

TARIFF TALK OPENED

(Continued from the First Page.)

our treaty with the Hawaiian government. The 2,000,000 tons of sugar consumed in the United States constitute nearly 30 per cent. of the total consumption of the world, the total sugar crop of 1896 being approximately 7,000,000 tons, of which 4,300,000 or about 61 1/2 per cent. of the whole, were beet sugars.

The pressing necessity for securing greatly increased revenues seem to render a return to a policy of free sugar doctored in 1890 an impossibility. The demand for revenue purposes and the belief that every reasonable effort should be made to encourage the protection of beet sugar in the United States, led a majority of the finance committee to recommend the high rates upon sugar which are contained in the bill now before the senate. It is believed by the friends of the beet sugar industry that we can successfully imitate the example of Germany in the rapid development of beet sugar production.

The bill, as it came to us from the house of representatives, contains provisions which levy a specific duty, based upon levistic test, upon imported sugar varying from 10 per pound at 75 degrees, to 15 1/2 per pound on all sugars above No. 16, Dutch standard. In color and refined sugars. The effect of these rates, as applied to the total imports of sugar, which for the month of January, 1897, is shown by a table which I submit to the senate, which has been prepared by the customs conventions in New York. The rates suggested show a range of ad valorem equivalents from 78.2 to 144.3 per cent. A careful examination of the tables will show that the scale of rates adopted bears very unequally on all low graded sugars. The character and extent of this discrimination led your committee to believe that the schedule should be modified. The committee determined, after a careful examination of the subject, to recommend rates which would be in their effect as high at least as the house bill, but which would be levied in a manner that would make the ad valorem equivalents more uniform. We believe that the imposition of the high specific rates upon low grade sugar and the reduction of the low would have the effect to exclude them from the markets of the United States. The total amount of these low grades produced is, as I have already stated, unimportant as compared with the total sugar crop, but their continued importation into the United States is very important, when viewed from the standpoint of our trade and commerce with other countries.

To exclude from the American market all the low grade cane sugars from the nearby countries, and sugars of all grades from distant countries would confine American purchasers to beet sugar and to centrifugals from points nearest the United States, and send all other sugars to free markets like Canada and England. This policy would undoubtedly increase the price of the sugars from nearby countries and necessarily add to the cost of sugar to consumers in the United States. These are the reasons which led your committee to suggest an ad valorem rate of 75 per cent. on all sugars testing not above 87 degrees, but this rate can never apply to but a very small portion of the sugars of the world, as from obvious causes, the proportionate amount of such sugars is constantly decreasing.

Of the same sugars testing above 87 degrees, very much the larger portions, as I have already stated, are centrifugals testing about 96 degrees. We were confronted with the fact that these rates would discriminate in favor of sugar of certain localities and values, against those of others. The committee, after full consideration, reached the conclusion that the essential elements of certainty of revenue and an adjustment of rates that would lessen discriminations could best be secured by the adoption of compound rates. The committee, therefore, adopted the suggestion which is contained in the bill we have reported to the senate, of imposing a specific duty, which is equivalent to about 40 per cent. ad valorem, with an additional duty of 35 per cent. ad valorem on all sugars from 87 to 100 degrees, with thirteen hundredths of a cent per pound additional on all sugars above No. 16, Dutch standard and color, and in refined sugars.

More than 90 per cent. of the sugar which is imported into the United States has heretofore been imported in a raw condition, and has been refined here, and it is, therefore, of importance that we should consider carefully the effect which the schedule proposed by the senate committee would have upon the refining industry. The fact that the business as conducted to-day is in comparatively few hands, and that a large portion of it is carried on by one company, while it furnishes a reason for unusual care in the adjustment of the rates in order that no undue or unfair advantage shall be given sugar refiners, should not be allowed to furnish a pretext in the preparation of a tariff bill constructed upon protective lines for the destruction of a great industry. In other words, it is important from every economic standpoint that we make it possible that refining sugar can be successfully carried on here, and that the business should not be turned over by legislative discriminations to German refiners.

