

Taxation and Tariffs  
March 26, 1897  
Given at Detroit Home and Day School  
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There is no branch of Political Economy which comes closer home to us all, none in which we have a closer personal interest than in the questions of taxes.

There is an old saying that the two things we are most certain of are Tariffs & Taxes. Neither can be avoided or escaped from. Taxes are an adjunct of civilized life. In a state of barbarism, for obvious reasons, no taxes are necessary.

The higher we rise in the scale of civilization the higher and more numerous will be our taxes. Taxes are higher in large cities than in the rural districts because so much more is done for the dwellers in the city than for dwellers in the country – as for instance water, gas, paved streets, fire and police protection, etc.

The tendency of taxation is everywhere towards a higher rate. This is true even if taxes are honestly administered, as is not always the case.

Our wants are constantly increasing. We are all the while finding new objects which to levy taxes and also new objects requiring expenditures and for which taxes must be levied. Taxes which would have been unendurable 40 years ago are now submitted to without a murmur, even approvingly. In the early days of Detroit no fire department was necessary; then the ladder bucket brigade was organized, then as the town grew there was a volunteer Fire Department and the people were taxed to pay for the old fashioned cheap hand engine; later on it was found by experience that this was not sufficient protection against fire and a paid Fire Department was organized and higher taxes still were levied for its support and to pay for expensive steam fire engines.

In those early days each man had a well in his own door yard but as the city grew large, for good reasons this could not go on and the City was obliged to furnish good water for the people and there we had the water tax.

In the same general way, the taxes for police protection and for street lighting and paving have gradually increased.

It is within my memory where free schools were not in existence, where they had hardly been dreamed of. I can well remember the exciting discussions in the State of New York which led to their establishment there.

At that time the simple primary education of the District School was all that was contemplated to be made free by "Reforms never go backward" (though they often go too fast in the other direction) and the system spread to high schools, Free Academies, Normal Schools and great State Universities, all supported by taxes on the people. If the originators of the Free School System could have foreseen the lengths to which it could be carried, they might have been frightened at putting in the entering wedge.

The taxes now levied for school purposes in every State of the Union are enormous. The great problem of statesmanship at present in all the countries of the world is to raise the most revenue by taxation with the lightest burden on the people, or rather the most lightly felt burden. There is a difference in the two statements.

There are two kinds of taxation, direct and indirect. The expenses of our State, County and City Governments are met by direct taxation. The assessor ascertains the amount of property each person has that is liable to taxation and a certain percentage is levied on this amount. We pay our taxes as such, to the proper offices at the appointed time and we know just how much we are contributing towards the support of our State, County and City organizations.

In a system of indirect taxation we cannot always tell how much we are paying nor **who** and where we pay.

The expenses of the National Government are paid by indirect taxation of the people and no man can figure at the close of the year how much his share has been.

If I ask a businessman how much his taxes were last year, he would doubtless take out his memorandum book and report, so much State Co. tax, So much City Tax, so many Water Tax etc. Total, so much. But if I ask, "But how much were your National taxes last year his first thought would be to reply, "that I paid no National tax."

And yet several hundred millions of National taxes were collected last year and someone paid them.

It is this ignorance of the amount paid which makes indirect taxation the favorite method of raising revenues of the Government. In my boyhood days, before Homeopathic doctors were discovered, where our Mothers wanted to give us a nasty dose of medicine, they disguised it in current jelly or sweetmeats and the more jelly there was in proportion to the medicine, the more easily the dose would go down. Sometimes in the language of quack advertisements children would "cry for them." Non-indirect taxation is simply covering the burden of taxation with sweetmeats.

Go into the City Hall at tax paying time and watch the crowd pressing around the ward windows to get their receipts. It is not a happy looking crowd, they do not look as if they are on a picnic, and their faces wear scowls. They show every symptom of being engaged in a performance of a very unpleasant duty.

