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UNIVERSITY OF LOUISVILLE

HENRY WATTERSON AND THE TARIFF

1876 - 1897

A Dissertation

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Of the Graduate School of the University of Louisville

In Partial Fulfillment of the

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Of Master of Arts

Department of History

By

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HENRY WATTERSON: HIS EARLY LIFE AND EVENTS LEADING
UP TO HIS FIRST STEP INTO POLITICS

CHAPTER I

HENRY WATTERSON: HIS EARLY LIFE AND EVENTS LEADING UP TO HIS FIRST STEP INTO POLITICS

The tariff question has been important throughout our entire history. Tariffs existed during the Colonial days for the benefit of the Mother Country - England. After the Revolution, the States took advantage of their freedom to provide large revenues for themselves, until finally the Constitution of the United States gave Congress sole power to levy duties on imports.

Tariffs have been levied for two important purposes. Revenue was the primary object of early tariffs, but from the first they were also used to stimulate industry along certain lines. This idea became known as the protective tariff and was demanded by the industrialists for the protection of their industries. The tariff had its ups and downs during our early history, reaching a high point just after the Civil War. As the revenue from imports created a surplus in the treasury, tariff rates were slightly lowered in 1872. The Panic of 1873 creating a deficit in the Treasury brought about a higher tariff in 1875. Demands for reductions and for increases made the tariff an important political issue from 1876 to 1900.

One of the greatest advocates of a low tariff was Henry Watterson, editor of the Louisville Courier-Journal. This thesis is an attempt to outline Watterson's tariff ideas and activities in connection with the movement for tariff reduction.

Henry Watterson was born in Washington, D.C., February 16, 1840.¹ His parents both had a great interest in politics and young Watterson grew up in a very political atmosphere. At the time of Henry Watterson's birth, his father was a member of the lower house from Tennessee, an undoubting Democrat of the schools of Jefferson and Jackson, having succeeded James K. Polk in Congress.² Mrs. Watterson, who was from a very influential family herself, entered into the social atmosphere very quickly and soon became one of the great ladies of Washington society. Young Watterson acted as a House Page for a few years, though not officially accepted as such.³

Because of a slight defect in one of his eyes, which went totally blind in later years, Watterson received most

1 Samuel W. Wilson, History of Kentucky Vol. II (Chicago-Louisville: S.J. Clare Pub. Co., 1928), p. 467

2 Henry Watterson, Marse Henry - An Autobiography Vol. I, (New York: George N. Doran Co., 1919), p. 25

3 Ibid., p. 36

of his early education from private tutors. He nevertheless, attended a Protestant Episcopal School in Philadelphia for a short time. After reaching the age of eighteen, he divorced himself from formal educational contacts. An urge for close political relations surged through his veins, so he hastily packed his clothes and took the first train to Washington, where he could be with his father and with the friends he had made there previously.⁴

The Washington Playground was quite exciting to Watterson, but gradually this interest wore off to the extent that he felt it his grave responsibility to depart from such frivolousness and earn his own way in the world. His ambition at this time was to become a great man of letters, and he decided that New York was the proper starting place. But establishing a footing there was not easy, he found. Mr. Raymond of the Times, after hearing Watterson play the piano, in which from childhood he had received careful instruction, finally gave him a job as music critic during the absence of the regular critic.⁵ Watterson labored at that position for a short time, but soon found that his limited knowledge of music did not justify his holding such a position.

4 Ibid., p. 54

5 Ibid., pp. 54-59

Washington again called him. Mr. Jacob Thompson, who was then Secretary of the Interior, offered him a clerkship, which, needless to say, he quickly accepted.

At the beginning of the War between the States, Watterson having left the Interior Department, was working as Washington Correspondent for the Philadelphia Press. While residing at the Willard Hotel, he established an intimate acquaintance with Cameron, the new Secretary of War.⁶ Through this friendship he was offered the position of private secretary to Mr. Cameron. Family and political connections prevented him from accepting a position under a Republican administration, so Watterson decided to go back home to Tennessee. But Tennessee was not the same. All his friends had been called off to war and his state was about to be invaded.

Watterson was always passionately opposed to slavery, a crank on the subject of personal liberty. He believed that secession was treason, that disunion was the height of folly, and that the South was bound to go down in the unequal strife. Nevertheless, sympathy for his native state and a desire to be with his friends threw him into the rebel camp, and, once there, he decided to go through with it.⁷

6 Ibid., pp. 81-82

7 Ibid., p. 82

Commissioned as a Confederate officer, he first tried staff duty under General Leonidas Polk, who was making an expedition into western Kentucky. In a few weeks, illness overtook Watterson and he resigned himself to desultory newspaper work in Nashville, Tennessee.⁸ With the fall of Nashville, in the autumn of 1862, Watterson was forced to make a hasty departure. In his retreat from Nashville he met Nathan Bedford Forrest, who had just recently escaped from Fort Donelson. When Forrest was promoted to Brigadier General a few days later, he attached Watterson to his staff. Later he was made chief of scouts, and engaged in guerilla fighting against Union communications wherever possible. He interspersed these activities with newspaper work, primarily as editor of the Rebel, a Confederate newspaper in Chattanooga.⁹

Watterson had hopes of becoming rich during the war on possible commissions to be realized from Confederate cotton he planned to sell to English buyers. This vision of wealth exploded when the swiftly advancing Union armies captured the cotton and burned it.¹⁰ As cotton dealer, Watterson managed to cross the Union lines numerous times because of his friendship with high ranking Union officers.

8 Ibid., p. 84

9 Ibid., p. 85

10 Ibid., p. 161

During the middle of 1865, Watterson returned to Tennessee where he met Albert Roberts and George Purvis, two boyhood and Confederate Army friends, who were on their way to Nashville, Albert's father, John Roberts, was the chief owner of the Nashville Republican Banner, an old and highly respectable newspaper, which had, for nearly four years, been in a state of suspension. Watterson and his friends decided to revive the publication of this paper, with Purvis as business manager and Roberts and Watterson as editors. Money was supplied by John Roberts, and soon the paper was thriving.¹¹ Having a fairly sure income Watterson married Miss Rebecca Ewing on December 20, 1866. He also carried out the fulfillment of his dreams in a trip to London. From London he went to the continent where he hobnobbed with royalty.¹²

Upon his return to the United States, two very important positions in Louisville were offered Watterson. These offers proved to be the turning point in his life because they started him on the road to become one of the country's best known editors. Louisville, at this time, had two important newspapers, the Journal and the Courier.

11 Ibid., p.165

12 Ibid., p.165

George D. Prentice, who was then part owner of the Journal, offered Watterson part ownership and the position of editor. Mr. Haldeman, whom Watterson had known in the Confederacy and who owned the Courier, offered him the same terms. Watterson proposed that the Journal and Courier consolidate on an equal basis. Mr. Haldeman would not agree to the merger, so Watterson accepted the Journal position and hammered the Courier relentlessly. Haldeman soon saw the trend toward the Journal and in order to save himself, acquiesced in the consolidation. Another Louisville paper, the Daily Democrat, was also absorbed. Watterson thus became, at the early age of twenty-eight, the editor and part owner of the Courier-Journal, which made its first appearance November 8, 1868.¹³

From that period on, until the time of his retirement from public life, which covered approximately fifty years, Watterson used his paper to expound the views of the Democratic Party and his own personal ideas on public questions. His sheer force of intellect and personality won for him many readers throughout the United States irrespective of their individual opinions. Personalities and reputations were not spared in his editorials, for Watterson was not afraid to write what he thought. Since he was definitely

¹³ Ibid., p. 174

against the protective system, Watterson advocated Tariff Reform whole heartedly in his writings. He was never a free trader at heart, but believed that a tariff for revenue was the least oppressive and the safest support of the government. Watterson fought for that belief as strongly as he could. He forcefully expressed his own personal beliefs and those of the Tariff Reform Democrats when, on April 29, 1884, he wrote:

Kentucky stands as a stone wall in the center of the Democratic line of battle. We see only the enemy in front of us. Above us floats the free heart's hope and the free home's flag - the ensign of the fair and free government - bearing the motto "Honesty, Economy, Equality, and a Tariff for revenue only!" and what do we propose? We propose just taxation, we propose that the blessings of the government, like the dews of heaven, shall fall upon all alike. The tariff is a tax. As enacted by the Republicans it is paid by the poor. We propose that it shall be paid by the rich no less than the poor each according to his means. We propose that not a cent of it shall go to enrich individuals but that every cent of it shall go to the public treasury, and that no more of it shall be collected than is needed by that treasury. Millions if need be, for defense; not a penny for tribute.¹⁴

¹⁴ Arthur Krock, The Editorials of Henry Watterson (New York: George H. Doran Company, 1923.), pp. 62-63

RISE OF THE TARIFF QUESTION (1876-1884)

CHAPTER II

RISE OF THE TARIFF QUESTION (1876 - 1884)

Democrats and the tariff before 1876. When the Southern States withdrew from the Union, the control of the government went to the Republicans, who raised the tariff somewhat, even before the Civil War began. During the war, the tariff was raised still higher largely in order to pay part of the cost of the military operations. When the South was again admitted into the Union, the industrialists had become powerful enough to maintain and even increase the high tariff rates. Henry Watterson, together with tariff reformers of every description, from those favoring free trade to those merely desiring more reasonable and harmonious protection, repeatedly endeavored to bring about reductions, but were thwarted at every turn. The Democratic Party was split into two camps - those in the East favoring high protection and those in the South seeking low or moderate rates. With the Civil War gradually pushing itself into the background and the country getting itself back to normal, the pressure was taken off the Treasury, which began to show a surplus. It was evident that tax reduction was desirable. Some of the tariff reformers took part in the Liberal Republican movement which disappointed them by dropping the issue. To appease

the opposition, Congress made a general ten-percent reduction in tariff rates. Although this reduction did not represent what the tariff reformers desired, nevertheless, with the repeal of other taxes it slightly alleviated the pressing treasury surplus condition and prevented the Democrats from taking a definite stand. This ten-percent reduction was also reflected in the Republican platform of 1872,¹ while Horace Greely, the nominee of the Liberal Republicans and the Democratic party, carried the banner of protection. Watterson was very much surprised when Greely was nominated by the Liberal Republican convention. Charles Francis Adams was Watterson's choice and Watterson looked upon Greely as a man not fit for such an office. Of Greely Watterson wrote:

He could never be relied upon in any coherent practical plan of campaign. To talk about him as a candidate was ridiculous.²

Watterson, however, had a real affection for Greely as an individual, and after recovering from the shock, managed to gather the Southern Democratic forces together to carry on a vigorous campaign.³ Greely failed to attract a large vote in the North, however, and was overwhelmingly defeated by President Grant the Republican Candidate.

