

EDUCATIONAL SERIES

Democratic Senators and Iron Ore

In the United States senate, May 25, Senator Stone of Missouri made a statement in which all democrats and Americans generally will be interested. Senator Stone spoke on the vote of certain democratic senators in favor of a tariff on iron ore. Because The Commoner will have considerable to say on this subject, Commoner readers will be interested in Senator Stone's statement.

As that statement appears in the Congressional Record of Tuesday, May 25, it follows:

DUTY ON IRON ORE

Mr. Stone. Mr. President, a day or two since, Colonel William J. Bryan was interviewed at Toledo, Ohio, and the interview has been reported through the Associated Press. I will read a brief extract from that interview, printed in the Washington Herald:

"As to the democrats who voted for the imposition of duties, they have, as a rule, defended their conduct on the ground that the duties voted for were revenue duties, and they have not been high duties. Measured on an ad valorem basis, the duty on lumber and on iron ore are but a small portion of the price. I think that the democrats who voted for the duty made a mistake."

Mr. President, I have had the honor and pleasure of sustaining cordial and rather intimate relations with Mr. Bryan for a good many years, and those relations still exist. I can speak, therefore, in a feeling of respect and kindness regarding him. And at this point I might say that it has become a habit for our friends on the other side of the chamber to speak disparagingly and sometimes almost sneeringly of Mr. Bryan. That is not a difficult or dangerous thing to do from this place of security. It does not require much courage to attack under such circumstances. I doubt whether senators who speak in this tone would adopt it if Mr. Bryan had a seat in this body and could reply for himself.

I do not hesitate to say—indeed, I take pride in saying—that I entertain for Mr. Bryan not only a high respect, but an affectionate regard. I believe that he is one of the most masterful and commanding intellectualities who has appeared in American public life during this generation.

Moreover, there is none to question the entire integrity of his opinions, the honesty of the man, his high character, or his sincerity. But, Mr. President, all men are fallible, all men make mistakes, and Mr. Bryan makes mistakes like other men. I have not always agreed with him, but I have never doubted his sincerity. I think in this matter he is mistaken, honestly so; and when he says he thinks that the democrats who voted against free iron ore made a mistake I do not agree with him.

Mr. President, I am one of the eighteen democrats who voted to put a duty of 25 cents per ton on iron ore. The eighteen democrats who voted that way are Messrs. Bacon, Bailey, Bankhead, Chamberlain, Clay, Daniel, Fletcher, Foster, Frazier, Johnston of Alabama, McEnery, Martin, Paynter, Simmons, Stone, Tallafiero, Taylor and Tillman. Ten democrats voted to put iron ore on the free list, viz., Messrs. Clarke of Arkansas, Culberson, Gore, Hughes, Newlands, Overman, Rayner, Shively, Smith of Maryland and Smith of South Carolina. How the five democrats who were absent or paired, and therefore are not recorded, would have voted, I do not know. Up to this time there are only two questions upon which democratic senators have divided to any appreciable extent—on iron ore and lumber; in fact, as a rule they have voted together and the same way. Mr. President, when the question of putting a duty on iron ore was before the senate, I was hesitant and somewhat uncertain as to what was the right and proper thing to do; but in the end the best judgment of which I am capable, not only as a party man, but as one desirous of promoting the best policy for the public welfare, I conceived it to be my duty to vote as I did. I believe in the doctrine of a revenue tariff, and this whether considered from the standpoint of the constitutional power vested in congress to levy tariffs or from the standpoint of economic policy. I believe that tariffs should be levied with the primary object of producing a needed public revenue, and that the duties should be as widely distributed and laid

upon as many articles as possible, always, of course, having in view the needs of the government; and I hold that the burden should be made lightest upon articles of common use and heaviest upon others.

Under present circumstances I doubt the wisdom, or I might more properly say the feasibility, of an extended free list; but at the same time, having in view the needs of the treasury, I favor admitting free of duty as many articles of common necessity as possible where the articles are controlled by a monopoly. I do not as a general proposition subscribe to the notion advocated by some of free raw materials to those who manufacture them, and at the same time allow protective duties on the manufactured products. Succinctly stated that is my view of the democratic position on the tariff question. Now, in applying this view to the case of iron ore, the first fact confronting me was that the duty of 25 cents per ton was a purely revenue duty, and in no sense a protective duty. Twenty-five cents per ton on ore is equivalent to about 10 per cent ad valorem. That means that under that rate all ores coming from the outside into this country for consumption, except that coming from Cuba, would pay a duty of approximately 10 per cent. Under our reciprocity agreement with Cuba, ores from that island would come in under a reduced rate, and would pay 20 per cent less than ores from other foreign mines. In other words, placing the rate at 25 cents per ton, while foreign ores generally would pay 10 per cent ad valorem, Cuban ores would pay 8 per cent. Whether in the one case or the other manifestly the duty is very low.

Mr. President, every since we have had tariff laws, and we have had them for more than a century, there has been a duty on iron ore. In all our tariff laws up to this time, whether made by democrats, republicans, or others, a duty has been laid on these ores.

