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EDITED BY  
THE FACULTY OF POLITICAL SCIENCE  
OF COLUMBIA UNIVERSITY

VOLUME FORTY-SEVEN

New York  
COLUMBIA UNIVERSITY  
LONGMANS, GREEN & CO., AGENTS  
LONDON: P. S. KING & SON  
1912

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**THE POLITICS OF MICHIGAN**



**STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW**

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Volume XLVII]

[Number 1

Whole Number 118

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**THE POLITICS OF MICHIGAN**

1865-1878

BY

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New York

COLUMBIA UNIVERSITY

LONGMANS, GREEN & CO., AGENTS

LONDON: P. S. KING & SON

1912

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## PREFACE

AN attempt has been made in the following pages to set forth the attitude of Michigan on the leading political issues during the important years from 1865 to 1878. The party interests of the state naturally centered about national questions during this period, but there were certain local issues, such as railroad construction and internal improvement, which also received much attention. Probably the most striking features of Michigan politics at this time were the unbroken dominance of the Republican party, and the prominence of the personal element arising from the unusual characteristics of several of the leaders.

My research has been greatly facilitated by many persons who have manifested a kind interest in its progress. Mr. Thomas A. Wilson and Edward W. Barber, of Jackson, Michigan, very kindly contributed many personal reminiscences which were helpful because of their impartiality. Mr. C. M. Burton, of Detroit, Michigan, extended to me the privilege of his excellent private library, containing all the letters and papers of Jacob M. Howard.

Among the many persons who assisted me in my research, acknowledgments are due Mr. Gaillard Hunt, Mr. William L. Bishop, and Miss Emily West, of the Library of Congress, and Mr. Byron A. Finney and Miss Fredricka Gillette, of the Library of the University of Michigan, Ann Arbor.

I am most deeply indebted, however, to Professor William A. Dunning, of Columbia University, who has rendered the most valuable assistance throughout the preparation of this monograph, by his advice both as to content and as to manner of treatment.

TO WHOM IT MAY CONCERN



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## CHAPTER IX

## THE SOCIAL AND ECONOMIC PROGRESS OF MICHIGAN

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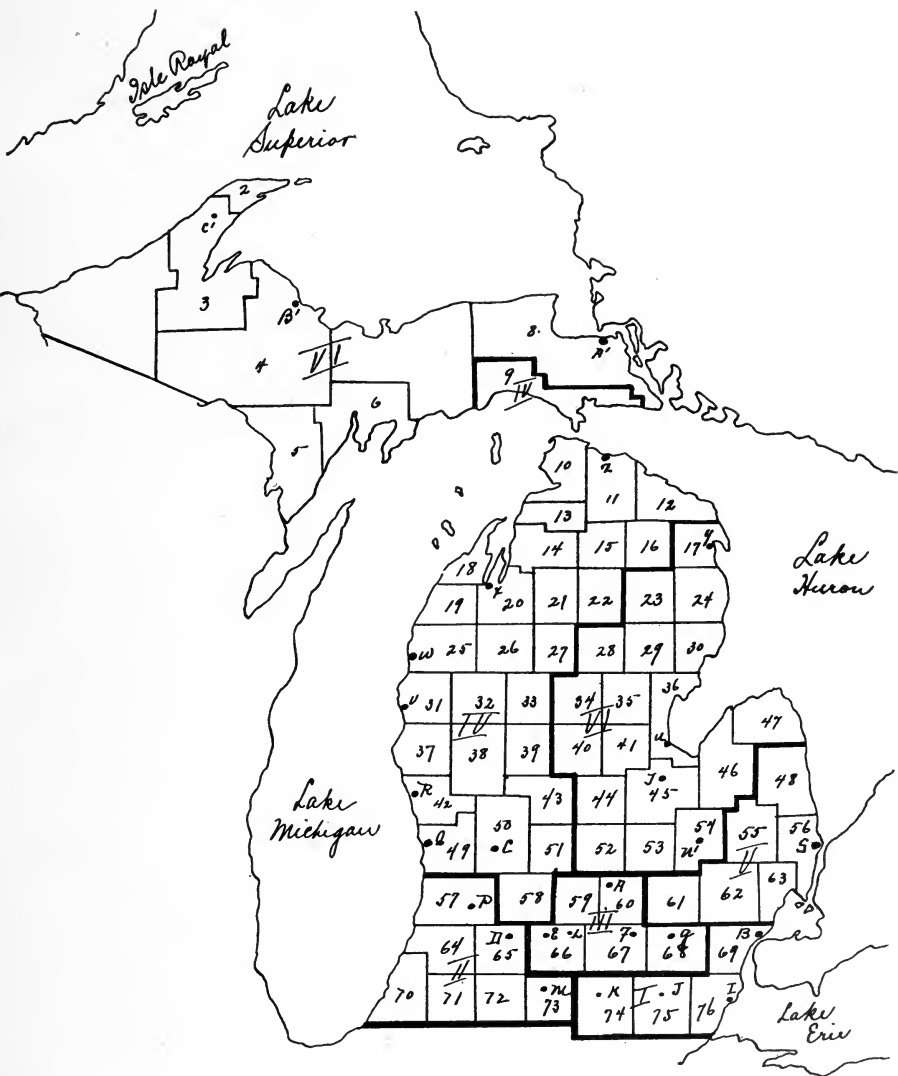
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EXPLANATION TO MAP I

The roman numerals indicate the Congressional Districts into which the state was divided until the reapportionment of 1872.

The counties indicated by the arabic figures, and the principal cities by capitals, are enumerated in the explanation of the following map.

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## EXPLANATION TO MAP II

The roman numerals indicate the Congressional Districts according to the reapportionment of 1872. The map is taken from the Michigan Manual of 1875, following page 144.

The counties are as follows :

1 Ontonagon	27 Missaukee	52 Clinton
2 Keweenaw	28 Roscommon	53 Shiawassee
3 Houghton	29 Ogemaw	54 Genesee
4 Marquette	30 Iosco	55 Lapeer
5 Menominee	31 Mason	56 St. Clair
6 Delta	32 Lake	57 Allegan
7 Schoolcraft	33 Osceola	58 Barry
8 Chippewa	34 Clare	59 Eaton
9 Mackinac	35 Gladwin	60 Ingham
10 Emmet	36 Bay	61 Livingston
11 Cheboygan	37 Oceana	62 Oakland
12 Presque Isle	38 Newago	63 Macomb
13 Charlevoix	39 Mecosta	64 Van Buren
14 Antrim	40 Isabella	65 Kalamazoo
15 Otsego	41 Midland	66 Calhoun
16 Montmorency	42 Muskegon	67 Jackson
17 Alpena	43 Montcalm	68 Washtenaw
18 Leelanaw	44 Gratiot	69 Wayne
19 Benzie	45 Saginaw	70 Berrien
20 Grand Traverse	46 Tuscola	71 Cass
21 Kaskaskia	47 Huron	72 St. Joseph
22 Crawford	48 Sanilac	73 Branch
23 Oscoda	49 Ottawa	74 Hillsdale
24 Alcona	50 Kent	75 Lenawee
25 Manistee	51 Ionia	76 Monroe
26 Wexford		

The following are the cities indicated :

A Lansing	L Marshall	W Manistee
B Detroit	M Coldwater	X Traverse City
C Grand Rapids	N Niles	Y Alpena
D Kalamazoo	O Benton Harbor	Z Mackinaw
E Battle Creek	P Allegan	
F Jackson	Q Grand Haven	A' Sault Ste. Marie
G Ann Arbor	R Muskegon	B' Marquette
H Ypsilanti	S Port Huron	C' Houghton
I Monroe	T Saginaw	
J Adrian	U Bay City	M' Pontiac
K Hillsdale	V Ludington	N' Flint





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## CHAPTER I

### RÉSUMÉ OF STATE POLITICS DURING THE WAR

#### EARLY POLITICS AND THE PERSONAL ISSUES OF 1862

THE reorganization of parties in 1854 and the election of 1856 marked a transition in the politics of the state of Michigan. The Democrats had held continued sway since its organization as a territory, with the exception of the year 1840, when the first presidential vote was cast for General Harrison. Their control was now broken by the advent of the Republican party, whose ascendancy began with Zachariah Chandler's election to the Senate in 1857, and the practical retirement of Lewis Cass from politics after his appointment by Buchanan as Secretary of State. In 1856 the popular vote supported the Republican candidate for President by a majority of over 19,000, and the six electors accordingly voted for Fremont and Dayton.<sup>1</sup>

There was early expressed a preference for Seward over Lincoln as the presidential candidate in 1860,<sup>2</sup> and

<sup>1</sup> *Michigan Manual*, 1857, pp. 504-5. Campbell, *Outlines of the Political History of Michigan*, pp. 563 *et seq.* *Tribune Almanac*, 1857, pp. 59, 60. Fremont received 71,762 votes, Buchanan 52,136, and Fillmore, 1,660. The vote for governor disclosed the somewhat smaller Republican majority of 17,317. The majority of Pierce over Scott four years before was very small, the former receiving 41,842, the latter 33,859, while the absolute majority of the Democratic candidate was further reduced to 746 by the casting of 7,237 votes for Hale. Notwithstanding the unmistakable evidence of decline in the dominant party in 1852, the strength acquired by the Republican movement four years later was most remarkable.

<sup>2</sup> "Without any disparagement to numbers of distinguished men worthy of the highest confidence of the nation, I shall not, I trust,

the Michigan delegation to the Chicago Convention, of which Austin Blair was a member, refused to change their preference even on the last ballot, when it was apparent that Lincoln would win the nomination. He was well supported at the polls, however, receiving 23,423 plurality of the popular vote over Douglas.<sup>1</sup>

Austin Blair was elected Governor by a plurality somewhat smaller than that of Lincoln. It was a fortunate selection for the Republicans, as Blair's conduct during the war was to give their party immense prestige. His father had been a strong Abolitionist, while he himself was a Whig and voted in 1844 for Henry Clay. As a member of the State legislature, he displeased a faction of the Whig party when he favored abolishing the color distinction in regard to the elective franchise. The opposition engendered by this agitation defeated him at the next election, whereupon he severed his old party affiliations, joined the Free Soil movement, and became a delegate to the Buffalo Convention at which the Free Soil party was founded in 1848. When this organization and the Anti-Slavery Whigs coalesced in 1854, Blair found that his old associates had advanced to his position. The Chicago platform of 1860 he adhered to throughout his political career, and twelve years later, when he assailed the administration and supported Greeley, he insisted that it was the Repub-

be thought unjust on pointing to the distinguished son of New York, William H. Seward, as the man worthy to receive this high honor. Never has American statesman been truer to this great cause. Let us omit no manly effort to give success to our party, and to bring back the constitution to its original principles and purposes." Letter of Jacob M. Howard to R. Hosmer, April 18, 1860, declining the nomination as State Attorney-General for the fourth term.—*Howard MSS.*

<sup>1</sup> *Souvenir of Michigan Legislature and Political History of Michigan*, published by the *Lansing State Republican*, 1897. *Mich. Man.*, 1861, p. 68. *Trib. Alm.*, 1861. Breckinridge received 805, Bell 405. Austin Blair received 87,806 votes for governor, and Barry, 67,221.

lican party, and not he, who had abandoned the principles of that platform.<sup>1</sup>

Under the leadership of Governor Blair, Michigan gave generous support to the Union cause, and established a precedent that added much to the standing and tradition of the party in succeeding contests. One unmistakable expression of loyalty by the legislature was the carefully worked out "Joint Resolution on the State of the Union" finally approved February 2, 1861.<sup>2</sup> It declared the supremacy of the Government of the United States, and recognized the "full, inherent powers of self-protection and defense." The resources and military strength of the state were pledged to the government, and "concession and compromise" were declared impossible under all circumstances.<sup>3</sup>

The regular session of the legislature closed the middle of March, but after the fall of Sumter and Lincoln's call for troops Governor Blair issued the Proclamation of April 23rd, calling an extra session to meet the seventh day of May.<sup>4</sup> His message to the legislature was a stirring ten-page

<sup>1</sup> *Representative Men of Michigan*, compiled by F. A. Barnard, Cincinnati, 1878; *Michigan Biographies*, Lansing, 1888; *Michigan Historical Collections*, vol. xxxv, "Michigan Men in Congress," Edward W. Barber.

<sup>2</sup> It originated with the House Committee on Federal Relations and when the articles were sent to the Senate, the corresponding committee of that House reported a substitute group of resolutions differing only in phraseology. As a result of mutual compromise, a final draft was agreed upon satisfactory to both Houses. *House Documents*, 1861, no. 1, pp. 1-6; *House Journal*, pp. 105-111, 162-3, 173-176, 181-187; *Senate Journal*, pp. 138, 268. The Joint Resolution is given in *Acts of Michigan*, 1861, no. 3, p. 579.

<sup>3</sup> The policy of the federal government was materially aided by the militia act providing for the preparation, by assessors, of lists of persons liable to military duty; for the equipment and recruitment of troops; and for the authorization of a bond issue. *Acts*, 1861, pp. 300-305; 545-547, and 606, respectively.

<sup>4</sup> *Senate Jour. and House Jour.*, Extra Session of 1861.

document, relating the circumstances of the recent proclamation calling for two regiments. It pointed out the lack of fiscal provisions in the militia law of the previous session, and made several valuable suggestions.<sup>1</sup> Grave apprehensions were expressed throughout the document as to the outcome of the war, and the spirit manifest in the message, as well as in the legislative support which followed, undoubtedly had great influence in strengthening the Union sentiment within the state.

The first act passed at the new session of the legislature amended the militia act passed at the session just preceding and placed the state upon a war footing.<sup>2</sup> It provided for the muster, drill and instruction of the militia, and required each member to take the oath of allegiance to the United States and to the state of Michigan, and of obedience to the President and Governor. It provided for courts-martial, and empowered the Governor to establish recruiting offices whenever he thought it proper in order to meet any deficiency in the state levy. The Governor was required to appoint a Military Contract Board of three officers, the majority of whom must approve all contracts for equipment, supplies and labor entered into for the state troops.

The second act provided for the relief by counties of the families of volunteers mustered into service from Michigan.<sup>3</sup> The fifth measure made provision for the negotia-

<sup>1</sup> *Senate Jour. and House Jour.*, pp. 1-10; Joint Documents, Extra Session, 1861, no. 1. He urged the amendment of the militia law so that it authorize putting four new regiments upon a war footing, with power in case of emergency to raise the number to ten. He also recommended the authorization of towns and cities to levy taxes for the support of the families of volunteers.

<sup>2</sup> *Acts*, 1861, Extra Session, no. 1, pp. 595-602.

<sup>3</sup> *Ibid.*, no. 2, p. 602.

tion of a loan not exceeding one million dollars at a rate of interest not exceeding seven per cent, to be redeemable at any time within twenty-five years from January 1, 1861, the interest payable semi-annually on the first day of January and July of each year. The bonds were exempted from taxation and the proceeds were to be devoted exclusively to war purposes.<sup>1</sup>

Upon the assembling of the legislature in January of 1862 the duty of selecting a United States Senator devolved upon it by the death, in October of the previous year, of Kinsley S. Bingham, the senior senator from Michigan. Jacob M. Howard, a prominent attorney of Detroit, was mentioned as a possibility and his friends urged him to become a candidate. He had been a steadfast Whig until the founding of the Republican party, and like Chandler, believed the war to be inevitable, though he was not so strongly opposed to compromise. He had participated in the union of the anti-slavery element of the Old Whigs—which in Michigan was the dominant faction of the party—with the Abolitionists and Free Soil Democracy. He was a member of the committee on the address of the Republican National Convention at Pittsburgh, and his political training further included membership in the lower house of the 27th Congress, and the office of State Attorney-General from 1855 to 1861.<sup>2</sup> In the canvass for the senatorship, Howard's friends had some apprehensions concerning the "locality" argument; for in the event of his victory both senators would be residents of Detroit, and sectional opposition was feared from the central and western portions of the state.<sup>3</sup> On the first ballot of the Republicans,

<sup>1</sup> *Acts*, 1861, Extra Session, no. 5, p. 605.

<sup>2</sup> *Rep. Men of Mich.*; *Mich. Biog.*; Farmer, *History of Detroit and Michigan*, vol. ii, p. 1059.

<sup>3</sup> "My locality, it is true, is unfavorable. I trust, however, the

Howard received 21 votes out of 90, while Blair received 20, and on the seventh ballot, the former was nominated. Notwithstanding the locality disadvantage, he was elected over his Democratic adversary, but the difficulty he had feared in this election was to be effectual ten years later in working his defeat.<sup>1</sup>

The elections of 1862 were accompanied in Michigan as in many other states by serious dissensions within the Republican party. All conservative elements fused into what was known as the Union movement, and to this movement the less aggressive Republicans contributed considerable strength. The Michigan Unionists' hostility to radicalism in general centered about Senator Chandler as the leader of the Radicals. The schism in the Republican party of the state followed the lines of personal feeling toward an intensely aggressive and uncompromising leader. The personal and local elements in the situation quite overshadowed the more important issues of the war and preservation of the Union, and thus prevented the "Union" movement from attaining such importance as it acquired in many other states. In New York, New Jersey, Pennsylvania, Ohio, Indiana, Oregon, Illinois, and Delaware, the "Union" party movement absorbed the Republican party, and the Democracy stood in the light of an obstinate minority with disloyal inclinations. In Michigan the relative status was entirely different. The Republican party was of course thoroughly loyal, but in addition, it was committed to the

people of the state have known me too long and well to apprehend I should make Detroit the horizon of my views or the particular theater of my attentions. No, Sir, the Republican party owes too little to the voters of Detroit, and their opponents there are still too powerful to make it a very lovely spot for those who are attached to it (the party)." Letter of Howard to Charles Jewitt of Niles, December 23, 1861. *Howard MSS.*

<sup>1</sup> *Souv. of the Leg. and Hist. of Mich.*, p. 50.



support of the strong if not violent senior senator, and all those who were disaffected toward Chandler were forced over into alliance with the Democracy.

This combined opposition received different names from different sources. To the Republicans, it was only the "Democratic" organization swelled by a factious few who bolted from the lines of the one loyal party on wholly imaginary and insufficient personal grounds. To its own members, it was a "Fusion" party built upon a "Democratic" foundation, and possessing "Union" sentiments. There was naturally present within the ranks of this party a well-defined dissatisfaction with the progress of the war. The results of the failure of the Peninsular Campaign were visible in Michigan as elsewhere, and a tide of reaction against the administration was manifest in the election of 1862. But the personal politics in the state had so concealed the actual attitude upon the federal issues, that the outcome of the campaign surprised many Republicans. Blair indeed won the governorship by 6,500 over the Union-Democratic candidate,<sup>1</sup> and five of the six members elected to the lower house of Congress were Republicans. But the combined opposition was more successful in the state legislature, which showed a large proportion of Fusionists—51 against 81 Republicans on the joint ballot.<sup>2</sup> Moreover, abstention was practiced to a much greater extent than was customary in the years of state and Congressional

<sup>1</sup> Blair received 68,716, and Byron G. Stout, 62,102.

<sup>2</sup> In the previous legislature, the joint membership was distributed as follows: 100 Republicans and 12 Democrats. *Trib. Alm.*, 1861, p. 63. In 1862, there were 18 Republicans in the Senate, 63 in the House, while the Fusionists elected 14 to the Senate, and 37 to the House. *Trib. Alm.* 1863, pp. 61, 62; *World Alm.*, 1863; *Mich. Man.*, 1863. The reason for the discrepancy in the total membership of the two successive legislatures is the reapportionment of the State Representatives in 1861. *Acts*, 1861, no. 116, p. 154.

elections. The gubernatorial vote of 1860 exceeded that of 1862 by almost 25,000, and as the opposition candidate received approximately only 5,000 less, there was proof of abstention on the part of 20,000 Republicans at the latter election. Furthermore, as Blair's majority fell from 20,585 to 6,614, the Republican loss was almost 14,000. The strongest evidence of a reaction was, however, the presence of 51 "Fusionists" or "Unionists" in the state legislature, out of a membership of 132.

It was clearly evident that there would be strong opposition to a radical candidate in the Senatorial election. Upon the assembling of the legislature the opponents of Chandler began to organize. They effected a combination, and after an extended struggle between the faction favoring Ex-Senator Alpheus Felch, a Democrat, and those who insisted upon voting for a former Republican, the latter won, and James F. Joy was agreed upon as the opponent of Chandler. Joy was a thoroughly trained lawyer and a man of decided independence of conviction. Both candidates were residents of Detroit, and old acquaintances with very similar views upon many questions. Joy had voted the Republican state ticket, but objected to the re-election of Chandler on the ground that his faction in the Senate "dominated the President and thwarted such true leaders as Seward and Chase."<sup>1</sup>

The act which probably told against Chandler most generally with the people was his letter of February 11, 1861, to Governor Blair relative to the appointment of delegates to the Peace Conference at Washington. After this assembly began deliberations and it appeared that the North was losing ground, Chandler wrote the Governor as follows: "Ohio, Indiana, and Rhode Island are caving in and

<sup>1</sup> *Mich. Coll.*, vol. xxx, pp. 101-2; Alfred Russell, *Life of Joy*; Farmer, *op. cit.*, vol. ii, p. 1059.

there is danger of Illinois, and now they beg us for God's sake to come to their rescue and save the Republican party from rupture. I hope you will send stiff-backed men or none." Then as a postscript the offensive passage was added: "Some of the manufacturing states think a fight would be awful. Without a little blood-letting this Union would not, in my estimation, be worth a rush."<sup>1</sup> Chandler, like Wade and Cameron, was convinced early in the year 1860 that war was unavoidable. His conversation with John Slidell of Louisiana,—in which the Southern Senator declared secession imminent,—and the discovery of Clay's draft of the secession ordinance for Alabama persuaded him that the time for negotiation had passed. It became his settled conviction that "there was treason in the White House, both Houses of Congress, and the Galleries of the Capitol."<sup>2</sup>

A second fruitful source of antagonism to Chandler was his speech of July 16, 1862, denouncing McClellan and the conduct of the war. Both this and his letter were leading campaign documents against the Republican cause in the elections and later in the senatorial contest. But Chandler had the advantage of being the "regular" candidate, and the favorite with the soldiers. He was elected by almost a two-thirds vote of the legislature, receiving 83 votes, while Joy, the Union candidate, received 45.<sup>3</sup>

<sup>1</sup> Rhodes, *History of the United States*, vol. iii, p. 291 and note 3. *Post and Tribune Life of Chandler*, pp. 186-200; *Mich. Coll.*, vol. xxviii, p. 439.

<sup>2</sup> Speech replying to Hendricks of Indiana in defense of his letter, *Globe*, Jan. 31, 1866, p. 885. The particulars are given in an article of reminiscences in the *N. Y. Times*, May 11, 1879. (Townsend Library, vol. lxxxiv, p. 166, columns 1, 2.) The letter, though a private one, soon appeared in the *Detroit Free Press*, whose editor, Wilbur Story, was a bitter enemy of the war.