It is, therefore, incumbent upon us to show that no protection is given the refining interests by the proposed schedule beyond that which is adequate for the continued existence of the business in the United States. For this purpose I have prepared a series of statements which I submit for your consideration, showing the actual difference between the rates imposed by the schedule upon raw sugars of different grades and refined.

The first of these tables to which I will call your attention shows the rates imposed upon each grade of sugar testing above 87 degrees by the house bill and the senate bill, it shows further the actual differential on each grade in both the house and senate bills. This table shows that the differential between raw and refined sugars by the senate proposition varies from 7.7 to 15.40c per 100 pounds, while the differential in the house bill varies from 12.29 to 17.35c per 100 pounds. It will be seen from an examination of this table that the differential between granulated sugar and 96 degrees centrifugals—the being by far the most important class of raw sugars and in amount two-thirds of the total imports of raw cane—is 9.87c per 100 pounds, on 94 degrees centrifugals the differential is 10.4c; on 89 degrees Muscavado the differential is 14.6.

In order to show that the committee's proposition does not give undue advantage to beet sugars as compared with cane sugars, the following statement has been prepared by me to show the differential between raw and refined beet sugar in comparison with the differential of the same sugars based on the rates imposed by existing law: Differential rates on raw sugar, 88 degrees analysis, and on German granulated:

Table with 3 columns: Present law, Refined, Raw, Differential. Rows for 104.50, 106.50, 108.50, 110.50, 112.50, 114.50, 116.50, 118.50, 120.50, 122.50, 124.50, 126.50, 128.50, 130.50, 132.50, 134.50, 136.50, 138.50, 140.50, 142.50, 144.50.

ceives thirty-eight hundredths of a cent per pound export bounty. The countervailing duty here is but one-tenth of a cent per pound. The German refiner, therefore, receives a net bounty of twenty-eight hundredths of a cent per pound. This enables him to sell his product at a less price than the American refiner has to pay for 96 degree centrifugals. It is this kind of competition which is driving the cane sugar producers and refiners of the world to the wall.

He then replied at length to a statement by Hon. William L. Wilson, in which the latter estimated the rates imposed by the senate committee's proposition. Continuing, Mr. Aldrich said: "In the tables I have submitted to you, it is shown that the provisions contained in both the senate and house proposals. The adoption of these or similar provisions for countervailing duties seems to be a necessity if we are to develop the beet sugar industry in the United States. Otherwise it would be possible for any foreign country by extension of its boundaries to neutralize entirely the effect of our protective duties.

In considering the important question whether the differential proposed by either the house or the senate bill is greater than it should be, we are bound in fairness to take into consideration existing conditions and the changes which have taken place since the enactment of the act of 1894. When that act was under discussion in the senate the difference of German granulated and raw beet, 88 per cent. analysis, was fifty-seven hundredths of a cent per pound. In March the difference was thirty-three hundredths of a cent per pound. The importations of refined sugars to the United States amounted in 1891 to 44,000,000 pounds, and in 1892 to 14,000,000 pounds. The importations in 1896 amounted to 187,000,000 pounds, while the importations in the single month of April, 1897, amounted to nearly 32,000,000 pounds. German refiners have driven the sugar refining industry of Great Britain almost entirely out of existence. They are invading every sugar market of the world with their product. For months raw beet sugar and German granulated have sold on absolute parity of value, taking into account only the percentage of refined sugar contained in each. If we assume the cost of refining sugar in the United States to be approximately one-half a cent per pound and if German refined sugar can be sold without loss on the same basis with German raw, it must be evident that the differentials suggested in the senate proposition are not only excessive, but are quite likely in the near future to prove inadequate to secure the continuance or absence of sugar refining in the United States. If importations of German granulated should increase at the same rate that they have since the act of 1894 was adopted, the Germans will certainly secure at an early day a large part of the American market. The protection afforded by the differential proposed by the senate committee is, I believe, not only less by percentage, but less with reference to the actual requirements of the industry than that afforded by rates imposed upon any other important product by the terms of the bill.

