

# Taft Tells Why He Vetoed The Three Tariff Revision Bills

### Defends His Vetoing Record in Speech at Grand Rapids Takes Up The Three Bills Killed in Detail.

### Was Waiting on The Report of The Tariff Board And Therefore Refused to Sanction Revision of Tariff Measures.

By Associated Press.

Grand Rapids, Mich., Sept. 21.—President Taft was aroused early this morning to enter upon his fourth busy day in Michigan, the Grand Rapids program calling for every minute of his time from his arrival at 6:40 a. m., until his departure to the southern part of the state at 1 o'clock.

The president was greeted at his car by a reception committee headed by Senator William Alden Smith. Automobiles were waiting to take him to the Kent Country Club where breakfast was served, a large party of leading citizens being present. Following the automobile home into the Michigan State Soldiers' Home at 9:40, he was there at 10 o'clock, an automobile drive back to the city, a speech in an open air mass meeting in Cambridge Square at 11 o'clock, the principal address of the day, a 15 minute talk at the Central High School at 12:30, a 15 minute talk at the Ladies' Literary Club at 12:40 and departure for Battle Creek at 1 o'clock.

### The Veto of the Woolen, Free List and Cotton Bills.

My Fellow Citizens: I am going to tell you in as simple a way as I can why I vetoed the three tariff bills which congress submitted to me for signature at the close of this extra session. I called the session to secure the enactment in law of the Canadian reciprocity treaty. This was done on July 22. Thereafter, the wool bill, the free list bill, and the cotton bill were presented to me for signature and I returned them, without my approval, and explained my reasons for so doing in a special message on each bill.

What I say here will be in large part a resume of those messages, with some additional suggestions that the general character of this address permits. I am not going to discuss the Payne bill, except to say that the controversy over its merits and demerits developed a very strong sentiment among Republicans, and, indeed, among many democrats, that a bureau of investigation or board of competent persons should be constituted to make investigation into the facts concerning the probable articles in the tariff, and to report them in such a way that congress and the public might be reliably advised of the probable effect of any proposed revision of the tariff in the future. It was properly felt that even when full opportunity for hearings were given as they had been by the committees of the house and senate, in the case of the Payne bill, the advocates of the protected interests would have the advantage over the assuming public, who would not be able to secure and present the evidence in their behalf for lower duties needed to secure a just judgment. The Payne bill offered an opportunity to use to appoint a board of competent persons to assist me in the administration of the revenue laws and especially of the maximum and minimum clause of that act; and the revenue laws were of sufficient latitude to enable me to direct this board to make a "glossary" of the tariff terms and a kind of encyclopedia which would furnish a guide to the understanding of the tariff, and also to proceed to determine the comparative difference between the cost of production of dutiable articles under the various tariff schedules in this country and abroad.

At the extra session of 1909, congress had given me \$75,000 which I could spend for this purpose; at the regular session of the same congress, the sixty-first, the appropriation was reduced to \$250,000, to cover expenses down to July 1, 1911. Meantime, the movement for a permanent tariff commission or board to effect these general purposes acquired great momentum. Business associations of the country were united to form a special society for the promotion of such legislation, and the campaign for it was carried on with both houses of congress. I gave the project as strong support as possible, and made a number of public addresses in support of it, and sent a specific recommendation of the plan in a congressional message. The republican conventions of 28 States adopted resolutions strongly advocating a statutory tariff commission, and deprecating any future revision until needed evidence had been gathered and impartial conclusions drawn as to the facts upon which such revision could be properly made.

### Tariff Commission.

Of course with republicans, in order to secure a proper revision of the tariff to which they were committed, it was essential to know from an unbiased source the difference between the cost of foreign and home production, for this was the limit of protection which the moderate protectionists among them and the last party platform had set. They did not wish to injure the important industries of the country by taking away from them the measure of protection needed to enable them to live against foreign competition, but they did intend in the next revision to give them more than this.