<sup>3</sup> Alpheus Felch as Democratic Candidate received two complimentary votes, and two other gentlemen each received one. *Souv. of the Leg. and Hist. of Mich.*, pp. 50-56.

## POLITICS IN 1863 AND 1864, AND THE UNIONIST SUCCESS IN MICHIGAN

Political activity in 1863 and 1864 was mainly concerned with criticism and defense of Lincoln's policy, and chief among the features about which this controversy centered was emancipation. A consideration of this issue and the subsequent question of suffrage raises the inquiry as to the attitude of Michigan toward the negro. The small percentage of negro population in the State precluded the social need for restrictive legislation.<sup>1</sup> In the early part of the legislative session of 1861, there was some agitation for the repeal of the Personal Liberty Law which gave fugitive slaves the right of *habeas corpus* and a trial by jury, the state paying the costs of defense.<sup>2</sup> The bill for the repeal was referred to the House Committee on Judiciary, which was unable to arrive at a unanimous agreement. The majority reported adversely, while the minority recommended its passage.<sup>3</sup> At the next session, the measure was finally tabled by a vote of 54 to 35, and the agitation was ended.<sup>4</sup>

<sup>1</sup> In 1860, the negroes constituted 2.17% of the total population of the state, and by 1864 their numbers had decreased by a half. Of a total population of 751,111 in 1860, there were 16,310 blacks, and within four years the colored population fell to 8244, even with a total increase to 803,745. *Census Report of Mich.*, 1864, pp. 606, 633.

<sup>2</sup> Act of Feb. 13, 1855, "to protect the rights and liberties of the inhabitants of this state."

<sup>3</sup> *House Doc.*, 1861, no. 16, 15 pages, and no. 17, 16 pages. The former was signed by Eugene Pringle, W. J. Howell and Gilbert E. Pratt; the latter by Thomas W. Lockwood and M. M. Atwood, *House Jour.*, 1861, pp. 526-40, 576-91.

<sup>4</sup> It was first postponed indefinitely by a vote of 56 to 30, and then tabled February 19, 1863. *House Jour.*, 1863, pp. 606, 607, 782, 783. On January 28 of that year a public meeting was held in Detroit which called for "the repeal of the Personal Liberty Law, a return to the Missouri Compromise in order to settle forever the question of

Though the dominant element in the legislature was in favor of the protection of the blacks in their pursuit of liberty, the Republicans had yet to advance in order to support emancipation. In his letter of December 23, 1861, previously referred to,<sup>1</sup> Mr. Howard gave what was, in all probability, a fair résumé of the Republican view of the war. Suppression of the rebellion was considered the purpose of the North, and liberation of the slaves would be tolerated, if at all, only as a war measure, for the alienation of loyal slaveowners was, if possible, to be avoided.

The great object of the war is, in my judgment, to beat down the rebels and compel them to surrender. Our armies are called out to effect this; their mission is not to emancipate or to return slaves, but to crush the enemy. The Republican party has never presented themselves to the world as aiming to emancipate slaves in the states. The Chicago platform negatives the idea. But should it be necessary as a means of prosecuting the war to emancipate the slaves of rebels, the means should be used.

Perhaps the inadvisability of any other position at this time, from a technical point of view, was uppermost in his mind when he continued: "Why strip the Union men of the slave states of all hope by adopting a policy in which they cannot, cannot sympathize."

The message of Governor Blair at the opening of the extra session of 1862 showed an attitude somewhat more advanced on the emancipation issue, as he was probably the most radically loyal person of influence in the state at this time. He declared that by the laws of war, emancipation was entirely justifiable.

slavery in the South or in the District of Columbia." It was remarked at the time that "with this ineffective meeting, the Cass idea expired in Michigan." *Mich. Coll.*, vol. xxviii, p. 439.

<sup>1</sup> Cf. *supra*, p. 25, note 3.

To protect the rebel's slave property is to help him to butcher our people and to burn our houses. Upon those who caused the war, and now maintain it, its chief burdens ought to fall. No property of a rebel ought to be free from confiscation—not even the sacred slave. The object of war is to destroy the power of the enemy, and whatever measures are calculated to accomplish that object and are in accordance with the usages of civilized nations ought to be employed. To undertake to put down a powerful rebellion, and at the same time to save and protect all the chief sources of the power of that rebellion, seems to common minds but a short remove from folly. He who is not for the Union unconditionally in this mortal struggle is against it. To treat the enemy gently is to excite his derision. If our soldiers must die, do not let it be of the inactivity and diseases of camps, but let them have the satisfaction of falling like soldiers, amid the roar of battle, and hearing the shouts of victory, then will they welcome it as the tired laborer welcomes sleep. Let us hope that we have not much longer to wait.<sup>1</sup>

The war spirit manifested in the legislative and popular support of the document was strengthened by external circumstances which proved more threatening than actually destructive. The proximity of Detroit to Canada exposed it to invasion by the Southern refugees congregated on the opposite bank of the river. Their repeated threats were a source of continual apprehension and this tended to throw odium upon whatever rebel sympathy existed in the locality.<sup>2</sup>

<sup>1</sup> *Joint Doc.*, 1861, p. 10.

<sup>2</sup> The newspapers of Detroit for the month of July, 1862, contain numerous warnings for armed defense in case of invasion, and demands for efficient detective service. A mass meeting in that city held July 15 to assist in the recruitment of troops was broken up by a mob which had crossed over from Canada. A second meeting was successfully held and the press observed that from the large number of enlistments an important change in the popular feeling was in evidence. *Detroit Advertiser and Tribune*, July 16, 1862. L. T. Hemans, *History of Michigan*, p. 219.

The discontent with the conduct of the war had increased by the spring of 1863, and the Fusionist victories of the preceding November gave encouragement to whatever anti-war or anti-administration sentiment there was in the composite party. Democratic members of the legislature were emboldened to pass sharp criticism upon the administration in the course of debates upon measures in support of the federal policy.<sup>1</sup> The grievances of the discontented were set forth in the Democratic State platform adopted in convention February 11, 1863,—an irregular proceeding for the “off” year. “The simple issue is now freedom or despotism,” it declared, and evidences of the latter were enumerated as follows:

the suspension of the privilege of the Writ of Habeas Corpus, the arrest of citizens by military power, denial of the right of trial by jury, abridgment of freedom of speech and of the press, a secret police, martial law declared in states not in rebellion, freeing of the slaves of loyal citizens, and the division of the state of Virginia.

In the presidential campaign of 1864, the Republicans were obliged to meet not only the hostility of the Democrats, but a serious schism in their own party. The Republican sentiment in Michigan shared to a considerable degree the ideas of the opposition to Lincoln which developed in the last year of his first term. A feeling was manifest that

<sup>1</sup> Among the hostile speeches was that directed against the administration and the war by Edward G. Morton of Monroe, a town which was a Democratic stronghold. *Adv. and Trib.*, Jan. 25, 1863. Judge Pratt of Calhoun declared that “the people ought to rise up and hurl him (the President) from his chair.” George W. Peck referred to Lincoln as “the despot at Washington, the tool of usurpers,” and declared this a “White Man’s government.” Most of the regular Democratic members were more prudent, however, and the Speaker of the House, Sullivan M. Cutcheon, was a loyal and prudent parliamentarian. *Mich. Coll.*, vol. xxx, pp. 103, 104.

the plan of the administration concerning Reconstruction appeared to minimize the functions of Congress and treat the rebel states with too much leniency. "There is an obvious change," it was observed, "from the compromising and hesitant attitude at the early period of the war," and the case was mildly stated when a leading organ declared that

among the friends of the administration in this state, there is not entire unanimity on all points concerning the restoration of the seceded states. . . . They are generally agreed, however, that the Government has authority to superintend, regulate, and control this process and impose such conditions as the public safety may require.<sup>1</sup>

The Wade-Davis Bill, which was passed by Congress July 4, 1864, received the support of the majority of the Michigan delegation, though the Democratic member offered strong resistance,<sup>2</sup> much to the disgust of a vigorous body of enthusiasts at home. This bill not only assumed that the reconstruction of the states lately in rebellion was a legislative problem, but required the loyalty of at least a majority of the white male adults in order to form a basis for the new state government. This was aimed directly against the theory of the President, that ten per cent of the votes cast at the Presidential election in 1860 formed a sufficient electorate. Further, the bill asserted the power of Congress to abolish slavery within the limits of those

<sup>1</sup> *Adv. and Trib.*, June 14, 22, July 6. The term "Government" probably included Congress as an agent equal to the President. Similar expressions are to be found in the *Lansing State Republican*, July 27, Aug. 3.

<sup>2</sup> Rhodes, *op. cit.*, vol. iii, pp. 485-7. *Globe*, Mar. 2, 1864, pp. 1243-4; Apr. 29, pp. 1981-5; Apr. 30, pp. 2011-14; July 1, pp. 3460-1; July 2, p. 3491. The Democratic member was Augustus Baldwin from the fifth district.



states which had lately seceded. It thus abandoned the theory of "perdurance", or continuance of statehood after secession. Those members of the Union had fallen to the status of territories, it was believed, and, as such, were subject to the exclusive authority of the central government.

On the last day of the preceding May, the Radicals met in convention in Cleveland.<sup>1</sup> In the twelfth section of their platform, they declared that Congress, as the representatives of the people, had the exclusive right to restore the states lately in rebellion. Fremont was named to force the retirement of Lincoln, whose policy was considered altogether too lenient. It would be expected from temperament and past convictions that Chandler would have thrown his influence with the opponent of Lincoln, in the interest of a more vigorous prosecution of the war. This was not the case, however, for he labored steadfastly in behalf of Lincoln and he was among those who effected the withdrawal of Fremont. The motive for this action is not evident, but it is probable that he believed a change of executive would be unfortunate at such a crisis, and believed that should Fremont's retirement be followed by the resignation of Montgomery Blair from the cabinet, the lenient attitude of the President would give way to more vigorous activity. Chandler may have felt,—as did many of the Radicals,—that the removal of Blair's influence for mildness and moderation would materially affect Lincoln's point of view, and leave him free to pursue the more rigorous plan suggested by other members of his cabinet. Precisely what Chandler's part was in effecting the withdrawal of Fremont is uncertain, but his efforts within the state were certainly in behalf of Lincoln, and with the soldiers he was particularly influential.<sup>2</sup>

<sup>1</sup> Rhodes, *op. cit.*, vol. iv, pp. 463-4.

<sup>2</sup> *Post and Trib. Life of Chandler*, p. 263 *et seq.*

The character of the Unionist movement was fully determined on Fremont's retirement. Early in the preceding year, 1863, it was obvious that the Democracy would be the chief opponent of the party supporting the administration, and a second element would have been added to the opposition had Fremont continued candidate for president. The situation of 1862 would thus have been repeated, though with this difference, that, in 1862, the opposition within the dominant party was based upon personal grounds and was conservative, while in 1864, it was based upon national issues and was radical. The withdrawal of Fremont closed the ranks of the Republican party and brought back the aggressive members, even in Michigan, to the support of the administration.

Its schism being a thing of the past, the party took as its leading issue the preservation of the Union and support of the administration. It came naturally to be thought of as containing all loyal persons, and drew to itself many loyal men who had previously cast their influence with the Fusionist movement in behalf of moderation. This left the Democracy now in Michigan—what it had been in many other states two years before—a party which was, when compared with the Republicans, under suspicion of disloyalty, however erroneous that idea might be. The "Union" party was now set over against the Democracy, which labored under the disadvantage of having the one policy of opposition to the war and hostility toward the administration. The term Unionist had thus changed its meaning within the last two years. In 1862 it meant one opposed to the Radicals who persisted in supporting their leader, Zachariah Chandler, and in working upon the basis of personal politics. As this aggressive element constituted what was, in 1862, understood to be the Republican party, the Union movement was at that date

essentially anti-Republican. After the disappearance in 1864 of personal issues—at least from the foreground—the Union movement bore along the majority of both elements of the Republican party which now joined forces, and directed its opposition against the Democracy. It thus appeared anti-Democratic in its essentials.

As such, the Unionist movement was indeed successful in Michigan, as the popular vote for President showed it with a victory over strong opposition, with the small majority of 16,917 out of a total of 166,125. Lincoln received 55.89 per cent of the popular vote at this election—a decline of 1.74 per cent since 1860—and this, though small, was significant. The vote for Governor corresponded very closely with that for President.<sup>1</sup>

Of the 132 members of the state legislature, the Unionists elected 109, and had the powerful majority of 86. All six Congressional districts elected Unionists to Congress, but in the fifth, the majority was very small. It was in this district where there arose the contested election case the next February, which turned upon the legality of the army vote.<sup>2</sup>

The soldiers' vote for President and Governor gave the Unionist candidates a majority of 75 per cent and in the Congressional elections the majority for several of the Unionists was much greater. There were two obvious reasons for this support offered by the soldier element. In the first place, Chandler had been extremely popular and

<sup>1</sup> Lincoln received 91,521, McClellan 74,604. For governor, Henry H. Crapo received 91,356 votes or 55.16%, while Fenton received 74,293. A few more votes were polled for President, but the difference was negligible. These figures include the returns from seventeen counties which were not received in time to be counted, but nevertheless show their political affiliations. *Mich. Man.*, pp. 216, 217, 219-221; *World Alm.*, pp. 68-70; *Trib. Alm.*, pp. 63, 64.

<sup>2</sup> This will be considered subsequently, *cf. infra*, ch. ii, p. 70.

had great influence with it, and in the second place, the traditions and associations of the Democracy naturally tended to antagonize the army class.

The distribution of the party vote at this election clearly indicated certain territorial tendencies. Five of the six counties that voted in the northern peninsula went Democratic, and Emmet and Cheboygan, which generally held similar political preferences with their neighbors on the north, also voted for McClellan. The southeastern counties were more evenly divided and showed an unstable party preference—in most cases for the Democracy. Wayne county was constantly Democratic, and with the city of Detroit it has always been recognized as the centre of the state Democracy. Oakland, Macomb and Monroe gave small majorities to the Democratic candidate in 1864, all turned Republican in 1866, and the last returned to the Democracy in 1868. The south and south-central counties frequently presented close votes, while in those toward the west the Republicans predominated.

## CHAPTER II

### MICHIGAN POLITICS DURING THE PERIOD OF CONGRESSIONAL RESTORATION

#### MICHIGAN AND PRESIDENTIAL RESTORATION

THE period which intervened between the triumph of the Federal Executive in 1864 and the defeat of his successor, two years later, saw a schism in the reigning party, terminating in the rise of the Conservative or Administration party and the supremacy of the Radical or Congressional faction.

Already in the last session of the Thirty-eighth Congress the first step was taken toward securing equality of the civil rights of the negro. This was the passage of the Thirteenth Amendment early in the year 1865. It received the support of the entire Michigan delegation, as Augustus C. Baldwin, the one Democratic member, now gave it his favorable consideration on the final vote.<sup>1</sup>

The question of ratification thus came before the state legislature in its regular session of 1865. The fact that the one Democratic member was friendly to the measure probably had some influence in securing its favorable con-

<sup>1</sup> Rhodes, *op. cit.*, vol. v, p. 50; Riddle, *Recollections of War Times*, p. 324 *et seq.* *Mich. Coll.*, vol. xxix, pp. 591-3; *Trib. Alm.*, p. 51; McPherson, *History of the Rebellion*, p. 258. Mr. Baldwin failed of re-election in 1866, but this is hardly conclusive evidence of disapproval on the part of his constituents. In the general decline of Democratic power in Michigan that year, he probably would have lost his seat had he persisted in his opposition to the amendment.

sideration in the state. There was no marked opposition to its ratification since it was recognized to be merely the carrying out of the Emancipation Proclamation, and accordingly the joint resolution was passed February 2nd.

Whereas American slavery, in its wickedness and infatuation, has added to its many other heinous sins the crime of waging a causeless, cruel and bloody war for the avowed purpose of dividing and destroying the nation, whereby it has forfeited all further right to toleration, . . . it has become necessary to utterly destroy this barbarous foe of civilization, humanity, and religion.<sup>1</sup>

Such were the vigorous terms in which the legislature approved the amendment. Some Democratic journals, it is true, had expressed the apprehension that this measure would usher in more objectionable steps in behalf of the negro, but after the ratification of the amendment they were, for the most part, ready to defend it and await later developments.<sup>2</sup>

In connection with President Lincoln's plan of restoration, the first clear case of disagreement which is of interest in Michigan history, was the speech of Senator Jacob M. Howard on February 25, 1865. This was delivered during the last days of the Thirty-eighth Congress when the question of admitting the Senators-elect from Arkansas and Louisiana was being considered. In this address he rejected the opposite theories of "perdurance" and "state-suicide", and presented a view which might be considered analogous to the "conquered province theory" of Thaddeus Stevens. He asserted that the states had become "ward-provinces of

<sup>1</sup> *Acts*, 1865, pp. 777-8, Joint Res., no. 5.

<sup>2</sup> *Free Press*, Jan. 13, 1865; *Kal. Gazette*, Jan. 25; *Argus*, Jan. 27, Feb. 3.

the United States progressing toward the maturity of revived loyalty", and the right of restoring these he claimed for Congress alone. He opposed the ten-percent governments of Lincoln, on the ground that "minority government is an evil example inconsistent with our constitution."<sup>1</sup> This early attack upon the policy of the administration was discussed in detail throughout the state, and it became the firm conviction of the leading organs of the dominant party in Michigan that Congress had exclusive jurisdiction over the establishment of loyal government in the rebel states.<sup>2</sup> It was true, then, that early in the year a small but powerful opposition was growing up in Michigan against Lincoln's policy of restoration, and the political theories he maintained.

The assassination of President Lincoln brought to the leadership in this crisis a man who occupied a position somewhat similar to that of Tyler, twenty-five years before. The exact politics of the Vice-President in each case was a matter for conjecture. The Democrats believed that Mr. Johnson was pledged to the same principles as his predecessor, but saw in him "a man with more firmness, more vigor, and probably more unrelenting passion."<sup>3</sup> A leading Democratic journal prophesied that he would find support among all factions except the Radicals, with whom he would not long act in harmony.<sup>4</sup> In short, the Democracy in Michigan placed great confidence in the new President, and looked forward to his calling Congress "unless prevented by the conviction that it would be swayed by the

<sup>1</sup> *Globe*, Feb. 25, 1865, pp. 1091-1111; Feb. 27, p. 1128.

<sup>2</sup> *Adv. and Trib.*, Feb. 21, 25, Mar. 2, Apr. 4; *Grand Rapids Daily Eagle*, Mar. 8, 30; *Lansing State Rep.*, Mar. 22; *Kal. Tel.*, Apr. 7, 26; *Jackson Daily Cit.*, May 4.

<sup>3</sup> *Free Press*, Apr. 16, 1865.

<sup>4</sup> *Ibid.*, Apr. 11.

fanaticism of Wade, Sumner and Stevens—men of that character whose thirst for blood cannot be assuaged.”<sup>1</sup>

There was some truth in the charge of the Republicans that the Democracy was inconsistent. During the campaign of 1864, the latter declared that after Johnson had been allied with their party, his appearance on a Republican National ticket was indisputable proof of his apostasy. After his succession to the presidency, they ceased to emphasize this feature of his career, and claimed him again as a reliable member of their party.<sup>2</sup>

It was true that some members of both parties feared that after his experience as Governor of Tennessee, President Johnson would manifest a bitter animosity toward the rebels. His utterances to the effect that “treason must be made odious,” and that “traitors must be punished and impoverished,”<sup>3</sup> naturally led men to expect a rigid application of criminal law to the Confederate leaders. It is not strange, then, that Radicals like Sumner, Wade and Chandler felt a certain grim satisfaction in the prospects of the administration, and a confidence in the President’s determination to inflict upon the rebels the full penalties of the law.<sup>4</sup>

There was little adverse comment upon Johnson’s retention of Lincoln’s cabinet, and the Republicans generally did not foresee the possibilities of the conciliatory counsels of Seward. Among the first steps which the President took towards restoration were the Proclamations of May 9th and

<sup>1</sup> *Free Press*, Apr. 13.

<sup>2</sup> *Kal. Gazette*, Apr. 18, 1865; *Adv. and Trib.*, Apr. 20; *Lansing State Rep.*, May 7.

<sup>3</sup> Speech of Apr. 21, 1865, Rhodes, *op. cit.*, vol. v, p. 521.

<sup>4</sup> *Ibid.*, Blaine, *Twenty Years of Congress*, vol. ii, p. 13; *Post and Tribune Life of Chandler*, p. 284; *Adv. and Trib.*, Apr. 18, 1865.



10th respectively.<sup>1</sup> The recognition of the Peirpoint Government in Virginia, and the warning to foreign nations against extending hospitality to the Confederate cruisers since the close of the war, both met with the approval of the leading journals of the state.<sup>2</sup>

The Amnesty Proclamation of May 29th provided for the pardoning of certain classes, including the rebel leaders, upon personal application, and the amnesty of all other rebels upon the taking of a prescribed oath. Upon the basis of this re-established loyalty, President Johnson proposed to use the old electorate of the South in the process of restoration.<sup>3</sup> The proclamation met with favorable comment on the part of the Democrats and many Republicans. A leading Democratic organ pronounced it "statesmanlike and manly,"<sup>4</sup> while a mild Republican journal declared it "the embodiment of the best judgment of the masses in the state." "There has been a fear," the latter journal continued, "that undue leniency might make treason respectable . . . but to-day every leading traitor stands before the public a great criminal."<sup>5</sup> Speaking further of the proclamation, the same journal continued: "It is a manifesto to the world that the government fully recognizes that treason has been committed, and even with the fourteen classes excepted, it is as merciful as it is dignified—and none can rightly complain." In the matter of state regulation of suffrage, this conservative Republican organ declared itself in agreement with the President. "As civil communities, those states have the undoubted right to confer the elective

<sup>1</sup> Richardson, *Messages and Papers of the Presidents*, vol. vi, pp. 306-9.

<sup>2</sup> *Lansing State Rep. and Free Press* for May, 1865.

<sup>3</sup> Rhodes, *op. cit.*, vol. v, p. 525 *et seq.*

<sup>4</sup> *Free Press*, May 31, 1865.