Now as you go down the street you can see other people paying indirect taxes and having some fun out of it.

Look into a beer garden and see the jolly noisy crowd! They are paying National taxes and having a good time in the payment. Look at the contented faces of the crowd in hotel lobbies, smoking cigars and paying their taxes in that way. Every puff of smoke that goes curling upwards from burning cigars helps to pay the expenses of the garrison at Fort Wayne and the revenue cutters on the lakes.

Every schooner of beer and every pipe full of tobacco keeps to pay the salary of the Postmaster and Collector of Detroit. Every pack of playing cards that **enlivens** the social gatherings in our club rooms and parlors keeps to pay the salary of the President of the United States. Every gallon of beer that was drunk in Detroit last year every glass of whiskey that helped brings men to **?????** every cigar that was smoked, every cigarette that poisoned the boys of our city, helped to pay the taxes of our Government.

I have sometimes had a fanciful idea that the women of our City paid largely our City Taxes and the men paid the National Taxes. I have watch the crowds of women at the City Hall paying the local taxes and there **worn**, anxious faces told how they had clawed and pinched and starved so that the accumulated earnings of the wash tub and the needle might pay the taxes on the little house and lot they called home. The National taxes are of course more important than the City taxes, just as the Nation is more important than the city, and so the head of the family the husband & father takes on himself that more important duty and he pays the national taxes by drinking beer and whiskey & smoking cigars. His sense of patriotism enables him to pay these taxes in this way without making such a fuss over it as the women do in paying the local taxes. And where a few years hence some of these young women before me may be contemplating an entrance into married life a contingency which is not at all impossible, they will doubtless develop are equal amount of patriotism in paying duties on imported silks and laces, etc. They believe that our fertile soil. They quote Mr. Blaine, "The United States has reached a point where one of its highest duties is to enlarge the area of its foreign trade" and that **?????** is not a **?????** or **?????**. A high pro tariff enriches East at expense of West. Tariff adds nothing to what farmer sells but to all he buys. They point that we do already compete for every protected industry that is closed.

The man who bought a pound of smoking tobacco last year and paid say 20 cents for it, paid 12 cents of that amount to the tobacconist and 8 cents to the Government. If he used 30 pounds of that tobacco during the year he paid \$3.60 for the tobacco and \$2.40 for the tax. If he had simply paid for the tobacco alone when he bought it and at the end of the year the Collector had called on him for the \$2.40 and for a corresponding amount of his other indulgences during the year, what a kicking there would have been! There would have been a revolution so noisy that the Chicago riots would have seemed like a Quaker Meeting in comparison.

This tax on tobacco, beer, spirits, cigars, etc. is called the Internal Revenue Tax.

The tobacconists of Detroit alone pay to the Government annually for tax stamps used in their business over a million and a quarter of dollars. This of course they collected again from their customers. This tax was all paid by the consumers of the different articles affected by the tax. In regard to this there is no difference of opinion.

The greater part of the revenues of the Governments however, is raised by a tax on imported articles, articles manufactured or produced in foreign countries and brought to this country for sale. This tax is far more indirect than the other and gives rise to a great many

differences of opinion. It has been a great political issue in our land and has given rise to more discussion than any other public question since slavery was abolished. No other question has given such a chance for a display of ignorance or for the arts of the demagogue. It has entered into all the ramifications of political life, state & local, till the test of a man's fitness to be the Alderman of Detroit or janitor of a school building is determined largely by the views he holds (or **attitudes** he holds) on the Tariff question. It has been a football for political parties and through it to a great extent, the business interests of the country have been made subservient to partisan needs.

The word Tariff we are told is derived from the name of a seaport in Southern Spain on the Mediterranean Sea, Tariff.

This port in olden times was headquarters for the Moorish pirates who used the sally out from there and levy plunder from vessels passing through the Straits of Gibraltar. So this name has come to be applied to the exactions of nations from cargoes of goods coming to their shores from other countries.