Of course the democrats recognized such a measure of protection as just, but many of them contended that such a commission was necessary to secure the facts upon which a proper tariff revision only could be framed. The result was that by republican and democratic votes, and among the republicans the so-called progressive or insurgent republicans were the most

earnest in its support, a bill creating a permanent tariff board of five, to be appointed by the president, with power to summon witnesses and secure their evidence under oath, was passed by the house. No more than three members of the same political party could be appointed as members of the board. The investigations to be undertaken and the reports to be made were set out in the act and included as proper subject matter the comparative costs of home and foreign production. The board was to report to the president and to congress as either directed. The bill went to the senate and was there amended in a few unimportant particulars, one requiring confirmation of the appointment of its members by the senate and another modifying in some respect the inquisitorial powers of the board. These changes necessitated a return of the bill to the house for its concurrence in the amendments. A large majority favored concurrence, but a small minority was able to beat the bill by filibustering in the last hours of the session. In the uncertainty as to the passage of the bill, both houses had provided \$225,000 for me to continue the tariff board then existing if the bill for the other board failed of passage. In this appropriation bill the statutory tariff board, if established, was directed to investigate and report upon schedule K on wool and woolsens by December 1, 1911. This direction was the result of an amendment offered by a democratic senator.

### Personnel of Tariff Board.

Upon the failure of the bill for a statutory board, and in an earnest effort to enable congress to act with accurate knowledge on schedule K, and indeed, on schedule L—on cotton manufactures—I issued an order to the tariff board already appointed to continue the necessary investigations of these schedules and to report upon the same on December 1 next. In order to make as good a substitute for the statutory tariff board as I could, I added two competent democrats to the board. The board consists of two professors of economics of the highest standing, one at Yale and one at the University of Virginia, a former assistant secretary of the treasury in charge of customs, the proprietor and editor of an agricultural and stock raising newspaper—an authority on these subjects—and a former democratic congressman of great ability and experience from Georgia. Except the former assistant secretary, who is a republican, and the former congressman, it is hard to say that the members have any politics at all, certainly none which will prevent impartial investigation and judgment. They are to report on the "glossary" and the facts as to the comparative cost of foreign and domestic production after investigations made by experts in their employ. They have 80 persons under them working hard to complete the work marked out for them.

I have gone over with care this history of the movement for a tariff board in order to show how fully committed I am to the proposition that we ought not to have any revision of a schedule of the tariff without accurate information as to the operation and effect of the proposed changes, and further to show that in this view I have had in the past the hearty support not only of the regular republicans, but also, and even with more emphasis, those who call themselves progressive republicans.

Second, I also wish to point out that all republicans of whatever shade are committed to the maintenance of our protective duties on imported articles which shall equal the differences in the cost of production at home and abroad.

Third, Except for the extra session called only to pass upon the reciprocity bill, the first time that the sixty-second congress could consider and pass upon tariff schedules would be in December, and at that time its predecessor, by consent of both parties, had fixed as the proper time at which a full report as to the most objectionable schedule ought to be reported. With the money granted me by congress I had provided a board, nonpartisan, and with the same personnel as the statutory board would have had, to make a report not only upon wool but also upon cotton.

Although many of the democrats had assisted in the support of the statutory tariff board bill and had advocated such a means of securing accurate information in respect of the probable operation of the proposed revision, the house at once began to make a record for political purposes by passing three tariff bills, the wool bill, the free list bill, and the cotton bill. They gave no public hearings of any kind on either of these bills and they presented no satisfactory information upon which the effect of any of them upon the industries involved could be judged. Their investigations may have been sufficient to satisfy the conscience of a tariff-revenue man who believes in any reduction, however great, of existing duties, but for one pledged as I am to maintain a tariff high enough to enable existing industries to live, the case is different.

The wool bill proposed a revenue duty of 20 per cent upon raw wool instead of 12 cents a pound, a reduction of considerably more than 50 per cent of the present duty, and an average duty of 50 per cent on woolen cloth and manufactures. This was avowedly a tariff for revenue and was not drawn for the purpose of protecting the industries. It passed the house and went to the senate, where an