<sup>5</sup> *Adv. and Trib.*, June 6.

franchise upon, or withhold it from, such of their population as they may deem proper." With reference to the conquered province theory, it was declared that in a process wherein the Northern States held the Southern States at their mercy as subject provinces, the distinctive features of Republican government would receive a fatal obscuration. "A state cannot secede from the Union, however much the people within its limits may rebel. Now that the rebellion is ended, the states remain with their former names, boundaries and population, but without laws adapted to their changed conditions."<sup>1</sup>

Such were the views of a very prominent Republican organ of the milder type; with the vast majority of the party in Michigan, however, the Amnesty Proclamation marked the beginning of hostility to the President. The reason was obvious. During the months of April and May there had been a general discussion concerning the probable attitude that President Johnson would take upon the question of negro suffrage and the electorate in the South. The Republicans insisted upon one of two alternatives—namely, the complete disfranchisement of all rebels, or the disfranchisement of the leaders only, combined with negro suffrage. They generally preferred the latter, and in this they were probably influenced by the Radical members of their party who a little later became its leaders.<sup>2</sup>

The Amnesty Proclamation contained no reference to negro suffrage, but, on the other hand provided for the prompt restoring of all rebels, with certain exceptions, to full civil rights. These excepted classes contained the rebel leaders whom the Republicans would have barred abso-

<sup>1</sup> *Adv. and Trib.*, June 13, 1865.

<sup>2</sup> *Lansing State Rep.*, Apr. 18, May 17; *Grand Rapids Daily Eagle*, May 26, June 7; Letter of J. M. Howard to J. P. Whittemore, Apr. 3, 1865, in the *Adv. and Trib.*, May 31.

lutely, while under the Proclamation their pardon could be readily granted by special act of the President. In short, the document ignored negro suffrage, and looked to the ultimate if not hasty reinstatement of the white electorate of the South before the war. The majority of the Republicans of the state, and especially the Radicals, were naturally astounded at this turn in Johnson's policy, since they had felt fully convinced, only six weeks before, that he was in harmony with them upon the suffrage question.<sup>1</sup>

In a second proclamation issued May 29th, the President made provision for the restoration of North Carolina. He appointed William W. Holden as Provisional Governor, and gave to the old white electorate of the state<sup>2</sup> the exclusive right to elect members to the constitutional convention, and to serve in the capacity of delegate to that body. Within six weeks a series of similar proclamations followed, which set into motion the machinery for the restoration of Mississippi, Georgia, Texas, Alabama, South Carolina, and Florida. The "ten-percent governments" set up by Lincoln in Louisiana and Arkansas were finally recognized, and the government in Tennessee, organized by President Johnson, himself, as Military Governor, was maintained.<sup>3</sup>

The appointment of Provisional Governors was promptly denounced by Chandler, who considered them a different class of officers from Military Governors.

I believe it is an office unknown to the constitution and laws of our government, and, in my judgment, the President had no authority to create it. These governors are not sent to the

<sup>1</sup> Rhodes, *op. cit.*, vol. v, p. 523 *et seq.*

<sup>2</sup> The electorate previous to May 20, 1861, the date of the secession of North Carolina.

<sup>3</sup> Rhodes, *op. cit.*, vol. v, p. 526-7; Burgess, *Reconstruction and the Constitution*, p. 35 *et seq.*

Senate for confirmation, nor would it have made them any more governors had we confirmed them, because the Senate and Andrew Johnson together could not have created the office. If there was no authority of law, then it required the combined action of the House of Representatives, the Senate, and the President before an officer could be legally appointed.<sup>1</sup>

To the Democrats, these executive acts were "only the old States Rights doctrine properly applied when opposition to the authority of the United States has ceased." The Democracy did not credit the President with going as far as he should, but supported him in all that he did and congratulated him for going in advance of the party which elected him.<sup>2</sup> There were grave—and as it proved, well-founded—apprehensions among the Democrats that if the Radicals succeeded in creating a popular feeling in favor of negro suffrage, "they would unhesitatingly adopt a policy in Congress of refusing seats to members from states not granting negro suffrage." However, it was thought that the people "generally recognized the inherent right of the states to regulate suffrage for themselves,"<sup>3</sup> and the *Free Press* confidently asserted that "Radical opposition to the acts of the administration either in or out of Congress can only delay, not prevent, the restoration of the Union on a cordial and fraternal basis."

By the end of July, the President's plan was fully understood, and the Radicals became completely estranged from the administration. They differed from him widely on the questions of negro suffrage, treatment of the rebel leaders, and the status of the rebel states. The North Carolina

<sup>1</sup> Speech in Detroit, June 12, 1865. The same argument was used February, 1867, with reference to the grounds for impeachment of the President.

<sup>2</sup> *Free Press*, June 14, 1865.

<sup>3</sup> *Ibid.*, June 20.

Proclamation did not create so much dissatisfaction as the proclamations which followed for the other states, since it was thought that the alleged union sentiment there justified a milder policy than ought to be pursued in Mississippi, Georgia, Texas, Alabama, South Carolina and Florida. It was with good reason that the Radicals became convinced that the President had cut loose from them.<sup>1</sup> This "Radical" element of the Republican party in Michigan at first consisted of a few extremely uncompromising leaders who were friends of Sumner and Wade. Chief among them were Zachariah Chandler and Jacob M. Howard. As Johnson's administration progressed, this faction came to control more members of the party.<sup>2</sup> The circumstances of the coming year would necessitate an alignment of parties in Michigan as elsewhere, and the Conservative Republicans found themselves defending the President against the criticism of the Democrats and Radical Republicans alike. As a middle faction, they must either join the Democracy, advance to the Radical position, or stand alone as a party on the defensive. The last-named alternative was the one adopted, and the process of separation and reorganization was complete by August of the succeeding year. Previous to this time, however, the term "Republican" will be used to include the entire party, and the names "Radical" and "Conservative" will be applied only to factions of that party, and not to separate organizations.

The first convention to assemble in the rebel states for the purpose of constitutional revision was that of Mississippi, August 21st and 22nd.<sup>3</sup> Several questions of great importance presented themselves. What proceedings should

<sup>1</sup> Rhodes, *op. cit.*, vol. v, p. 531 *et seq.*

<sup>2</sup> *Adv. and Trib.*, June 21, July 2; *Lansing State Rep.*, Aug. 8, 1865.

<sup>3</sup> Rhodes, *op. cit.*, vol. v, p. 535 *et seq.*

be taken in reference to the ordinances of secession, and to the war debt incurred during the Rebellion? It was but natural that the Radical Republicans of Michigan should demand both a repudiation of the debt in no uncertain terms, and a declaration of the nullity of the ordinances of secession *ab initio*. The Democracy favored the repudiation of the debt, but were not so particular as to the manner in which the ordinances of secession were abrogated.<sup>1</sup>

As the time for the meeting of Congress approached, there was general discussion throughout the state as to what action would best be taken with reference to the delegates elected by the recently restored Southern States. The Democrats had expressed apprehensions as early as June that the Republican party, in its determination to secure negro suffrage, would refuse seats to the delegates from states not granting the negroes that, right.<sup>2</sup> The sentiment of the Radicals voiced by Jacob M. Howard was no less intense than the Democrats had feared. "We owe it to the loyal people of the North to exclude the representatives from the late rebellious states," he declared, shortly before leaving for Washington.<sup>3</sup> "The states in question are subjugated provinces, whose inhabitants are not loyal to-day, and only submitted to the Union authorities because they were unable to resist," and he demanded the exclusion of all representatives of constituencies still disloyal and unwilling to co-operate with the loyal element.

On December 4th Congress assembled, and on the following day the President's message was read. It con-

<sup>1</sup> *Lansing State Rep.*, *Grand Rapids Daily Eagle*, *Adv. and Trib.*, *Free Press*, *Argus*, from August to November.

<sup>2</sup> *Free Press*, June 20, 1865.

<sup>3</sup> Speech in Lansing Wed., Nov. 22, 1865, reported in *Lansing State Rep.*, Nov. 24.

tained an exposition of the theory of state perdurance, of which Johnson was a strong defender. As the political system was an "indissoluble union of indestructible states," the states by attempting secession "impaired but did not extinguish their functions as members of the Union." The President attempted to establish his right to prescribe the conditions by which the states could regain their normal position in the Union, upon the ground of his power of pardon.<sup>1</sup> The message was so tactfully written that it appeared not to offend either party. "The message was favorably received in this locality," declared the *Detroit Tribune*, which commended it for its "modest length, amiable temper, clearness and candor."<sup>2</sup> "The President did well," it continued, "when he honorably avoided placing himself in a position to come into collision with Congress on the question of admitting the Southern members." The Democracy rejoiced that the President insisted upon the recognition of the state government which he had been instrumental in founding, and believed he would never approve of the interference by Congress with suffrage in the states.<sup>3</sup>

#### PRESIDENTIAL VERSUS CONGRESSIONAL RESTORATION

With the entrance of the Thirty-ninth Congress upon its first session, the politics of Michigan were led by a delegation which, besides being Unionists, were reliable Republicans. Four of the members had served in the previous Congress, and an equal number were to be re-elected to the succeeding.<sup>4</sup> Four were thoroughly trained

<sup>1</sup> Rhodes, *op. cit.*, vol. v, p. 546 *et seq.*; Burgess, *op. cit.*, pp. 40, 41.

<sup>2</sup> *Adv. and Trib.*, Dec. 6, 1865.

<sup>3</sup> *Free Press*, Dec. 7.

<sup>4</sup> Fernando C. Beaman, Charles Upson, John W. Longyear, Thomas W. Ferry, Rowland E. Trowbridge, and John F. Driggs were the mem-

lawyers, while the other two, Driggs and Ferry, represented the industrial interests of the state. The latter was the prominent guard of the extensive lumber interests of Michigan, and was destined to become popular both through his parliamentary skill—which later made him president of the Senate—and his advocacy of soft money. The entire delegation gave consistent support, from the first, to all measures looking to the increased power of Congress over reconstruction, and in this activity they were seconded by the great majority of the dominant party of the state. The Stevens resolution for the appointment of a Joint Committee on Reconstruction, and later, the exclusion from Congress of the delegates of the late rebel states elicited a great deal of discussion which seemed on the whole favorable to the Congressional point of view.<sup>1</sup>

The veto of the Freedmen's Bureau Bill was hailed by the Democratic organs as the deserved fate of a measure "unconstitutional, inexpedient, and extravagant," while the President was eulogized for his "courage, loyalty, and firmness."<sup>2</sup> The Republicans seemed on the whole confident that the bill would be passed over his veto. "Some such measure is absolutely necessary," declared an influential Radical organ, "and a substitute will doubtless be immediately prepared."<sup>3</sup>

bers of the Thirty-ninth Congress. Ferry and Trowbridge took the seats of Francis W. Kellogg and Augustus C. Baldwin respectively.

<sup>1</sup> *Globe*, Dec. 12, 1865, pp. 24-28, 30; Feb. 20, 1866, pp. 947, 950; Feb. 27, 1866, p. 1053. For comment, *N. Y. Herald*, Dec. 13, T. L. vol. lxiii, p. 139, col. 4. The appointment of Senator Howard to membership in the Joint Committee insured the keenest attention of the constituency to the acts of this body.

<sup>2</sup> *Free Press*, Feb. 18, 1866. "Monday's session of Congress was memorable as President Johnson for the first time proved his patriotism and firmness by an act which, for boldness and decision under all circumstances, had never been paralleled in the country," *ibid.*, Feb. 21.

<sup>3</sup> *Grand Rapids Daily Eagle*, Feb. 21.



The Civil Rights Bill was opposed by the Democrats upon the principle of non-interference by the general government in matters not clearly delegated to it by the Constitution. In their opinion, there was little chance for doubt concerning the real motive for these measures. "Not a single emotion of solicitude for the welfare of the black race animated the feelings or action of the Radicals in Congress. . . . Their action has been dictated by what they thought was policy, in their anxiety to perpetuate the rule of their party, . . . and they rejoiced if anything oppressive or disagreeable to the Southerners could be included."<sup>1</sup> The Radicals claimed to see clearly that the President's purpose in his vetoes was "to gain the support of the entire rebel population of the South, as well as the entire Democratic party of the North."<sup>2</sup>

It was at this point that the real struggle began between the Presidential and Congressional factions, and the failure of the latter in two of its early undertakings caused a deep resentment which led to open hostility in Michigan as elsewhere. Many organs which up to this time had not expressed strong antagonism to the deliberate and scrutinizing policy of Congress were now alarmed at the extremes to which that body was willing to go. A reaction is clearly visible from this time onward, and this gave rise to the faction which would be known later as the Administration party.<sup>3</sup>

It was in connection with the anxiety of the Republicans over the second passage of the Civil Rights Bill, that Gov-

<sup>1</sup> *Free Press*, Mar. 15.

<sup>2</sup> *Post*, Mar. 17, 1866.

<sup>3</sup> Observations to this effect are to be found in the *Adv. and Trib.*, Apr. 13, 27, Sept. 19; *Free Press*, Apr. 18, May 2, Nov. 9; *Argus*, Apr. 20, 27. This is set forth in "The Mission of the Administration," an anonymous pamphlet, in vol. v, *Jenison Collection*.

ernor Crapo made the grave mistake of issuing a proclamation for the observance of Thursday, April 19th, as a day of fasting and prayer for the successful reconstruction of the Union.<sup>1</sup> Party spirit was concealed by the phraseology of the proclamation, but as it came from a governor who prided himself upon his violent radicalism, it was generally regarded as a partisan affair. Many influential Republicans foresaw the unfortunate results of such a step, and knew that it would become effective material in the hands of the opposition. It was indeed true that this policy of confusing religion with politics, hereafter referred to as "Crapo-politico-religion," was extremely opportune for the cause of the Democrats.<sup>2</sup>

After the opening of the Thirty-ninth Congress, with its multitude of proposed amendments to the federal constitution, Michigan resounded with the discussion of the various plans submitted in Congress. There was confidence among the Democrats that should these or similar measures pass both houses, they would fail of ratification by the required number of states.<sup>3</sup> The first draft of the proposed Fourteenth Amendment, as it was pre-

<sup>1</sup> *Argus*, April 13, 1866. "After a glorious contest in the field of battle, let us not vainly imagine that all danger is past. . . . It was indeed a mighty achievement to scatter to the wind the armed hosts of treason and rebellion which were arrayed against us. . . . But the work is not yet finished. We have a mightier victory still to achieve in the reconstruction of a united country. Now when our political skies are clouded by antagonism between the ruling powers at the capital of our Republic, . . . let us seek . . . the Divine Aid to subdue our pride, to surrender our wills, to abandon our prejudices, and to reconstruct the Republic upon the broad principles of Right, Humanity, Justice, and Eternal Truth."

<sup>2</sup> The fast day was not generally observed, and it was remarked that "it ought to be a long time before any future governor of our state follows the example of Governor Crapo." *Argus*, April 27; also *Free Press*, April 20.

<sup>3</sup> *Free Press*, Jan. 7, 28, Feb. 2, 1866.

sented to the House by Mr. Stevens, seemed to surprise many Radicals, but they promptly rallied to its support and declared that "as a policy of cautious expediency, it was designed to carry more states than could otherwise be carried."<sup>1</sup>

On account of the illness of Senator Fessenden, the chairman of the Joint Committee on the part of the Senate, Howard presented to that body the five articles proposed as the Fourteenth Amendment. In connection with the first, he commented upon the need of a definition of the term "citizen", which occurs twice in the Constitution without a statement of its precise meaning. He pointed to the fact that the right to vote was not intended to be among the rights conferred. Though he plainly stated that he would be glad to see the negroes enjoy suffrage, at least to some extent, he declared that "the right of suffrage was not, in law, one of the privileges or immunities secured by the Constitution. . . . It has always been regarded in this country as the result of positive local law." This is unmistakable evidence that he, as well as the majority of the committee, was opposed to the assumption by the federal government of the regulation of suffrage.<sup>2</sup> The main current of Republican opinion throughout the state seemed in harmony with this view, though several of the most radical organs mentioned with approval the assumption by the central government of the right to regulate suffrage. There was repeatedly expressed the fear that the remaining right to vote would soon be conferred upon the negro by Congress, since this was the one privilege of citizenship that was withheld from him.<sup>3</sup>

<sup>1</sup> *Adv. and Trib.*, May 1.

<sup>2</sup> *Globe*, May 23, pp. 2764-8; *Lansing State Rep.*, May 30.

<sup>3</sup> *Kal. Tel.*, May 25; *Adv. and Trib.*, June 1. Speech of Augustus C. Baldwin, Pontiac, May 29, vol. vi, Pol. Pamphlets, *Jenison Coll.*

The second section of the proposed amendment had for its aim, Howard asserted, the encouragement of the states to admit their colored population to the right of suffrage. This, he insisted, could not be considered a violation of the most rigid interpretation of the Constitution. The third article, which excluded all participants in the insurrection from the right to vote for Representatives in Congress and for Electors of the President and Vice-President, Howard considered defective and of no avail. There was a consistent demand of the party throughout the state that the disqualification extend to the holding of all offices under the federal or state governments. It was further urged that in the fourth section the debt incurred in suppressing the rebellion should be declared inviolate.<sup>1</sup> The fact that these changes were all embodied in the final draft as agreed upon by both houses was a source of great rejoicing among the Republicans of the state and much of the honor was attributed to Senator Howard. The amendment received the hearty support of the Michigan delegation, and that fact insured its adoption and defense by the Republicans of the state as their principal issue.<sup>2</sup>

#### THE ISSUES IN THE CAMPAIGN OF 1866

An exceptional feature of this campaign in Michigan as elsewhere was the threat of extreme measures and possible violence resorted to by each party. The Republicans plainly spoke of impeachment, while the Democrats were accused of hinting at usurpation on the part of the President. There were expressions on both sides of extreme possibilities of an armed clash. A leading Democratic organ remarked that "a part of the system of Radical tac-

<sup>1</sup> *Grand Rapids Daily Eagle, Adv and Trib.*, May 25.

<sup>2</sup> *Globe* for May and June, 1866, pp. 2869, 2890-8, 2900, 3042, 3149; *Grand Rapids Daily Eagle, Post*, June 14; *Free Press*, Aug. 15.

tics in the present canvass is to educate the public ear to a familiarity with the idea of impeaching the President. To prevent a shock, they at present permit only such leaders as Butler and Phillips to make the threat openly; and most of their organs deprecate the use of such threats, under cover of insinuations intended to carry the same idea." To combat the impeachment idea, the Democrats professed to see as an immediate consequence "the beginning of civil war in every city and village of the North."<sup>1</sup>

On the other hand, there appeared apprehensions among the Republicans of the state that the President "would turn usurper and act a Cromwell," and this gave sufficient ground for urging a continuous session of Congress. "A danger to be guarded against," according to the Republican point of view, was the "summoning of an executive session and attempting to get the Senators to vote on their own admission and the President's appointments. If loyal members refuse to recognize them, the Copperheads and Rebels could meet by concert and thus convene a majority, and in case of a threatened interference, the President as Commander-in-chief of the Army could defend the Rebel Senate."<sup>2</sup> There were, however, Republican organs that objected to the continued session on the ground that "a general removal of officeholders in the recess could work less injury to the party than the spinning out of the session."<sup>3</sup>

<sup>1</sup> *Free Press*, Apr. 5. The *Free Press* quoted liberally from the *Cincinnati Commercial*, a Johnson sympathizer, which it naturally considered the "ablest Republican paper in the North."

<sup>2</sup> *Grand Rapids Daily Eagle*, July 1, 1866. The *Post*, Oct. 25, remarked, however, that if the rumor was true that Sec. Stanton had filled all the vacancies in the regular army without the knowledge or assent of President Johnson, the army could not be used in support of his ambitious schemes.

<sup>3</sup> *Adv. and Trib.*, July 22, 1866.

The Democrats opposed negro suffrage principally on two grounds. In the first place, the black race had not shown sufficient willingness to participate in the war, it was urged, to warrant taking so grave a step.<sup>1</sup> Various utterances of the Democratic press to this effect gave the Radicals ground for charges that insurrection and treachery of the blacks were encouraged by such sentiments. They were undoubtedly very dangerous comments, considering the position of the Democracy in Michigan, and this argument certainly did not add strength to the party. The main reason for withholding the right of suffrage from the negro was the presumption of what the Democrats declared to be a fact, "the inherent inferiority of the race." When it should be sufficiently advanced "to appreciate something of the duties and obligations of citizens", it was thought time enough to consider suffrage. Negro office-holding was feared as the direct consequence of negro suffrage, and the Democrats frequently expressed an apprehension of the possible subordination of the whites to the blacks in the states where the latter constituted the majority of popula-

<sup>1</sup> "How much did the negro do for his freedom?" was asked time and again during the campaign. "When Lee was in Richmond, and Johnson at Chattanooga, with almost the entire available force of the rebellion within their command, what a scattering there would have been at any kind of a hostile demonstration from the black people. Had the race possessed the faintest aspiration for liberty, what an opportunity to grasp it. Other races have plotted and fought to obtain that boon!" *Free Press*, Jan. 12, 1866. The following appeared in the number for Feb. 15: "For a race who had no blow to strike in the rear, when their friends were striking in the front, there is poor argument for a bloody effort to wrench from the white man the privilege of which they have no conception. The only danger arises from the influence of such brutalized wretches as Mr. Sumner, whose 'wish is father to the thought.'" With similar vigor his prediction of a race war on the denial of equal suffrage was refuted by the Democrats.

tion.<sup>1</sup> Besides, the Democrats denied that the control of the suffrage was vested in Congress. There was but one source for impartial suffrage—the states could establish it either by independent action among themselves or by the ratification of the constitutional amendment.<sup>2</sup> The Radicals certainly found themselves in an embarrassing situation, as the Democrats repeatedly took occasion to observe. While demanding negro suffrage for the South, they failed to grant it in their own state. It was a glaring inconsistency which was never satisfactorily defended.<sup>3</sup>

The fiscal questions in 1866 were decidedly less important than in succeeding campaigns, being relegated to the background by reconstruction disputes. The Democrats called attention to the “great questions of taxes and currency in which the people are so vitally interested,” in place of the agitation over suffrage. They favored such tariff,—“not prohibitory,—as will produce the greatest amount of revenue.” They declared for the payment of the interest upon the national debt, and its general discharge, and advocated the taxation of government securities as well as other property.<sup>4</sup> The attitude toward resumption was not entirely clear. Both parties desired the ultimate return to a specie basis, but the means were not agreed upon. The “unfavorable balance of trade” was thought to impede prompt resumption, and the export tax upon cotton advocated by some persons was at the disadvantage of requiring a constitutional amendment.<sup>5</sup> The

<sup>1</sup> “Ninety-nine out of every hundred negroes have not the slightest idea what the ballot is. A horse or a hand-saw may have definite significance to them but any idea of government . . . has never reached their understanding.” *Free Press*, Jan. 21, 1866; *Kal. Gazette*, Mar. 15.

<sup>2</sup> *Argus*, Mar. 23, 1866; *Marshall Expounder*, June 14.

<sup>3</sup> *Muskegon News*, Oct. 24, 1866; *Free Press*, Nov. 6.

<sup>4</sup> *Free Press*, Jan. 20, 1866.

<sup>5</sup> *Grand Rapids Daily Eagle*, Feb. 16.

Republicans had, therefore, what they considered to be a strong argument for such tariff as would check importation and stop the balance against us,—practically a prohibitory tariff,—and this the Democrats refused to support.