The duty of 25 cents per ton, for which I voted, is the lowest duty ever imposed upon iron ore in any tariff bill ever enacted by the American congress. Even the Walker bill, that wisest, best arranged, and most celebrated of democratic tariff measures, laid a duty on these ores almost double that provided in the bill before the senate; and a duty of 40 per cent was laid on those ores in the Wilson bill. And so, Mr. President, at the very inception of my investigation and consideration of this subject, I was confronted with this situation and with these facts. Therefore, it seemed to me, unless some excellent reason could be given to the contrary, that I ought to vote to impose this low revenue tax, and I felt that in doing so I was following not only democratic policy, but democratic precedent. Of course, this was a question about which democrats might well and consistently differ. The question was whether iron ore should go on the free list, or be subject to a low revenue duty. Whenever that question as related to any article is presented to a democratic legislator it is one he is at liberty to decide according to his own judgment—according to his own view of the whole situation—and this he can do without in any degree violating his party obligation or ignoring his party policy. Hence, when ten democrats voted for free ore, and ten democrats, too, who have the confidence and respect not only of this body, but also of the entire membership of the democratic party throughout the country, so far from criticising what they did, it tended rather to accentuate the doubt in my mind as to the correctness of my own conclusion. But, Mr. President, I listened attentively to what was said on both sides of the chamber during the debate, and gave such time as I could to a personal examination of the matter. The chief arguments against the tax were two in number. The first was that iron is a natural resource of the United States and that it ought to be conserved as far as possible. It was argued that if outside ore, mined with cheaper labor, could be admitted free, that it would be used in much larger quantities, and that to the extent that the use of foreign ore was increased to that extent the use and absorption of domestic ore would decrease, or relatively so, and in that way, it was said, our own supply would be husbanded. This contention, however, seemed to me so remote in its possibility that it did not appeal to me strongly; and then against that contention it was urged, it seemed

to me with great force, that an almost nominal revenue tax of 8 to 10 per cent would not have the effect of materially limiting importations, but that, on the contrary, substantially as great a quantity would come in under that tax as would come if the ores were free.

There was a wide difference expressed in debate as to the amount of iron ore in the United States. Some placed the amount so low that it was said that, at the present rate of annual consumption, the supply would be exhausted in fifty years, while others placed it so high that it was said that, at the same rate of absorption, it would require hundreds and even thousands of years to exhaust it. I think there were extreme statements made upon both sides; but, taking it all in all, I have no doubt that the known and available supply of iron ore in the United States is sufficient, at the present rate of consumption, to last probably for several centuries. It did not seem to me, therefore, that there was much force in the contention that ore should be admitted free in order to conserve our resources.

The second argument against the tax was predicated upon the assertion that the United States steel corporation, known as the "steel trust," favored the imposition of a tariff duty on iron ore. It was asserted that this great corporation had acquired possession and control, through ownership and leaseholds of enormous areas of land containing iron ore, and that in consequence that corporation practically held a monopoly of the American supply. One senator, at least, and perhaps others, asserted that the trust controlled about 85 per cent of the iron ore area of the United States. Assuming these almost incredible statements to be true, it was urged that foreign ore should be admitted free in the interest of independent manufacturers of iron and steel. Now, Mr. President, it is undoubtedly true that the "steel trust," so called, has obtained possession and control of a large acreage of ore bearing land, but to say that the trust controls 85 per cent, or even 50 per cent, of these lands is, to my mind, a gross exaggeration. The senator from Alabama (Mr. Johnston) says that the trust and its allied interests do not in any way control as much as 50 per cent of the ore lands and mines of his state, and the senator from Michigan (Mr. Smith) declares, as a matter of personal knowledge, that the trust does not control as much as 50 per cent of the ore lands of his state.

The same is declared to be true as to the lands and mines of other states. In fact, it is affirmed that in some of the states, as in Virginia, where great quantities of iron ore exist and are mined, the trust has no property interests whatever. Mr. President, to my mind it is perfectly evident and clear that if we should exclude and shut out every acre of ore lands owned or controlled by the trust there would still be left vastly more than could be used by all the iron and steel industries of the country, including the trust, for a century. Of course, I may be wrong as to this, but I do not believe so. I have the utmost confidence that my estimate in this behalf is at least approximately correct. If this be so, then the independent manufacturers of steel and iron, if indeed there really are any such, can obtain their domestic supply on equal terms with the trust; and if that be true, then of what peculiar advantage would free ore be to the "independents?" If foreign ore should be made free, the trust could go out into the world and buy and import as well as the "independents," and at least upon equal terms with them. One would hold no advantage over the other.

But it has been asserted that the steel trust magnates favored a duty on iron ore. The junior senator from Maryland (Mr. Smith) stated that some person, I do not know whom, who in some way represented the trust, I do not know how, had said to him that the trust favored a tariff duty on ore. As for myself, I have no acquaintance, so far as I have knowledge, with any person connected with the steel trust in any capacity whatever. I am sure I have never at any time received any advices, suggestions, or information from any such person—not that I would have been unwilling to have heard what they might have had to say, if they had anything to say, but, as a matter of fact, I have never been in any way communicated with by anyone connected with the trust as to its position. I am frank to say that in my view of the situation, as I have stated it, I am unable to perceive how the imposition of this duty can possibly work to the advantage of the trust, or how free ore would contribute to its disadvantage. I must have clearer, more definite, and certain evidence than has been submitted to convince me to the contrary. I can not ignore what