This tax or "duty" as it is generally called, is collected by Custom House Officers and varies on different objects at different times in accordance with the prevailing ideas under which different tariffs are framed.

The Tariff Schedule for 1890, known as the McKinley Tariff, covered about 6000 different articles, the present tariff a less number. On a ton of Railway iron imported the duty under the McKinley bill was \$12 per ton, under the present tariff \$7 per ton; on pig iron it was \$600 per ton, now it is \$400 per ton. Our present tariff levies a tax on cheap carpeting, Tapestry Brussels for instance of about 25 cents per yard, so that the Importer, who might otherwise be able to sell such carpets for 59 cents per yard, must now get 75 cents, under the McKinley law he must have doubled his price, in order to get back the amount of duty paid.

On woolen clothing of all kinds the duty is still higher; a woolen shawl costing \$3.00 pays a duty of \$1.00 so that the \$3.00 shawl must be sold for \$4.00. Woolen blankets pay 25 to 35% duty so that a lot of blankets costing \$10.00 must be sold at about \$13.00. Under the McKinley law a Ten Dollar lot of blankets paid a duty of \$15 so that a purchaser had to pay \$25 for what might otherwise have sold for Ten Dollars. Under our present tariff stockings costing \$4.00 per dozen pair pay a duty of \$2.00 per dozen, under clothing costing \$6.00 per dozen pair pay \$3.00 per dozen. These are illustrations of the manner in which this tariff duty is collected.

In round numbers at the present time, in buying imported goods, one pays 2/3 of the price of the goods and 1/3 to the Government. And I presume the young ladies who buy Paris dresses to enhance, or rather to set off their personal beauty, will be first as patriotic as the men in paying these National taxes. The people of this country are divided in opinion in regard to Tariff matters into two general classes, commonly known as Free Traders & Protectionists.

These names do not in themselves clearly describe the doctrines of those who hold to these forces of belief any more than the words Republican & Democrat describe our two great political parties. The two great parties might change names one with the other and the new names would be just as appropriate. No one advocates practical Free Trade and all are in favor of protection to American industry. The difference in opinion is in regard to what will best protect our industries. There we find that the thoughtful sentiment of the country, the honest opinion of patriotic men is so equally divided it is fair to presume that there are two sides to this tariff question and that a man need not be stigmatized as disloyal to the interest of the country, no matter which side he takes in the controversy. He will find good company on either side. The College of Presidents & Professors in this country are almost unanimously Free Traders or, as they call themselves, tariff Reformers and it would be absurd to change them with knowingly favoring any plan which would be injurious to the business of the country. If they are wrong it is only fair to attribute it to their ignorance and not to malice.

A late distinguished Statesman of Michigan spoke of these College Professors as "literary fellows who know nothing about politics." I am not arguing in favor of either side of the question by sill try to explain as clearly as I can and as fairly as my own prejudices will allow, the differing ideas that are held by the two opposing sides. There are fundamentally different ideas in regard to what should be the object of the tariff as well as to the manner in which it should be levied.

The protectionist believe that even if the tariff were not necessary for the expenses of the National Government it would in itself be a good thing for us it should be wise & beneficial in its effect on the propensity of the people; they believe that the tariff should be levied not only to

produce a revenue but to stimulate, protect and build up the industries of our country. They believe that the tariff should be levied on articles which are or can be produced or manufactured here, and that articles which cannot be produced or manufactured here, such as Tea, Coffee, Spices & etc, a tax on which would not help our industrial interests should be admitted free of duty.

They believe that any legislation is proper which will serve to maintain the high wages which Labor receives in this country as compared with foreign countries.

