

THE PAYNE TARIFF BILL

History of the Measure and a Summary of Its Principal Provisions--The New Free List.

What the People Will Pay Less and More For--President Taft's Fight For Downward Revision.

After one of the bitterest and one of the most momentous legislative duels in the history of the national capital, the new tariff measure, the Payne bill, has been completed.

The report of the conference committee which determined what would be the provisions of the Payne bill in its final form was a victory for President Taft. He informed all of the conferees that hides must be placed on the free list, together with petroleum, crude and refined.

The tariff came off hides instantly, and as quickly was oil put on the untaxed schedule, together with gasoline, benzine and naphtha. The leather, rough lumber, print paper, coal and iron and glove schedules ranked next in importance during the closing days of the controversy.

If hides came in free, the important New England boot and shoe manufacturing interests would consent to a reduction of the tariff on their products, otherwise they would continue to fight.

The wool schedule underwent no change of consequence, but the entire cotton schedule was reconstructed and the phraseology greatly changed in the hope of preventing reductions through decisions by the courts such as have characterized the administration of the Dingley law during recent years.

Probably the most marked reductions are found in the metal schedule. Beginning with a decrease in the rate of iron ore from 40 to 15 cents per ton, there is a general reduction throughout that part of the bill, pig iron going down from \$4 to \$2.50 per ton and scrap iron from \$4 to \$1.

The president was subjected to severest pressure from both the upward and downward revisionists throughout. The upward revisionists told him that a reduction of duty on hides and leather manufactures would make the next congress Democratic, in which event they argued that Taft would not possibly be re-nominated for the presidency. The "downwards" told him that Roosevelt would surely be the next Republican candidate for president if the campaign promises for a downward revision were not fulfilled.

The Corporation Tax. The president had a highly difficult task also in preserving his scheme for a corporation tax intact in the Payne bill. This feature is clearly the most unpopular one in the entire measure, so far as members of the senate and house were concerned.

statements of a fraudulent nature are subject to a fine of \$1,000 and imprisonment for one year.

During the closing days of the tariff controversy, before the bill was voted on for final passage, over forty Republicans who had grievances of one sort or another against certain of the provisions of the bill stated that they would vote against it. They had it in their power to defeat the measure and force the president to call another special session in September or October. They had the party leaders plainly worried for a time, but the able peace-makers at the capital, including President Taft himself, succeeded in calming the ruffled waters at last.

HISTORY OF THE BILL. The new tariff law will be known in history as the Payne bill, taking its name from the chairman of the house committee of ways and means, the Hon. Seno E. Payne of New York, who also had a part in framing the McKinley and Dingley acts. Actually it should perhaps be called the Payne-Aldrich bill, as the chairman of the senate finance committee has had quite as much to do with dictating its final provisions as Mr. Payne. On this line of reasoning, however, there are those who insist that it should be called the Taft bill, as the hand of the president has been seen in all the moves that have shaped it from the days of the Republican national convention that nominated him and adopted a plank for tariff revision up until the hour of the final fight in conference committee, when the big man in the White House made his historic fight for free raw materials and for carrying out the promises of the party.

It is the first time there has been a change of the tariff laws in twelve years, the Dingley act having gone into effect in 1897. The inception of that law was strikingly like that of the present. In each case it was enacted by an extra session of congress, called as the first act of an incoming administration. More noteworthy still, each of these extra sessions was called to meet on March 15, the first one having been issued by William McKinley of Ohio, the last by William Howard Taft of Ohio.

The agitation within the Republican party for a revision of the Dingley act has gone on from the days of the "Iowa idea" until at last it culminated in the plank in the last Republican platform beginning: "The Republican party declares unequivocally for a revision of the tariff by a special session of congress immediately following the inauguration of the next president."