1 Matthew Josephson, The Politicos (New York: Harcourt Brace and Company, 1938), p. 165

2 Watterson, op. cit., Vol. I, p. 244

3 Ibid., pp. 260-261

One year later the Panic of 1873 swept the country. The Treasury condition was reversed. This necessitated a repeal of the ten-percent reduction. The Democratic party attempted to present opposition, but they were divided. It was not until 1883 that they were able to partially unite on a tariff policy.

Watterson and the National Convention of 1876. In 1876 the Kentucky Democratic Convention chose Watterson a delegate-at-large to the National Democratic Convention of that year called to meet in St. Louis to put a presidential ticket in the field.⁴ Although Watterson was then a member of the forty-fourth Congress, this appointment meant more to him than any other political position he could have held. It was not his intention to bind himself to any political office and, when one full term, and a half term, incident to the death of the sitting member for the Louisville district was open to him, he chose the short term. His feelings towards holding office were fully expressed when he wrote:

 Holding office, especially going to Congress, had never entered any wish or scheme of mine. Office seemed to me ever a badge of bondage. I knew too much of the National Capital to be allured by its evanescent and lightsome honors. When opportunity sought me out none of

4 Watterson, op. cit., Vol. II, p. 178

its illusions appealed to me. But after a long uphill fight for personal and political recognition in Kentucky, an election put a kind of seal upon victory I had won and enabled me in a way to triumph over my enemies.⁵

While he was a member of the forty-fourth Congress Watterson became an ardent supporter and personal friend of Samuel J. Tilden, and helped in the nomination of Tilden for the presidency. The night before the National Convention was to convene, the anti-Tilden men put up the Honorable S. S. Cox for temporary chairman. This was a very clever move, as Cox then had the full backing of Tammany and was very popular everywhere, especially in the South. With Cox in the chair, his backers felt that they would be able to gain a majority on the Resolutions Committee. Tilden's leading friends on the Committee, realizing that strong opposition was necessary, put Watterson in the field and he was chosen as the chairman. Controlling the Resolutions Committee, Watterson used his powers to make the party champion his tariff ideas. His opinions on the tariff were uncompromising. He had no patience with anything but a "Tariff for revenue only", and he had come to the Convention resolved to have his way on that point by writing the plank himself. His forcefulness and to-the-point-statements were obvious in the Democratic platform, especially the tariff plank which read:

5 Watterson, op. cit., Vol. I, pp. 21-22

Reform is necessary in the sum and modes of federal taxation to the end that capital may be set free from distrust and labor lightly burdened. We denounce the present tariff levied upon nearly four thousand articles as a masterpiece of injustice, inequality and false pretense. It yields a dwindling and not a yearly rising revenue. It has impoverished many industries to subsidize a few. It prohibits imports that might purchase the products of American labor. It has degraded American commerce from the first to an inferior rank on the high seas. It has cut down the sales of American manufactured articles at home and abroad and depleted the returns of American agriculture - an industry followed by half our people. It costs the people five times more than it produces to the treasury, obstructs the processes of production and wastes the fruits of labor. It promotes fraud, fosters smuggling, enriches dishonest officials, and bankrupts honest merchants. We demand that all custom-house taxation shall be for revenue.⁶

The Hayes-Tilden controversy and how Watterson felt about it. When the Democratic platform was finally completed and Tilden was nominated on the second ballot, Watterson exercised his editorial talents to make his personal friend the next president. When the electoral returns were counted it was apparent on the face of returns, Tilden had secured a victory. The Republicans grasped a slim thread of hope, though, when Senator Barnum of Connecticut, then financial head of the National Democratic Committee, inquired about the returns from Oregon, Louisiana, Florida, and South Carolina. Since the facts were not known by the Democratic Party, the Republicans felt that this doubt could be used to advantage.

⁶ Ida M. Tarbell, The Tariff in our Times, (New York: The Macmillan Company, 1911), pp. 82-83.

The New York Times, a Hayes-backer, exaggerated this doubt to the point that it soon became known over the entire nation. Watterson fought vigorously to prevent the doom which was fast falling upon his party, but the Republicans grasped every available string to put their man in the president's chair. In Louisiana a returning board was organized to investigate the votes. Corruption was in the air. That the returning board was for sale and could be bought was the universal impression. Every day some one turned up with pretended authority and made an offer to sell. It was Watterson's own belief that the board was playing for the best price it could get from the Republicans and that the only effect of any offer to buy on the part of the Democrats would be to assist the scheme of blackmail. This belief was possibly why Watterson, when offered an attempt to buy the presidency for Tilden, declined the offer.⁷ The men of the Returning Board, being refused their demands for cash by the Democrats, took their final pay, at least in patronage, from their own party. By throwing out Democratic returns they gave the electoral vote of Louisiana to Hayes. Similar action in South Carolina and Florida and the acceptance of these returns by the National Electoral Commission gave Hayes the Presidency by one vote: 185 to 184.

⁷ Watterson, op. cit., Vol.I, p. 280

Watterson's views on Protective Tariff. The election of Hayes insured a victory for the Republican party, but Watterson refused to look upon it as a defeat for the reformers. He had finally established himself as a leader of his party and he showed the persistence which characterized his entire political career. A relentless hammering against the bonds of protection was bound to bring success, he thought, and this he administered unceasingly. The detrimental effects of the tariffs on foreign trade were viewed by Watterson as serious. He believed his point was proved by the Panic of 1873, when the consumption of all manufactured articles greatly decreased. Production far exceeded demand to the extent that a great surplus was created on the American market. Year by year the prices of articles were lowered and the usual efforts were resorted to in order to stimulate demand, but such attempts were fruitless. Foreign markets were sought in order to eliminate this distress, but, according to Watterson, our protective tariff discriminated so much against foreign nations that they avoided the United States and went where they could trade most profitably. In 1876 Watterson voiced his feelings toward this deplorable condition when of the manufacturers he wrote:

They realize that they have a manufacturing capacity far in excess of the demands of internal trade. They admit it themselves and call for foreign markets which

they cannot get until they abandon their protection fallacy and pull down the tariff, which prevents the exchange of products with the world, to a simple revenue basis.⁸

The expansion of our exports would be commensurate with the reduction of the tariff he asserted. France was receiving American goods through England which had a commercial treaty with that country. A greater exchange of goods would be established if trade with France was direct, but that could only be accomplished through a low tariff which would offer an incentive for the exchange of products, declared Watterson.⁹

Since American manufacturers could produce in six to nine months what the home market could consume in one year, not only did the manufacturers suffer from a lack of full time production, but the laborer suffered from idleness for at least three months out of every year. This detrimental condition was supplemented by the fact that American labor was faced with competition from abroad; with one half million workingmen immigrating to America each year the American laborer was bound hand and foot by the capitalist wolves. He could not seek a higher plane of living, for if the manufacturer felt that the laborer demanded too much, he could use cheap labor from Europe, China, and Japan. This

⁸ Courier-Journal, Louisville, Ky. 1876-97 "Editorials" August 23, 1878

⁹ Ibid., October 29, 1878

situation definitely favored the capitalists, for the tariff excluded the manufactured products which would compete with the property of the capitalists. In this way they could combine and offer their own prices for what they had to sell. The laborer was not favored however, for the wages he received were, according to Watterson, fixed by foreign competition. He could get his goods only by paying an extra fee, which was pocketed by the money men. Watterson summed up this condition when he tagged the existing tariff as a bill to protect the "pauper labor of Europe" at the expense of the American consumer.¹⁰

The South and West were in no way omitted from Watterson's analysis of the protective tariff. With infant industries springing up in the Southern states, especially cotton manufacturers, it was necessary that cheaper machinery be obtainable, so that the South could compete with Great Britain on the markets of the world. The tariff established a high price on pig iron and machinery from Europe, and American manufacturers were fixing an equal price for machinery manufactured by them.¹¹

¹⁰ *Ibid.*, June 13, 1888 (Later Chinese exclusion and other immigration laws protected labor and removed some of this argument.)

¹¹ The cost of pig iron made in England was eight dollars a ton. A tariff of \$6.72 was placed on all imported pig iron, which the Pennsylvania manufacturers added to their price.

In this way the industrialists compelled the Southern cotton men to buy at the price set by them, necessitating higher prices for Southern manufactured goods, so that competition with Great Britain was practically impossible. In addition to such increases in commodity prices, Watterson asserted that the protective tariff increased even to a greater extent the cost of transportation. The heavy tax of about seventy-five percent on steel and iron added immensely to the operating expense of every road in the country he declared, and this was added by the laws of commerce, in one way or another, to the price of transportation. ¹² In 1888 Watterson issued a general statistical report covering the period from 1850 to 1880, on the increase in the total value of farms, farm machinery, and live stock as follows.

<u>Period</u>	<u>Farms</u>	<u>Increase</u>
1850-1860		100 %
1860-1870		41 %
1870-1880		9 %
	<u>Farm Implements</u>	
1850-1860		62 %
1860-1870		33 %
1870-1880		20 %
	<u>Live Stock</u>	
1850-1860		100 %
1860-1870		40 %
1870-1880		decrease

¹² Courier-Journal, July 3, 1884

Taking all these items which make up our agricultural wealth it was found that in ten years under a system of taxation limited to the needs of the government, the wealth of farmers increased one hundred one percent; while the total increase for twenty years under protection was about fifty per cent. Under a protective tariff then it took the farmer two years to save what he saved in one year under revenue only.¹³

Watterson championed the position of the masses when he waged unceasing war against the protective capitalists. His insistent demands for tariff reform were based on two general purposes: First, to relieve the treasury of the growing surplus which resulted from the collection of excess duties, and second, to reduce the tax burdens of the people.¹⁴ The protectionists realized that the treasury surplus had to be reduced and offered as a remedy, the repeal of the whisky and tobacco tax. This would leave untouched the tariff, but would relieve the treasury of some \$28,000,000. Watterson denounced this scheme, saying "A reform which relieves the treasury, but, which does not relieve the people, will be not merely a blunder, but a crime. The repeal of the whole system

¹³ Courier-Journal, Jan. 24, 1888

¹⁴ Courier-Journal, June 25, 1887

of internal taxation would prevent the accumulation of a surplus, but it would retain untouched the iniquitous war tariff, which according to the Democratic platform robs the people of five dollars for every one dollar conveyed to the treasury."¹⁵

The Democrats had always contended that excessive taxation was a menace to good government and an injury to the industrial system, but they could never commit the supreme folly of repealing the whiskey tax, Watterson asserted. What the Democrats had promised was a reform of the tariff which, while disposing of the surplus and reducing the revenues to the needs of an economical government, would remove the arbitrary restrictions from trade and would give to the consumer some of the privileges of which the tariff had deprived him for the benefit of the manufacturer. A revision of the tariff which would enlarge the free list and reduce the rates of taxation on other articles could compass the objects in view. Nothing less than this would accomplish any permanent good or prevent a continued agitation of the subject, Watterson believed.¹⁶

¹⁵ Courier-Journal, June 25, 1887

¹⁶ Courier-Journal, Aug., 1887

The Democratic position on the tariff was not based merely upon the affect the tariff had on the people, but also upon the belief that it was unconstitutional. Watterson stated that throughout its entire history, the Democratic party had been strictly constitutional in its beliefs. The only tariff ever contemplated by the Constitution according to Watterson, was one for revenue only. Article I, Section 8 states that Congress shall have power "to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States."¹⁷ None but the willful misconstructionist, said Watterson could see anything in these provisions which permitted Congress to levy prodigious assessments on the majority of American people to pay a few individuals who were engaged in special occupations. The obvious meaning in those clauses, Watterson declared, was that "Congress has the power to establish a system of duties on imports to aid the accretion of revenue sufficient to meet the reasonable expenses of the government ordinary or extraordinary."¹⁸ This interpretation of the tax clause was opposed by the Eastern manufacturers who controlled congressional legislation and demanded unjust taxation for the benefit of their products.