The senator then took up the Hawaiian treaty and said: "The committee will also prepare and present an amendment to the house provision in regard to the Hawaiian treaty. The existing commercial relations between the United States and the government of those islands provides for the free admission of raw sugars, the product of the islands, into the United States. If this treaty should remain in force it would result in giving a bounty to the Hawaiian sugar producers amounting to more than \$5,000,000 per annum. "The effect of this bounty would be undoubtedly to stimulate enormously the production of sugar in the Hawaiian islands. While we cannot fairly abrogate a treaty of this kind with a friendly country without notice, we believe that negotiations should be at once entered into looking to such a modification of the treaty as will reduce the bounty to be paid Hawaiian sugar producers to a reasonable sum and the committee will present an amendment looking in that direction at an early day. It certainly cannot be expected that the United States will continue for any length of time to pay a bonus of seven or eight millions of dollars per annum as an inducement to any foreign country to trade with us.

"Important changes have been made in schedule K, both in the rates on wool and on manufactured wools. The committee has suggested more liberal rates to domestic wool growers than it has recommended for the producers of any manufactured articles scheduled. It has also suggested for him a more effective protection than it has ever before afforded under any tariff law of the United States at the time of its enactment. The wool growers are given the benefit of a specific duty upon all classes of wool. Under the operation of this fixed specific duty, the amount of protection afforded will increase with each new decline in the foreign value of this raw material.

"The committee has aimed to give the wool growers a rate of duty which will average from 10 per cent. to 20 per cent. higher than the rates of earlier tariffs. In doing this, it is giving a higher protection upon the raw material than upon the manufactured product in every case. "Very careful consideration has been given to the compensatory duty on woollen goods, with the result of reducing the compensatory rates on low-grade goods, into whose manufacture more or less of other materials than wool enter. On the high-grade goods the compensatory duties are fixed on the same basis that has obtained in all previous tariffs.

"The house bill rate of 35 per cent. on carpet wools costing less than 13 cents a pound has created more agitation and opposition than any other feature of the wool schedule. It is alleged by the wool growers that this low rate of duty on carpet wools destroys the effectiveness of the protection afforded upon the higher grades of wool, by reason of the temptation it offers to import these low wools to be used in chevots, golf suitings and other popular fabrics which do not require fine wools. Without undertaking to affirm the correctness of these allegations regarding the extensive use of these carpet wools for clothing purposes, the committee recognized the fact that there is some such use made of them. To remove all possible ground for complaint on this score they have fixed the duties on class three wools at 4 cents a pound and on class four wools at 3 cents a pound over that valuation.

"Under these duties the ad valorem equivalents will range on the various grades of wool, by reason of the temptations offered to import these low wools to be used in chevots, golf suitings and other popular fabrics which do not require fine wools. Without undertaking to affirm the correctness of these allegations regarding the extensive use of these carpet wools for clothing purposes, the committee recognized the fact that there is some such use made of them. To remove all possible ground for complaint on this score they have fixed the duties on class three wools at 4 cents a pound and on class four wools at 3 cents a pound over that valuation.

bill which was intended to protect all American interests. This contention has been resisted by the farmers of the country, who believed that it would place an unnecessary burden upon their important industry. I shall not attempt to enter in detail into the reasons which led the committee to suggest the imposition of the duty.

"Many changes are suggested in the free list. Among the more notable of these is a recommendation to return to the liberal provisions of the existing law with regard to the free importation of books, works of art, etc., under certain conditions.

"It is the purpose of the committee to prepare a provision which will enable the government within certain fixed limits and without further legislative action to enter upon arrangements or to negotiate reciprocity treaties looking to an extension of our foreign trade.

"The committee also hopes before the bill passes from the consideration of the senate to be able to present certain needed amendments to the customs administration law."

In conclusion, Mr. Aldrich said: "The amendments recorded represent the consensus of opinion of a majority of the members of the committee. We have no pride of opinion or authorship in regard to any of the provisions reported. We have given careful consideration to the numerous important questions involved in the various schedules. We present to the senate the result of our labors, and shall cheerfully accept your judgment as to the wisdom of our conclusions."