They believe that wages are so much higher in this country than elsewhere that we cannot compete with foreign producers in the open markets of the world; that for this reason we must rely on the home market for our own productions and that we must by use of legislation keep that market for ourselves. They claim that if by reason of lower wages (or other causes) in England than here, the English ironmaster can afford to deliver steel rails for say \$20 per ton to our purchasing Railway Companies, and that by reason of our higher wages, the American Maker cannot afford to furnish them at that price, a tariff should be levied on the English rails which will oblige the English Maker to ask a price for them so much higher that the American Maker, getting the same advanced price can hold the home market for steel rails.

That if the woolen Manufacturers of England and France, for similar reasons, can deliver woolen goods here at a price which Americans cannot match, a duty must be imposed which would so advance the price of woolen goods to American consumers that they would wear American clothes instead of foreign. So for carpets and other things.

They claim that high prices for goods are not to our injury, if all things are high in proportion; that we can better afford to pay the high prices which may be caused by the tariff if only we receive correspondingly high pay for what we may sell in exchange or for rewards of our labor. They say that high prices are a sure sign of prosperity in a country.

Ex President Harrison is quoted as saying that "a cheap coat generally means that there is a cheap man inside of it and that we don't want cheap men."

They claim that except for this "protection" the manufacturing industries of our country could never have been put into successful operation as they have been, that this protection is needed while our industries are in their infancy to enable them to get a fair start and that the advance in prices caused by the tariff is only temporary in its effect. They claim that the higher prices thus caused will stimulate production, open new factories, develop new mines and so increase the volume of production of these protected industries that the expenses of manufacture would greatly decrease and that in the end the prices would be lessened by the effect of the tariff instead of being made higher. As an illustration of this, they point to steel rails which, when we were dependent on England for our supply, cost \$100 per ton or more laid down in our markets but which after many years of high tariff have been reduced in price so that American Makers are now producing them at less than 1/3 of that price. The same can be said of pig iron and many other articles on which for many years there has been a high tariff but which have constantly decreased in price.

They claim also that the high rate of wages which is made possible by the tariff adds so greatly to the purchasing power of the people that the home market is greatly enlarged and that thus additional demand for goods helps to keep our mills in operation, makes a good market for the products of our farms and our dairies and thus contributes to the general prosperity of our country. They point to the fact that for 25 years we lived under a high protective tariff, levied with these objects in view and that during those years the wages of American workmen were constantly advanced and were higher than those paid in any other country in the world. They claim that our present tariff is only partially protective in its character and that the great business depression which has prevailed with us during the last three years has been largely due to the change made in the tariff and that the surest way to renew the business prosperity of the country is to reenact a high protective tariff.

On the other hand, the Free Traders believe that the Tariff is an evil, although a necessary evil; that all taxes are a burden on the people and a clog on their material progress. They believe that the object of the tariff should be to raise money for the expenses of the Government; that all other taxation is unnecessary and that (in the language of Grover Cleveland) "Unnecessary taxation is a crime." They say we have no right to levy taxes on all the people for the benefit of part of them and that a so called protection tariff burdens the many and enriches the few. They believe that the best protection which can be given to American industry is to protect us from unnecessary taxation.

Their plan would be to levy a duty on articles not produced or manufacture in this country, such as Tea, Coffee, Spices, etc. and to supplement it by a duty on imported luxuries instead of imported necessities; on silks, velvets, Cham pains, etc. instead of on blankets, clothing and medicines. The tax on articles not produced in this country would be easily collected and would all go into the treasury of the Nation.

They believe that a protective tariff raises the price not only on the articles which pay the duty but on all other similar articles manufactured or produced in this country, and that of this enormous tax which the consumers pay in the enhanced price of articles affected by the tariff, only one dollar goes into the treasury while 5 to 10 dollars go into the pockets of protected manufactures.

They believe that all the people of the country are burdened by the tariff while only a few are benefited by it. They believed that the prosperity of our country and the higher rewards of labor here have been in spite of and not on account of the high tariff; that while it is true that steel rails, pig iron, etc. were reduced so greatly during the existence of our high tariff, they were reduced in the same ratio in all other countries and that many articles not produced in this country were also reduced in the same proportion.