#### THE CAMPAIGN

The anxiety on the part of the Democrats had been manifested by an agitation for an early convention. Objection was made on the grounds of political expediency, and the latter view prevailed in the end.<sup>1</sup> There was a general belief that a campaign of two months was preferable to one of four, and a call was issued accordingly for the convention to meet in Detroit, Wednesday, September 5th. The Republicans accused the Democrats of waiting to unite with the soldiers. "They see they cannot beat the Republicans fairly, but they will wait until the soldiers hold a state convention of their own, and then find it 'inexpedient' to put up another ticket. But they don't know the men they have to deal with, for four-fifths of the soldiers of Michigan are Republicans."<sup>2</sup> The prophecy was mistaken,<sup>3</sup> for the soldiers of Michigan never went so far as to organize in state convention, and put a ticket into the field. They were earnestly sought by the regular parties, and their allegiance was divided almost in the proportion guessed by the paper quoted. The Democrats did, however, combine with another organization,—the new National Union or Administration party,—and they accepted its ticket.

<sup>1</sup> "The Radicals are to be indicted and put on trial, and to do this understandingly and effectually, it is better to wait until they, through their leaders in Congress, have made and closed their record, if they are going to. When Congress has adjourned, or when it has determined that it will not adjourn, . . . a Democratic State Convention will be better prepared to mark out the Campaign". Editorial of *Argus*, June 1, 1866.

<sup>2</sup> *Lansing State Rep.*, July 18, 1866.

<sup>3</sup> Cf. *infra*, p. 65.



The state campaign was opened August 9th by a Johnson mass-meeting held in Detroit to consider the appointment of delegates to the Philadelphia Convention and to pass resolutions indicative of the party's policy. The attendance was very large and the proceedings were entirely harmonious. The personnel consisted of able lawyers and politicians of both parties, while the soldier element was well represented by the presence of Generals Custer, Wilcox, Williams, and McReynolds.<sup>1</sup> A resolution was unanimously adopted approving "the restoration policy of President Andrew Johnson, the admission to their seats in Congress of the loyal and duly-elected members, and the principles set forth in the call for the Philadelphia National Union Convention." In order to distinguish themselves from the Copperhead element, they declared that "the admission of those would be unwise who, in the states not in rebellion, failed to support the government during the war."<sup>2</sup>

During the same day in Detroit, the Democratic State Central Committee were considering the propriety of send-

<sup>1</sup> Among the Republicans who "bolted" from their party were Alfred Russell, A. Bliss, and James F. Joy, the last of whom had been an earnest Whig, later a firm Republican, and had served one term in the legislature at the beginning of the war. The Union Democrats were represented in part by Byron G. Stout, who had been a Republican until 1862, when he became a Democrat and was nominated for governor. General Custer cared little for politics, and his only prominence in this field occurred this year when he was sent as delegate to the Philadelphia Convention, and to the Soldiers' Convention in Cleveland. Generals Alpheus S. Williams and A. T. McReynolds were Democrats who later received nominations to Congress, the former in 1874, on the Democratic and Reform ticket, the latter in 1872. *Mich. Biographies; Rep. Men of Mich.*

<sup>2</sup> *Free Press*, Aug. 10, 1866; for comment, *New York Herald*, Aug. 10 in T. L., vol. lxvii, p. 294, col. 2; *New York Times*, Aug. 12, in T. L., vol. lxvii, p. 314, col. 4.

ing delegates to Philadelphia. The Johnson mass meeting discussed the same subject and thought it best to leave to the Democrats the appointment of the delegates. As there was not time to call a convention for the purpose, the Central Committee decided to consider themselves empowered to make the appointments, and these were duly accepted by the National Union party with "implicit confidence." The National Unionists began to draw close to the Democrats, and it was thus that mutual confidence was first shown between the two parties which in a month were to combine in order to combat their common adversary. The Democrats had from the first, as would be expected, discouraged the formation of a new party, and had invited the National Unionists to join with them.<sup>1</sup> The union of the two organizations was effected, however, by the coalition of the Democracy with the National Union party a month later, and by the adoption of the ticket of the latter.

The Republican State Convention of Thursday, August 30th, was the earliest of the three, and naturally laid down lines for the coming campaign. The first steps toward practical fusion of the two elements of opposition were already accomplished, and the call for the convention had wisely included "War Democrats" among those invited.<sup>2</sup> The proceedings were declared unusually harmonious, and congratulations were offered the soldiers of the Union, the state administration, and the delegation in Congress. The theory that by rebellion the states ceased to be states and fell to the status of territories was strictly adhered to, and the exclusive power of Congress over restoration was clearly set forth.

<sup>1</sup> *Free Press*, Feb. 20, 1866.

<sup>2</sup> *Lansing State Rep.*, Aug. 30, Sept. 5, 1866, *Kal. Tel.*, Sept. 6. William A. Howard of Detroit, one of the most prominent Republicans of the state, was chairman of the convention.

By their acts of treason and rebellion, and by their erection of governments in hostility to the United States, the rebel communities disrupted their civil society, abrogated their political institutions, and left their States without governments known to the country, or recognized by the government of the United States. . . . To Congress alone belongs the imperative duty of declaring when any such state is properly reorganized, and any government therein is legitimately constituted so as to resume its former political relations with the national government.

It was further declared that "in the determination of such questions, it is the right as the duty of Congress to guard against future danger to the peace and stability of the Republic," by requiring the people of each state by their conduct to give "satisfactory proofs of their loyalty."<sup>1</sup> The duty was proclaimed imperative of protecting the negroes,—"those who remained loyal to the United States and who are, in a great degree, incapable of self-protection in the midst of a hostile element." The Congressional plan of reconstruction and the constitutional amendment were regarded "fundamental and indispensable to the future peace of the country," and a change in the basis of representation was declared necessary in the altered condition of the nation. "Exclusion from office of leading rebels and actual perjured traitors is the mildest and most generous terms of amnesty ever offered to a rebellious enemy," the platform declared, and the conception of a "White Man's Government" instead of "God's Government for Man" was denounced as "political blasphemy." This body of resolutions was, as the Republicans admitted, a radical one, though it was not so extravagant in self-praise as those of succeeding years.

<sup>1</sup> *Post*, Aug. 31, 1866; *Ann. Cyc.*, 1866, p. 507. There was apparent a striking similarity to the views of Sumner concerning the guaranties of loyalty, and to the declarations of the Republican platforms of the New England states of that year.

Great care was exercised in the selection of a ticket. There was a strong opposition to Governor Crapo on the ground that a soldier would receive a greater following. Several possibilities for the gubernatorial candidacy were mentioned, but the opponents were unable to agree, and the prestige of the "two-term principle" was credited by them with his renomination. The soldier class was complimented by the nomination from their class of five candidates<sup>1</sup> who were intended to combat the six subsequently chosen by the Democrats, one of whom, General Alpheus S. Williams, headed the ticket. The Republicans chose Carl Schurz and Zachariah Chandler as delegates to the Convention of Northern Republicans and Southern loyalists which was to meet in Philadelphia, September 3rd.<sup>2</sup>

The Johnson supporters met in Detroit, Wednesday, September 5th, in accordance with the call issued by the mass convention of August 9th. Extreme enthusiasm had been shown over the Philadelphia Convention, and the call for a grand mass ratification meeting to endorse its action was combined with a call for a nominating convention to put into the field a National Union State ticket. This move was deemed impolitic by an influential faction,<sup>3</sup> who favored postponement of the choice of candidates until the day

<sup>1</sup> The five soldiers nominated by the Republicans were as follows: Gen. Dwight May, for Lieutenant Governor, Gen. Oliver Spaulding, Sec. of State, Gen. Wm. L. Stoughton, Attorney-General, Gen. Wm. Humphrey, Auditor-General, and Gen. Benjamin D. Pritchard, Land Commissioner. Gen. May entered the war in 1861 as Captain, and remained in active service until its close when he was made Brigadier. Generals Spaulding, Stoughton, Humphrey, and Pritchard also rose from captaincies and the last was popular as the captor of Jefferson Davis. This subject received comment in the *N. Y. Tribune*, Sat., Sept. 29, T. L., vol. lxviii, p. 279, col. 3.

<sup>2</sup> *Reminiscences of Carl Schurz*, pp. 212-3.

<sup>3</sup> *Argus*, July 6, 1866; *Free Press*, Aug. 3, 19.

following the one proposed, when they could agree with the Democrats in convention upon one ticket. The regular date was observed, however, and it was for the Democrats rather than the Unionists to make the first advance toward coalition. Full consciousness of the gravity of the occasion seemed to pervade the meeting. The temporary chairman declared in his address that this was "perhaps the last attempt to preserve intact the integrity of the Union," and referred to the period as "the most momentous crisis in our nation's history."<sup>1</sup> Similar sentiments were expressed by the permanent chairman, Gen. C. O. Loomis. "The present time is considered one of peril in that . . . an attempt is now being made to make the victory barren of results. The right of representation," he urged, "belonged under the Constitution to the eleven states formerly seceded. It is a right inherent which they possess, without condition other than that prescribed in the Constitution; . . . and any who would prescribe other conditions are just as rebellious as those who took up arms against us."<sup>2</sup>

The party received a permanent organization in the appointment by the chairman of a State Executive Committee composed of one representative from each county. The resolutions were similar to those of August 9th.<sup>3</sup> They declared that the "admission of loyal men into the Congress from all the states is essential to the complete restoration of the Federal Union and the maintenance of the Constitution upon which this Union is founded." The favor of the soldier element was courted by pointing to the appearance of veterans among the nominees as testimony of the high esteem in which they were held as "the defenders of the

<sup>1</sup> Address may be found in Pol. Pamphlets, vol. v, *Jenison Coll.*

<sup>2</sup> *Free Press*, Sept. 5, 1866; *Kal. Gazette*, Sept. 7.

<sup>3</sup> *Argus*, Sept. 7; *Ann. Cyc.*, pp. 508-9.

integrity of the Union." Gen. Alpheus S. Williams headed the state ticket.<sup>1</sup> He was formerly a Whig of the Henry Clay school, and retired from politics after the dissolution of that party. From a résumé of the past affiliations of the candidates, it may fairly be inferred that the predominating influence was very hostile to Congress, for one-half of the new party's candidates were life-long Democrats, while the others were dissatisfied Republicans.

The Democratic State Convention met the following day and adopted the Unionist ticket. After complimenting the soldiers, the convention expressed strong disapproval of the Radicals' conduct and endorsed the Philadelphia Convention of August 14th.<sup>2</sup> The Democrats declared that "the Democracy has risen above party action," by its acceptance of the National Union ticket and its invitation to "all good citizens to unite in this crisis without regard to antecedents." They gave a distinctly reform character to the party by the arraignment of the Republicans on charges of "heavy taxation, wasteful and unfair legislation, and a vicious system of currency." The Democrats declared themselves the true representatives of the people, and as the Republicans had advocated shorter hours of labor, both parties began that

<sup>1</sup> Gen. J. G. Parkhurst, Col. George Gray, and Col. Louis Dillman were candidates for the offices of Lieutenant-Governor, Attorney-General, and Land Commissioner respectively, and they had been staunch lifelong Democrats. Col. Bradley Thompson, candidate for Secretary of State, was a Republican who refused to endorse the radical principles of that party. Luther H. Trask, nominee for State Treasurer, and Gen. George Spaulding, candidate for Auditor-General, were in a similar position. The two non-political nominations were for Superintendent of Public Instruction, and for Member of the State Board of Education.

<sup>2</sup> *Free Press, Argus*, Sept. 7, 1866; *Ann. Cyc.*, p. 508. "The country is threatened by an unscrupulous faction in Congress who propose to hold power at all hazards in violation of all law and who, unless arrested, will precipitate another war upon us more deadly than the last."

recognition of the laboring class which was to become of greater importance within the next ten years.

The soldiers and sailors of Michigan<sup>1</sup> met in Detroit nine days later to appoint delegates to the Cleveland Convention. The invitation was extended to "all those soldiers and sailors who approve of the policy of the President of the United States, and of the restoration of harmony and good feeling between the different sections of our common country,—and who are in favor of the admission of loyal representatives from the states lately in rebellion to seats in the two houses of Congress."<sup>2</sup> The soldiers of Michigan never attained a separate organization or framed a body of resolutions of their own, as some Republicans believed they would. Their allegiance was divided for the reason that both parties had wisely placed several military names on their respective tickets and both tried to win their support by eulogistic resolutions. The fact was evident, however, after the election, that a large majority of the soldiers of the state adhered to the Republican party, though the exact number cannot be ascertained.

The campaign in Michigan, as elsewhere, was extremely vigorous, and the Republican organization and party management were most effective. The state organization known as "Boys in Blue" under the leadership of Russell A. Alger was very active, especially in the southeast portion of the state. Among the speakers of national importance who were appointed to canvass the state were Carl Schurz, Schuyler Colfax, and Gen. Butler, while the prominent state politicians were Chandler, Ferry, Trowbridge, Crapo, Beaman and Blair.<sup>3</sup> It is very probable that some of the ex-

<sup>1</sup> Cf. *supra*, p. 58.

<sup>2</sup> *Argus*, Aug. 31, 1866.

<sup>3</sup> *Post*, Oct. 25, 29, 1866. The gist of the campaign addresses, which were on the whole more rampant with party spirit than those of

extreme views expressed by Mr. Chandler tended to alienate a faction of his party. This fact would undoubtedly have appeared had not the President caused a similar revulsion in the opposite direction.<sup>1</sup> A very active part was taken by the *Detroit Post* which was, from the first, recognized as the official Radical organ of the state. Behind it stood Senator Chandler with an abundance of funds at his command, and at the head of its editorial staff was Carl Schurz.<sup>2</sup>

The personal element in the campaign had immense influence in Michigan as elsewhere—perhaps more—as several of her politicians had acquired the reputation for a strength of character amounting to eccentricity. The importance of the personal element began to appear, of course, after the

the Democrats, were the defense of the Fourteenth Amendment and the ascription to the Democrats of the responsibility for the Rebellion and its consequences. Speech of Austin Blair, Wednesday, Oct. 3, Representative Hall, Lansing, reported in the *Lansing State Rep.*, Oct. 10. The probability of the assumption by the General Government of the rebel war debt, if Johnson's policy were sustained, was one of Chandler's favorite subjects. Speech at Lansing, Oct. 17, with comment in the *Post*, Nov. 5. He declared that the method would be to sell to members of Congress, in order to pass the measure, a quantity of scrip at several cents on the dollar, their notes being payable in ten days or thereabouts after the passage of the law. "Forever repudiate the rebel debt and adopt an amendment to this effect, and such a measure could never be undone by a corrupt Congress." This argument resembled closely the guaranties urged by Sumner in his speech at the Worcester Convention of the same year. Insistence upon the original claims against England with legal interest was also common to both, but Chandler's demand for the Canadas as a "fair compensation for all the damages received" was still more extreme than the other Radicals could endorse.

<sup>1</sup> *Free Press*, Feb. 27, Oct. 19, 1866; *Marshall Statesman*, Oct. 25.

<sup>2</sup> The first issue of the *Daily Post* was that of March 27, 1866. After the advent of this rival, the *Detroit Advertiser and Tribune* became the avowed enemy of Chandler and the Radicals, and entered upon a middle course. Farmer, *op. cit.*, vol. i, p. 684; *Reminiscences of Carl Schurz*, pp. 211, 212; *Mich. Coll.*, vol. xxx, pp. 507-517; *Detroit Evening News*, Feb. 25, 1876.



President's White House Speech of February 22nd. The Democratic organs were naturally loyal to him and emphasized his policy rather than his manner, which was sometimes mentioned in an apologetic strain.<sup>1</sup> The Republicans on their side ably seized their advantage. They compared the President to Fillmore, while the Democrats saw resemblance to Andrew Jackson. The *Post* shrewdly alluded to the campaign of 1860 when Johnson "bolted the regular Democratic party and stumped the states of Mississippi and Tennessee with Davis against Douglas."<sup>2</sup> "We are becoming more and more convinced every day that it [the President's tour] will prove a real Republican victory."<sup>3</sup> We rejoice that his natural arrogance and his impetuous, irascible, and irrational temper . . . were so thoroughly exposed and illuminated by his brutal harangue at Cleveland." Such was the judgment of the leading radical organs of the state. It was to be expected that the visit of the Presidential party would stimulate harsh criticism on the part of the Republicans, especially of Detroit. They remarked that it was only political tact to arrange for the company of Grant and Farragut in the excursion, as the enthusiasm which would undoubtedly be shown them could be con-

<sup>1</sup> "The telegraphic report could not do justice to the President's diction and eloquence. He will stand as the Preserver of his country, a title no less exalted and no less dear to the American people than that of 'Father of his country.'" *Free Press*, Feb. 24, 1866. "The Serenade speech could not be excelled for plainness and directness to the object,—which was to explain the difference between himself and the traitors and disunionists in Congress. It went directly to the spot without circumlocution or mercy." *Free Press*, April 20.

<sup>2</sup> Sept. 8, 1866. One Radical organ remarked that Mr. Johnson's plan received strong support from four Ex-Presidents—Fillmore, Pierce, Buchanan and Jeff. Davis. *Grand Rapids Daily Eagle*, Apr. 24.

<sup>3</sup> The Presidential party in "swinging 'round the circle" visited Detroit on the 4th of September.

strued in honor of the President.<sup>1</sup> The President was not the victim of all the ridicule of the radical press. Seward's speeches at Auburn, New York, and in New York City, in which he predicted "reconciliation and peace", were generally made light of as predicting an impossibility and showing little foresight.<sup>2</sup>

#### THE ELECTION IN MICHIGAN

The results of the November elections were not surprising to those who had closely observed the trend of affairs in Michigan. When the poll was taken the Radicals found they had an average majority of more than 3,000 in each Congressional district, and in each of the two immense districts comprising the northern and central counties, the majority reached 6,500. "The contest in Michigan is measurably between Radicals and Conservatives," observed the *New York Tribune*, and it considered that the former "had the advantage of popularity and numbers."<sup>3</sup> Throughout the campaign the Radicals had expressed certainty of their victory. "Our delegation in the next Congress," declared the *Post* confidently, "will present an unbroken front of radically loyal men elected by majorities that will show this to be . . . the Massachusetts of the West."<sup>4</sup> If the spring elections were indicative of the relative position of the parties, the Republicans certainly were justified in expecting victory. The returns regularly showed an increase in their majorities where they won, and increased followings

<sup>1</sup> *Post*, Sept. 4, 1866. It further referred to the delegation of Loyal Southerners from the Philadelphia Convention which would travel the same route pursued by the President "to tell the people the true situation of affairs."

<sup>2</sup> *Grand Rapids Daily Eagle*, May 24, 1866. *Post*, July 3, August 31.

<sup>3</sup> *Sat.*, Sept. 29, 1866.

<sup>4</sup> *Aug.* 31.

in the territory of the opposition.<sup>1</sup> In the November elections, the Radicals made still more important gains, and claimed a "sweep" even in old Democratic strongholds.<sup>2</sup>

All six members elected to the lower house of Congress were Republicans, and the personnel remained unchanged save in the case of the third district, which was now represented by Ex-Governor Austin Blair in place of Hon. John W. Longyear. The Michigan delegation had satisfied the expectations of their party, and the most influential Republican organs cast their influence in favor of their return.<sup>3</sup> While some of the Republican candidates received approximately two-thirds of the votes cast in their respective districts, the victory was exceedingly close in the first, third, and fifth.<sup>4</sup> The Democratic membership in the lower house of the state legislature was reduced from 21 to 17, while their remnant of influence in the upper house was maintained by the election of two out of 32 senators. The party balance was thus more favorable than ever to the Republicans, as their joint majority rose from 86 to 95.

<sup>1</sup> *Grand Rapids Daily Eagle*, Mar. 30, 1866. *Adv. and Trib.*, Mar. 31; *Lansing State Rep.*, Apr. 4.

<sup>2</sup> "In this city, (Detroit), our gains are so heavy that another campaign may entirely redeem it from Democratic rule." *Post*, Nov. 7; *Free Press*, Nov. 8, 10. The statistical sources for the election were the *Mich. Man.*, 1867, pp. 251-3; *Ann. Cyc.*, pp. 507-510; *Trib. Alm.*, *World Alm.* The newspapers consulted were as follows: *The Post*, *Adv. and Tribune*, *Free Press* of Detroit; *Mich. Argus* of Ann Arbor; *Jackson Citizen*, *Jackson Patriot*; *Marshall Statesman*, *Marshall Exponent*; *Battle Creek Journal*; *Kal. Gazette*, *Kal. Telegraph*; *National Dem.* of Cassopolis; *Niles Rep.*, *Hillsdale Daily Standard*, of the southern portion of the State; *St. Clair Rep.*; *Wolverine Citizen* of Flint; *Bay City Weekly Journal*; *Lansing State Rep.*; *Grand Rapids Daily Eagle*; *Muskegon News*, of the central northern portion of the state.

<sup>3</sup> *Lansing State Rep.*, July 25; *Post*, Aug. 2.

<sup>4</sup> The vote in the First Congressional District was 22,197 Rep., to 20,595 Dem.; in the Third, 19,268 to 16,268; and in the Fifth, 16,347 to 14,622. *Trib. Alm.*, p. 35.

Governor Crapo received 58.83 per cent of the vote and was re-elected by a majority of almost 30,000, while the other names on the ticket received even stronger support.<sup>1</sup> The proposed constitutional amendment granting soldiers' suffrage and the proposition to revise the state constitution were both favored by large majorities.<sup>2</sup>

An incident connected with the Soldiers' Voting Law had proved very unfortunate for the Democratic party in the state. This was the law which the proposed constitutional amendment was intended to affirm beyond question. The contested election case in the fifth district arising from the election of 1864 brought into discussion the law providing for the taking of the vote of soldiers in the field. Mr. Baldwin, the Democratic claimant, alleged that the law was unconstitutional on the ground that it contravened the provision requiring residence in the state three months, and in the township or ward ten days, previous to voting.<sup>3</sup> The

<sup>1</sup> The vote stood 96,746 to 67,708, excluding the returns from two wards in Detroit which were rejected for alleged irregularities. They would have increased Crapo's majority by 456. A Democratic mayor was elected in Detroit by 360 majority, which showed a reduction in the party's following of 500 since the last election. The Republicans declared that even with such results, "a large number did not visit the polls on Tuesday." *Grand Rapids Daily Eagle*, Nov. 7, 1866.

<sup>2</sup> The former by 86,354, to 13,094, the latter by 79,505 to 28,623. Upon these questions,—the second of which was of great importance,—a large number abstained from voting. There were 56,000 more who expressed their preference for governor and members of Congress than voted upon the question of constitutional revision. Over twice as many Democrats absented themselves from the polls as Republicans, notwithstanding their comparative weakness. The minor parties were not yet prominent. The Labor Union Candidate for Governor received 200 votes in Ionia, whose majority went strongly Republican.