¹⁷ Constitution of the United States Article 1, Section 8.

¹⁸ Courier-Journal, Jan. 6, 1881

The sum total of all the aspects of the protective tariff surely painted a black picture, for Watterson felt that even those who argued for the protective system were hurt by its application. That the Courier-Journal and its great editor were attacked as advocates of free trade can be understood, for Watterson and his paper never flinched from denouncing protection in any form. Watterson contended emphatically nevertheless that the intent of his policies was not to hurt business. Except in the denunciation of cheats and frauds, they were not extremists - as such they would never have secured or deserved the attention of the public - but that attention was brought forth by the presentation "of many proofs of a perfectly practical realization of the business aspects of the question apart from its theoretical character."¹⁹ The tariff-reform Democrats were clear in their own minds that tariff reduction was a fair measure of reform. Since the existing tariff was established primarily as a war measure, the reason for its existence was gone. The promise by both parties to abate it, as soon as the exigency which had called it into being ceased to exist, was made, yet all of its "jobs" except quinine remained.²⁰ Even the manufacturing

19 Courier-Journal, March 18, 1885

20 Fredric Kep, Tariff Facts and Effects From 1789 - 1916, Montclair, N.J., "Quinine became free in 1879".

interests realized its evils when they declared that the protective tariff was a positive injury to them and that they would be satisfied with a change. This fact was voiced in 1877 by the woolen men at their annual convention and was also carried by other manufacturing interests which the tariff was designed to protect.²¹

The first ray of hope for Watterson came early in 1878 when the Wood Bill was introduced into the House. The average reduction in tariff rates proposed by this bill was not quite fifteen per cent. The revenue gain anticipated and the success of the proposed tariff bill depended upon the realization of two results: first, a cheaper and more effective system of collection; and second, an increased importation of goods. As to the first, there was, beyond question, an assurance of certain success; as to the second, the theory of the bill had the support of the well-known principle that reduced prices meant increased consumption.²² Watterson felt that the bill deserved the cordial support of the people, for it made at least a beginning in tax reforms which were so imperatively needed. The defeat of the bill however, brought little protest from Watterson though, for its provisions were not the ultimate of his desires. The Democrats did not have the strength of

²¹ Courier-Journal, October 25, 1877

²² Courier-Journal, April 18, 1878

numbers to push their reforms to the point where they would not die in the committee but the next election could remove this difficulty.

When the election of 1880 made a Republican, Garfield president, and gave the Republicans a majority in Congress, Watterson realized the temporary defeat of his reform ideas, which had again been adopted by the Democratic Convention. Garfield had previously advocated and voted for large reductions in iron and coal rates while he was a member of Congress; but in the Chicago convention he was in perfect accord with other Republicans who wanted to keep the high war duties. Of Garfield, Watterson said, "If Garfield is elected president we may confidently expect an administration tariff so high in its terms and for the exclusive benefit of monopolies."²³ Subsequent history proved the essential correctness of his prophecy.

The assassination of Garfield about four months after he had taken office prevented momentarily any action on the Republican platform pledges. On September 19, 1881, Vice President, Chester A. Arthur, took the oath of office as President of the United States. In his first annual message

²³ Courier-Journal, August 21, 1880

delivered on December 6, 1881, he recommended:

The tariff laws also need revision; but, that a due regard may be paid to the conflicting interests of our citizens, important changes should be made with caution. If a careful revision can not be made at this session, a commission such as was lately approved by the Senate and is now recommended by the Secretary of the Treasury would doubtless lighten the labors of Congress whenever this subject shall be brought to its consideration.²⁴

President Arthur and the Tariff Commission. Congress after the election of 1880 was confronted with the necessity of decisive action upon the tariff question. The demand for a general modification of the then existing war tariff had been mounting for years. Sentiment for revision had now become strong, so that even organized industry no longer opposed it. In November, 1881, the Industrial League held a large tariff convention in New York, at which it was suggested that an expert tariff commission be appointed which would view the subject thoroughly, and recommend modifications, along protective lines. Arthur and Charles J. Folger, Secretary of State, advocated this suggestion for reasons of personal gain as well as political necessity. Because of these views, Congress authorized a tariff commission in an act which Arthur signed on May 15, 1882.²⁵ This commission was to investigate thoroughly all questions relating to the agricultural,

²⁴ James D. Richardson, A Compilation of the Messages and Papers of the Presidents, (New York: Bureau of National Literature, Inc., 1897), p. 4636

²⁵ Congressional Record, Vol. XIII, pp. 3110-31111

commercial, and industrial interests of the country, with a view to the establishment of a judicious tariff providing for justice for all interests.²⁶ Watterson and Representative John G. Carlisle,²⁷ Watterson's personal friend, vigorously opposed the Commission, for they realized that the Republicans were in control and that the commission would undoubtedly be protectionist. Carlisle frankly expressed his views on the subject when he said, "To provide such a commission would be tantamount to saying that the people were not capable of dealing with the subject of government. The tariff question could be finally settled only in Congress, and therefore a commission was neither necessary nor desirable; it would cost the taxpayer at least two dollars a day and there would be no compensation for the delay which it would cause."²⁸ Carlisle wanted the tariff lowered on all commodities which the laborer and the farmer used, and he felt that the need for such reduction would be better recognized by representation of the people than by a commission. In spite of Carlisle's feelings and Watterson's demands, the Republicans pushed their measure.

26 Idella Gwatkin Swisher, An Introduction to the Study of the Tariff, (Pub. by the Dept. of Living Costs Nat'l. League of Women Voters, Wash., D. C., 1931-1932), p. 24

27 Member of the House from Kentucky and a Tariff Reformer

28 James A. Barnes, John G. Carlisle Financial Statesman, (New York: Dodd Mead and Co., 1931), p. 52

The fears of these two reformers were soon realized, for a majority of members on the Commission were advocates of high protection, while no member could be said to represent that part of the public which believed a reduction of the protective duties to be desirable. This fact was better emphasized when Mr. John L. Hayes, the secretary of the Wool Manufacturers Association, was appointed president of the commission.²⁹

The Commission applied themselves to their task with such energy that by December 4, 1882, they had produced a voluminous report with suggested amendments to the customs laws, which would produce a general reduction of about twenty-five per cent.³⁰ Although this was the work of eight men who favored protection, protectionists in the House were not satisfied. Again it was suggested that the best and quickest way to reduce taxation was to abolish or reduce items on the internal revenue list. Representatives of various industries opposed reduction. The bill finally passed, known as the Tariff Commission Bill, went into effect July 1, 1883. It maintained substantial shelter for manufactured articles by reducing the duties on raw materials and increasing the free list. The reduction of twenty-five per cent as suggested

²⁹ F. W. Taussig, Tariff History of the United States (New York & London: G. P. Putnam's Sons, Eighth Edition, 1931) p. 231.

³⁰ H. J. Ford, United States History 1865-1898. "Cleveland Era." (New Haven: Yale University Press, 1919) p. 35

by the commission was cut to five per cent. The wool growers industry received a severe blow when the uniform fixed rates on woolen cloth, as established in 1867, were changed to rates varying with the value of the goods. The actual reduction in duties on clothing wool amounted to 10.73 per cent while that on woolen goods was 1.01 per cent.³¹ This comparison is shown as follows:³²

In 1867	In 1883
50¢ lb. plus 35% [approximate duty 95%]	1. If worth 80¢ or less per lb. 35¢ plus 35% [approximate duty 80%] 2. If worth more than 80¢ lb., 35¢ lb. plus 40% [approximate duty 85%]

The passage of the Tariff Commission Bill in no way dampened the spirit of Watterson and his reformists. The bill offered only a slight reduction in rates. The issue was brought more emphatically before the public during the 1882 campaign. As a result of the election of 1882 the Democrats now had a majority in the House and the Protectionists tasted a little of defeat when Representative Randall from Pennsylvania, a Democrat protectionist, was defeated for speakership, and John G. Carlisle was elevated to that post. Meanwhile Mr. Morrison, a strong reformer and friend of Watterson, became

31 Tarbell, op. cit., p. 131

32 Tawssig, op. cit., p. 260

chairman of the Ways and Means Committee. With these two men and others entrenched in Congress and Watterson, ever able with his pen, the march for tariff reform was again urged at double time. On February 4, 1884, Morrison introduced a tariff reform bill in the House, based primarily on the principle of horizontal reduction.³³ The bill slightly deviated from this principle, however, in that some articles were reduced more than others, while a few were placed on the free list. Watterson's hesitancy in accepting the bill was primarily due to his desire for sharper reform, but in answer to some questions, made by the Atlanta Constitution, Watterson wrote, "The Courier-Journal is willing to accept and support the bill heartily because it is a step in the direction of practical reform. It may not be all we could ask, but if it is all we can get at present, we shall be satisfied until we can get more. Advocating such reform, how could any journal refuse to support this bill, unless there were a better one before congress?"³⁴

The defeat of the Morrison Bill by the action of Tariff Democrats led by Randall, was at first a serious blow to Watterson. He denounced Randall and his clique for their

³³ A uniform reduction of duties on all articles on which there was a tax. This reduction was to approximate 20%

³⁴ Courier-Journal, Feb. 11, 1884

betrayal of their party leaders in preference to their Republican masters.³⁵ It was obvious that the Democratic party was split, but at least Watterson and the reformists knew where they stood and who stood with them. Watterson had some satisfaction nevertheless, for, as mentioned previously, he had shown hesitancy towards accepting the bill, and after its defeat he said, "In one respect the defeat of the Morrison Bill was a victory for revenue reform. The bill did not go half far enough. It failed to drive deep into the equality and morality of the question. It left untouched the abuses of the tariff."³⁶

The chance for redemption seemed close at hand, for Watterson was very determined, in the next election, to bring the struggle for revenue reform to a triumphant conclusion.

