

SPEECH OF CHARLES S. HAMLIN

AT

NANTASKET BEACH, SATURDAY, AUG. 10, 1907.

The political situation in Massachusetts has become intensely interesting. The people generally, wearied with the continuous advance in the cost of living, recognizing that, to speak mildly, a material part of that advance is caused by unjust Tariff taxation, demand immediate relief in the shape of lower taxes. The Republican machine leaders are madly striving for some avenue of escape in order to keep the support of the protected interests. They realize that the present surplus in the National Treasury makes the need of tariff reform more acute, and they are much perplexed by the recent article of Mr. Roberts, the U. S. Treasurer, setting forth the evils of a high surplus and recommending a thirteen per cent reduction in tariff and other taxes.

At the Republican meeting at Nantasket Thursday, Senator Lodge mildly deprecated the surplus, although stating that after all it was better than a deficit. The Republican administrations have had experience with both surpluses and deficits in modern times and undoubtedly their opinion is sound on this point.

The Senator, however, felt obliged not to content himself with the above generality and devoted himself to the task of opposing a thirteen per cent tariff reduction, which Mr. Roberts thought would reduce the surplus, and at the same time find some other way to accomplish the same result. He opposed, as I think

we all do, reduction of the internal revenue duties on tobacco and whiskey. To the unthinking mind, it would be a somewhat difficult task to reduce a surplus without lowering the taxes which create it, except, indeed, by increasing government expenditures, which naturally the Senator did not favor.

But the Senator was equal to the emergency and suggested as a method of surplus reduction the payment of the public debt. It can not be denied that this is a possible means of surplus reduction. It was resorted to by the Harrison Administration between 1889 and 1893 and high sums were paid as premiums for this purpose. As a result, in part, of this debt reduction, the Treasury was stripped of much of its reserve fund and was much less prepared than otherwise it would have been to meet the financial crisis of 1890 to 1893, intensified in large part by the Sherman Silver Purchase Law passed by the Republican administration.

But there is another consequence of payment of the public debt, wholly apart from the enormous premiums which would have to be paid, and that is that thereby the basis of the National Bank currency would be destroyed. To meet this objection Senator Lodge suggests that it would be better to have the National Bank currency based on the Gold reserve. But to accomplish this, the gold reserve would have to be increased, and presumably the full value of the bonds now pledged would have to be put into the gold reserve. There are now outstanding over six hundred millions of dollars in National Bank Notes, and to give to these notes the same security,

as to value, that they have in the shape of bonds, after the transition had been made, over six hundred millions of gold would have been taken out of the circulation and impounded in the Treasury. Such a scheme of contraction of the currency is almost astounding!

To avoid tariff reduction and save existing taxes on whisky and tobacco, a contraction in the currency of six hundred millions of dollars is welcomed as a principle of government action. To such a pass has protection brought our legislators!

When our Republican friends object to a general reduction of thirteen per cent in existing tariff taxes, I am tempted to ask them to point out a single industry whose products are protected which would be injured by a reduction of thirteen per cent in its protection and that of its constituent parts.

Would such a reduction injure the steel industry, the coal industry, the woolen industry, the standard oil industry, the beef industry, the lumber industry?

We ought to be thankful to our Republican friends for occasional admissions as to the soundness of the Democratic position on the question of lower taxes. In his speech Thursday, Senator Lodge laid down this eminently sound proposition. He said:-

"It (the surplus) means great imports and that means that the country is prosperous".

Formerly our Republican friends have rended the air with lamentations on the evils of imports. They have depicted the country with large imports as doomed to certain ruin, and yet Senator Lodge actually cites the high surplus in the Treasury,

brought about, in a material part, by taxes on imports, as a sure indication that our country is prosperous!

The administration at Washington, in order to avoid retaliatory duties which Germany has threatened to impose upon our exports, has just inaugurated a novel method of tariff reform. Not daring to bring up the question of tariff reductions in Congress, -for that would split asunder the Republican Party-it has given the country an example of tariff reduction by executive decree. It has made a treaty with Germany, to take effect without ratification by the Senate, providing that the laws of the United States, that customs duties shall be levied on the market value abroad of imported articles, shall be construed so as to take the export price instead of the market value, under certain conditions.

The construction which all customs officers are thus ordered to put upon this law is absolutely contrary to the plain, expressed, command of Congress laid down in the statutes, and furnishes a case of pure executive usurpation.

The above and other clauses of this Treaty in effect permit German exporters to fix their own values on the goods sent to the United States, and, to prevent any possible annoyance, it is further provided that the special agents sent by the Treasury abroad to look up cases of undervaluation must be duly accredited to the foreign governments and subject to their approval. Furthermore, the U. S. Consuls in Germany are no longer to put German exporters to the annoyance and trouble of swearing to their invoices.

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Without discussing the legal phases of this Treaty, it is sufficient to say that the Germans must believe that under it they can send goods to the United States at a lower rate of duty, and if the language of the Treaty means anything, it must mean this.

During the last Democratic administration the subject of imports from Germany received much attention and the Democratic administration prepared for Mr. Dingley, the Republican Chairman of the Ways and Means Committee of the House, a draft of law authorizing the Secretary of the Treasury to refuse delivery of imported goods unless the invoices of these goods were sworn to abroad before some officer authorized by the laws of the foreign country to administer oaths and unless these foreign laws made perjury an indictable offence. This law passed the House of Representatives but was not acted upon by the Senate. It recorded the views of the Democratic administration, which it is needless to say, were concurred in by Republicans and Democrats in the House that ad valorem duties should be impartially and faithfully collected on the full foreign market value of the goods and that every effort should be made to ascertain just what that foreign market value was.

The new Treaty also provides, apparently, that in the future Consuls shall not require oaths to invoices at all, although up to this time they were authorized when they suspected undervaluation to require such oaths.

And now I want to ask the Republican leaders to declare themselves on this Treaty with Germany. Do they favor it or do

they oppose it. As for myself, I believe in a reduction of tariff taxation, but in a reduction brought about by Congress, or if you will, by a Treaty ratified by the Senate, and not in a reduction brought about by executive decree, ordering customs officers to construe the laws of the United States in a manner plainly contrary to their letter and spirit, which very construction Congress has expressly declined to grant.

The Secretary of State, for whom it is needless to state, I have the greatest respect, announces that the mutual reductions of duties which the above Treaty brings about, gives a benefit of about seven millions of dollars to our exports to Germany as compared with less than one million dollars to Germany's exports to us.

The fair deduction to be made, I presume, is that we have scored over Germany by seven millions to one million. This argument fails, however, to take into account the advantages to Germany from that part of the Treaty relating to taking the export price as the market value of imports under the conditions named. Assuming the Treaty to be permanent, I believe that one hundred million dollars would be no more than a fair consideration for what the German manufacturers think they are to receive under the new Treaty.

It may, of course, turn out that the Treaty does not give them all that they hope, but if it was intended to give and if it does give what they think it gives, the above figures would not be excessive as the measure of their gain.

The people of Massachusetts want Tariff Reform and they want it now. I believe our Party will nominate by acclamation as their candidate for Governor, the man who today stands forth conspicuous for his advocacy of tariff reform, one who perhaps better than any other man in the State represents the almost universal demand for reduction of taxation, one whose election as Governor will ensure not only faithful public service, but will, as well, announce in no doubtful terms to the country that Massachusetts, on the issue of tariff reform, has left its old allegiance and has joined the Democratic Party.