<sup>3</sup> *Globe*, Feb. 13, 1866, pp. 839-845. Pol. Pamphets, vol. 3, no. 6, *Jenison Coll.* He contended that the majority of 710 for Mr. Trowbridge would be changed to a majority in his favor "by the exclusion of 1179 illegal votes cast in camp under the Soldiers' Suffrage Act." The victory of Trowbridge was accounted for in this way by the

controversy inevitably tended to antagonize the soldier element whose favor both parties were trying to win. The acceptance of the majority report in favor of the Republican claimant incensed the Democratic journals of the state, and they unfortunately diminished their following by their continued denunciation of the popular measure. In 1864, the Democracy commanded approximately one-fourth of the soldiers' vote, and there are indications that this support was materially diminished two years later.<sup>1</sup>

The Democrats were generally agreed upon the reasons for what they were frank to admit was an overwhelming defeat. There had been evident a party apathy throughout the state growing out of either an over-confidence in strongly Democratic centers, or a conviction of certain defeat in Republican districts. There was concealed dissatisfaction at the union with the Conservative Republicans who were openly charged with "coldness and open treachery" and the failure to give any support to the Democracy. The Republican gubernatorial vote rose from 55.16 per cent of the total in 1864 to 58.83 per cent, and even the occasion of a party schism failed to bring out all the votes.

The Northern Peninsula was more evenly divided between the two parties than in 1864, and four of the seven counties voted Democratic. The southern and south central counties gave the Republican candidates on the average 60 to 75 per cent of their votes, while every county in the three lowest tiers, save Wayne, was more evenly balanced,

Democratic organs; "It is thought that this will compensate for the escape of Raymond, Darling and a few others, (Conservative Republicans) from Thad. Stevens' pocket, and keep a two-thirds majority in readiness for an occasion." *Argus*, Mar. 9, 1866.

<sup>1</sup> There is, of course, no separate data for this year to show the exact proportion, as there was in 1864, but current comments point to this conclusion. *Argus*, Nov. 16; *Marshall Statesman*, Nov. 22; *Adv. and Trib.*, Nov. 28, 1866.

and several changed their allegiance within the next two years.

The party position in Michigan in 1866 was very similar to that of 1872. Both years the Democracy united with the disaffected minority of the Republican party, and adopted its ticket. Though the reform element was absent in 1866, the general subject upon which the dominant party divided was, in both cases, the method of reconstruction. It is remarkable that the Democracy—though a decidedly minority party in Michigan—should have chosen both years to ally itself with a group who had previously been members of the hostile party. The sacrifice was, however, far less in 1866 than six years later, as both parties to the coalition had undoubtedly given strong support to the old "Union" organization. It is also strange that in Michigan political literature of the period, the regular names were employed more generally in reference to the parties than the terms "Radical" and "Conservative". This was contrary to the practice in many of the states, and in all probability was due to the predominance of the Radical tendency of the Republican party. The sustaining influence of such Ultra-Radical leaders as Zachariah Chandler, Austin Blair, Jacob M. and William A. Howard, successfully kept the Radical position practically typical of the Republican party, and more nearly identical with it, than was the case in most of the other states. Though a small number of influential men were really Conservative "bolters" from the Republican party, the lines remained so sharply drawn, that as a general truth it may be affirmed that the Republicans were the Radicals, and the Democrats the Conservatives. There was, then, no occasion—or at least no necessity—to change the old names.

## CHAPTER III

### THE POLITICS OF MICHIGAN, 1867-1868, AND HER ATTITUDE TOWARDS EARLY RECONSTRUCTION

THE year 1867 was indeed an important period in the politics of Michigan from the point of view of both state and federal legislation. As local interests were of greater importance in the spring elections of 1868, and federal issues in the fall campaign, the activities of the state legislature will first be considered.

#### STATE ISSUES

In the session which met January, 1867, the legislature ratified the Fourteenth Amendment, considered, but failed to pass, a number of bills relating to internal improvement, and provided for the revision of the state constitution. These three subjects will be treated seriatim.

When the proposed Fourteenth Amendment was submitted to the several states for their ratification in June of 1866, there were some persons in Michigan who favored calling an extra session of the legislature for this purpose. This elicited vigorous opposition on the part of the Democracy and of some Republicans who felt that the vote of a legislature, elected almost a year and a half before, could not possibly be considered a true expression of the present view of the constituency. "Action upon the amendment properly belongs to a legislature chosen upon the particular issue", declared a Republican journal, "for an extra session of this legislature might adopt the amendment against the convictions of the majority of its constituents, thus giving it a legal but not a moral force."<sup>1</sup>

<sup>1</sup> *Jackson Daily Cit.*, July 3, 1866.

The discussion of the amendment continued throughout the summer and the following autumn, but not until the regular session of 1867 was it finally ratified. The great preponderance of Republican influence in the legislature rendered the opposition throughout the state altogether ineffectual. The Democrats regarded the amendment, if finally adopted, as "the commencement of a revolution in American affairs". "The construction of the Union was effected by willing compromises", a very able Democratic editor declared, and

the various independent and sovereign states resigned severally those portions of their sovereign power which were deemed necessary to the purposes of the Federal Government, reserving all other portions as inviolable. . . . The theory on which amendments are *now* proposed is that by having entered into the Union under the Constitution a power has been given to the General Government to possess itself of the reserved powers of the states, and that if two-thirds of Congress vote aye, and three-fourths of the states vote with them, they may annihilate the last relic of power in any state.<sup>1</sup>

Contrary to the hopes of the Democracy, the elections of 1866 resulted in a stronger Republican majority in the new legislature that was the Union majority in the former body and ratification was not long delayed. It took place February 15th, and Michigan thus became one of the twenty-one states first ratifying.<sup>2</sup>

The second feature of the legislative activity of this session was the large number of railroad-aid bills presented in response to numerous petitions from the north, central

<sup>1</sup> Mr. Elihu B. Pond of Ann Arbor, in the *Argus*, Jan. 4, 1867. A similar view was expressed in the speech of Mr. O. C. Comstock in Jackson, Jan. 22, vol. iii, Pol. Pamphlets, *Jenison Coll.*

<sup>2</sup> The Senate ratified by a vote of 25 to 1, the House, 77 to 15. *Acts*, 1867, Joint Res., no. 12, pp. 312-14, Feb. 15; McPherson, *Handbook*, 1867, p. 68.



and western portions of the state. These bills authorized townships, cities and counties to vote pecuniary aid to railroad corporations either by taxation or by loans. The bills were vetoed by the Governor on the ground that they were both unconstitutional and impolitic.<sup>1</sup> Only one of them was passed over the veto—that to legalize bonds already issued—and the controversy occasioned strong enmity between the executive and legislature.<sup>2</sup>

#### THE CONSTITUTION OF 1867

It was the revision of the constitution of 1850, however, about which the state politics of this and the succeeding year principally centered. The contest which was to end in what the Democrats considered a signal victory was occasioned by the first message of Governor Crapo to the legislature of 1865, in which he recommended the consideration of constitutional revision.<sup>3</sup> The matter was taken up in

<sup>1</sup> The provisions of the constitution which in the opinion of the Governor were violated were sections 6, 8, and 9, Art. XIV: "The credit of the state shall not be granted to, or in aid of, any person, association or corporation." "The state shall not subscribe to or be interested in the stock of any company, association, or corporation," and "the state shall not be a party to, or interested in, any work of internal improvements." The constitution is contained in the *Mich. Man.*, 1867. *Michigan as a Province, Territory, and State*, vol. iv, ch. 1, pp. 52-3.

<sup>2</sup> *Acts*, 1867, p. 107; *Ann. Cyc.*, 1867. For accounts of this matter, and the attitude of different organs toward the railroad question, the following numbers are valuable: *Post*, Aug. 16, 27, Sept. 13, Nov. 5, 1867; *Free Press*, Aug. 24, 26; *Adv. and Trib.*, Aug. 31. This subject will be more fully examined subsequently, cf. *infra*, p. 81.

<sup>3</sup> "At the general election to be held in the year 1866 and in each succeeding sixteenth year thereafter, and also at such other times as the legislature may by law provide, the question of a general revision of the constitution shall be submitted to the electors qualified to vote for members of the legislature, and in case a majority voting at such election shall decide in favor of a convention for such purpose, the legislature at the next session shall provide by law for the election of delegates to such convention." Sec. 2, Art. XX, *Mich. Man.*, 1867, pp. 136-8; for manner of submission, *ibid.*, 1871, pp. 399-400.

the succeeding legislature, that of 1867, and the composition of the constitutional convention was the subject of extended debate. The act which was finally passed March 11th provided in detail for the convention, and allowed each county as many delegates as it had State Representatives.<sup>1</sup> The body accordingly assumed practically the same character as the House, and as its membership included seventy-five Republicans and twenty-five Democrats, it could fairly be considered a Republican convention. It sat seventy-four days, from May 15th to August 22nd. Among the subjects urged upon its attention were woman suffrage, the union of the State Agricultural College with the State University, the prohibition of the sale of intoxicating liquors, the increase of salaries of state officers, annual in place of biennial sessions of the legislature, negro suffrage, and aid to railways.

The first subject, woman suffrage, came before the convention twice in the form of a resolution for separate submission, and was defeated both times—the latter by a close vote.<sup>2</sup>

The point which caused the controversy concerning the compulsory support of the Agricultural College was the apparent partiality shown by the state toward one class of citizens. There was strong pressure brought to bear in favor of combining the institution with the State University and it was also proposed to convert it into a Women's College. Neither suggestion was carried out, for a provision was adopted which made its support compulsory as a separate institution "for the study of agriculture and the natural sciences connected therewith."<sup>3</sup>

<sup>1</sup> *Acts*, 1867, no. 41, 60-62.

<sup>2</sup> The vote was 31 to 34 against it. *Convention Debates*, vol. ii, July 26, p. 367; Aug. 12, pp. 766, 789-91.

<sup>3</sup> *Debates*, vol. ii, p. 483.

The prohibition of the sale of intoxicating liquors received thorough discussion in which the argument of inefficacy was brought forward by a strong faction favoring a rigid license system. The Committee on Intoxicating Liquors presented a resolution that "the legislature shall not pass any act authorizing the granting of a license for the sale of ardent spirits or intoxicating liquors as a beverage." A substitute was presented by Mr. Lothrop which included this prohibitory resolution and, in addition, a provision for a separate vote upon the article. The substitute was adopted by a vote of 45 to 36 and it was thus decided that prohibition should be excluded from the constitution in order that it might not impair the adoption of the latter.<sup>1</sup>

With reference to the question of an increase of salaries, there was a general conviction that the remuneration of the state officials was insufficient to secure the best class of incumbents. The salary of the Governor was to be raised from \$1,000 to \$3,000, and those of the other officers were to be materially increased. The resolution to this effect was passed and the subject was included within the constitution as Section I of Article X.<sup>2</sup>

The advocates of annual legislative sessions declared that the growing interests of the state demanded more frequent

<sup>1</sup> *Debates*, vol. i, p. 596; vol. ii, pp. 679 *et seq.*; *Journal of the Convention*, pp. 640-4.

<sup>2</sup> *Debates*, pp. 609 *et seq.*: The existing and proposed salaries were as follows:

The Governor, \$1000, \$3000.

Secretary of State, \$800, \$2000.

Secretary of Treasury, \$1000, \$2500.

Commissioner of State Land Office, \$1000, \$2000.

State Superintendent of Instruction, \$1000, \$2500.

Auditor General, \$1000, \$2500.

Attorney General, \$800, \$2000.

Justices of the Supreme Court and of the Circuit Courts, \$2500 and \$1500 respectively, \$3000.

consideration. They also argued that if the legislature should meet annually, the hasty procedure which was generally admitted under the present system would thus be unnecessary, and greater consideration would be given the subjects of legislation. The sessions would be shortened, and the expense would not be materially increased. This faction of the convention was successful in getting an article adopted which provided for annual sessions, but this was to be submitted independently of the constitution, and to receive a separate ballot.<sup>1</sup>

6 The subject of negro suffrage was formally brought before the convention on May 21st, the fifth day of its session. A resolution was presented by Mr. Lovell which requested that "the Committee on Elections be instructed to inquire into the propriety of extending the privileges of the elective franchise to all citizens over twenty-one years of age who have not been convicted of crime."<sup>2</sup> Following closely this phraseology of Mr. Lovell's, a resolution was accordingly reported by the Committee which simply omitted the word "white" from the qualifications for voting. In the protracted debate which followed, Mr. Thomas M. Crocker, of Macomb County, was prominent as a leading opponent of those who defended this summary manner of disposing of so important a subject by the convention. His plan was embodied in a resolution whose first part consisted of five articles, and whose second provided for the submission of the resolution to a separate vote.<sup>3</sup>

According to Mr. Crocker's plan, all persons should be considered electors, entitled to vote, who were twenty-one years of age and belonged to any one of five classes which were then enumerated. The first provided for "every white

<sup>1</sup> *Debates*, vol. ii, pp. 34-5.

<sup>2</sup> *Journal*, p. 44; *Debates*, vol. i, p. 47.

<sup>3</sup> *Journal*, pp. 702-5; *Debates*, vol. ii, p. 779.

male citizen of the United States." The three succeeding articles respectively related to white male inhabitants intending to become citizens of the United States, to white male residents in the State on June 24, 1835, the date of the admission of Michigan into the Union, and to civilized male Indians with certain restrictions. The fifth and last article included "every male inhabitant of African descent, a native of the United States."

It was obvious that in this resolution the bestowal of the right of suffrage upon persons of African descent was considered in the light of a concession. After excluding blacks in the first three articles, the right was affirmatively conceded in the fifth. A further evidence that it was not intended to force the change upon the state was the provision for the submission of the resolution on impartial suffrage to a separate vote of the constituency. Thus the plan of Mr. Crocker certainly placed the matter before the people with greater clarity and impartiality than the summary resolution of the committee.

The conflicting views appeared in a brisk struggle over this question in which Messrs. Conger, Crocker and Morton participated.<sup>1</sup> The first, Omar D. Conger of St. Clair County, insisted that impartial suffrage should be established by the mere omission of the word "white" from the qualification for voters. The second, a man who represented a more conservative class, favored the clear distinction of voters with respect to color by enumerating the two classes in separate clauses. He defended his separate-submission clause as showing only a due regard for the views of the people on the question. The third member, Mr. Edward G. Morton of Monroe County, was opposed to negro suffrage on any grounds at present.

In the defense of his resolution, Mr. Crocker declared

<sup>1</sup> *Debates*, vol. ii, pp. 712-18, 786-9.

that the change in the electorate anticipated by the resolution of the committee was of such a nature that it should be put frankly before the constituency to accept or reject. Merely to strike out the word "white" from the present clause would not, he insisted, present clearly to the voters the full meaning of the proposed change. Mr. Morton, a Democrat, insisted that "it was wrong to adopt negro suffrage as a party measure merely to force it upon the Southern States." "Though I have always been a Free-Soil and Anti-Slavery man and believed slavery degrading in its effects," he declared,

I cannot now pay the institution such a high compliment as to say it has elevated and educated the recent slaves for the intelligent discharge of the right of suffrage and the maintenance of good government. I cannot thus unwittingly honor a barbarous institution, even though it may have elevated the negro to some extent above the same race in Africa.

The Democrats had but one-fourth of the membership of the convention, however, and after all, the original resolution of the Committee was adopted in which the word "white" was omitted from the qualifications for the elective franchise. The resolution for separate submission was rejected by a vote of 16 to 50. Thus the more radical element of the Republican party succeeded.<sup>1</sup>

The Republicans usually defended the suffrage article by pointing to the small negro population in Michigan, which they said was 6,799. Of these it was thought that 971 would number the negro vote. This was entirely too low an estimate, as the state census report for 1864 gave the negro population as 8,244, and of this some Republicans themselves, placed the vote at 5,000.<sup>2</sup> - obviously over 40%<sup>10</sup>

<sup>1</sup> *Journal*, pp. 767-8; *Debates*, vol. ii, pp. 789, 899, 1007. This provision was to become Section 1, Art. III, of the new Constitution.

<sup>2</sup> *Pamphlet of the Rep. State Central Committee; Adv. and Tribune*, Mar. 24.

The railroad-aid provisions of the new constitution were the natural outcome of the controversy between the executive and the legislature during the session immediately preceding the Convention.<sup>1</sup> Governor Crapo, it has been said, had refused to sign a number of aid bills during the session of 1867 on the ground that they were unconstitutional. In order to accomplish their aim, the railroad-aid advocates took the next step, which was obviously amendment or revision, and as the people had voted in favor of the latter, the convention did thorough work. There was certainly an economic and social need for railways in the interior and northern portions of the state, as the development of industry was handicapped by the inadequate facilities for transportation. On the other hand, the distrust of corporations which was strong and general, and the lack of interest in the southern counties already possessing satisfactory advantages combined to put the suggested changes into disfavor. Public aid by taxation to railroads owned and operated by corporations, was considered too dangerous a policy to be countenanced. As the article was finally adopted, the legislature was authorized to empower any city or township to raise by tax in aid of any railroad an amount not exceeding 10 per cent of its assessed valuation, upon the approval of a majority of the electors. No county could be authorized to pledge its credit in aid of a railroad save those of the Upper Peninsula.<sup>2</sup>

When the work of the convention was completed, the provisions touching suffrage, salaries and railroad aid were included in the final draft of the revised constitution. The prohibition of the sale of intoxicating liquors was em-

<sup>1</sup> Cf. *supra*, p. 75.

<sup>2</sup> Art. V of the Constitution.

*Journal*, pp. 643-4; *Debates*, vol. ii; *Mich. as a State*, vol. iv, pp. 29-36; pp. 121, 137, 198, 688, 925.

bodied in an article that was to be voted upon separately. If a majority of electors voted favorably, it was to be included in the constitution, otherwise it would be null. Similarly the provision for annual in place of biennial sessions of the legislature was formulated as an article for separate submission. It was with the constitution and these independent articles that the state politicians were occupied during the autumn and winter of 1867 and 1868. The fate of the constitution, which assumed a distinctly partisan character, was to determine the party status for the time on the most important current issues. The Republicans termed their opponents the "anti-negro, anti-prohibition, anti-salary, and anti-railroad" party, while the Democrats asserted that in the convention every member had endeavored to leave his mark, "relying upon the negro to carry him safely through all absurdities."<sup>1</sup> The draft was certainly more radical than it would have been, had the convention not closed before the results in the October states became known. Negro suffrage would, in all probability, have been made a third separate article in accordance with the advice of the Democratic minority. There was some reason for the assertion that the document was practically a party platform, rather than a constitution which could command the reasonable support of both parties.<sup>2</sup>

#### GENERAL ISSUES

The second great factor in the politics of Michigan—and this was common to the other states—was the Congressional legislation beginning early in the year 1867. In this session Congress entered upon radical reconstruction with popular approval, established a military government in the South, and commenced the task of creating a new electorate

<sup>1</sup> *Argus*, Mar. 13.

<sup>2</sup> "Nineteen reasons why the constitution should be rejected," *Argus*, Mar. 27, 1867.



there. The policy of restoring statehood on the basis of the old electorate was considered a failure, and in the formulation of the new policy the Senators from Michigan were among the most conspicuous figures. Mr. Howard had much more to do in formulating the general plan of Congress than did Mr. Chandler; for the latter devoted his first interest to his duties as chairman of the committee on rivers and harbors and rarely addressed the Senate at length upon a question of policy other than of a fiscal nature.

When the first step towards a positive assertion of the power to regulate suffrage was made by Congress in January, 1867, and negro suffrage was granted in the District of Columbia, a storm of reproach naturally followed from the Democracy of Michigan. They considered it inadvisable at this particular time to aggravate race antagonism in any way; moreover, the act as passed, they said, violated the preference of a large majority of Northern people. Michigan could not then officially declare her attitude upon the question of impartial suffrage, as the constitution containing the provision would not come before the people for ratification until the following spring. However, the Democrats of the state repeatedly took occasion to observe that the Republicans had radically changed their position since the preceding June, when in connection with the Fourteenth Amendment they declared that federal regulation of suffrage was not a feature of their policy. It was generally believed by the minority in Michigan that the act granting negro suffrage in the District of Columbia—though legally unassailable in itself—was but the “entering wedge for later forcing it upon all the States.” In the second place, it was asked how Congressmen from states denying negroes the right of suffrage could, with consistency, force it upon the people of the District. The prevailing interpretation given by the Conservative Republicans and Democrats to

the act from the first was the desire of the Radicals that the negro vote might give their party supremacy in the South.<sup>1</sup>

The inevitable effect of the Reconstruction Acts of March and July which placed the South under military government and provided for the creation of a new electorate, was to increase the prejudice of the Democracy against the policy of Congress. On the other hand, the dominant party of the state was almost a unit in supporting Jacob M. Howard, its vigorous leader in the Senate.<sup>2</sup> There were, it is true, a few exceptions whose only effect was to excite hostile criticism on the part of the regular journals. "We candidly avow that we look with distrust upon the policy of some of the legislation now before Congress," admitted a Republican journalist. "We want more legislation for the people and less for Congress and party supremacy."<sup>3</sup> However, the system of militarism and the federal guarantee of impartial suffrage had ceased to be odious to the great mass of Republicans,<sup>4</sup> and the very few exceptions to this rule had no hearing which could gain them any influence.

The second branch of Congressional activity which preceded and influenced the politics and campaign of 1868 was, of course, the impeachment proceedings against President Johnson. When the subject was under consideration during the last session of the Thirty-ninth Congress, the Michigan delegation in the House was divided. The vote on

<sup>1</sup> *Jackson Cit.*, Jan. 9; *Free Press*, Jan. 10; *Argus*, Jan. 25, 1867.

<sup>2</sup> The debates of Senator Howard with Senators Hendricks, Henderson, Reverdy Johnson and Oliver P. Morton, showing his aggressive attitude at this time are to be found in the *Globe*, Jan. 11, 1867, p. 407 *et seq.*; Feb. 2, p. 968; Feb. 15, pp. 1365, 1371; Mar. 15, p. 112 *et seq.*; July 10, pp. 549-584.

<sup>3</sup> De Lano of the *Saginaw Republican*, Feb. 6.

<sup>4</sup> The above conclusion was gained from numbers of the *Daily Post*, *Lansing State Rep.*, and *Grand Rapids Daily Eagle*, February to July, 1867.

Mr. Ashley's Resolution of Impeachment taken January 7, 1867, showed five names in its favor, while one member refrained from voting.<sup>1</sup> On the seventh of the following December, Mr. Boutwell's resolution of impeachment received the favorable vote of but one Michigan Representative, and the opposition of four.<sup>2</sup> The great change in the attitude of the delegation was probably due to the inconclusive nature of the mass of testimony against the President which was submitted by the Committee on the Judiciary in pursuance of the Ashley resolution of the preceding January.