In his campaign on that platform Mr. Taft construed this plank as meaning revision downward, a point that he insisted on in his speeches and finally clinched in his inaugural address when he said that conditions had so changed relative to the Dingley act that they "will permit the reduction of rates in certain schedules and will require the advancement of few, if any." That meant revision downward, which was recognized substantially by the house bill, but was changed to actual revision upward by the senate bill. It was at this point that the president quietly but firmly injected himself into the fight in the conference between the two houses, the house standing behind him and forcing the senate to yield. The Payne bill in its present form is the result.

First Tariff Bill. The first tariff bill enacted in the United States was that of the First congress. The opening section of that bill stated that, in addition to securing money for the support of the government, the tariff was adopted for "the encouragement and protection of manufactures." From that time political parties of national scope have clashed on the issue of the tariff as to whether or not it should be more than "for revenue only." The expenses of the war of 1812 necessitated a material increase in the tariff, but an adjustment occurred two years after the close of the war through an act prepared by Henry Clay. In 1826 the tariff was jumped up a few pegs, and a year later it went higher, from 31 to 41 per cent. When, in 1832, a bill establishing a protective tariff policy was passed, South Carolina refused to recognize the validity of the increased duties and threatened to secede. President Jackson had to dispatch a warship to South Carolina waters. A horizontal reduction of the tariff took place in 1833. Twelve years later, under Polk's administration, a bill drafted by Robert J. Walker, secretary of the treasury, was adopted, standing mildly for the protective policy. This bill lasted until 1857, when a reduction to 20 1/2 per cent occurred on the average duties. Actually a free trade system, this low tariff proved adequate for all government needs until the outbreak of the civil war, when an increased income was necessitated.

The Morrill bill. The Morrill act of 1861 increased duties about one-third, and the tax was extended to include tea, coffee and sugar. Internal revenue was collected, beginning in 1862, and two years later the duties were raised 50 per cent for a period of ninety days. After a succession of tariff measures to the war's close a cessation of this form of legislative activity occurred. But in 1870 and 1872 reductions were made down the list, some of which were restored in 1874, making the average duty 28 1/2 per cent. A tariff commission was appointed in 1882 which prepared a bill that was put on the statute books, lasting six years. It was at this time that James G. Blaine took a most active part in tariff discussions. It was in the early eighties that William R. Morrison of Illinois, Democratic chairman of ways and means, prepared his well known horizontal reduction of 20 per cent on all taxed products, which was defeated. During Cleveland's first administration the Mills bill was a powerful issue, and in 1888 the tariff fight resulted in the election of Benjamin Harrison to the presidency. He stood for a high protective tariff. As a result the McKinley bill was enacted, putting the duties over the marks reached during the civil war.

The Wilson Bill. But the revision which followed resulted in the re-election of Cleveland in 1892, with a Democratic congress. Then resulted the Wilson bill, providing for wholesale reductions, particularly as regarding iron and steel manufactures. It should be noted that the Dingley bill in 1897 retained practically the iron and steel duties laid down in the Wilson measure. Though William McKinley was elected on the financial issue in 1898, his first act after being sworn in as president was the calling of an extra session of congress to repeal the Wilson-Gorman tariff bill. The result of that session was the Dingley law, named for its author, Nelson Dingley, Jr., of Maine, which put the schedules practically back on the McKinley basis.

Following is a comparison between the old Dingley tariff rates and those of the new Payne bill:

Table with columns for 'Dingley Payne law' and 'Payne bill'. Rows include various goods like cotton, wool, and metals with their respective tariff rates.

Table listing various agricultural products like Oatmeal, Rice, Wheat, and their respective tariff rates.

Table listing various animal products like Fish, Butter, Eggs, and their respective tariff rates.

Table listing various fruits and nuts like Apples, Peaches, and their respective tariff rates.

Table listing various textiles like Cotton, Wool, and their respective tariff rates.

Table listing various clothing items like Shirts, Drawers, and their respective tariff rates.

Table listing various household goods like Soap, Glass, and their respective tariff rates.

Table listing various metals like Iron, Steel, and their respective tariff rates.