They say that while wages have been higher here than in any other country in the world, they are higher in Free Trade England than in any other country in the world except ours; that the condition of the laboring classes in England is better than anywhere else in the world except here and that these facts show that there are other elements besides the tariff which affect the higher wages and the material prosperity which prevail here.

They claim that shuttering ourselves up in the home market is building an industrial Chinese Wall around our land narrowing our ambitions and energies and restricting the growth and development of our manufacturing industries. They believe that we can compete in the open markets of the world with the most favored nations if only we can have a fair chance and that this fair chance can only be given us by keeping us free from the burden of unnecessary Taxation. They believe that our fertile soil, our magnificent water powers, our vast expanse of accessible cheap lands, our cheap food, our cheap homes, our inventive genius and the energy and enthusiasm of the American character will more than offset the difference in the cost of labor.

They quote Sir James G. Blaine one of the highest authorities in the ranks of their opponents as saying "The United States has reached the point where one of its highest duties is to enlarge the area of its foreign trade" and that there is not a section or a line in this bill (meaning the McKinley tariff bill) that will open a market for another bushel of wheat or barrel of pork. They show us statistics compiled by Mr. Blaine where Secretary of State under President Garfield showing that we can manufacture most articles here as cheaply as they can in Europe, that while labor is higher here by the day, it is not higher by the piece, the extra efficiency of the American workman more than making up for the extra price he receives for his days labor. They claim that the effect of a high protection tariff is to switch the Eastern manufacturers at the expense of the Western farmer, that our farmers are obliged to accept prices for their wheat their corn, their pork and their cotton which are fixed for them in the markets of the outside world while they are not allowed to accept goods in return at prices which prevail in the same markets. They claim that the tariff adds nothing to the price of what the farmer sells but adds to the price of all he buys, the clothes he wears, the cloth for his table, the blankets for his bed and the tools for his farm. They point us to the fact that we do already compete in the markets of the world in many articles, that we send places all over the world, that we send sewing machines everywhere, that we are rapidly following them up with American watches and that we have a practical monopoly throughout the world in the manufacture & sale of agricultural implements.

They claim that for every protected industry which might be closed by Free Trade, half again new ones would spring up, able to stand alone without any tariff prop and that the material prosperity of the country would be greatly enhanced instead of diminished.

Protectionist claim that the election of President Cleveland and a Democratic Congress in 1892, pledged to change our tariff from protective to revenue ideas brought about an great business depression.

Free Traders reply that Pres Cleveland was elected in Nov. 1892 and that our country enjoyed the greatest business prosperity till the next June when the panic struck us & that panic was caused by **undervaluedness** of our currency and not by threatened change of tariff. They call attention to the fact that we had an equally disastrous panic in 1873 under a high protective tariff when there were no threats of a change.

When Gen Hancock was running for President he remarked to a reporter in an unguarded moment that the "tariff was a local issue" and was overwhelmed with ridicule. The General may have "?????" "better than he knew" but now no one would question the truth of this statement. Pennsylvania wants high tariff on coal "?????", New England manufacturers want free coal, Troy wants high tariff on collars & cuffs, Detroit stove makers want free mica, Michigan lumberman want high tariff on lumber and low tariff on saws & belts, etc. There is a good deal of selfishness in human nature, even among lumberman.

A Democratic Senator from the State of New York (whose home is in Troy) has been nicknamed "Old Collars & Cuffs" because though a Free Trader he has so persistently fought for a high tariff on those articles.

Gov. Alger, Gov. Rich and a host of Mich Republicans who in past years have shouted themselves hoarse over the necessity of protecting the laborers in the Mich woods against the "cheap labor" of Canada have changed their tune since their Mich pine has been cut off and they have invested their capital in Canadian lumbermen and at the last session of congress used every possible exertion against a duty on Canadian lumber.