revenue from sugar, and the \$31,000,000 of revenue, which is about that derived from tobacco, making \$87,000,000 in all, absolutely renders this Congress unable to take any burden elsewhere off the manufacturers of America, or give relief to the tax-payers and consumers in any other direction, and thus remedy any just cause of discontent that labor which has organized itself into these bodies may have. It necessarily postpones for the present, if it does not indefinitely put off the day, of a true revision of the tariff.

It, therefore, was impossible, in our view of the case, to take all these duties off. It seemed unjust to do it in the light of the teachings of the last twenty-seven years with justice to the interests of the sugar refiners. It was impossible to do it in justice, in view of the teachings of years past, to the sugar producers of Louisiana; but higher than either of these interests in the minds of some of us, it was impossible to do it without deliberately determining to leave this whole tariff untouched, including all of its inequalities, exactions, and burdens, exactly as it now stands, and have all hope of any revision postponed, by the simple reduction from the public revenue of this \$56,000,000.

[Here the hammer fell.]

Mr. BURROWS. I ask that the gentleman be permitted to proceed without interruption.

Mr. BRECKINRIDGE, of Kentucky. I should like to have a few moments longer.

The CHAIRMAN. Without objection the gentleman from Kentucky will proceed.

There was no objection.

Mr. BRECKINRIDGE, of Kentucky. For this does not light a single furnace fire; it does not put into operation a single wheel; it does not give a single hour of added labor to the wage-earner; it is simply a reduction of revenue by so much by a reduction of taxation. Of course it is a relief to the tax-payers of the amount of the duty, for indubitably the duty on sugar is added to the cost of the sugar; and it would be, without that duty, cheaper, unless the destruction, if that would follow, of our sugar refineries or of sugar-producing interests in the country might thereby, by the want of, or by the lessening of competition, raise temporarily the price we might have to pay to those who produce and refine it.

But this would be all. Undoubtedly it would to that extent tend to relieve; and that is the whole extent of the relief it would afford. It is therefore the question when we come to make sugar free, as to whether the American Congress will relieve the consumers of the country by no other possible remedy; whether it will remove from the manufacturers, who have to pay enormous duties for the crude material, that duty which prevents them from competition with the foreign producers. We believed, we now believe, that as there must come into the market, as there must be used by the American citizens, a certain amount of finished product, that the true wisdom for this Congress, seeking to reduce the public revenues, was to let our system be so altered with such moderate, conservative, and cautious changes, as would admit into our

country the crude material rather than the finished product, so that the American worker could take that crude material and fashion it into the finished fabric; and that the profit of that manufacture should go to the American manufacturer, rather than to continue this system unchanged, by which the crude material is largely excluded and the finished product largely imported, whereby the American workingman does not get the benefit of that much labor, and the American manufacturer is cut off from the profit of that much manufacture, while the American consumer pays the difference between that which may be cheaply and profitably manufactured here in America and what he has to pay by reason of the duty and increased cost. Our proposition all through runs in that direction.

Now, the proposition of the gentleman from Illinois, and all propositions tending to free sugar, run in precisely the opposite direction. Whether you call it a tariff for revenue only, or by whatever name you choose to designate it, whatever political figure it may cut in the canvass as a business proposition, the proposition of the Ways and Means Committee is, so far as the revision goes, whatever distance it goes, which is but a short distance, in the direction of furnishing to the American manufacturer the crude material which he must work up into the finished product, that thereby he may become prosperous, that thereby the added labor may be furnished to the wage-workers of America; and as the manufacturer becomes prosperous, and the laborer becomes prosperous and contented, more material will be needed.

That material the American producer will find a market for. The man in America who has the material to sell can sell it to no one but a prosperous manufacturer. There can be no prosperous manufacturer without contented labor, so that our recommendation is in the line of prosperous manufactories built on cheap raw material for the purpose of furnishing to the American laborer and the American producer of raw material a stable, a constant, and a profitable market. The proposition on the other side leads in precisely the opposite direction.

Therefore the consideration of the duty imposed on sugar raises the whole issue as to the proper methods of tariff taxation, and, indeed, of all national taxation. It raises not only the question as to the effect of this tax upon sugar, but it forces upon us a consideration of the burden of this tax as compared to other taxes which must either be substituted or maintained in order to make up for the loss of revenue which the repeal of this tax would bring about.