35 Courier-Journal, May 8, 1884

36 Courier-Journal, May 14, 1884

CLEVELAND-HARRISON

CHAPTER III

CLEVELAND - HARRISON

The National Convention and the Democratic Platform of 1884. The defeat of the Morrison Bill did not, in any way, lessen the zeal of the tariff reformers. They at once prepared to carry their fight to the Democratic National Convention which met in the summer of 1884, at Chicago. Henry Watterson arrived early at Chicago with his tariff-for-revenue-only plank, which he earnestly believed would be written into the Democratic platform. This confidence was undoubtedly viewed from the standpoint of Watterson's successes in the conventions of 1876 and 1880, in which he headed the Resolutions Committee and forced his pet idea into the platform. This success was not repeated however, for some of the more conservative Democrats opposed Watterson's measure. The two factions were so evenly divided that the ensuing battle made the 1884 convention one of the most stubborn and prolonged in the history of the conventions. The conservatives demanded a compromise because they were not yet convinced that the Southern demand for tariff reform was a wise issue upon which to face the country in the fall elections.

The resulting compromise platform at the Democratic Convention was definite assurance that neither protection nor free trade would be a major issue in the presidential campaign. It was obvious that too few people understood the tariff question to make it profitable campaign material. Both parties avoided specific promises, and their platform pledges were a bit confusing. The Republicans, as always, favored protection, but whether they meant high or low was left open to interpretation. Their plank read:

A tariff not for revenue only, but to afford security to our diversified industries and protection to the rights and wages of the laborer..... by such methods as will relieve the taxpayers without injuring the laborer or the great productive interests of the country.¹

This was a very clever move by the Republicans; they apparently believed that the outcome of the election would depend primarily upon the tariff issue. The Democrats, on the other hand, promised to revise the tariff in a spirit of fairness, declaring that:

Reduction in taxation can and must be effected without depriving American labor and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rates of wages prevailing in this country.²

A few low tariff men like Morrison tried hard to interpret the Democratic plank as a possible tariff for revenue only,

¹ Denes Tilden Lynch, Grover Cleveland A Man Four Square (New York: Horace Liveright, Inc. 1932), p. 225

² Ibid., p. 225

but Watterson openly disowned it as a straddle.³

The nomination of Grover Cleveland encouraged Watterson, for he knew well Cleveland's views on the subject of tariff reform. Cleveland's conservatism was no sham. It was the reflection of a logical mind which had weighed the tariff subject carefully and had seen the evils of the then existing war measure. Though Watterson was cool towards Cleveland before the nomination, he soon stepped to the front of the Democratic band wagon in his eagerness to swing the election in Cleveland's favor. He wrote:

There can be no doubt in the mind of any observant man that the election of Grover Cleveland means the revision of the tariff. Democratic success means a radical revision of the tariff, or it has no meaning at all. The history of the party would force a revision even if the leaders were reluctant. The industrial situation calls for measures of relief and relief, to be effective, to be permanent, must begin with a reform of the tariff.⁴

The election of Grover Cleveland in 1884 over Republican Blaine supposedly proved to the Democrats that the country was well in accord with their views regarding tariff reform. A Democratic house with a Democratic speaker paved the way for immediate action on that important issue. In his inaugural address Cleveland touched lightly on the subject when he said:

³ Allen Nevins, Grover Cleveland - A Study in Courage (New York: Dodd Mead and Co., 1932), p. 159

⁴ Courier-Journal, Sept. 8, 1884

Our system of revenue shall be so adjusted as to relieve the people of unnecessary taxation, having a due regard to the interests of capital invested and workingmen employed in American industries, and preventing the accumulation of a surplus in the treasury to tempt extravagance and waste.⁵

This conservatism was also reflected in Cleveland's first annual message delivered on December 8, 1885, when he said:

The fact that our revenues are in excess of the actual needs of an economical administration justifies a reduction in the amount exacted from the people. Our government is but the means established by the will of a free people; and its true spirit is never better observed than when the people's taxation for its support is scrupulously limited to the actual necessity of expenditure. The proposition with which we have to deal is the reduction of the revenue received by the government and indirectly paid by the people, from customs duties.⁶

Cleveland's hesitancy in approaching the subject more forcefully was undoubtedly due to the new and strange feeling he felt towards his new office. His logical mind made him proceed slowly until he was better acquainted with the subject. The faction against reform was still too strong to be overcome by any decisive action so early in his career as president. His action on the tariff manifested itself later as newness gave way to experience, but, instead of proving a success for Cleveland and the Democratic party, it later brought about the return of Republicanism. Then

5 Richardson, op. cit., p. 4887

6 Julius W. Muller, Presidential Messages and State Papers, (New York: The Review of Reviews Co., 1917), 10 Vols. pp. 2662-63

too, Cleveland's message was brief because of other issues which confronted him at the time and seemed to be of greater importance.

In the year 1885-6 therefore nothing of great importance was accomplished by the so-called reform party. Watterson, throughout that year, led the attack against the Democratic protectionist block by strongly denouncing Representative Randall and his followers. Randall, who had previously committed himself to the protection of the industries of Pennsylvania, had been the greatest barrier the Reform Democrats had to hurdle. His control over a small group of Democrats, together with the vote of the Republican membership of the House, had thwarted reduction at every turn. Early in 1886 Watterson urged Morrison, who was again chairman of the Ways and Means Committee, to introduce a tariff reform bill which would justify the beliefs and demands of the Reformers. The new bill, as it was prepared by Morrison, was based on the principle of horizontal reduction as had been his previously defeated bill. Watterson was not altogether satisfied with the bill from the standpoint of comprehensive tariff reform, but as a measure for the reduction of taxation, he agreed to support it. After it had been partially amended in the Committee, the bill was brought before the House for consideration. The protectionist block immediately gathered its forces and, when the bill came up

for vote, it was defeated by one hundred fifty-seven to one hundred forty.⁷ No further attempts were made at tariff reduction during that session of Congress, and in the ensuing fall Morrison was defeated for re-election.

The double blow dealt the Democratic party in 1886 brought to them the realization that theirs was a struggle more difficult than any encountered up to this point. Watterson regarded the situation as a challenge to increased vigor in pushing the low tariff policy. He wrote, "The democracy has two enemies, the Republican party, unscrupulous, corrupt, and insatiable in its thirst for power and the tariff party, an army of mercenaries and monopolists, with a treasury filled by millions of dollars wrung remorselessly year by year from an over burdened overtaxed people."⁸

The second annual message of President Cleveland, delivered December 6, 1886, proved to his followers that he had accepted the challenge and was eager to indicate his principles. Nothing that he had written or delivered previously on the tariff question was stronger or more pertinent, or better showed his knowledge of the subject. He said, "When more

7 Ford, op.cit., p.106

8 Courier-Journal, November 4, 1886

of the people's substance is exacted through taxation than is necessary to meet the just obligations of the government and its economical administration, such exaction becomes ruthless extortion and a violation of the fundamentals of a free government."⁹

Cleveland and his annual message of 1887. The year 1886 went out like a lion for the tariff reform Democrats. Cleveland's 1886 message and Watterson's challenge to the protectionists offered great impetus to the Democratic party. Early in 1887 Speaker Carlisle was approached by the Courier-Journal for a statement concerning the possibilities of tariff reform during that year. In his statement Carlisle expressed a great confidence that a tariff bill would be passed which would produce substantial reductions in the customs duties. The passage of the bill, however, would depend upon the vote of the Liberal Republican group, for, Randall still controlled the Democrat protectionist block and was very much against any lowering of the duties on imports. Reduction, nevertheless, was sure to come, for the large and growing surplus in the treasury made it necessary. The reduction in internal taxes, as previously suggested by the protectionists, was, as Carlisle put it, "an absurdity."¹⁰ He continued, "The

⁹ Muller, op. cit., p. 2705

¹⁰ Courier-Journal, May 3, 1887

sentiment for a reduced tariff is growing steadily, especially in the Northwest. Now, coupling this growing sentiment with an absolute necessity for reduction, I think it requires little power of political prophecy to assert, with confidence, that a reduction must come."¹¹

Randall and his followers recognized the growing heat of Cleveland's tariff reform ideas and felt sure that Cleveland would take a bold stand in his forthcoming annual message. Randall was silently gathering his forces in preparation for such a move. On September 16, 1887, Cleveland was informed of Randall's activities by a letter from William Lawrence Scott.¹² Scott had previously discussed the tariff question with Randall; and in his letter to Cleveland, Scott warned the President that Randall was definitely not in accord with any reduction in the duties on imports, and that he, Randall, felt very sure that he could block and defeat any program set forth by the Reformers.¹³ Numerous other sources were at work trying to urge the President to proceed along more cautious lines, for they too felt the growing strength of the industrial organizations. George Hoadly, in a letter

¹¹ Courier-Journal, May 3, 1887

¹² William Lawrence Scott (1828-91) an important industrialist and railroad builder of Erie, Pennsylvania and a firm believer in tariff reduction, was at this time a Representative.

¹³ Allen Nevins, Letters of Grover Cleveland, Boston, New York, Houghton Mifflin Co., The Riverside Press Cambridge, 1933, p. 157

to Cleveland, earnestly urged the President to go slow; that both the manufacturers and the Knights of Labor were against him and that if Cleveland listened to the counsel of Watterson he would only convert the success he had so far accomplished, into defeat.¹⁴ Cleveland, however, was not to be moved by any suggestions from his friends. He had made up his mind that a tariff in excess of the needs of the government was an evil, and his stern Presbyterianism refused a compromise.