Aldrich at 3:10 p. m., having spoken a little over an hour, Pettigrew presented the amendment of which he has heretofore given notice, that when articles are manufactured by a trust, articles of such character imported from abroad shall be free of duty. He said he would ask its consideration immediately after the committee amendments.

Vest, democratic member of the finance committee, was then recognized. "We know," he said, "the desperate condition of the country, the ruined homes, the blasted hearts. If properly can come from any source, even from our adversaries, we will bless the movement. I do not believe the imposition of higher tariff duties will dispel the clouds hanging above us, bringing back the sunshine and illuminating the whole country."

"It had been said," Vest proceeded, "that adversity came with the advent of the democratic party, and prosperity with the republican party. But adversity did not come with the advent of the democratic party."

Vest said he would summon as a witness no less an authority than William McKinley. The senator read from a report made by McKinley in April, 1890, that during the year 1889 the farmers of the country were suffering. How was it expected, the senator asked, that by increasing the burden of tariff taxes, the farmers would be helped to buy more goods? All agreed that there must be sufficient revenue to meet the requirements of the government, that government credit shall be sustained and her flag honored; but every dollar collected by the government beyond its needs is a crime.

"Why was it," he asked, "that the republican party was about to abandon its record and urge a tariff, not for protection, but for the amount of revenue it will produce? Why does it abandon its record and propose a tax on tea?"

"The senator said there was at this time an available balance in the treasury of \$229,350,650. Deducting the gold reserve of one hundred millions, the available balance was \$129,350,650. The vast amount of idle money was now accumulated in the treasury and yet the senate was told that it must impose upon our suffering people additional taxes. When President Harrison turned over the government to President Cleveland the treasury balance stood at \$24,128,870.

Vest, proceeding, declared that the proposition to raise \$3,000,000 of revenue by a tax on tea and increasing internal revenue was a naked and bold abandonment of the protective policy of the republican party.

Chandler interrupted with an inquiry as to where the accumulation in the treasury, to which Vest alluded, had come from.

"Does the senator mean that the Wilson bill put it there, and if not, how did it get there?" asked Chandler.

"We all know," answered Vest, "that it came from the sale of bonds which I did not approve, but it makes no difference where it came from. There is no question as to what right have you to increase the taxes on the people when enough is in the treasury already?"

"The senator declared that the urgent need was not for greater taxes, but for more money and better prices. The fall in prices must be stayed before the government can be any property. He mentioned as one source of evil that our workers were paid on a gold basis and came into competition with those paid on a silver basis.

"The senator from Nevada (Stewart) usually makes that argument," interposed Gallinger. "He has based it usually on Japan's use of silver, and now Japan has repudiated silver."

"You mean Japan was bought out," Stewart put in.

Vest then turned to several of the schedules and discussed them in detail. First he took up the sugar schedule. He mentioned the proposed sugar differentials and the tables of the senator from Rhode Island were of this ingenious kind. The whole thing turned on one point," said Vest, "and no one but the expert inside a sugar refinery was able to tell this. It was as to how much raw sugar would make 100 pounds of refined sugar and what amount of waste will there be."

While discussing the Hawaiian treaty, Vest said that it would have been at least more honorable had the committee proposed to abrogate the Hawaiian treaty, rather than kill it indirectly.

"How is it possible to defend an increase of duty on lead," asked Vest, "when the lead trust is making enormous profits and declaring 12 per cent. dividends on its stock common and preferred? Why double the rate on lead, a product going into every poor home, in order to feed the voracious taste of these monopolists?"

Referring to the wool schedule, Vest spoke of the conflicting claims of the wool manufacturers and Mr. Lawrence of the "Shepherd ring." As to hides, Vest said he warned republican senators that hides would go on the free list, as a result of thrifty New England sentiment. In conclusion, Vest said there was no disposition to delay the consideration of the bill. There would be no factious opposition and no unnecessary objections.

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