By February of the succeeding year (1868), however, the Michigan delegation in the House gave united support to the movement, and the vote on Mr. Covode's resolution, February 24th, reveals all six names among the yeas.<sup>3</sup> The enthusiasm and conviction with which three members supported the resolution are evidenced by the addresses prepared by them on the subject. Mr. Beaman declared the action of the President in removing Secretary Stanton and appointing General Thomas Secretary of War *ad interim* unconstitutional. His basis for this conclusion was the power of appointment jointly vested in the President and the Senate. In the second place, he considered the action not only unconstitutional, but corrupt and criminal—a charge which would justify impeachment of the President for "high crimes and misdemeanors."<sup>4</sup>

Austin Blair put forward more extreme views, and arrived at an astonishing conclusion concerning the relative

<sup>1</sup> *McPherson*, 1867, p. 187-8. Messrs. Beaman, Driggs, Ferry, Trowbridge and Upson voted yea, while Blair did not express himself.

<sup>2</sup> *Globe*, Dec. 7, 1867, p. 68; *McPherson*, 1867, p. 264-5. Beaman, Driggs, Ferry and Upson voted nay, Trowbridge voted yea, while Blair, again, did not express himself. *Post*, Dec. 9.

<sup>3</sup> *Globe*, Feb. 24, 1868, p. 1400; *McPherson*, 1868, p. 20.

<sup>4</sup> *Globe*, Feb. 22, pp. 176-7; *Adv. and Trib.*, Feb. 24.

rights of the President and Congress. "The President of the United States is the servant of the people of the United States," he asserted, "and because he is the servant of the people, he is the servant of Congress, for the time being, which represents the people, and he must obey the law." Blair urged the successful carrying out of impeachment "in the name of peace and public quiet", and threw all censure for the necessity of instituting these proceedings upon the President.<sup>1</sup> In the choice of managers, Messrs. Blair and Upson each received one vote only, and none of the Michigan members appeared as managers of the trial. They thus had no direct part in the proceedings.<sup>2</sup>

The Senators from Michigan were known to be warmly in favor of impeachment from the first, and in various interviews and communications they declared their sympathy with Stanton for refusing to resign "on grounds of grave public considerations."<sup>3</sup> Mr. Howard was appointed by the President of the Senate to the select committee of seven to consider and report upon the House Resolution of Impeachment. It was in this capacity that Mr. Howard exercised a great influence in the formulation of the rules of procedure for the impeachment trial. On February 26th he presented the report embodying the work of the Committee, which was under discussion from February 29th and was finally adopted the night of March 2nd.<sup>4</sup>

The activity of Howard in the preparation of the Rules of Procedure had so broken his health that when the vote came to be taken on May 12th, Chandler moved adjourn-

<sup>1</sup> *Globe*, Feb. 22, pp. 1367-8. Mr. Driggs expressed similar views in his speech which followed; *ibid.*, pp. 1368-9.

<sup>2</sup> *Globe*, Mar. 2, 1868, pp. 16, 19.

<sup>3</sup> *Post*, Aug. 9, 1867; *Adv. and Trib.*, Aug. 14.

<sup>4</sup> *Globe*, Feb. 26, p. 1431; Feb. 29, pp. 1515, 1523-4, 1532-3, 1577; Mar. 2, 1586, 1603.

ment until the 16th in order that his colleague might be present. On the latter day the vote on Article XI was taken, and both senators voted "guilty". This article declared that the President had intentionally violated the Tenure-of-Office Act of March 2, 1867, and had attempted to defeat the execution of the Reconstruction Act of the same date.<sup>1</sup> On the 26th, Articles II and III were voted upon and both names were again among the thirty-five who voted guilty.<sup>2</sup>

Among the twenty-nine Senators who filed opinions on the case was Jacob M. Howard, and his was a strong proof of his legal training and experience. He held the Tenure-of-Office Act "fully warranted by the Constitution", and he considered that Secretary Stanton came under its provisions. "There can be but one conclusion," he said, "he [President Johnson] incurred the guilt . . . whether the article [Art. XI] be regarded as founded directly upon the statute or charging a common law misdemeanor of attempting to commit a statutory offence." Howard emphasized the point that as appointment requires a concurrence of two agencies removal must have the same.<sup>3</sup>

Throughout the impeachment discussion and trial, the Democrats accused Congress of "attempting to annihilate

<sup>1</sup> Dunning, *Essays on the Civil War and Reconstruction*, pp. 272-4. *Globe*, Supplement, pp. 410-12; *Trib. Alm.*, 1869, pp. 25, 26. The former act denied the President the power of removal, even during the recess of the Senate, which body must concur in every suspension by the President to make it legal and effective. The second act established military government throughout the ten Southern states by dividing them into five military districts, each to be under the command of an officer of no lower rank than a brigadier-general.

<sup>2</sup> *McPherson*, 1868, p. 282. The charges included in Arts. II and III were the violation of the Tenure-of-Office Act by the removal of the Secretary of War and the appointment of General Thomas without the advice and consent of the Senate.

<sup>3</sup> *Globe*, Supplement, pp. 500-6.

the President," and the failure to convict was naturally the source for much rejoicing. They expressed the hope that Congress "might now see fit to recede to its normal position under the Constitution."<sup>1</sup>

On the other hand, the dominant party in Michigan responded enthusiastically to the forward steps of the leaders of impeachment, but in some cases there was a measure of displeasure at the violent methods employed to force the conviction of the President. The failure of the undertaking was a source of regret to the Republicans, and to a few members of the party the conduct of the leaders at the close of the trial was still more regretted. One organ urged the Republicans "not to be discouraged by its failure as it had not reflected any injury upon the party," and then proceeded to lecture the organization upon its attempt to force conviction. It strongly denounced the methods employed by the enthusiasts: "We cannot forbear to express our disapproval of the means sought to compel the Senate to find the respondent guilty, without regard to evidence. . . . The attempt to coerce certain Senators to pronounce the accused guilty, whether they believe him so or not, is a sad spectacle, and must annihilate the party whom the actors represent." The fierce denunciation of Republican members of the court who could not conscientiously pronounce the President guilty, was declared an "unseemly, ungenerous, and un-called-for wrong."<sup>2</sup>

It cannot be a great error to consider the large majority of Republicans in the state as willing followers of their extreme leaders in Washington with respect to the impeachment proceedings. In this matter, as in others previously noted, the dominant party of the state was visibly led by its ultra-radical members in Congress and the Democracy was powerless to check this tendency toward extremes.<sup>3</sup>

<sup>1</sup> *Free Press*, May 30, 1868.

<sup>2</sup> *Jackson Cit.*, May 19.

<sup>3</sup> *Post*, Feb. 24, May 6, 1868; *Adv. and Trib.*, May 27.

Such were the subjects of political discussion, state and federal, which preceded the campaign of 1868. Of the former, the new constitution was the greatest issue, and of the latter, the Reconstruction Acts of 1867 and the unsuccessful attempt at impeachment were of the most far-reaching influence. As the two lines of interest were interrelated in the early part of the campaign, they must, to a certain degree, be treated together.

#### THE SPRING CAMPAIGN OF 1868

The spring elections were considered of equal importance with the fall. "Let us go into the spring campaign on local issues—the most important of which is the defeat of the new constitution—and let the national issues wait the tide of events."<sup>1</sup> Such was the feeling in the early part of the year 1868.

The Republican state convention for the year was held early enough to make declarations upon the constitution before the spring elections should occur, and thus the autumn campaign was opened before that of the spring had closed. By the 21st of February the call was issued for the convention to meet on the 18th of the next month. This call invited the "co-operation and participation of all friends of an economical administration of the public expenditure, the speedy reorganization of those states whose governments were destroyed by the rebellion, and the restoration of their proper relations with the United States."<sup>2</sup> This invitation seemed to have particular significance in the light of the Act of Congress of March 11th, which authorized the ratification of the constitutions of the states applying for readmission by a majority of persons voting, in

<sup>1</sup> *Argus*, Feb. 7, 1868.

<sup>2</sup> *Adv. and Trib.*, Feb. 19, 1868. The call was commented upon with insinuations by the Democratic press. *Argus*, Feb. 21; *Free Press*, Feb. 25.

place of the previous requirement of a majority of the registered voters. This act also authorized the voting for state officers and Congressmen at the same election. It thus marked a change in the policy of Congress from critical deliberation to readier action.

In the state Republican convention General Grant was recommended for President, and Colfax for Vice-President.<sup>1</sup> The impeachment proceedings were approved, and impartial suffrage was demanded. The platform contained a strong plea for the adoption of the revised state constitution, and this resolution was the one to which the Republicans probably attached the greatest importance. It declared that "the Republicans of Michigan owe it to themselves, to the memory of the framers of the Declaration of Independence, and to the interests of free government everywhere, to secure by a triumphant majority the ratification of the proposed constitution, with its broad platform of equal and exact justice to all men, impartial suffrage and equality before the law." "This constitution," it continued, "is far better adapted to develop the resources of Michigan, and advance the real interests of the people than our present constitution."

As the Democrats held no convention before the spring elections, they did not have an equal opportunity to state their attitude officially upon the proposed draft, but there was no necessity, as the people rejected it by a majority of

<sup>1</sup> Following Austin Blair's speech in the Lower House of Congress recommending Grant's candidacy, Edward W. Barber, who was then Reading Clerk of the House,—now a resident of Jackson, and the editor of the *Patriot*,—sent a letter to a Michigan journal urging the nomination of Grant. Mr. Driggs of the Sixth District read the article and showed it to Mr. Washburne of Illinois. The latter approved it and immediately went up to the Clerk's desk and assured Mr. Barber that he was right. "If the Republicans don't nominate Grant," he said, "the Democrats will."



38,853 when they came to express themselves April 6th.<sup>1</sup> Prohibition and annual sessions were emphatically voted down by those who voted upon those issues. Almost 25,000 who voted upon the constitution neglected to express themselves upon prohibition, yet from the comparatively small anti-prohibition majority it appears that this issue was stronger than the constitution itself, and would probably have helped it at the polls rather than have caused its defeat. The southern and south-central counties with their Democratic leaning naturally manifested the greatest disapproval. In twenty of these, which presented a Radical majority of 15,000 in 1866, the returns showed a majority of 25,000 in opposition to the constitution.<sup>2</sup>

A comparison of the vote on the adoption of the constitution with that on Governor seven months later reveals the fact that over 43,000 voters declined to express themselves upon the former. This indicates either an indifference or an unwillingness of Republicans to approve the work of the convention. Rather than vote against it, they preferred not to vote at all, as the document was in reality a partisan affair made evident by the strict party vote upon the question of its adoption. The strong Republican counties of the northwest—among them Antrim, Leelanaw, Grand Traverse, Manistee and Oceana—returned large majorities in its favor. The issue in the southern and south-central counties is less evident, as the tendencies of this group were

<sup>1</sup> *Mich. Man.*, 1869, p. 246; *Trib. Alm.*, p. 73; *World Alm.*; *Ann. Cyc.*; *McPherson*, 1868, p. 353; *Mich. as a State*, vol. iv, ch. i. The vote on the constitution stood 71,729 to 110,582. On prohibition, the affirmative votes numbered 72,462, negatives, 86,143, and the proposed annual sessions were defeated by a majority of almost 76,000. *The Nation*, Apr. 23, 1868, p. 322.

<sup>2</sup> *Free Press*, Apr. 8; *Argus*, Apr. 10; containing editorial comment from the Democratic point of view; *Adv. and Trib.*, Apr. 8; *Lansing State Rep.*, Apr. 10, presenting Republican reflections upon the outcome of the election.

Democratic, and from year to year they often changed allegiance. At the same time it was to be expected that the south portion of the state would possess the largest proportion of negro population. These counties returned an average negative vote of 60 per cent to 80 per cent, and among this group were the ten counties with one per cent or over of colored population. Whether the rejection of the proposed constitution was due, then, to partisan feeling, aversion to the negro, or opposition to railroad aid, it is impossible to decide.<sup>1</sup>

#### THE AUTUMN CAMPAIGN OF 1868

The autumn campaign had already begun with the Republican state convention which had met early in 1868, and vainly urged the adoption of the new constitution.<sup>2</sup> The campaign program was naturally a eulogy of the party and ticket, and a bitter invective against the Democrats and their anti-war declaration of 1864. In strange inconsistency with their invitation issued for the convention, the Republicans declared against speedy restoration and amnesty.<sup>3</sup> One of the most widely-circulated campaign tracts was the speech of Austin Blair,<sup>4</sup> which appears in the Congressional Globe for July 13th. In this address, dealing with the "Issues of the Campaign", he quoted passages from notable Democratic speeches, and charged the party with disloyalty. He vigorously opposed amnesty and denounced the Green-

<sup>1</sup> The *World Almanac* for 1869 strangely lists the votes upon the constitution as if they were cast exclusively upon the question of negro suffrage. This was certainly the most important issue in the proposed constitution, but cannot be considered identical with it. Precisely what proportion of the negative votes were cast purposely against the suffrage provision, it is impossible to ascertain.

<sup>2</sup> Cf. *supra*, pp. 89, 90.

<sup>3</sup> *Post*, Apr. 22; *Lansing State Rep.*, May 13, 1868.

<sup>4</sup> Blair's speech, which presented the Republican point of view in a typical fashion, may be found in the *Globe, Appx.*, pp. 414-18; *Pol. Pamphlets*, vol. i, *Jenison Coll.*

back policy with which the Democracy had become identified. He declared that "but for the unparalleled treachery of Johnson, reconstruction would have been completed long since," and he closed with a eulogy of Grant and Colfax. Upon the choice for President there seemed entire agreement in the state. All the delegates to the national convention cast their votes for Grant from the first to the last ballot. The state ticket was headed by Henry P. Baldwin for Governor, a milder partisan than his two predecessors had been, and the other names were not among the most prominent Republicans of the state.<sup>1</sup>

Turning now to the consideration of the Democracy, we find that there was an inclination on the part of some of the members to favor the early date of March 4th for the state convention. Others urged the same objections which appeared two years before against premature state resolutions. They declared that "the true policy for a minority party is to wait for its opponents to make their platform . . . in order that it may act understandingly and attack vulnerable points." Besides, a campaign of three months was preferable to one of eight, for the latter would be too tiresome for the candidates, and financially too destructive without corresponding gains. A call was finally issued for the convention to meet in Detroit, May 27th. The platform declared that

the difference between American Democracy and Federacy is as radical and as eternal as the laws of the mind, and as long as men segregate by affinity into political organizations, so long the Democratic policy will, and the Republican will not, harmonize with our form of government; and the adherents of the latter can never establish such harmony until they change their natures or the form of our government. The

<sup>1</sup> *Ann. Cyc.*, p. 500; *Adv. and Trib.*, Mar. 19; *Lansing State Rep.*, Mar. 20.

first is impossible, the last is revolution. . . . Revolution is the logical tendency and (if not resisted) the necessary result of Republicanism to which its leaders consciously, and the people unconsciously, are rapidly advancing.<sup>1</sup>

The platform contained a long rehearsal of the features of Republican absolutism, and condemned emphatically the tendencies toward centralization. It was "the firm, united purpose" of the Democracy "to restore the union of the states, keep the federal government and each of its departments within its proper sphere, and cause it to respect the reserved rights of the states and the people." It demanded the abolition of all bank and tariff monopolies, the Freedmen's Bureau, and all standing armies in time of peace. Extravagance and corruption must be checked and economy practiced. One of the most significant provisions was in part well disguised by the phraseology—that of leniency toward the rebels. "All men should be held innocent until proven guilty, crime should be punished according to law, and equal justice be done to all men, irrespective of color or race." The aim of the Democracy was declared to be "to keep this country as our fathers made it, a white man's government." Immigration, it was demanded, should be encouraged and the public domain retained for the people rather than given up to speculating corporations.

The platform declared for the "preservation of the public credit," and the taxation of government bonds. It promised that the party, if successful, would see that "all public debts shall be honorably paid," and that "the bonds of the federal government issued after the greenbacks were made legal tender shall be paid in the currency of the country except where otherwise expressly provided by law or stipulated in the bond." This evidence of a willingness to countenance the greenback movement was sufficient to fasten upon

<sup>1</sup> *Ann. Cyc.*, p. 494; *Free Press*, May 28, June 2; *Argus*, May 29.

the Democracy more than the Republican party the reproach and disadvantage of soft-money sympathies. The Republicans declared that this plank favored "the twin-brother of repudiation—the payment of the bonds in greenbacks."

The currency issue was more important from the point of view of the Democracy than of the Republicans. It was, however, very prominent in the campaign speeches of both parties, and the demand for the payment of the government debt—especially of the five-twenties—in greenbacks in preference to gold, naturally placed the former organization in the position of a soft-money party. Its members were accused of demanding the issue of an immense additional volume of greenbacks which would be followed by the depreciation of the currency.<sup>1</sup> Their creed with reference to this issue was thus set forth by them:

The Democrats have always advocated hard money in preference to soft, and opposed the old National Bank with its note issue. It opposed the Legal Tender Act of 1862, and pronounced it unconstitutional especially in the case of contracts made prior to its passage. The party favors the earliest possible withdrawal of the greenback currency and return to specie payments, but it believes that as long as greenbacks are to remain currency of the country and a legal tender, they should be kept in circulation and general use.<sup>2</sup>

The Democrats were persistent in their protest against being considered repudiators and inflationists, for "the payment of obligations in greenbacks where gold is not promised is not repudiation." They did not intend, it was declared, to increase paper to the amount of the bonds in question, but they expected by rigid economy in administration to pay the

<sup>1</sup> Speech of Chandler in Battle Creek, Aug. 24, *Battle Creek Journal*, Aug. 26. The speech of Charles L. May in Ann Arbor, Sept. 21, *Argus*, Sept. 25.

<sup>2</sup> *Argus*, Aug. 21; also Oct. 2, "Facts about money."

debt out of the surplus revenue in greenbacks or at a greenback standard. If payments in gold were exacted, immense premiums would necessarily be paid, as there never was at one time over \$250,000,000 in gold coin, and this would be entirely inadequate. With the greenback policy, the taxpayer would be saved the premium, and the government need only keep its legal tenders moving, by paying them out in bonds and receiving them for taxes to pay its debt. Such were the arguments of the Democratic party, and the financial evils of a Radical victory were vividly outlined.<sup>1</sup>

In the national democratic convention, Michigan was represented by well-known Union Democrats, some of whom worked with the Johnson party in 1866.<sup>2</sup> Before the convention, the preference of Michigan for the presidency was not definite, and Pendleton, Reverdy Johnson, Hendricks and Seymour all had followers. On the first four ballots, Michigan voted for Johnson, and from that to the twenty-first, the delegates cast their votes for Hendricks. When the twenty-second ballot was being taken, Mr. Stuart made a short speech in which he declared that Michigan's sole hope was to nominate a candidate whose election was certain. The votes were then cast in favor of Seymour.<sup>3</sup>

<sup>1</sup> "The payment of the debt in gold will cause \$7,000,000,000 of added debt—which will be fastened upon the country as a permanent institution, and every fifteen years the interest alone will amount to the principal. Money will become scarce as bondholders will desire to have greenbacks called in, in order that they can receive their pay in gold. Prices will fall, employment will be more poorly remunerated, and taxes will be higher and the times harder for all but the bankers and the bond-holders." *Argus*, Oct. 23.

<sup>2</sup> Five delegates at large and two alternates were appointed to the national convention. Michigan was represented on the committee of credentials by Byron G. Stout, on the committee of organization by Charles E. Stuart, and on the committee on resolutions by John Moore. The first was one who supported Johnson two years before.

<sup>3</sup> *Official Proceedings of the Nat. Dem. Conv.*, 1868; *Free Press*, July 7, 9; *Argus*, July 10, 17.

The state Democratic convention of July 15th was held to nominate state officers and presidential electors. It pledged its support to the Detroit and New York platforms, and denounced the extravagances in the state administration. This resolution was directed against the expensive improvement policies, the practice of appointing commissions to carry out the same, and the railroad-aid legislation which had remained a leading state issue after the failure of the proposed constitution. The fear that the favorite schemes of the Republicans rejected with the constitution might be brought forward gave grounds for the declaration against the "attempted changes in the organic law," extravagance and negro suffrage, and the interference in municipal affairs with reference to the taxation of cities and towns for corporation aid.<sup>1</sup>

#### THE ELECTION OF 1868

The spring elections and the vote upon the constitution had made the Radicals less certain of success than usual. Doubtful counties of the south and central portions were showing an increased allegiance to the Democrats, and campaign arrangements were focused upon the lower three Congressional Districts.<sup>2</sup> The arrangements of the Republicans for their campaign were very detailed and effective. Speakers of note were engaged for addresses, and among them were Colfax and Wade.<sup>3</sup>

The results of the election revealed a slight gain in the

<sup>1</sup> For the convention of July 15, *Free Press*, July 15, 16. Comment in the *New York World*, July 24, T. L., vol. lxxviii p. 206, col. 4.

<sup>2</sup> Chandler himself was not so confident as usual. On August 27 he wrote from Detroit to his colleague, Sen. Howard, in Washington: "the Copperheads are at work in earnest, and have some hopes of carrying at least two or three Congressional Districts. I think you should come here at the earliest possible moment." *Howard MSS.*

<sup>3</sup> *Post*, Sept. 9; *Jackson Cit.*, Oct. 27; *Lansing State Rep.*, Nov. 3.

Republican following since the last presidential campaign. Lincoln received 55.89 per cent of the popular vote, whereas Grant was given 56.98 per cent.<sup>1</sup> The gubernatorial vote was remarkably similar to the presidential, the latter being only 300 larger than the former. In 1866, the Republicans polled 58.83 per cent of the total vote for governor, at this election, only 56.8 per cent. Apparently there was a contrary tendency within the state to that of the federal ticket, and this was due undoubtedly to the personality of Grant. The six Congressmen elected were all Republicans. In the sixth district Strickland was elected, who two years later was to lead the opposition in the name of reform against Driggs, his predecessor in the House. The joint majority of the dominant party in the state legislature was reduced from 94 in 1866 to 66. There were 27 Republicans and 5 Democrats in the Senate, while the proportion in the House was 72 to 28.<sup>2</sup>

Apparently neither party made startling inroads upon the reliable territory of the other and it was merely the customary shifting of allegiance with small majorities in the more evenly balanced counties that determined the results of 1868. Two of the northern counties, Keweenaw and Ontonagon, changed from Republican to Democratic by a small margin, and five of seven counties of the northern peninsula were thus Democratic. Emmet and Cheboygan regularly followed their neighbors on the north. In the three southern tiers of counties, Livingston and Wayne remained Democratic by small majorities and Washtenaw made its third successive change, giving its majority to the Democracy.