During the spring and summer of 1887 the surplus in the treasury grew to such large dimensions that it became evident that the prosperity and stability of the country were in danger.¹⁵ Repeated conferences with the Secretary of the Treasury convinced Cleveland that relief was necessary and that relief could only be safely brought about by tariff reform. Cleveland, therefore, was determined to devote the whole of his annual message of 1887 to the discussion of the tariff question.¹⁶ This was a novel experiment, for never in the United States history had a president limited his entire annual message to one topic. Carlisle was called in

14 Allen, Ibid., p. 166, (Hoadly 1846-1902 was a prominent attorney and Democratic politician who had been Governor of Ohio 1884-85)

15 George F. Parker, Recollections of Grover Cleveland (New York: The Century Company, 1932), p. 103

16 Loc. cit.

and day and night consultations were held between the President and the former Speaker. Cleveland's preparations were heartily approved by Carlisle and very little change was made in the lengthy document. Cleveland's speech showed a knowledge of the subject and it is probable that no document of that type ever had had so wide a reading. It definitely showed the courage of Cleveland's opinion and made obvious the fact that he was willing to stake his political future upon the enunciation of his policy.¹⁷ His message had the effect of committing his party unreservedly to the policy of direct opposition to the protective system and made this question a distinct party matter more so than it had been at any time since the Civil War.¹⁸

Cleveland's decision to stress the tariff situation so emphatically brought new life to the Democrat Reformers. Watterson especially felt the tide of hope rising for, up to this time, he had, somewhat doubted Cleveland's intentions, and condemned the slowness of the introduction of tariff reform measures.

On December 6, 1887, Cleveland delivered his third annual message to a joint session. Nothing new concerning

17 Parker, op. cit., p. 104

18 Taussig, op. cit., p. 253

the tariff question was introduced, but Cleveland presented a great preparation of facts based upon months of study. The main points of this famous message were:

Our present tariff laws, the vicious, inequitable and illogical source of unnecessary taxation, ought to be at once revised and ammended. . . . 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 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 necessaries 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.¹⁹

In answer to the Protectionists who branded the Reformers as free traders, Cleveland said:

Our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. . . . It is a condition which confronts us, not a theory. . . . The question of free trade is absolutely irrelevant and the persistent claim made in certain quarters that all the efforts to relieve the people from unjust and unnecessary taxation are schemes of the so-called free traders is mischievous and far removed from any consideration for the public good.²⁰

Cleveland and the Mills Bill of 1888. As the year 1888 opened, it was evident that the tariff question would

19 Parker, op. cit., pp. 5169, 5174

20 Richardson, op. cit., p. 5175

dominate all political discussion. Cleveland, in his message, had seen to that. Cleveland had directed his attack so definitely against the protective tariff that the Republicans were forced to champion it uncompromisingly. The tariff question was not to be considered as a side issue any longer. So important were its issues, that it became one of the major planks in the platforms of both parties and the leading issue in the presidential campaigns of 1888 and 1892. Never in the history of the tariff question had the Democrats a better opportunity to push their ideas. The subject was placed before the people in no unyielding manner. That the reform would have to face barriers was evident, for the Protectionists were equally obstinate in their opposition. Action was necessary in the production of tangible evidence which would show the true faith of the Reformers. Cleveland, realizing this necessity urged that his message be translated into a bill reducing the duties, especially upon raw materials and articles of general necessity. Representative Roger Q. Mills of Texas, who was then chairman of the Ways and Means Committee was called upon to frame the desired bill. The Mills Bill, was in no sense a free trade measure. Its primary object was to reduce the Civil War tariff and to relieve the taxpayer. It was prepared to reduce slightly the tax on clothing, blankets, carpets, kitchen and tableware, building materials,

etc. ²¹ The most important section of the bill however, was its free list of salt, lumber, and wool. Although Watterson felt that the bill did not fully meet with his principles of tariff reform, he half heartedly accepted it with these comments:

It is highly protective, the tax rate it retains has been seldom equalled. To speak of a tariff bill which retains duties averaging forty-two per cent as free trade is folly, but high as the rate is, it is lower than that demanded by the Republicans. The Bill corrects some of the irregularities of the tariff; it adds some raw materials to the free list; it reduces the tariff on many necessaries of life but it does not give us free commerce with all nations; it does not inaugurate progressive free trade; it does not, with one enactment, reduce the tariff to a revenue basis.²²

The bill met great opposition in the House, but was finally passed on July 21, 1888.²³ Immediately after the House vote, the bill was sent to the Senate to face the Republican majority. The woolen manufacturers who had shown the greatest opposition to the bill, had been preparing their forces while the bill was being debated in the House. The Republican members of the Senate were prevailed upon to block the bill presented to them by the House and this they did in no uncertain terms. The Senate immediately drafted their own bill, the object of which was to be so protective

²¹ Courier-Journal, Aug. 19, 1888

²² Courier-Journal, July 19,- August 2, 1888

²³ Ford, op. cit., p. 125

in nature as to cause increased denunciation by the Democrats. With each house denouncing the other's bill "The deadlock prolonged itself, and at length faded out, as before a superimposed film, into the larger scene of the national election campaign."²⁴

Up to the point of the introduction of the Mills Bill, it had been taken for granted that the re-election of Grover Cleveland was assured; but the opposition to Cleveland's tariff stand among manufacturers and other business men gave the Republicans new heart, and they prepared for a vigorous fight in the campaign of 1888. James P. Laster, president of the Republican League of the United States drew from the industrialists large sums of money for the campaign. Since the industrialists were being protected by suitable tariff laws, the Republican campaign managers felt that the money should pay.²⁵

The Election Campaign and the Democratic Convention of 1888. With the Mills Bill still pending in the Senate, the date arrived for the gathering of Democrats at the Democratic National Convention in St. Louis.²⁶ Watterson was convinced that a strong and convincing platform would

24 Josephson, op. cit., p. 404

25 Tarbell, op. cit., p. 177

26 Barnes, op. cit., p. 140

strike a telling blow at Protection. After five seconding speeches, a motion was made to nominate Cleveland by acclamation, and this was accomplished without any definite protest from the Conservatives. The platform as introduced by the Resolutions Committee, with Watterson as chairman was brief but to the point and, respecting the wishes of the President, refrained from mentioning, in any way, the pending Mills Bill.²⁷ Watterson, who had moved the adoption of the platform, announced that the committee had three small resolutions which were added to the platform, and these were accepted without discussion. The most important of these resolutions was:

Resolved that this convention hereby indorses and recommends the early passage of the bill for the reduction of the revenue now pending in the House of Representatives.²⁸

The drive for the re-election of Cleveland to the presidency was on, but the Democratic National Chairman, William H. Barnum and the Campaign Chairman, Calvin S. Brice, were at heart opposed to tariff reductions and put little energy into their fight. "As a consequence, the November election resulted in a defeat for Cleveland, and William H. Harrison became the next President. Though the electoral vote was against him, Cleveland, received a popular plurality of some one hundred thousand votes and

²⁷ Lynch, op. cit., p. 360-61

²⁸ Loc. Cit., p. 360

so the election gave no verdict against tariff reduction."²⁹

Cleveland's defeat staggered Watterson, for he had placed his greatest hopes of tariff reform in the President and was not prepared to face the defeat of the Democratic party. Watterson was not resolved to go down in the struggle. He had accepted defeat so often that it was rather easy to take; however, defeat meant greater struggles, and Watterson expressed these feelings when he said, "The defeat of Cleveland will be historic; but it is not the end. It is but the beginning of the great battle for tariff reform. The cause suffers defeat today because the people are not ripe for it. . . . Today, in the face of disaster, the party is sounder of heart, cleaner of head, than a year ago, before the President called public attention to the necessity for reform in his message to Congress."

"The work that lies before us is not to be done in one campaign but all the forces of intelligence, all the forces of invention, all the mighty powers of labor, all the sacred rights of man are working in our behalf."³⁰

Cleveland, however, was not surprised when the defeat of 1888 came. He realized he had jeopardized his chances for re-election when he had delivered his annual message of

29 Nevins, op. cit., p. 169

30 Courier-Journal, November 3, 1888

1887 and now with defeat a reality there was only one thing left to do. When preparing his last annual message for the meeting of Congress in December 1888, Cleveland again sent for Carlisle. Carlisle was thoroughly in accord with what the President had prepared as was Watterson who wrote:

The President, in his message to Congress. . . again urges upon that body, in all seriousness, the arguments for a reduction in the tariff. He deems this necessary because, under the laws as they stand today special privileges have been granted to the rich and the powerful at the cost of the poor and many. . . . The President conveys to them the conviction of a most faithful executive officer who, from the beginning, has subordinated all party interests to what he deemed to be the general welfare, and who, above all other men in the country, has the right to address himself to all the people in an appeal for a better observation of the restrictions of the Constitution.³¹

Cleveland did not hesitate in expounding his beliefs when he said:

A just and sensible revision of our tariff laws should be made for the relief of those of our countrymen who suffer under present conditions. . . . The necessity of the reduction of our revenues is so apparent as to be generally conceded, but the means by which this end shall be accomplished and the sum of direct benefit which shall result to our citizens present a controversy of the utmost importance. There should be no scheme accepted as satisfactory by which the burdens of the people are only apparently removed. Extravagant appropriations of public money, with all their demoralizing consequence, should not be tolerated, either as a means of relieving the Treasury of its present surplus or as furnishing pretext for resisting a proper reduction in tariff rates.³²

31 Courier-Journal, December 4, 1888

32 Richardsons, op. cit., p. 5361

Election of Harrison and the influence of the tariff question. Harrison's ride to victory in the 1888 campaign was primarily due to the large contributions made and the interest taken by the capitalists. Early in 1890 the promise made to the industrialists in the Republican platform was carried out when McKinley, who had become Chairman of the Ways and Means Committee, was called upon to draft a tariff law. The McKinley Tariff Bill which became a law on October 1, 1890 was the most radical and revolutionary measure ever reported to Congress.³³ A marked increase over the rates made in 1883 was evident and there was scarcely an article on the schedule which was not affected by the Bill. The wool and woolens schedule had been the most controversial point of the tariff issue and the changes made by the McKinley Tariff could not be overlooked. The duties on woolen cloths were established as fixed rates by the tariff of 1867 while in 1883 they were changed to ad valorem.³⁴ The tariff of 1890 advanced these rates still further. A comparison of rates set by the tariffs of 1883 and 1890 may be made by giving a few items.³⁵

33 Ford, op. cit., p. 162

34 Reference can be made to a chart in the preceding chapter which shows the comparable rates established by the 1867 and 1883 tariffs.