Table listing various machinery and tools like Axes, Hammers, and their respective tariff rates.

Table listing various raw materials like Hemp, Jute, and their respective tariff rates.

Table listing various necessities like Soap, Paper, and their respective tariff rates.

Table listing various manufactured products like Sugar, Coffee, and their respective tariff rates.

Table listing various agricultural products like Cattle, Horses, and their respective tariff rates.

Table listing various manufactured products like Glass, Brick, and their respective tariff rates.

Table listing various manufactured products like Paper, Envelopes, and their respective tariff rates.

Table listing various glass and plate items like Plate glass, Cast polished plate glass, and their respective tariff rates.

Table listing various spectacles and optical items like Spectacles, eyeglasses, and their respective tariff rates.

Table listing various iron and steel items like Iron beams, jolts, girders, and their respective tariff rates.

Table listing various iron and steel wire items like Iron wire, Steel wire, and their respective tariff rates.

Table listing various iron and steel pipe items like Cast iron pipe, Steel pipe, and their respective tariff rates.

Table listing various iron and steel machinery items like Steam engines, Pumps, and their respective tariff rates.

Table listing various iron and steel tools items like Axes, Hammers, and their respective tariff rates.

Table listing various iron and steel hardware items like Bolts, Nuts, and their respective tariff rates.

Table listing various iron and steel fasteners items like Screws, Rivets, and their respective tariff rates.

Table listing various iron and steel structural items like Beams, Columns, and their respective tariff rates.

Table listing various iron and steel pipe fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various iron and steel valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various iron and steel tanks items like Storage tanks, Pressure tanks, and their respective tariff rates.

Table listing various iron and steel structural components items like Brackets, Plates, and their respective tariff rates.

Table listing various leather goods like Belting and sole leather, Sheepskins, and their respective tariff rates.

Table listing various gloves like Women's or children's, Men's, and their respective tariff rates.

Table listing various photographic items like Photographic films, Plates, and their respective tariff rates.

Table listing various pipe and boiler items like Pipes, Boilers, and their respective tariff rates.

Table listing various pipe and boiler fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various pipe and boiler tanks items like Storage tanks, Pressure tanks, and their respective tariff rates.

Table listing various pipe and boiler structural items like Brackets, Plates, and their respective tariff rates.

Table listing various pipe and boiler pipe fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various pipe and boiler tanks items like Storage tanks, Pressure tanks, and their respective tariff rates.

Table listing various pipe and boiler structural items like Brackets, Plates, and their respective tariff rates.

Table listing various pipe and boiler pipe fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various leather goods like Belting and sole leather, Sheepskins, and their respective tariff rates.

Table listing various gloves like Women's or children's, Men's, and their respective tariff rates.

Table listing various photographic items like Photographic films, Plates, and their respective tariff rates.

Table listing various pipe and boiler items like Pipes, Boilers, and their respective tariff rates.

Table listing various pipe and boiler fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various pipe and boiler tanks items like Storage tanks, Pressure tanks, and their respective tariff rates.

Table listing various pipe and boiler structural items like Brackets, Plates, and their respective tariff rates.

Table listing various pipe and boiler pipe fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

Table listing various pipe and boiler tanks items like Storage tanks, Pressure tanks, and their respective tariff rates.

Table listing various pipe and boiler structural items like Brackets, Plates, and their respective tariff rates.

Table listing various pipe and boiler pipe fittings items like Elbows, Tees, and their respective tariff rates.

Table listing various pipe and boiler valves items like Gate valves, Globe valves, and their respective tariff rates.

THE FREE LIST. The new free list of the Payne bill includes the following articles: Petroleum, crude and refined, was continued on the free list, though considerable opposition to this procedure developed.

Administrative Features. The bill marks a distinct departure in that it provides for a corporation tax and a court of customs. The corporation tax, while yielding a large amount of revenue, is primarily designed for the purpose of governmental regulation of corporations, and it will have this effect.