<sup>1</sup> Grant received 128,550. Seymour, 97,069, the Republican majority thus approximating 31,000. In the gubernatorial contest, Baldwin received 128,051, Moore, 97,290. *Mich. Man.*, 1869, pp. 229-30, 235-2; *Mich. Alm.*, 1869, pp. 34-44.

<sup>2</sup> *Mich. Man.*, 1869, pp. 231-3; *Trib. Alm.*, p. 73.



The elections of 1866 and 1868 showed the Radical element supreme, but from this time forward its influence waned. In the former year the state showed its preference for radical reconstruction, and in 1868 it approved what had been done. In the two next years, however, a tide of reaction and reform would send one Democrat to Congress and alter considerably the balance in the state legislature. In 1872, the actual state of opposition was obscured by the political catastrophe which overwhelmed the Democracy of Michigan as that of other states. From that year, however, the Democratic party with its various allies was a growing power, and the Republicans were no longer absolute.

THE SENATORIAL CONTEST OF 1868-9, AND THE TRIUMPH  
OF CHANDLER

The Senatorial campaign was notable as the conflict between two of the most prominent Republicans in Michigan, Ex-Governor Blair and Senator Chandler. They held very similar party principles at this time, but entirely conflicting ambitions. The former had aspired to a seat in the Senate since 1857, and was an avowed candidate in 1863 and 1865. On account of the strong following of each in the state, a compromise was planned by their mutual friends<sup>1</sup> in 1868. The attempted arrangement provided for the retirement of Austin Blair from the present contest with the assurance by Chandler that he would not give any support to any other candidate at the next election. Several of Blair's wisest supporters urged his acceptance of the plan, and this would certainly have been the prudent thing to do. When he visited the state, however, during the early part of the senatorial campaign, his

<sup>1</sup> James A. Walters of Kalamazoo, Fred Morley and George Jerome of Detroit.

more moderate advisers were unfortunately absent, and rash counsel persuaded the Ex-Governor to reject the arrangement and enter the contest for nomination against Chandler.<sup>1</sup>

The opposition to Chandler was considered hopeful by the Democrats, who suggested the coalition of the anti-Chandlerites with the Democrats for the election of Ex-Governor Crapo to the Senate.<sup>2</sup> The name proposed was a poor one, considering the violent hostility that Crapo had always shown toward the Democracy. This suggestion was a forecast, however, of the actual event six years later. There were charges of bribery brought against Chandler from various sources, and the personal influence of Michigan residents in Washington was largely thrown against him.<sup>3</sup> Stanton, who naturally supported him, wrote that "Chandler's re-election would be a vindication of the judgment of Congress, of Mr. Lincoln, and the conduct of the war."<sup>4</sup>

The Republican legislative caucus was held Wednesday evening, January 6, 1869, and the votes stood Chandler 78,

<sup>1</sup> *Mich. Coll.*, vol. xxxv; "Mich. Men in Congress," Edward W. Barber. Among the friends of Blair who regretted his continued rivalry with Chandler, was Amos Root, and he was absent at the time of Blair's visit to Michigan. Mr. Edward W. Barber related the above account in an interview which serves to amplify the mention of the affair given in the biographies of Mr. Blair. Mr. H. H. Bingham wrote to Howard, Nov. 17, 1868: "Several of Governor Blair's friends had a conference with him last night, and were of the opinion that he had better withdraw as a candidate for Senator this winter and wait for the next vacancy when he would be more likely to succeed. I am told this was finally agreed upon." *Howard MSS.* If this action was ever taken, it was rescinded.

<sup>2</sup> *Flint Dem.*, Dec. 7.

<sup>3</sup> Some unfriendly discrimination had been manifested toward them at a social function of the Chandlers. *Argus*, Jan. 8, 1869.

<sup>4</sup> Letter of Dec. 22, 1868; Comment in the *New York Herald*, Jan. 10, 1869, T. L., vol. lxxxii, p. 53, col. 4.

Thomas W. Ferry 3, Austin Blair 3, and 7 scattering on five other names.<sup>1</sup> It was stated by an observer who "went to Lansing in the interest of the anti-Chandlerites, that the doubtful votes or members were very soon disposed of by the unprecedented pressure of Chandler's lobby."<sup>2</sup> Another observer who was a loyal Chandlerite wrote to Howard that

the opposition to Mr. Chandler never had any strength. . . . This ends Blair's prospects in that direction forever, and his friends say he will not be brought forward again. Blair was on hand, but Ferry was more discreet and remained at home. On learning of the situation, his friends early withdrew his name. Blair's withdrawal was without terms or conditions of any kind, and so was Ferry's. This contest demonstrates the weakness of the locality argument more satisfactorily than ever. No one urged it or cared for it, but Mr. Chandler was renominated "because the Legislature thought he had done good service, and was the best man for the place." . . . They tried to influence some members of the Legislature against Chandler, by claiming that his nomination would prejudice your chance two years hence, but it was ridiculed on all sides as without any force.

The writer closed reassuringly: "You need have no fear of your success unless the Republican party is defeated on all sides."<sup>3</sup>

<sup>1</sup> Of these, Isaac P. Christiancy and William A. Howard each received one. Five Republicans were absent. *Argus*, Jan. 8, 1869; *Post and Tribune Life of Chandler*, p. 298.

<sup>2</sup> Letter of Allen Potter of Kalamazoo, Jan. 12, to Howard, who he "thought would be interested, having in view his own election two years hence." *Howard MSS.*

<sup>3</sup> Letter of A. B. Maynard of Detroit, to Howard, Jan. 9, *Howard MSS.* He also had been in Lansing and closely observed the caucus preliminaries. As a friend of Howard, he was anxious to give him all information which would be helpful in 1871.

At the election of January 19th, Chandler was re-elected over Sanford M. Green, the Democratic candidate, by a vote of three-fourths of the legislature.<sup>1</sup> The Democratic candidate was a jurist of note throughout the state, and though he was not such a strong party favorite as the Democrats should have placed in opposition to Chandler, still their most prominent man would undoubtedly have lost to Chandler this year.

#### PREPARATIONS FOR THE CONTEST OF 1871

The election of 1871 was already in the mind of every politician, and Mr. Howard was being coached by his friends with a view to his renomination. One friend hinted at the importance of appointments throughout the state, and advised him to "hold close to Chandler." "The contest this fall," he assured Howard, "has accomplished one result in your favor. It has substantially united your friends and Chandler's."<sup>2</sup> He then alluded to the ineffectiveness of the locality argument with the legislature and the great majority of the Republican press, and assured him that "the Republicans will never refuse you two full terms in the Senate when they have given your colleague three."

The strength of the opposition to Howard was probably greater than his friends thought. There was little personal criticism and his activity throughout Reconstruction and his speeches on suffrage, amnesty and civil rights became campaign documents. Yet there was a desire for a vacancy in the Senate, which would allow a man from another sec-

<sup>1</sup>Chandler received 24 votes in the Senate, 70 in the House; Green, 4 votes in the Senate, 26 in the House, *Mich. Man.*, 1869, pp. 263-4; *Lansing State Rep.*, Jan. 20; *Post*, Jan. 21, 23; *Sen. Jour. and House Jour.*, 1869.

<sup>2</sup>Letter of A. B. Maynard, Jan. 14, 1869, *Howard MSS.*

tion to come forward, and this feeling was stronger than any personal hostility toward Howard. If his seat could be vacated by his promotion rather than his defeat, it would be entirely satisfactory. It was with this motive that the name of Jacob M. Howard was mentioned early in February for the Vice-Presidency, and Sumner's compliment was repeated—that he was the ablest man in the United States Senate.<sup>1</sup> The suggestion was not widely taken up, and the probabilities are that some safe though complimentary disposition of the Detroit Senator was desired by an up-state faction, who knew Chandler's strength and probability of re-election. In such a manner, some aspirant from another locality could be accommodated without waiting for so improbable an occurrence as Chandler's defeat. This desire to have central and northern Michigan represented in the Senate cannot be censured, though it appears from the *Globe* that Mr. Chandler was taking good care of the industrial and economic interests of the entire state.

A movement full of interest was started for Howard's appointment to a cabinet position. In November he was urged by several influential friends to avail himself of a place in the cabinet—the Secretaryship of the Interior being “probably preferred.”<sup>2</sup> The means to this end were well worked out by Justice Christiancy, a friend of Howard, who expected no gain and was undoubtedly sincere.<sup>3</sup> He expressed a willingness to sign recommendations for Howard, contrary to the newly-adopted prac-

<sup>1</sup> This remark was made by Charles Sumner in an address at Lansing. The recommendation was given by the *Lansing State Rep.*, Feb. 3, and commented upon by the *Argus*, Feb. 5, 1868.

<sup>2</sup> S. D. Bingham to Howard, Nov. 28, 1868. Mr. Bingham was editor of the *Lansing State Rep.* *Howard MSS.*

<sup>3</sup> Letter of Jan. 15, 1869, from Monroe, *Howard MSS.*

tice of the State Supreme Court. The method proposed in this letter was "to get a resolution through the Legislature to the effect that 'Michigan is entitled to a Cabinet office'—mentioning no names, and relying upon a petition with a long list of Republican signatures." There is probable evidence of Ex-Governor Blair's continued ambitions, in the care and thoroughness with which he canvassed signatures for the petition.<sup>1</sup>

At this time it is evident that both Christiancy and Blair were on very friendly terms with Howard, whether or no there was a partisan motive for it. Christiancy expressed the hope that Howard would feel free to repose the deepest confidence in him concerning the political aspects of the latter's re-election, and it is not to be doubted that he was entirely honest in his friendly offices. There is no proof that Ex-Governor Blair was insincere at this time and he certainly was not hostile. In the light, however, of his avowed candidacy two years later and his well-known ambitions for the senatorship, it is only probable that he had hopes of succeeding to the vacancy. The opposition on ground of locality seemed auspicious for him. The schemes for Howard's promotion generally originated in the office of the influential Lansing *State Republican*, and a resident of Jackson would have reason to consider himself far enough removed from Detroit to satisfy the requirements of eligibility from the central west.

<sup>1</sup> Mr. J. M. Cravath informed Howard of the friendly offices of Ex-Governor Blair, who "would not permit his friends to do anything for him, but threw his influence actively in his (Howard's) favor.

## CHAPTER IV

### FORWARD MOVEMENT OF THE DEMOCRACY IN MICHIGAN

#### RATIFICATION AND INTERPRETATION OF THE FIFTEENTH AMENDMENT

THE years 1869 and 1870 saw the ratification of the Fifteenth Amendment and the culmination of the suffrage agitation in Michigan by amendment of the state constitution. The railroad question which had received some previous attention—entirely non-partisan—became the strongest of local issues and affected the development of the conflict two years hence. Fiscal questions were prominent and received the consideration of both parties, but this was not yet the period of their greatest importance. A reform movement, though not strong, arose this year in connection with a Representative in Congress, and was to attain greater prominence within the next two years. This was obviously a period of the passing of former issues and the introduction of new.

The political field in the early part of 1869 was occupied by the suffrage discussion and the struggle over the ratification of the federal amendment. The Democrats opposed the consideration of the amendment by the legislature, and seized upon a point of order which they hoped would strengthen their plea of inexpediency and unconstitutionality. The state constitution provided that no new bill should be introduced into the legislature after the first fifty days of the session had expired, and as this period

had elapsed, it was urged that the ratification, if given, would be void.<sup>1</sup> It was said too, that the existing legislature could not properly take action upon this question; for that body had not been elected with reference to it, and was not therefore capable of expressing the will of the people, who had one year before rejected a constitution involving the same issue. These considerations were merely secondary to the fear of consolidation of power in the general government, and its encroachment upon the rights of the states in reference to suffrage. The House ratified by a vote of 68 to 24, four Republicans and as many Democrats being absent. The resolution was immediately sent to the Senate, where it was adopted without debate by a vote of 25 to 5, only two Republicans being absent.<sup>2</sup> The fact of ratification made it desirable—though not constitutionally necessary—for the state to grant negro suffrage in conformity to the federal precedent. Accordingly, an amendment to strike out the word “white” from the suffrage clause was passed by the legislature, to be submitted to the people for ratification at the fall election of the next year.<sup>3</sup>

In April of this year, 1869, occurred the election of

<sup>1</sup> Sec. 28, Art. IV. This objection was easily disposed of by the Speaker when he construed the fifty-day limit to apply only to bills and such resolutions as require the signature of the Governor in order to become laws. This joint resolution of ratification, he insisted, did not come within the classes enumerated by the constitution and could therefore be introduced. To justify this ruling, however, strict construction must be resorted to. Sec. 14, Art. XIV, did not provide for the submission of joint resolutions to the governor, and as the measure in question belonged to this class, the limit of time during which it might be introduced did not apply. This is based upon the understanding that the aim of Sec. 28, Art. IV, was to give the governor sufficient time for consideration and signature.

<sup>2</sup> *Acts*, 1869, vol. i, p. 391, Joint Res., no. 9; *Globe*, Mar. 26, 1869, p. 289.

<sup>3</sup> *Acts*, 1869; *Mich. Man.*, 1869, pp. 298-303.



Justice of the State Supreme Court and of Regents of the University. This was not, however, indicative of the relative party status in Michigan for several reasons. At these elections of the odd years, when the party antecedents of the candidates are less important than their personality, and party gains are comparatively of little consequence, there is the maximum degree of abstention. Out of a voting population of probably 250,000, the votes cast for Justice of the Supreme Court at this election did not exceed 150,591.<sup>1</sup> Furthermore, the personal element is fortunately of far greater weight than in other elections, and the fact that the Republican candidates received on an average three-fifths of the entire vote cannot be said, in itself, to indicate any precise party tendency.

In the spring election of 1870 there were several novel features with regard to the electorate. Negroes exercised the right of suffrage throughout the state. Their right to do so was questioned, but it was defended by the Republicans on the ground that after the ratification of the Fifteenth Amendment, it was unnecessary to wait for the adoption of the state amendment. Colored citizens were generally registered on Saturday, April 2nd, of this year, and regularly voted on the next Monday.<sup>2</sup> The last two amendments to the federal constitution were also claimed by a certain faction to enfranchise women. A strong movement for woman suffrage had been in progress for some time. It was not strange, then, that some advantage was taken of the extremely confused condition

<sup>1</sup> The *Mich. Man.* of 1875 gives a voting population of 268,756 for 1870, and 250,000 is certainly not an overestimate for that of 1869. Thomas M. Cooley received 90,705, and O. Darwin Hughes, 59,886. McPherson, 1869, p. 506; *Mich. Man.*, 1871. In the district judicial elections, six out of sixteen judges chosen were Democrats.

<sup>2</sup> In Ann Arbor there were 64, in Battle Creek, 200, and Ypsilanti, 52. *Jackson Cit.*, Apr. 4; *Argus*, Apr. 8.

of suffrage ideas; for it was evident that the precise effect of the Fourteenth and Fifteenth Amendments was not clear in the minds of many. Two instances of women voting were reported at the time,<sup>1</sup> and it was expected by many that by the next election they would be positively enfranchised.

#### THE RAILROAD AID ISSUE

In the regular campaign of 1870, railroad aid was the strongest state issue, yet it constituted only a part of the general movement of the period. It grew out of legislation passed at the regular session of 1869. The General Railroad Aid Law, passed early in the session, authorized towns and cities, and in some cases counties, to loan their credit to railroad corporations and to levy taxes to aid them either by donation or subscription to stock, first submitting the question of proposed aid to a vote of the people.<sup>2</sup> Under this act a very large amount of aid was voted to projected roads by various municipalities, of which a large portion was represented by bonds in deposit in the office of the State Treasurer awaiting the performance of precedent conditions specified in the notes. In May of 1870, the matter was brought before the Supreme Court of the State for adjudication, and the decision was rendered, three of the four justices agreeing, that all this aid was unconstitutional and void on the fundamental principle that taxation, to be valid, must be levied for a public purpose. To tax a community for the benefit of a private corporation which proposed to construct a railroad, was not a power of the legislature. The public might be

<sup>1</sup> Mrs. N. B. Gardner of the 19th ward, Detroit, and one Mary Wilson in Battle Creek. *Adv. and Tribune*, Apr. 6; *Argus*, Apr. 7.

<sup>2</sup> *Acts*, 1869, vol. i, pp. 89-95, no. 45; *Mich. Alm.*, 1870, pp. 58-60; *Ann. Cyc.*, p. 500.

incidentally benefited, but "incidental benefits to spring from private undertakings—and these enterprises were considered such—could not be urged as giving them the character of a public object to which unwilling parties could be compelled to contribute."<sup>1</sup>

This decision destroyed over \$7,000,000 worth of aid, and bonds to the amount of over \$1,200,000 had already passed into the hands of bona-fide holders. There were various opinions as to the advisability of calling an extra session to meet the emergency, and "to reconstruct the Supreme Court." Inasmuch as the comment immediately after the rendering of this decision was non-partisan in character, and approval and dissent both came from each party, the railroad problem cannot yet be considered a real issue.<sup>2</sup> It was a question, however, which could easily

<sup>1</sup> The people *ex rel.* the Detroit and Howell Railroad Co. *vs.* The Township Board of Salem, 20 Mich., pp. 452-522. By legislation of 1864, the towns on the line of a railroad projected between Detroit and Howell were authorized to raise money by tax or loan to aid in its construction. The electors of the township of Salem, Washtenaw County, voted such aid, but the township board refused to issue the bonds. Suit was brought by the people against the board, and a mandamus applied for in the interests of the company. Justices Campbell, Cooley and Christiancy supported the decision, Justice Graves dissented. *Mich. Alm.*, 1871, p. 75. *Ann. Cyc.*, 500; *Argus*, June 3, 1870. Hemans, *op. cit.*, pp. 222-3.

<sup>2</sup> The *Jackson Citizen*, Republican, May 3, 1870, favored an extra session, and the "reconstruction of the Supreme Court." The *Ypsilanti Sentinel*, extremely Democrat, and the *Kalamazoo Republican* charged Justice Cooley with implication in a scheme to injure the Air Line, one of the roads to receive benefits. These accusations were not proven, and they never had any weight. The *Free Press*, Dem., and the radical *Post* both endorsed the decision but favored the extra session. The *Monroe Monitor*, Dem., the *Grand Rapids Democrat*, and the *Grand Rapids Eagle*, Rep., all commended the decision and declared against an extra session. The *Hillsdale Standard*, Rep., regretted the decision, and also the *Marshall Expounder*, Dem., which objected however to legislative action on the grounds that less confidence was to

become a vital issue as soon as sentiment crystallized and partisan opinion took opposite sides. The sentiment in favor of immediate legislative action prevailed, and on June 8th Governor Baldwin called an extra session to meet the 27th of the next month. The result was the passage of a resolution submitting to the people a constitutional amendment with three sections to be voted upon at the general election, November 8th.<sup>1</sup> The first section authorized the legislature to regulate passenger and freight charges on railroads, and prohibited discrimination. The second prohibited the consolidation of parallel or competing lines, while the third permitted the people of the various municipalities to vote the payment of their indebtedness should they so desire, but in no case was the state to become liable for any portion of such bonds. The first two sections were thus restrictive in character, while the tendency of the third was favorable to railroads. Such, then, was the state of the problem when the conventions met in the fall of the year.

#### THE CAMPAIGN OF 1870

The Democrats held their convention before the Republicans. This was very unusual as it had been customary to

be reposed in the legislature than in the Supreme Court. Prominent lawyers throughout the state took sides in the case and freely declared their opinions for and against it. This summary of the press views was gathered from editorial comments during May and the first two weeks in June.

<sup>1</sup> *Acts*, Extra session of 1870, pp. 13-15, Joint Res., no. 1, approved Aug. 10; *Mich. Alm.*, 1870, p. 26; 1871, p. 75; *World Alm.*, 1871, pp. 69, 70; *Adv. and Trib.*, and *Free Press*, Aug. 11; *Argus*, Aug. 12. The resolution was agreed to in the House by a vote of 67 to 28, and passed the Senate 23 to 4. The division was on party lines and it was evident that the Democrats were united against the measure, while the Republicans refused to express themselves. This proposed amendment, if adopted, was to become "Art. XIX, A, of Railroads."

allow the majority party to nominate their candidates and announce their issues first. The Democracy met in Detroit, Wednesday, August 31st, and arraigned the Radicals for "misuse of power." Their platform dealt mainly with fiscal issues. It declared the protective tariff "a system of plunder whereby labor is compelled to pay tribute to capital," and "tariff for revenue only, all that is warranted by justice and the federal constitution." The system of national banks was denounced as "a monopoly which benefited certain persons" and which required modification to make its privilege free to all. The platform demanded that public debt should be paid "strictly in accordance with its terms," and while it conceded that "specie or its equivalent is the only sound money," it favored a return to specie payments "no sooner than can be done consistently with laws of trade and interests of the great debtor class."

The principal state issue was, however, the railroad question. Almost three months had passed since the rendering of the decision in the Salem case. Comment, friendly and hostile, had at first been non-partisan. Within this intervening period, however, the court's definition of taxation had become widely known and discussed, and it was generally inferred that the benefits accruing to a railroad corporation were essentially of a private nature. Furthermore, the fact that the Republicans had formed the controlling majority in the legislature which passed the Railroad-Aid Law early in 1869, gave the Democrats sufficient grounds for strongly opposing the entire policy of aid to railroad corporations. They defended the court's position in the Salem case, and declared that "taxation of citizens for private purposes without their consent was a violation of the fundamental principles of justice." The ticket, headed by Charles C. Comstock for Governor, was an unusually strong one which was liable to call out a generous

following, and which the Republicans could not attack on personal grounds.<sup>1</sup>

The Republican state convention also met in Detroit on the following day, September 1st, nominated Henry P. Baldwin for Governor to head the state ticket, and made some changes in the organization of the state central committee. Since the organization of the party, the chairman of the committee had resided in Detroit, which therefore became the political centre of the party. Lansing was henceforth to become the centre, and Detroit was given but one member in the state central committee. An obvious result of having a Lansing chairmanship occupied by S. D. Bingham, editor of the *Lansing State Republican*, and leader of the movement for central western supremacy, was thus a decline in the power of the Detroit faction. Another change which was favored by a large number was the reduction and concentration of the membership of the committee. "A few good men should be chosen from localities which are not so widely separated that a quorum is almost impossible," declared an important organ; the committee was not a representative body as intended, for there were members who lived eight hundred miles apart and found it impossible to attend the conferences.

The convention framed resolutions which included the usual amount of recrimination against the Democracy and congratulated the national administration upon the reduction of the national debt. It also rejoiced that the state administration had reduced the state bonded indebtedness by \$1,500,000, notwithstanding a decrease in the taxes of \$485,000 since 1867.<sup>2</sup>

<sup>1</sup> *Argus*, Sept. 2, 1870.