insurgent republican senator proposed a substitute in which the duty on wool of the first class was fixed at 40 per cent, and of a second class, or carpet wools, at 10 per cent, and the average percentage on the woolen manufactures was made 60 per cent. It was introduced by the author to be a protection bill. It was never submitted to a committee, no evidence was ever taken in regard to it, and it was evolved from the independent investigation of a single senator. A majority of the insurgents and the democrats in the senate compromised on a bill which made the tax on raw wool, first class, 35 per cent; second class, 10 per cent; and the average duty on woolens, 55 per cent. The bill, against the vote of nearly all the regular republicans and some insurgent republicans, passed the senate and was sent to conference, where a bill was agreed upon in which the duty was 29 per cent on raw wool, and an average of 49 per cent on woolens. This bill had the effect of raising the duty on carpet wools, as fixed in the senate, 19 per cent, and as fixed in the house, 9 per cent. Here was the first case presented to me. There was nothing in the record in either the house or senate from which I could obtain any information as to the effect of this bill upon the woolen industry of this country. I submit that the history of its making shows no principle whatever in the bill except a compromise between two opposing principles for the purpose of passing the bill, without any indication as to its effect on the industry to which it applies.

This bill reduced the duty on woolens to an average of 49 per cent with a duty on the raw material wool of 29 per cent. The Wilson bill, passed in 1894, had reduced the duty to 50 per cent, with no duty on the raw wool at all, a much more favorable arrangement to the manufacturers than in the present bill, and yet the years of the Wilson bill were years of disaster to the woolen manufacturers. It may be that other causes than the tariff contributed to the failure of woolen mills in the time of the Wilson bill, and it may well be that conditions in the woolen business have changed so that it does not need as much protection as then; but I had no adequate information, and had not been furnished with any information which I could say that the bill presented to me was in accord with the republican platform of protection upon which I was elected, and to which I am in honor bound to square my official act and policy. In the absence of such adequate information, and with the prospect of securing it in three months it became my bounden duty to withhold my approval of the bill. What was the necessity for such great haste in passing the bill at an extra session called for another purpose? The bill as it passed effect January 1, 1911. The bill as it passed the senate contained another similar provision. When the bill went into conference, I am informed that the suggestion was made that the date of January 1, 1912, for its taking effect would furnish a strong argument for delaying its passage until after December 1, when the tariff board could report. The date of taking effect was thereupon changed to October 15, 1911. Such care was not taken with the free list bill or the cotton bill, under which were made to take effect January 1, 1912.

### Schedule K.

Schedule K had been in force so long and its percentage was so high in many respects that I had not hesitated in times past to say that it ought to be reduced, and to explain how it came not to be reduced in the Payne bill as it ought to have been. But it is one thing to know that a schedule of this sort is too high, and it is a very different thing to know upon what items the great reductions should be made. If the principle to which I am committed, and to which the party is committed in the strong terms of its resolutions, which I have quoted above, was to be observed as a policy at all, here was the occasion for following it. If I had allowed the wool bill to become a law, the progress made in public opinion toward a better method of revising the tariff would have been entirely lost and the policy cast to the winds.

Some defense is made of the bill on the ground that the committee on ways and means had considered it carefully in a committee for a month or more, but the point is that the bill they prepared is not this bill. It is changed in all of its rates and materially changed to meet by compromise a bill that was never in committee at all, and the blending was done, as was said, with "blacksmith's tools." The house bill was a free trade or at least an anti-protection bill; what the hybrid was, who could tell? In view of the enormous value of the wool and woolen industry which might be disastrously affected, the bill was asking too much to delay the bill, under the circumstances, for 90 days merely to secure accurate information? I thought not. Indeed, I could find no argument which would satisfy my conscience in signing the bill.

### Free List Bill.

The free list bill was called the "farmers' free list" because of giving an impression that it was some sort of injury supposed to be done by the Canadian reciprocity. This reason was finally repudiated by the leader of the democracy on the floor of the house of representatives, and is certainly not true. There was nothing in the Canadian reciprocity bill that required any compensation to the farmers, for in very short period after actual operation it will appear that they, as well as everybody else, had been improved in condition by our larger trade with Canada. But the bill was framed and came to me in a form calculated to mislead as to its effect. In the first clause all agricultural implements were declared to be free, and a great many were named. These same implements were made free in the Payne bill and were named in that bill from any country which permitted our agricultural implements to enter it without duty. This opened to England the market of the United States for agricultural implements. As a matter of fact, the price of agricultural implements in America is cheaper, as shown by a report of the Bureau of Trade Relations of the State Department, to the American farmer, than to any farmer in the world. England is the one country that exports agricultural implements to any great extent, and so successful is the competition against her in this