It is unquestionably true that there should be and will be an abatement of taxation in order that the present excess of revenue may cease, that the expenditures may be more carefully revised, and that there shall be no idle accumulation in the public Treasury. But in the consideration of the method of such reduction of revenue it is important to consider the burden of each tax, and to discriminate among all the taxes now imposed, in order that the relief given shall not be limited only to the sum of the tax now paid, and which the Government receives, but may also relieve the people from a heavy tax which the people now pay, but the Government does not receive.

Every tax, no matter on what levied or how collected, must be paid out of the productive industry of the country. It must also be paid out of the current product; it is so much taken from the income—the reward of labor of each year—and must be subtracted from that gross income before the support of the people is taken therefrom. To whomsoever paid, whether to the Government, to the manufacturer, or by some mysterious process of distribution divided among the Government, the manufacturer, the importer, the laborer, and the consumer, it must be deducted from the income produced by labor before any part of that income can be applied to either the necessities or comforts of life.

No tax is a blessing—every tax is a burden; and the only possible defense for the exercise of the sovereign power of taxation is the inexorable demand of public necessity. The money must be absolutely needed for governmental purposes, and as the amount thus needed can be raised in the end only by taxation, such taxes ought to be laid as will bear with the greatest impartiality and uniformity and the least burden. The duty upon sugar is a tax. The Louisiana sugar being about 9 per cent. of the quantity used in America, the burden of this tax can be correctly estimated and exactly measured.

This tax practically imposes no incidental and additional burdens which unjustly weigh upon the payers of the taxes, imposed in reality for the benefit of classes and to aid other and no more deserving citizens in building up their private enterprises and making profit thereon. It is impartially distributed and equitably imposed. No tax can be more uniformly and widely laid. It is a tax on consumption. It is unfortunately a tax on what has become a necessary of life, and therefore relatively the poor pay more than the rich. As I believe all taxes are burdens, I do not advocate the sugar duty as a good thing; but as

revenue must be raised by taxation, I do assert that in the present condition of our industrial enterprises and of our Treasury that in the assortment of taxes it is most unwise to repeal the duty on sugar; that of all our tariff taxes it is the easiest to be borne, the most uniform and impartial, and producing the largest revenue at the smallest cost and the least hardship.

The proposed bill takes from the revenue from sugar \$11,346,707.98, and an average reduction on the present rates of 16.40 per cent. This is larger than the average reduction proposed by the committee in the pending bill, and, under all the circumstances, seemed the best that could be done. And I do not hesitate to appeal to the Committee of the Whole to vote down all amendments to this proposed schedule, which is the result of much labor, of frequent consultation, and of an earnest desire to reach a safe and just conclusion.

One word about bounties. The day for bounties is over. We might as well look these questions squarely in the face. The drift and current of public thought and the development of mankind are all in one direction.

The day is over when out of the National Treasury money taken from the people by taxation shall be paid to a private individual as a bonus to him for his private enterprise. It may temporarily survive in some of the States. It may be tried as some doctors try enormous doses of calomel or great bleeding. But it is over. It cannot last. It is absolutely illusive. It is more so than the temptations on the Mount of Temptation. If the gentleman's proposition were adopted to-day and a bounty was given on sugar it would not last as long as the gentleman's term to which he will re-elected. That is at an end.

It is true a protective tariff and a bounty are in some respects alike. Each is a bonus paid in the end by taxation upon the people for the private benefit of persons interested in enterprises that the Government thinks it due to the general good that they should be encouraged, but the result is private profit, private aggrandizement. Each is based on the conception that Government is paternal, and has a right to raise by taxation money for private purposes. The difference is that in the case of a bounty it is openly done. It is done by name. It is paid by the public Treasury. It is paid confessedly out of the money raised by taxation. It is so done that it can be accurately measured. If it be honest, if it be light and the cause be proper, it may be made to appear plausible. The country knows how much it is paying; it knows to whom it is paying; it knows for what it is paying.

The protective tariff is a bonus paid to persons interested in these industrial enterprises. It is paid indirectly. So far as the amount is in the shape of duties and goes into the Treasury it is added to the cost of the foreign article, but exactly how much is added the purchaser never ascertains. So far as it operates upon a domestic article which comes in competition with the article upon which the duty is laid it is paid to the manufacturer, but the consumer does not know how much is paid, nor does he know to whom he pays—whether to the producer, that is, the manufacturer, or whether by some mysterious process of distribution part goes to the Government, part the manufacturer, and part to the laborer. He pays it in an indirect way. The pill is sugar-coated. He would not pay it, and the system would not live ten years, if the amount that he had to pay thus indirectly and the person to whom he paid it could be definitely ascertained and definitely known.