35 Taussig, op. cit., p. 260

DUTIES ON WOOLEN GOODS

In 1883

1. If worth \$.80 or less per pound Duty: \$.35 a pound plus 35%. [Approximate duty 85%]

2. If worth more than \$.80 a pound Duty: \$.35 a pound plus 40%. [Approximate duty 85%]

In 1890

1. If worth \$.30 or less per pound Duty: \$.33 a pound plus 40%. [Approximate duty 100%]

2. If worth between \$.30 and \$.40 per pound Duty: $38\frac{1}{2}$ a pound plus 40%. [Approximate duties 125 to 170%]

3. If worth more than \$.40 a pound Duty: \$.44 a pound plus 50%. [Approximate duty 160%]

The comparison of duties on the above mentioned items shows that the tariff of 1890 was approximately twice as high as that of 1883.

DUTIES ON DRESS GOODS

In 1883

1. Cotton warp worth \$.20 a yard or less Duty: \$.05 a yard plus 35%. [Approximate duty 60%]

2. Cotton warp worth over \$.20 Duty: \$.07 a yard plus 40%. [Approximate duty 70%]

3. Warp made wholly of wool Duty: \$.09 a yard plus 40%. [Approximate duty 85%]

In 1890

1. Cotton warp worth \$.15 a yard or less Duty \$.07 a yard plus 40%. [Approximate duty 90%]

2. Cotton warp worth over \$.15 a yard Duty: \$.08 a yard plus 50%. [Approximate duty 105%]

3. If warp contains any wool Duty: \$.12 a yard plus 50%. [Approximate duty 130%]

The general rise in duty on these items by the tariff of 1890 amounted to approximately thirty-seven per cent.

To appease the farmers, the duties were placed on various farm products but these could have little farm effect on raising the prices because these products were very largely sold in Europe. In order to reduce the surplus, which was always a point of contention in tariff legislation, the duty on sugar was removed and instead sugar growers were paid a bounty of two cents a pound. "As a whole, the tariff act of 1890 presented to the American people without disguise the question whether they wished a larger extension of the protective system beyond the point to which it had developed by legislation of the war period."³⁶

The Democratic reaction to the McKinley Bill was like a volcanic eruption. Protest from the Reformers came fast and vigorous but the Republican majority held firm. Watter-son condemned the bill in his editorials in no unyielding terms point for point, as follows:³⁷

1. It is a monument of legislative iniquity, a job from beginning to end, a robbery in every line.
2. It is a violation of every conception of equality and justice.
3. It is a defiance of every sound principle of political economy.
4. It takes from him that hath not, all that he hath, and gives to him who hath more than he knows what to do with.

36 Swisher, op. cit., p. 25

37 Courier-Journal, September 27, 1890

5. It plunders the poor for the benefit of the rich, and robs the farmer that the manufacturer may roll in wealth.

6. It takes the products of the western producer, and hands him over bound hand and foot to the eastern plunderer.

7. It sacrifices the South to the West and then sacrifices the West to the East.

8. It is the concentration of twenty-five years of unpunished crime and is another evidence that because sentence against an evil work is not executed speedily hardens his heart to work iniquity.

Watterson felt that the high rates and favoritism for party groups would create a tide of retaliation and condemnation toward the Republican party. He realized that, to start agitation now was not too soon even though the next presidential election was still far off and in this respect he said:

The Democrats to win in 1892, must begin the fight now. It must be continued from this day on to the close without yielding an inch at any point; without compromise or conciliation - fighting as earnestly and persistently in '90, '91, '92 as in '88 for lower taxes for the people and free raw materials for the manufacturers .38

The previous election had disrupted the Democratic party and it would take time to rebuild it on the basis of the old tariff reform ideas. The results of this strategic planning were shown in the campaign and national convention of 1892.

CLEVELAND AGAIN AND THE FAILURE OF TARIFF REFORM

CHAPTER IV

CLEVELAND AGAIN AND THE FAILURE OF TARIFF REFORM

The Democratic Campaign and the National Convention of 1892. The McKinley Bill with its high protection policy and discriminating principles was the basis of attack of the reformers in their struggle to overthrow the Republicans in the next election. Granting protection to the agricultural group under the McKinley Tariff seemed to be the proper move for the protectionists for, by doing so, they felt that they would be able to swing the farmer away from the free trade block. But agrarian dissatisfaction brought on a movement known as Populism, resulting in the formation of a "Peoples Party", as a direct protest against the acts of the party in power. It was evident that Harrison's greed and extravagance were working against him and the Republican party. Some of this extravagance was brought about by the promises the "Republican party had made to every wing and section. To the industrial capitalist of the East a high protective tariff was pledged. To rural sections the party had made appeal by hinting in its platform at a renewal of silver-money inflation. To the war veterans, angered by Cleveland's vetoes of pension bills, Harrison

promised an annuity for all who were unable to earn a living."¹ The Democrats helped this decline by their criticism of the large appropriations passed by the "billion-dollar" Republican Congress in order to reduce the large and growing treasury surplus. This, and other discriminating principles, brought about a higher cost of living. The steady rise in prices and the decline of the purchasing power of the dollar caused great agitation in the agricultural west. Many city people attributed the increased cost of living to the high rates of tariff, and in the election of 1890 gave the Democratic party a majority in both the House and the Senate.

Watterson had been continually preparing his party for the coming presidential election in 1892, and the Democratic success of 1890 offered much encouragement to him and his followers. Democratic strength wasn't sufficient enough however, to force the issue. A more propitious moment was necessary and this, Watterson felt, would arrive following the election of 1892.

The Democratic National Convention of 1892 was held in Chicago, and Watterson was prepared for the fight of his life. Once more, as in 1888, there was a prolonged struggle in the platform committee over the tariff plank. Cleveland was the obvious and inevitable candidate, but he came to the

¹ Josephson, op. cit., pp. 434-35

convention with a more cautious attitude concerning tariff reform.² William C. Whitney, Cleveland's first term manager and William F. Vilas, his ex-Postmaster General³ "brought forth the same plank which had been used in the campaign of 1884 which declared for a revision of the tariff laws to remove their inequalities, lighten their oppressions, and put them on a fair basis."⁴ This was acceptable to Cleveland, but Watterson vigorously protested the proposal. The defeat of Watterson and Thomas L. Johnson in the Resolutions Committee did not daunt these radicals in the least. They carried their fight to the floor and by their tactics and eloquence, had substituted a plank which denounced "Republican protection in general as fraud and robbery, called the McKinley Act the culminating atrocity of class legislation and declared high tariff-taxation unconstitutional."⁵ Their substituted plank declared for a tariff for revenue only, in no uncertain terms.⁶ The slight differences of opinion which had ensued between Watterson and Cleveland as far back as 1888 now broke out anew and in more violent measures.

2 Nevins, op. cit., p. 491

3 Josephson, op. cit., p. 495

4 Nevins, op. cit., p. 491

5 Ibid., p. 491

6 Louisville Times, Dec. 23, 1921, Louisville, Ky.

Cleveland's discontent over the Watterson tariff plank showed no bounds, and he immediately dispatched a modest but to-the-point letter to the Louisville Editor giving his reasons for favoring caution, even going so far as threatening to modify if not repudiate the plank in his letter of acceptance. Watterson showed his firm stand on the subject when, in a letter to Cleveland, he wrote:

I had at St. Louis in 1888 and at Chicago the present year to oppose what was represented as your judgement and desire in the adoption of a tariff plank in our National platform The enclosed articles set forth the reasons forcing upon me a different conclusion from yours, in terms that may appear to you bluntly specific but I hope not personally offensive. . . . I do not think that you appreciate the overwhelming force of the revenue reform issue, which has made you its idol. If you will allow me to say so, in perfect frankness and without intending to be rude or unkind, the gentlemen immediately about you, gentlemen upon whom you rely for material aid and energetic party management are not as to the tariff, Democrats at all, and have little conception of the place in the popular mind and heart held by the Revenue Reform idea, or, indeed of any idea except that of organization and money. You cannot escape your great message of 1887 if you would. I know it by heart and I think that I perfectly apprehend its scope and tenor. Take it as your guiding star, stand upon it, reiterate it, emphasize it, amplify it, but do not subtract a thought, do not erase a word.⁷

Cleveland did not accept this letter in the manner Watterson had anticipated. The ex-President's firmness of mind showed itself only too well. He immediately answered Watterson in terms so sharp and drastic that these two men

⁷ Letter from Henry Watterson to Grover Cleveland July 9, 1892, Courier-Journal Office, Louisville, Kentucky

became bitter enemies and remained so until death.

The election of Cleveland and his attempts at tariff reform. The greed and extravagance of the Harrison administration put the United States in a very precarious position. Business conditions became unsatisfactory early in 1890 when the failure of many banks in England and her colonies greatly influenced the conditions in this country. India and many countries in Europe which had established the Gold Standard purchased bullion from the United States to increase their gold reserve. American exports declined and the United States began shipping gold to Europe in settlement of her trade balances. As a result the gold supply became increasingly low. Unemployment spread. The dissatisfaction of the people concerning these conditions manifested itself in the election of 1892 when Cleveland was returned to the White House, backed by a Democratic majority in both houses.

Cleveland was inaugurated on March 4, 1893, and in his brief inaugural address he promised a sound and stable currency, Civil Service reform and tariff reduction.

Concerning the tariff he said:

The people of the United States have decreed that on this day the control of their government in its legislative and executive branches shall be given to a political party pledged in the most positive terms to the accomplishment of tariff reform. They have thus determined in favor of a more just and equitable system of Federal taxation. The agents they have chosen to carry out their purposes are bound by the promises not less than by the command of their

masters to devote themselves unremittingly to this service.⁸

The beginning of the second presidential term presented two important problems to Cleveland. He was faced with a demand from two quarters for a special session of Congress. The tariff reform radicals wanted immediate action on their subject and urged Cleveland to call the session for them. Another group demanded the special session in order to repeal the Silver-Purchase Act and thus avert the worst consequence of a panic. According to this law silver was being purchased with treasury notes which were redeemable in gold or silver. Since the holders demanded gold, the gold supply was fast being reduced. Many people feared that the government would be forced to abandon the gold standard, and this they believed, would destroy the monetary and banking system. Cleveland believed that prompt action on this subject was necessary, but to set aside, even temporarily, the tariff question, his pet policy, was definitely hard to do. After some hesitation, however, he finally decided to call Congress to repeal the Silver-Purchase Act. By doing this, the President sacrificed his best chance of obtaining that full and satisfactory revision of the tariff for which he had so long argued. Watterson and his followers were much disturbed by the President's action.

⁸ Renzo D. Bowers, Inaugural Addresses of the Presidents (St. Louis, Mo: Thomas Law Book Company, 1929), p. 330

Their defeat, they felt, was not justifiable in the light of what they had previously accomplished for the party.

Cleveland's decision only added to the enmity that already existed between the President and the Louisville editor.