country of American agricultural implements that practically very few have come in from England. This first clause, therefore, of the free list bill offers no boon to the farmers at all, although apparently drawn for the purpose of inducing them to think that it does contain some very general words at the close of the specially mentioned articles which by interpretation might be made to include 150 different articles used on the farm, but used in other vocations also. And these articles—the hammers, the tools, the cutlery, and the machinery of various kinds—are now dutiable under the metal schedule. To admit them under this clause would be to destroy entirely the symmetry of the metal schedule and produce such a confusion as seriously to interfere with the administration of the tariff act.

Another clause provides for the admission of barbed wire fencing free, and then all wire and other material which could be used for fencing, and including wire rods and wire rope. To let in barbed wire fencing alone would be unimportant to producers, but the framing of the amending clause is such that if it were to go into law it would have a serious effect upon the metal schedule and would utterly destroy the principle which was followed in its framing and would make free of duty some of the most highly sought articles under the metal schedule not used by farmers at all. Then there is a clause admitting jute and cotton bagging free, and materials from which made, which would allow common cotton cloth to come in free for any purpose, although under the cotton schedule, even as proposed to be amended by this congress, cotton is to pay a certain amount of duty. The bill also puts a duty on all kinds of the free list, except some kinds of leather, the materials which went into shoes. In other words, it put on the free list the finished product and continued the tax on raw materials. This would be such a burden on our manufacturers that its injustice must appeal to everyone. The fact is that under the Payne bill imported shoes were taxed 25 per cent, while in the Payne bill the duty was reduced from 25 per cent to 10 per cent, the duty on hides was reduced from 15 per cent to nothing, and the duty on leather was reduced to 5 per cent. No evidence was taken as to what effect this putting of shoes on the free list would have on the very highly important shoe industry of the country, and as it violated the first principle of justice in trade, namely, of putting the finished product on the free list and taxing the materials, it did not and could not commend itself to one who was pledged to the support of a moderate protective tariff.

### Meat and Flour.

Finally, the free list has two clauses affecting meat and flour. As they went through the house they put meat on the free list and flour on the free list. In the senate, however, an amendment was put on limiting the operation of these two clauses to imports from those countries with which we have a reciprocal relation and which admit certain agricultural products of ours free. This limitation made Canada the only country which would be affected by the provisions of the clause. Now, in our negotiations with Canada for reciprocity we attempted to secure free meat and free flour. Canada would not consent to this, because she feared the effect of our competition with her meat and flour. This showed that importations of meat and flour from Canada without duty would not have any effect to lower the price. In this country of either in normal times. But this free list bill was giving to Canada something for nothing. This congress at the close of the act approving the Canadian reciprocity agreement directed me to continue negotiations and expand its terms, and yet in these provisions it proposed to deprive me of using the concessions of free meat and free flour to secure concessions from Canada. Thus the bill was so loosely drawn, it was drawn on such a wrong principle, and with so little information, and it purported to do so many things which it did not do, that I had no hesitation in vetoing it.

### The Cotton Bill.

Finally, the cotton bill came to me. This bill differed from the others in being a bill for which the democrats alone, and not the insurgent republicans, were responsible. It had passed the house on the report of the ways and means committee made without the taking of any evidence of persons interested in the manufacture or any other terms, and yet in these provisions it had completely changed the method of classifying cottons, the method of classifying threads in the yarn instead of by the threads in the piece and the specific duty upon the square yard, as in the present bill. This was a most important change, and it had been adopted after an informal communication in writing with the Bureau of Standards and after an adverse report by the treasury experts. The bill was adopted avowedly as a free trade bill by the house. It came to the senate and was passed in the form in which it was passed in the house, except that certain amendments were added. One was an amendment cutting down the metal schedule by a sweeping reduction of 30 per cent, and the other was an amendment of the chemical schedule with a purported reduction ad valorem of 25 per cent. So hastily little attention was paid to the consideration of it in the senate, especially in the chemical schedule, that the most ludicrous results were reached. In the first place, although the amendments radically changed the metal and chemical schedules, no change was made in the title, which still read "An act to reduce du-