But the day of bounty is over. It is a mere illusion. Whatever votes it may obtain in this House, whatever strength it may have in the other House—and, of course I mean no disrespect, it will operate as a pure sham. It is only a shadow; altogether a shadow. It will do no good to anybody except in one aspect. It will be an object-lesson by which the American people will somehow be more apt to learn what is a protective tariff and a bonus under it.

But it will not be adopted. It will not be adopted in this House. I do not believe even it will come as an affirmative proposition from the Senate. But if it does I have no idea it will be adopted by this Congress or any other Congress. It is simply a salve to the conscience of a protectionist who wants to get rid of the sugar duty, but does not exactly see how he can consistently do it, or it is to enable such a protectionist to get votes from somebody to help him carry it out.

Really at the bottom the reason for the repeal of the sugar duty, whether it be consciously realized or not, is with most of the gentlemen who are in favor of it simply because it holds out the hope that a duty so large if removed will give safety to the other protected industries which ask for duty. They imitate the ship-owner throwing over the least valuable of his goods to prevent his ship from foundering in a storm. It is like a man sacrificing part of his load to the wolves that are behind him to delay them in their progress. It is solely that so much revenue being taken away and the surplus being so much reduced this reformation, this revision of the tariff may be prevented.

I did not mean to take up so much time, Mr. Chairman. I only want to say in conclusion that I do not believe this question can be settled by the repeal of the tobacco and sugar tax; that in my judgment the American people, without regard to politics, have made up their minds that this tariff shall be revised; that these duties which are too great shall be reduced, and that those industries which have been built up under this tariff shall be cautiously and justly treated, that there shall be no recklessness in it. I believe the reason why the Mills bill, so much denounced, so often ridiculed, spoken of so lightly by gentlemen on the other side, has steadily grown in popular commendation [derisive laughter on the Republican side] is because it is a moderate, conservative, fair offer of a tentative proposition which cannot injure any industry and which may be a benefit to all.

Mr. REED. What does the gentleman mean by a tentative proposition? On the way; on the road; a temporary stopping-place on the road?

Mr. BRECKINRIDGE, of Kentucky. Has the gentleman finished his question?

Mr. REED. Yes.

Mr. BRECKINRIDGE, of Kentucky. "Tentative," according to my view, does not mean anything about stopping on the road; nor is this bill a stopping on the road, nor is it meant to be, so far as I am concerned. It is meant to be an honest effort to revise the present tariff as to the matters that are touched by it, and will on the one hand give to the industries which at present have protection a fair and just protection according to that system which they believe in, and yet on the other hand will give to the purchaser of the goods which they manufacture the chance to have a fair and open competition in the American markets, so that trusts, monopolies, and combines cannot take advantage of our acts and our tariff to make higher prices than are fair and just. That is what I mean. I trust it is satisfactory.

Mr. REED. Fair competition in the American market with what?

Mr. BRECKINRIDGE, of Kentucky. A fair competition in the American markets in all the necessities of life which have to be bought by the American people.

Mr. REED. Fair competition with what?

Mr. BRECKINRIDGE, of Kentucky. With what?

Mr. REED. Yes; with goods from where?

Mr. BRECKINRIDGE, of Kentucky. From wherever it may be necessary in order to give a fair price to the man who earns his money and pays for the goods. [Applause on the Democratic side.] We propose that the man who is an American citizen, laboring for the support of himself and his family, shall not be compelled by the operation of American laws to give an exorbitant price for that which he has to buy. That is what I mean. I mean only that, but I mean that frankly; there is no concealment about it.

And now, I want to say in conclusion, as the gentleman has asked his question, that as the matters which this bill has touched (leaving those untouched for future adjustment) our hope is, our belief is—I say it with whatever value it may carry, which may be little in the eyes of the gentlemen, but it is the result of much study and of great labor—we do believe that this bill if passed will, as to its more important schedules, as, for instance, the woolen schedule, result in giving to the woolen manufacturer a new and brighter day of prosperity, will drive from the American market the products that now come in from the foreign manufacturers, will give and the wool-grower of America a stable market; and I am in favor of it because I am in favor of the American workmen and the American wool-grower rather than of the foreign workman and the foreign wool-grower.