Although Watterson favored silver-purchase repeal many other Democrats opposed it and the repeal bill was passed largely by Republican votes.

The Wilson-Gorman Tariff. When the regular session of Congress met in December, 1893, Cleveland attempted to cover up his previous side-stepping of the tariff question by demanding from Congress immediate action for reduction. The President was well armed in his fight against protection, for William L. Wilson, of West Virginia, a staunch advocate of tariff reform was appointed chairman of the Ways and Means Committee. Carlisle, the former Speaker of the House and an ardent tariff reformer was made Secretary of the Treasury.⁹ For approximately six months, in which Cleveland said very little concerning tariff reduction, he had been working diligently with Wilson, to draft a suitable tariff bill. Cleveland knew what he wanted, and in these behind-the-door conferences he outlined his policies carefully. These he expressed in his message as follows:

Manifestly if we are to aid the people directly

⁹ Barnes, op. cit., p. 204

through tariff reform, one of its most obvious features should be a reduction in the present tariff charges upon the necessaries of life. The benefits of such a reduction would be palpable and substantial, seen and felt by thousands who would be better fed and better clothed and better sheltered. These gifts should be the willing benefactions of a Government whose highest function is the promotion of the welfare of the people.

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A measure has been prepared by the appropriate Congressional committee embodying tariff reform on the lines herein suggested, which will be promptly submitted for legislative action.¹⁰

Watterson had been watching the Wilson - Cleveland proceedings carefully and had repeatedly challenged Cleveland to abide by the Democratic promises as set forth in the party platform. If Cleveland's previous opposition to Watterson's insistent tariff reduction demands were reflected in the aforementioned tariff reform bill, this would mean the loss of everything that had been gained by the tariff reform Democrats in the National Convention. The National Democratic platform, as Watterson put it, was the chart for the President to consult, and broken pledges could only bring about broken hopes.¹¹

While the bill was being prepared by Wilson and his House Committee, the Republican Protectionist block in the Senate was busy spreading its propaganda against the bill.

¹⁰ Albert Ellery Bergh, Letters and Address of Grover Cleveland (New York: The Unit Book Publishing Company, 1909), pp. 360-362.

¹¹ Courier-Journal, Mar. 6, 1894

Eastern capitalists prepared petitions which they sent to Washington to be used against the repeal of the McKinley Tariff. Factory owners in the East even went so far as to threaten their employees with dismissal if they tried, even in some small way, to help the reformers. The bill as presented to the House in January, 1894 worked towards free raw materials, a general reduction of other tariff duties and a change from specific to advalorem rates. Watterson's fears were partly justified, for the Wilson Bill retained some protective features of the McKinley Tariff. Wilson, too, realized the protective qualities of the bill, for he remarked that if there would be any objection to the bill it would be because it made rates too high rather than too low. Watterson and his reformers realized that the bill fell far short of what was desired and expected by the tariff reform sentiment of the country. In his modified acceptance of the Bill, Watterson said:

The Wilson Bill, in all candor, is certainly the least that the Democrats could offer as a redemption of their pledge to give the country a revenue tariff. It is unsatisfactory to thorough-going tariff reformers because, while its constructors claim to have formed it on revenue lines, its provisions show that it was formed with never a loss of sight of protection lines also. But the tariff reformers are ready to swallow their disappointment and take the Wilson Bill as a half loaf.¹²

¹² Courier-Journal, March 9, 1894

The large majority of Democrats in the House paved the way for quick passage of the Bill. This in itself was some satisfaction to Watterson, for it disposed of the taunting Republican assertion that the Democratic Party was too much torn by factions to make headway in the reform of tariff. If the step towards tariff reform was not as long a stride as the Courier-Journal had hoped, at least almost the entire party took it together. On February 1, the bill passed the House and was sent to the Senate. "The Wilson Bill had seemed a paltry enough gesture at tariff reform but now the Senate Finance Committee of which the Maryland boss (Arthur Gorman) was a member got to work behind its closed doors improvising hundreds of amendments - in all 634 - which left but a few shreds of the original bill as framed in the House." 13

The appeasement of individual factions by the Senate was necessary, for large sums of money had been constantly pouring into the pockets of the doubtful senators. Lobbyists were busy at their appointed task and filibustering was the event of the session for the Senate wanted to gain back, by delay, every possible spark of protection they felt had been taken away from them by Wilson's offering. The free list of wool, coal, iron ore, and sugar was attacked most

13 Josephson, op. cit., p. 544

heavily. Gorman, in order to satisfy his own state and others, replaced the duty on coal, though not at the high level established by the McKinley tariff. Iron ore again received its bounty for the benefit of the Alabama senators and the Sugar Trust was able to retain its protection.

So great was the mutilation of the Wilson Bill that the House indignantly rejected the amendments. Cleveland's bitterness toward Gorman and the Finance Committee left no doubt as to the feelings between the President and the Senator from Maryland, but the die had been cast and it was now up to the House to attempt to salvage the parts. Cleveland dispatched a letter to Wilson on July 2, 1894, in which he expressed his true feelings of the Senate attack by saying in part:

The certainty that a conference will be ordered between the two houses of Congress for the purpose of adjusting differences on the subject of the tariff legislation makes it also certain that you will again be called on to do hard service in the cause of tariff reform. Every true Democrat and every sincere tariff reformer knows that this bill in its present form and as it will be submitted to the conference falls far short of the consummation for which we have long labored, for which we have suffered defeat without discouragement, which, in its anticipation gave us a rallying cry in our day of triumph, and which, in its promise of accomplishment is so interwoven with Democratic pledges and Democratic success that our abandonment of the cause of the principles upon which it rests means party perfidy and party dishonor.¹⁴

¹⁴ Nevins, op. cit., pp. 354, 355

The necessity for a conference committee to be called was obvious, for the House stood out stubbornly against the surrender which the Senate demanded. Montgomery and Wilson, two of the most radical reformers on the conference committee, insisted on the policy of free coal, iron, and sugar as they had been provided in the Wilson Bill. Oddly enough, free wool had escaped the general wreck of the Democratic pledges which the Finance Committee had accomplished. This could be set down, as Watterson put it, "as the eighth wonder of the world."¹⁵ Watterson, to be sure, was very much disgusted with the legislative proceedings. The bill, as Wilson had drafted it was so protective in nature that it was barely tariff reform, in Watterson's opinion. Gorman's revision left not enough tariff reform in the bill to make it worth fighting for. In fact Watterson felt that the Wilson-Gorman Bill was such close kin to the McKinley Measure that he couldn't see why the Republicans wanted to fight against it.¹⁶

For one whole month the Senate and the House fought bitterly in their struggles over the tariff question. The House Democrats tried to get back that which they previously had gained in their own chamber while the Senators fought for the protectionist features added to the House bill. One of

¹⁵ Courier-Journal, May 9, 1894

¹⁶ Courier-Journal, May 26, 1894

the greatest controversies between the chambers resulted from divergent policies on sugar. The House had provided that sugar be made duty free, but the Sugar Trust, through their lobbyists and large amounts of capital, had managed to keep themselves well protected by having that item on the free list removed, and a suitable duty on sugar substituted. For example, the Tariff Bill as it passed the Senate provided that all sugar should pay, a duty of forty per cent ad valorem, which meant that domestic sugar growers in Louisiana and elsewhere were protected against Cuban and other imports. The bill further provided that on all sugar above number sixteen Dutch Standard there should be levied and paid a duty of one eighth of a cent a pound in addition to the said forty per cent ad valorem.¹⁷ This differential tax protected sugar refineries which were almost all owned by the American Sugar Company (a new name adopted by the former Sugar Trust). Some tariff reformers had previously advocated a low duty on raw sugar, since most of the revenue would enter the United States Treasury. Cleveland, in his letter to William L. Wilson had advocated a tax on sugar but only within reasonable bounds and of such a nature as not to run counter to the Democratic principle.¹⁸ On this subject Whitney, Cleveland's

¹⁷ Sugar above No. 16 Dutch Standard was known as refined sugar: below that as raw sugar.

¹⁸ Nevins, op. cit., p. 357

backer showed favoritism to the Sugar Trust by showing them the open door to the President's office. When the Sugar Barons, Henry and Theodore Havemeyer wanted a personal interview with the President, Whitney sent them to the "Assistant President" Daniel Lamont who was taking orders from Whitney.¹⁹ Since approximately nine-tenths of the sugar consumed in the United States came from abroad, that proportion of the tariff revenue would find its way in the United States Treasury. The Senate Bill however, deviated from the purely revenue basis and placed the tax so high that importations were practically impossible. The Differential Tax gave the domestic refineries or Sugar Trusts the additional margin of one eighth of a cent a pound so that they could raise the price of their sugar that much more without subjecting themselves to competition from abroad. Watterson termed the privilege as "a pure gift to the Sugar Trust."²⁰

Protests from the Lower House were of no avail, for the Senate refused to budge an inch. Wilson, in a speech to both Houses, presented the letter which he had received from Cleveland concerning the "Mongrel Bill," hoping that it would have some influence upon the stubborn Democrat Protectionists,

19 Josephson, op. cit., pp. 546-47

20 Courier-Journal, August 1, 1894

but that was not to be the case. The Senate Democrats, Gorman, Brice, Chaffery and others, felt that they hadn't broken any party pledges; and their anger toward such insinuations resulted in their firm stand on Democratic conservatism.

The session of Congress was soon to terminate, and seeing the possibility of having no bill at all, the House decided to acquiesce. Wilson, in his last speech to the Conference Committee, expressed his feelings on the situation quite frankly: "I can't pretend that I am gratified at the outcome of this prolonged controversy. . . . We realized in this fight . . . that when the people have gained a victory at the polls they must have a further stand-up and knock-down fight with their own representatives."²¹

Watterson carried the torch also, and his bitter feelings toward the Democrats and their failure to carry their measure were expressed in his Courier-Journal editorial of March 9, 1894, in which he wrote:

Every honest Democrat in the land must feel humiliated and sick at heart over the spectacle of a Democratic Senate abandoning itself to a wild protectionist orgie, without a thought of broken pledge and dishonored platform. No voice is raised in all that din of conflicting interests to demand a hearing for the party's promises. The affair lacks even the dignity of a contest between protection and tariff reform. Tariff reform is no longer in the fight.