ties on cotton manufactures." An amendment was introduced in order to make certain that in the cotton and chemical schedules there must be a reduction of all rates to not more than 30 per cent ad valorem, but it was so placed in the act that by its language it could only apply to goods already in the customhouse, upon which duty had not been paid. The calculations by which the specific duties in the chemical schedule were transmitted into ad valorem rates and then reduced, 25 per cent were exceedingly faulty. The senator who proposed the reductions said that he had secured the services of a statistician at the treasury department, who had done the work as he told him to do, and that that was all he knew about it.

Senator Williams, a democratic member of the committee on finance of the senate, objected to this method of adopting a most important schedule. The chemical schedule. The chemical schedule is the first schedule in the list. It has 85 items, and of these 66 have specific imports. Nevertheless, the bill went through, and it went back to the house and was submitted to two days' examination by the ways and means committee of that body.

Then it passed the house under a rule that permitted no amendments whatever. I had the bill examined by experts, especially with respect to the chemical schedule, and even in the very short time I had, I found the greatest confusion produced by the amendment. Upon a number of the articles the reduction was greatly more than the proposed 25 per cent, reaching in some cases 75 and 100 per cent, and on other articles, instead of being a decrease, there was an increase all the way from 5 to 100 per cent. The bill was supposed to be a concession to the North Carolina cotton interests, and to be intended to cheapen the bleaching, dyeing, and coloring materials needed in that business. The very comical effect of the bill as amended was that instead of reducing the duty on bleaching powder 25 per cent, it increased it 40 per cent. But even a more serious defect in the bill was in those changes affecting the alcoholic compounds contained in four or five items, in respect to which in the Payne bill and in all previous tariff bills, in order to prevent the use of these items to import alcohol at a small duty, compensatory duties had been imposed of about 40 cents a pound, or \$4.60 a gallon. Under the provisions of the new bill, these alcoholic compounds and articles containing alcohol would come in at a duty, making the tax on the alcohol from 8 to 10 cents a gallon, while the internal revenue tax on alcohol in this country is \$1.10 per proof gallon, and the duty imposed on it as an import is \$2.60 a gallon. The opportunities for the introduction of cheap alcohol and the danger of evasion, or the breaking down of the internal revenue law by such a change in the chemical schedule, I need hardly elaborate. The bill was impossible and of course I vetoed it. There was in the passage of the bill in the amendments, and in the general treatment an indication that the support of the bill was based rather on a desire to make a political record in favor of lower duties than upon a serious proposal to change the law. At least this is the only explanation that can be offered of the careless, artificial, and altogether unsatisfactory character of the three bills.

I have gone into this matter at considerable detail in order that my position with respect to these bills and the general treatment of the tariff may be understood. I am in favor of the reduction of the tariff wherever it can be done and still give a living measure of protection to those industries of the country that need it. But I insist that we have reached now a point in the history of tariff making when everyone ought to realize that the tariff should not be changed and business disturbed except upon information which shall enable us to pass bills that will disturb it least. Our whole business system rests upon the protective tariff basis. The real hope of men who are in favor of lowering duties is to pursue the policy of securing accurate information to keep the tariff rates down as low as possible consistently with the normal operation of the tariff under those conditions and that in itself will secure, if we adhere to the policy, a reduction of the tariff rates from time to time; but to cut them now "with blacksmith's tools," to invite in the next two or four years a revision of feeling, and then a recurrence of high tariffs. This I would deprecate, and so far as I can with the powers given me by the constitution, I propose to stop such a movement and to secure a reduction in accordance with the principles of the republican platform, and on information accurate and impartial. If that policy is not approved by the electors, then, of course, those of us who are now in office must give way to men who will carry out a different policy; but while we are in office our position ought clearly to be understood. We follow this policy not only because we are pledged to it, but because we believe it right, because we believe that a full discussion and a clear perception of the part of the people will convince them ultimately to approve and adopt it.

Some people don't mind a mosquito bite any more than the prickings of conscience.

Some people are always looking for trouble, and are never satisfied with it when they find it.



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