The Wilson-Gorman Tariff embodying those concessions

²¹ Courier-Journal, August 14, 1894

of Senatorial greed went to the President for his signature. The members of both Houses had hoped that the President would apply his pen at once for that session of Congress was soon to be over and the members were anxious to return to their homes. Numerous tariff reformers earnestly urged Cleveland to sign the bill, for they felt that if he did not do so he would hurt the chances of the Democratic party in the next election. It was suggested to Cleveland that what the Bill represented was all that the true friends of the President could get, and, consequently, if Cleveland refused to apply his signature to the bill it would signify his abdication of leadership of the Democratic Party. Cleveland could not see the results of his refusal in that light. He had previously denounced the bill in a scathing letter and if he had signed it it would have shown only a reversal of his attitude, yet he would not veto it, because it made some reductions. The only possible path to follow, the President took, and the Bill became a law on August 27, 1894, without his signature.²² Up to the time of the final passage of the bill the tariff reformers could only see its bad clauses, but when the measure became a law, the few concessions that had been granted to the reformers were emphasized. In the first place, the Senate had suggested the possibility of introducing individual

22 Tarbell, op. cit., p. 236

tariff laws on those items which the House had place on the free list but on which the Senate had demanded duties. These pop-gun tariff bills, as they had become known, were the first things the House decided to consider when the next session of Congress was to convene in December, 1894.

Of those items which the lower chamber had placed on the free list in the original Wilson Bill, wool was the only item which had remained untouched by the Senate. This had been interpreted by the tariff reformers, as an oversight. Concerning this provision, Watterson said:

The best thing in the new bill, from the people's standpoint, is free wool and cheaper woolen clothing. In fact, free wool is about the only thing in the bill to be proud of. By some sort of good luck free wool escaped the greedy eyes of the conservative Senators and was left in the bill as a lonesome reminder of what might have been. . . . The reductions on woolen goods will make a marked difference in the cost of woolen clothing, shawls, yarns, blankets and flannels. The McKinley Bill taxed woolen yarns something like two hundred seventy-nine per cent of their value, the new bill taxes them about thirty per cent. Woolen shawls are cut from about one hundred fifty per cent to thirty-five percent and other woolens in about the same proportion.²³

It was clear that the Wilson-Gorman Tariff made no deep-reaching change in the precious tariff legislation. Aside from free wool and a few cuts here and there in the general duties, the bill remained definitely protective in nature.

²³ Courier-Journal, August 18, 1894

The defeat of the Democrats in 1894 and '96 and the election of President McKinley. Approximately two months after the passage of the Wilson-Gorman Tariff the Democrats suffered a defeat in the Congressional election. The industrial failure and general panic in the country during Cleveland's administration was interpreted as a Democratic weakness and, as a consequence, the people rallied to the Republican cause. The pop-gun tariff bills which the tariff reformers were trying to push through Congress were forgotten, since some of the Democratic leaders who had desired them had been unseated in Congress. The Presidential election of 1896 met with the same Republican success. William McKinley, on the platform of protection and the gold standard, faced Mr. William Jennings Bryan, who ran on the platform of free silver and tariff reduction.²⁴ The tariff question was the second policy of the Democrats; they promised they would institute tariff legislation at the first opportunity. Watterson, who had previously been a very influential spokesman for the Democratic nominees during many presidential elections, lost all interest in the fight, and went on a vacation abroad during the campaign. Mr. Haldeman, Watterson's

²⁴ The gold and silver plank could be read in different ways. McKinley favored International Silver agreement but this had already been proved impossible.

partner, put the Courier-Journal on the stand when he announced that the Louisville paper would oppose the Democratic nominee on the free silver issue. Watterson, on hearing this, immediately cabled his partner and backed Haldeman's opinion with these words, "No compromise with dishonor."²⁵ Though the paper met with much criticism, it didn't hesitate to pull any punches aimed at Bryan.

The campaign was fast and furious but the outcome soon became apparent. Those who had shouted loudest for the Democratic nominee realized that they couldn't vote for him. The vote of the gold Democrats split the Democrats in Kentucky and other border states and the Republicans swept into office and into control of the government for the next sixteen years. Although the campaign was fought on the basis of sound money that policy was far from McKinley's mind when he took office. When McKinley was inaugurated, he made known his intentions concerning the tariff:

In the revision of the tariff, especial attention should be given to the reenactment and extension of the reciprocity principle of the law of 1890, under which so great a stimulus was given to our foreign trade in new and advantageous markets for our surplus agricultural and manufactured products. The brief trial given this legislation amply justifies a further experiment and additional discretionary power in the making of commercial treaties, the end in view always to be the opening up of new markets for the products of our country, by granting concessions to the products

²⁵ Courier-Journal, July 13, 1896

of other lands that we need and cannot produce ourselves, and which do not involve any loss of labor to our own people, but tend to increase their employment.²⁶

A special session of Congress was called and the President requested Congress to deal solely with the import duties and the revenue. It may be remembered that when Cleveland became President following Harrison's administration the treasury showed a deficit of \$70,000,000, and this amount had not been recovered during the four years of Democratic rule, partly because the income tax had been annulled by the Supreme Court. A measure of relief for the Treasury was necessary, and Representative Dingley, the chairman of the Ways and Means Committee, was called upon for immediate action on that subject. Previous preparations had been made in contemplation of such a demand, and soon a tariff bill was presented to the House for a vote. The Dingley Tariff, as the bill became known, passed the House with great speed, but did not meet with such success in the Senate. For two months the Senate studied the bill item for item and amended it considerably by lowering some of the rates which were introduced by the House. This action necessitated the calling of a conference committee in order that both Houses could discuss the changed bill. Those items which

²⁶ Richardson, op. cit., Vol. 13, p. 6239

were revised by the Senate were rechanged by the House and the bill, in that condition, was passed by the President on July 24, 1897. The strength of the tariff reformers had waned and Watterson portrayed purely passive interest in the new tariff legislation. He had recognized the bill and had followed its procedure through both houses of Congress. His previous policy would have caused him to condemn the new tariff law, but he remained silent concerning the new protective measure.

The Dingley Tariff, was designed to give protection to domestic industries and also to bring the treasury a much needed increase of revenue. Two of the major points brought out in the tariff of 1897 were:

1. The removal of wool from the free list.
2. The return of the reciprocity clause as had previously been established by the McKinley Bill of 1890.²⁷

Wool had previously been established as a free item by the Wilson-Gorman Tariff but again it was placed on the duty list however with a few minor changes. The change in the duty on wool naturally meant a change in the duties on cloths. The comparison between the Republican bills on this subject is as follows:

²⁷ The so called reciprocity clause gave the President the privilege of suspending the free admission of certain specified articles if he were satisfied that other countries imposed duties that were unreasonable and unequal. Taussig, op. cit., p.353

DUTIES ON WOOLEN CLOTHS

1890	1897
1. If worth \$.30 or less per pound, \$.33 per pound plus 40%. [Approximate duty 150%]	1. If worth \$.40 or less per pound, \$.33 per pound plus 50%. [Approximate duty 100%]
2. If worth between \$.30 and \$.40 per pound, \$.38½ per pound plus 40%. [Approximate duty 137 to 160%]	2. If worth between \$.40 and \$.70 per pound \$.44 per pound plus 50%. [Approximate duty 125 to 160%]
3. If worth more than \$.40 per pound, \$.44 per pound plus 50%. [Approximate duty 160%]	3. If worth over \$.70 per pound, \$.44 per pound plus 55%. [Approximate duty 125%]

DUTIES ON DRESS GOODS

1890	1897
1. Cotton warp, worth \$.15 a yard or less, \$.07 a yard plus 40%. [Approximate duty 95%]	1. and 2. The same; but with the proviso that the ad valorem duty shall be 55% if the value is over \$.70 per pound. [Approximate duty 65% to 85%]
2. Cotton warp worth more than \$.15 a yard, \$.08 a yard plus 50%. [Approximate duty 100%]	
3. If the warp has any wool, \$.12 a yard plus 50%. [Approximate duty 125%]	3. If the warp has any wool, \$.11 per yard plus 50%; but with the proviso that the ad valorem duty shall be 55% if the value exceeds \$.70 per pound. ²⁸ [Approximate duty 70 to 115%]

The Dingley Tariff lived through an era of prosperity and industrial activity to become longer lived than any of its preceeding measures. The twelve years of its existence came to an end by the party of its making.

28 Taussig, Ibid., pp. 333-34

SUMMARY AND CONCLUSION

CHAPTER V

SUMMARY AND CONCLUSION

I have presented two major issues: 1. The tariff policy of the nation from the standpoint of protection and reform or Republicanism and Democratic rule. 2. The tariff policy of Henry Watterson and its effect upon party politics; also its relation to that tariff legislation which was put into operation.

I have shown how tariff reform and high tariff became the policies of the two major parties in this country, the Republicans and the Democrats. The twenty year period of strife which was covered in this work brought out this fairly definite issue between the parties and made it the leading topic of controversy most of those twenty years. The highest public office sought, that of the presidency of the United States, was won and lost on this issue during the elections of 1888 and 1892. The supposed effects of such legislation were discussed freely.

The tariff-for-revenue-only theory found its strength in the hands of the Democrat Tariff Reform group who justified their desire for tariff reduction on two major points: 1. The Constitution authorized a duty on imported goods sufficient only to supply the treasury of

the United States with the necessary operational income. The lowering or removing of duties on those articles which were most necessary would give consumers more reasonable prices.

The protectionist theory was guided by the manufacturers or big business men of the country who asked for, protection from competition from foreign manufacturers on those items manufactured in this country so that high wages could be paid.

These two theories have been carried through as the general body of this thesis. The general interpretation of the application of these theories showed very little differentiation for, as I have shown, the economic conditions of the country influenced their meaning. I have endeavored however, to show that, when this question was discussed theoretically and controversially Watterson played an important part. But in the more technical and moderate discussion of exact rates he had little influence.

The Wattersonian theory, a liberal reform idea met its buffer in the conservative protection ideas, presented by Republicans and Democrats and in the moderate protectionism of Cleveland, Wilson and others, and because of this, failed to find its place in any legislation formulated by Congress. Watterson states in his Autobiography that he was never a free trader, that a tariff for revenue only was the least oppressive from the standpoint of the masses; but his

demands were for such a drastic lowering of tariff duties that his theory can only be interpreted as practically free trade. The earnest appeal of Watterson and his tariff reformers has been traced through five presidential terms, three of them Republicans and two Democrats. The balance of power, in terms of years, was therefore in favor of the Republican Protectionists; and the additional set-back of a split among the Democratic members of both Houses of Congress deceived the expectations of the reform group.

The evidence I have found proves to me that Watterson, in respect to the tariff question, never deviated from his policy even in the face of losing friends and making enemies. His straightforwardness and firmness of mind found few equals among his fellow Democrats. Perhaps the others were right in favoring compromise, but one must admire a man who sticks to his principles.

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