<sup>2</sup> The Republicans were supported in their declarations concerning state finances by the statistics of the period. It was true that the bonded indebtedness had fallen from \$3,979,921.25 in Nov. 30, 1866,

The tariff resolution was so ambiguous that there was good reason to credit the statement of the *Advertiser and Tribune* that it was made so purposely. "The policy of revenue is part of the history of the government," it declared, "and has received the sanction in some form of every party." It further observed that "as the war has made larger revenues necessary, they should be so adjusted as to be least prejudicial to the individual producing interests of every class and section, securing the home producer a fair competition against foreign producers." This resolution was certainly non-committal and there was a potent reason for its vague character. The Democrats repeatedly asserted—and the Republicans never successfully disproved the statement—that a considerable proportion of the Republican party of the state was made up of Democrats who had bolted on the slavery-extension issue alone. The seceders insisted, however, that it was rather the party that had forsaken them, and they distinctly declared their agreement with the Democrats on all other subjects, especially free trade.<sup>1</sup> It was estimated by Democratic organs that there were no less than 3,000 of this element, and their number was at least great enough to impress upon

to \$2,385,028.49 in 1870, while direct taxes were reduced from \$880,739.30 in 1867 to \$395,264.97 in 1870. In the former year the rate of assessment was 2.859 mills on the dollar, in 1870, 1.283 mills. *Address of Rep. State Central Committee*, signed by S. D. Bingham; *Mich. Alm.*, 1871, pp. 62-63; *Mich. Man.*, 1873, pp. 336, 350, 351; 1875, p. 316; *Adv. and Trib.*, Sept. 2, 3.

<sup>1</sup> There were proofs of the existence of this faction within the Republican party, but it was not generally influential at this time. *Argus*, Mar. 25, Sept. 23. The "Appeal by Free Trade Republicans," a card in the *Free Press*, Nov. 2, signed by N. B. Eldridge, declared that "the old party lines are breaking up" and that "only two party issues exist at the present,—removal of all political disabilities from the southern states, and free trade." The *Adv. and Trib.*, July 1, declared against protective tariff and the general policy of Chandler.

the Republican convention the necessity for a neutral resolution.

The Republican party was not a unit upon another issue—that of aid to railroad corporations. The division was most evident in the choice of Congressional candidates, and the greatest interest was centered in the third and sixth districts. The Republicans were awake to the growing disfavor towards corporations and the fear of monopolies, and there were evidences of hostility towards Austin Blair on the ground that he had warmly supported in the House measures friendly to these interests. Before the nominating convention of the Third Congressional District in Jackson, he defended the action of Congress and of himself on the public land grant bills, and declared that the policy had been begun by the Democrats in 1857. The Democrats claimed to see in various comments of the Republican press a personal warning to Blair against the support of such measures. It was true that both parties had declared against the land-grant policy to railroads, and the *Post* insisted that “the platforms express the will of the people of the West, and they mean exactly what they say.”<sup>1</sup> Austin Blair described his own attitude in the matter in his speeches before the state Republican convention, and the Congressional convention of the third district.

I do not expect to vote for many, if for any, measures for land grants to railroads. Certainly an indiscriminate granting of public lands for railroad purposes will not get my support. As a rule I design to oppose them, but there are cases in which they are required by sound policy. They ought to be of national and not merely local importance to secure Congressional aid.<sup>2</sup>

<sup>1</sup> *Post*, Sept. 13.

<sup>2</sup> Speech of Aug. 30, reported in *Jackson Daily Cit.*, Sept. 5, 1870; favorable comment in the *Adv. and Trib.*, Sept. 1.



There was some uncertainty as to the advisability of naming him for re-election to the lower house of Congress, but the opposition did not prevail against his re-nomination. Some of his friends feared that it might prejudice his chances for the Senatorship, while others urged that no risk should be taken of his missing both House and Senate. In this way the Congressional election in the third district was connected with the approaching Senatorial campaign, and preferences were already being discussed and plans laid. With reference merely to Blair's return to the lower house, a large number of important journals in the lower portion of the state supported him.<sup>1</sup> It is probable that the political feud between Mr. Blair and William A. Howard was responsible for much of the agitation against the former.

This hostility was due to Senatorial rivalry which was to make opponents of the two Howards at the same time. It had been usual in the past for William A. Howard to support Senator Jacob M. Howard, but the former had ambitions of his own which occasioned mutual unfriendliness. The two Howards were not related, but both had emigrated from Vermont while young, and become prominent politicians and office-holders in the same party. Both had been residents of Detroit until shortly before this time when William A. Howard removed to Grand Rapids. The organs favorable to Blair openly insinuated that this step had been taken with the sole motive of becoming an eligible for the Senatorship, as it was generally expected that the central and western portion of the state would demand the

<sup>1</sup> Among these were the *Jackson Cit.*, *Battle Creek Journal*, *Coldwater Rep.*, *Saginaw Daily Enterprise*, *Marshall Statesman* and *Ypsilanti Commercial*, all of which contained much editorial comment during August and September. "It would be a great mistake if Blair should be sacrificed to local prejudices and corrupt combinations outside of his district," *Ypsilanti Com.*, Aug. 20, 1870.

choice in 1871. As Thomas W. Ferry was a resident of Grand Haven, his location was good, but his qualifications were considered unsatisfactory by a considerable number who looked upon him as a weak candidate. Next to the Senator himself, then, Austin Blair was considered the most probable candidate, and it was naturally the desire of the third aspirant, William A. Howard, to put a dangerous rival at a serious disadvantage. None of the charges of implication in land frauds was proven against Blair and his position was not seriously impaired by the alleged favoritism toward corporations.

In 1870 Blair appeared a perfectly orthodox Republican, supporting the suffrage, protective tariff and railway policies of the party. In his speeches of August and September he enthusiastically indorsed President Grant and declared "a universal prosperity testifies to his ability and fidelity." "Let the people sustain him," he urged, "and they will not be disappointed. No charge has been brought against him that deserves an answer. . . . In the approaching elections we must look for some changes, but I do not anticipate any serious defections from the party of the administration."<sup>1</sup>

Disaffection in the sixth district was more troublesome than that in the third. The basis of the situation in the sixth was the alleged corruption of the candidate. In the face of serious charges, the incumbent, John A. Driggs, won the renomination, and the Democrats saw an excellent opportunity for gain. The Saginaw Valley district had always shown considerable Democratic sympathy, and a wise nomination they saw could possibly give Michigan one Democratic Congressman. A convention of Republicans at St. John's openly repudiated their candidate,

<sup>1</sup> *Jackson Cit.*, Sept. 5.

against whom they brought three distinct charges,<sup>1</sup> and declared in favor of Judge Jabez G. Sutherland, the Democratic candidate. The *Saginaw Valley News*, a Republican organ, opposed Driggs and threw its influence for Sutherland, supported by a number of prominent Republicans of the vicinity.<sup>2</sup> The repudiation of a candidate by a faction of the Republican party and the strength of the Democrats certainly gave the party in power grave cause for apprehension.

In this campaign, the competition for the German vote was unusually active, and its relation to the Prohibition movement made the matter somewhat complicated. The Republicans in their convention declared their sympathy for the Germans in the struggle against the French Emperor, and while this seemed entirely irrelevant in a party platform, it had an underlying purpose. The ostensible cause for this declaration was the friendly attitude of the Germans during the Rebellion, in comparison with the policy of the French, but the resolution was addressed to the 64,000 German voters of the state. The Democrats, on their side, placed a German upon their state ticket, and

<sup>1</sup> He was accused of appointing a non-resident of his district to West Point, for a valuable consideration, of receiving \$5000 for his services in procuring for private parties the passage of the bill fraudulently disposing of an Indian Reservation, and finally of offering by his agents sums of money to several delegates as bribes to induce them to vote for his nomination. The *Clinton County Republican* and the *Saginaw Republican* both preferred a reform candidate, but refused to repudiate Driggs after his nomination. *Argus*, Sept. 16. John F. Driggs was a member of the 39th and 40th Congresses, and Randolph Strickland succeeded him to the 41st. The latter did not appear as a candidate for re-election and it was remarked that it was a rare instance of a Congressman being dropped by the Republican party after one term. Strickland led the opposition against Driggs, and it was widely believed this activity was responsible for the unpopularity of the former. *Adv. and Trib.*, Sept. 16, 1870.

<sup>2</sup> Letter from Bay City to the *Free Press*, Sept. 10.

further strove to win whatever German following they could by declaring formally against Prohibition.<sup>1</sup> The Prohibition or Temperance party—for the terms were as yet politically synonymous—made nominations for governor and for Congress, the latter in the first five districts. Though it was not strong, it caused considerable apprehension on the part of the two regular organizations, and they both lost some members to it. They could not, however, favor Prohibition or tacitly approve it without alienating the German vote. Both believed the Temperance movement merely the temporary outcome of the somewhat disordered state of politics, and preferred to allow it to go its own way, rather than endanger themselves and lose the reliable German vote, by making concessions.

The election of 1870 was not so important for the tickets put forward as for the policies involved. In 1868, the revised constitution had been rejected, and it was obvious in 1870 that the Republicans sought to effect by amendment of the state constitution what they had failed to accomplish by revision two years before. In addition to the suffrage and railroad amendments there were two other issues which came before the people through proposed amendments to the constitution—internal improvements and salaries. The enthusiasm for internal improvement occasioned the demand for increased powers of supervisors over repair and improvement of public buildings, highways and bridges. Accordingly an amendment was submitted to the people by the legislature allowing \$2,000 to be borrowed or raised by tax in each township for those purposes.<sup>2</sup> In the second place the salaries question had been a cause of sharp partisan recrimination since the constitu-

<sup>1</sup> *Compilation of Census Statistics for Mich.*, 1870, p. xlvi, table 13, German born population, 64,143. *Jackson Cit.*, Oct. 4; *Argus*, Oct. 21.

<sup>2</sup> *Mich. Alm.*, 1871, pp. 69, 70. *World Alm.*, 1871, pp. 82, 83.

tion of 1867 was proposed. In the session of 1869 the legislature adopted a resolution recommending an amendment increasing the salaries of state officials, which was submitted at the same time with those on the other three subjects.<sup>1</sup>

#### THE RESULTS OF THE ELECTION

The election of 1870 marked the beginning of the Reform movement which attained a tremendous importance four years later. Henry P. Baldwin was re-elected Governor by a plurality of 16,785, and received 53.8 per cent of the vote. The other members on the ticket received similar votes, never exceeding 19,000. The Temperance candidate for governor received comparatively little support, with less than 2 per cent of the vote.<sup>2</sup> A comparison of the gubernatorial vote for the last three elections discloses a real decline of Republican strength since 1866. The vote fell from 58.8 per cent to 56.8 per cent two years later, and finally to 53.8 per cent in 1870. The character of the state legislature remained practically unchanged, and the opposition was still limited to one-fifth of the membership.

The gains of the opposition were more apparent in the triumph of Sutherland over Driggs in the sixth district by a majority as large as that which most of the Republican candidates on the state ticket had received.<sup>3</sup> The fact that

<sup>1</sup> Salary of Governor from \$1000 to \$2500, Justices of the Circuit Courts, \$1500 to \$2000, State Treasurer, Auditor Gen., Superintendent of Public Instruction, \$1000 to \$2000, Sec. of State, Attorney Gen., Commissioner of state land offices, \$800 to \$2000. *Mich. Man.*, 1869, pp. 302-3.

<sup>2</sup> *Mich. Man.*, 1871, p. 82; *Mich. Alm.*, 1871, pp. 129, 130; *Ann. Cyc.*, 1868, pp. 492-9, 1870, p. 500; *Trib. Alm.*, 1871, pp. 62, 63. Baldwin received 100,176, Comstock 83,391, and Henry Fish, the Temperance candidate, 2,710.

<sup>3</sup> *Mich. Alm.*, p. 83; *Mich. Man.*, p. 232; *Saginaw Enterprise*, Sept. 27, 1870; *Argus*, Sept. 30, Nov. 11. The vote stood 16,618 for Sutherland, 14,879 for Driggs.

two years before the Republicans were sustained by a majority of over 3,000 in that district indicates that they had suffered a loss of almost 5,000. The other five districts elected Republicans to Congress with smaller majorities. In the third, Austin Blair won by a vote of 15,236 to 13,768, a smaller plurality than that of either of his two preceding elections. He barely won in Jackson, his home county, with a vote of 3,365 to 3,353, when his majority in 1868 had been 250. To this extent had the opposition against him been effective. The Democrats were naturally strong in the first district with the city of Detroit, and here the Republican candidate won by a plurality of 901. The closest vote was cast in the fifth, where Omar D. Conger was successful by the margin of 189.<sup>1</sup>

The vote on the amendments was examined perhaps more eagerly than that on the candidates. The suffrage amendment was ratified by a closer vote than was polled on any of the other articles—54,105 against 50,098. The salary amendment was rejected by a vote of 68,912 to 36,109 which often crossed party lines, as many Republicans evidently supported the negative.<sup>2</sup> The amendment increasing the powers of supervisors failed of ratification by a smaller majority. In regard to the railroad question, the first two sections, which were distinctly restrictive in their nature, were adopted, while the last one, validating previous aid, was rejected by almost the reverse vote.<sup>3</sup>

The majority opinion on the railroad question was thus

<sup>1</sup> *Post*, Nov. 9, 10.

<sup>2</sup> Thirty-six out of sixty-four counties rejected the salary amendment.

<sup>3</sup> *Mich. Alm.*, 1870, p. 58; 1871, pp. 75, 82, 83; *Mich. Man.*, 1871; *Adv. and Trib.*, Nov. 9.

Section 1	.....	Yes	78,602	.....	No	51,397.
"	.....	"	76,912	.....	"	51,194.
"	.....	"	50,078	.....	"	78,453.

clearly indicated—legislative restriction, and absolute repudiation of all promised aid. The natural result was great discouragement to many incipient schemes of railroad building, and there was reason to believe that this was what many counties desired.<sup>1</sup> The railway and salary amendments received warmest support in the north, and the strongest opposition with reference to the former was found in Washington, Wayne, Berrien and Cass counties. The railroad issue thus received a rebuff in the very localities which were most directly concerned. A change had come in the popular mind which contrasted strangely with the enthusiasm which prevailed less than a year before. Just what occasioned this change of attitude is not clear, but there is a probability that the decision of the Supreme Court presented the matter in a light which appealed at once to the people. The vote of the legislature upon the proposed amendment at the extra session disclosed a party division, and the state of popular opinion manifested by personal comment pointed in the same direction. It was in all probability the abstract principle of taxation of the public for private gains, as set forth clearly in the decision, which crystalized sentiment and caused the revulsion against the Republican administration. The lines were well laid for the next campaign, when the element of reform would be introduced into the present issue by the opposition.

It would be interesting to ascertain the relation of the vote on the suffrage amendment to the proportion of negro population in each county. This is practically impossible, however, as the southern counties where the largest percent

<sup>1</sup> Among the lines injured were the Grand Rapids and Indiana; Detroit, Hillsdale and Indiana; Michigan Air Line from Jackson to Niles; Fort Wayne, Jackson and Saginaw; Kalamazoo and South Haven; Chicago and Michigan Lake Shore.

of negro population naturally existed, were strongest in Democratic tendencies. Of the ten counties having one per cent or over of color, six voted in favor of suffrage.<sup>1</sup> Oakland, Washtenaw and Wayne voted for suffrage by large majorities, and Van Buren, Kalamazoo and Calhoun with stronger opposition. Bay, Saginaw, Genesee, Ingham, Macomb, and St. Joseph possessed not more than one-third of one per cent of negro population and they ratified the amendment.<sup>2</sup> It thus seems improbable that the presence of negroes influenced the vote in any important degree, as there was only one per cent of color in the state as a whole, and Cass County, with its exceptional eight per cent, showed a close vote on the suffrage question. Democratic affiliations were much stronger in determining the results than presence of color, since the twelve counties which rejected suffrage lay to the south and southeast, and had consistently shown Democratic preferences.

As a final generalization, it may be noted that eleven counties went Democratic, of which four were northern, and seven were south and southeastern.<sup>3</sup> The counties of the four lower tiers gave rather large votes to the Temperance ticket, the highest point reached being approximately five per cent of the vote for Governor. The unexpected had occurred in favor of the Democrats in the Sixth Congressional District, and in favor of the Republicans in some of the southern counties, where negro suffrage was sustained, contrary to party antecedents or the vote on the

<sup>1</sup> Allegan, Jackson, Oakland, each 1%; Berrien 1.4%; Calhoun 1.5%; Kalamazoo 1.6%; Van Buren 1.8%; Wayne 2.2%; Washtenaw 2.6%; Cass 8%.

<sup>2</sup> *Mich. Alm.*, 1871, p. 81; *Census of 1870*; Total population in 1870, 1,184,059, Colored 11,849, Whites 1,167,282.

<sup>3</sup> Marquette, Keweenaw, Emmet and Ontonagon; Jackson, Livingston, Macomb, Monroe, Oakland, Washtenaw, Wayne. *Mich. Alm.*, pp. 69-72, 82, 83.



party ticket. Wayne County, the centre of the Democracy of the state, naturally elected the entire Democratic ticket but at the same time it gave a strong majority in favor of negro suffrage. Jackson went almost entirely Democratic on the local ticket and voted with the Republicans on the suffrage issue. These apparently contradictory facts can be accounted for on two grounds. In the first place, it was true that in several counties the few affirmative votes were all that were cast. For instance, the suffrage and salary amendments commanded the vote of only 56 per cent of those who voted for governor and the railroad amendment received only 69 per cent. Probably the more immediate reason for these results was the crossing of party lines on the suffrage issue. This was a natural outcome of the general belief that the Fifteenth Amendment had already enfranchised the negro within the state, notwithstanding Sec. 1, of Art. VII, of the state constitution. The state amendment was a mere formality which might best be willingly complied with so that the controversy could be settled in a consistent manner.<sup>1</sup>

#### THE SENATORIAL ELECTION

As we have seen, a strong opposition to the re-election of Senator Jacob M. Howard developed early in 1869, and several names were mentioned as possibilities for the succession. Among them were Austin Blair, Thomas W. Ferry, two members of Congress, and William A. Howard. The last named received an appointment to China—much to his regret—and he declined in order to be able to help turn the tide against Jacob M. Howard. By the autumn

<sup>1</sup> The following papers for the several weeks following election contain the most important material for this summary; *Post, Adv. and Trib., Argus, Jackson Cit., Lansing State Rep., Niles Rep., Kal. Gazette, Grand Rapids Daily Eagle.*

of 1870, the lines of opposition were more clearly drawn. There was a declared need for a change in the office; the locality feeling demanded satisfaction, and furthermore, Howard was charged with supporting the land-grant policy. It was a strange incident for Republicans, even of the conservative class, to assail their Senator for his support of the policy which they had fostered and defended from 1865 to 1869. It is probable that much of the opposition to Howard came from the same source as that to Blair, and with the same motives. It was also plainly stated that he was a "much less useful Senator in attending to the wants and requests of his constituency than Chandler." "So far as any results of his public services have been reflected upon our state, Mr. Howard might as well have hailed from California." This was the opinion of a strong faction in the south and west-central portion of the state. In Detroit the verdict was different though not contradictory. "In his ability to grapple with large public questions and in his range of information, Senator Howard has well sustained himself, and conferred honor upon the state." It was only a matter of considering his local or his federal activity of the greater importance.

Blair had been an active Radical in the House, but his chances were injured by the "Fish letter" of February 28, 1869. This was written by Austin Blair himself from Washington, D. C., to George W. Fish of Flint, collector of internal revenue of the sixth district. It was obviously confidential and the recipient inadvertently left it in his desk where it was found by his successor. The letter gained publicity, partly through the activity of Mr. Strickland, who was at that time also hostile towards the dominant Republican faction, and believed that its publicity would aid Blair and injure Howard. In this letter, written shortly after the senatorial election of 1869, Blair ex-

pressed himself in part as follows: "There was nothing in the senatorial contest to give one great confidence in political affairs. It furnished more evidence of the inconstancy of politicians and of how little timber it really takes to make a great man of." In speaking of Howard, he declared him to be "the right bower of all the corrupt rings here." Of Ferry, he unfortunately added, "there is not enough of him to make a man apprehensive," a phrase which, in the light of the outcome of the approaching contest, was somewhat amusing. The entire group of Republican possibilities Blair termed "a lot of corrupt scoundrels" who "will keep no agreements except such as put money into their pockets." "You say, what are we coming to? This is a question I have revolved a good deal in my own mind, and cannot find a very satisfactory answer, but I think there is but one remedy, and that is defeat. Whenever the people learn the truth, they will apply the wholesome corrective." With reference to the appointment of office-seekers, Blair closed by saying: "It is a comfort that the rascals will have to disappoint a good many anyway."<sup>1</sup>

Nothing could express more clearly than this letter Blair's bitter disappointment at his repeated failures to realize his own ambition. Probably some of his closest friends believed in 1869 that he would permanently give up the struggle for the Senate, but the contest of 1871 was certainly uppermost in his mind. At first he was apparently friendly with Howard, but the publication of this letter at once made them avowed enemies. Blair refused to retract a single word and declared "he would make no apology for writing the letter, he would ask no mercy, and would not even admit it to be an imprudence." In

<sup>1</sup> *Argus*, Jan. 13, 1871.

reply to this unfavorable characterization, Howard published a letter in which he declared the accusation "totally and unqualifiedly false," and termed the author, among other epithets, "a deliberate slanderer—unworthy of the association and respect of gentlemen."<sup>1</sup>

This estrangement of two of the foremost leaders of the Republican party and the reciprocal accusations that naturally resulted were probably of great importance in deciding the result unfavorably to both. There was apparently no great amount of truth in either charge of corruption, as both Blair and Howard were considered honest, and still are held in that reputation. Blair was supported by an immense number of influential journals throughout the state—no less than forty—and was considered favorably by the western faction. There was also a visible division in the allegiance of the Michigan delegation in Congress upon the question of candidacy. A Democratic observer stated that Blair's best and only friend there was Driggs of the sixth district, who was deserted, he said, by all Republicans save Blair.<sup>2</sup> Beaman had his own candidacy in view, Ferry decidedly objected to William A. Howard of his own district, Stoughton and Strickland favored the selection of Jacob M. Howard, and Chandler very definitely preferred him or any man who could defeat Blair. It was said that Chandler advised his friends, "in case the contest is a close one, throw over all four candidates and bring out Judge Withey." The prospects appeared to Washington observers favorable to Jacob Howard, and he was certain of his re-election.

The personal hostility of the leaders was a dangerous

<sup>1</sup> *Adv. and Trib.*, Feb. 1, 1871; *Argus*, Feb. 3.

<sup>2</sup> Washington correspondent of the *Free Press*, Dec. 27, 1870. The list of journals favorable to Blair is given, with excerpts, in the *Jackson Cit.*, Dec. 13, 1870.

condition for a party against whom the opposition was visibly gaining ground. It was observed by Republican organs within the state that if the "proscription of Republicans on account of their personal preferences does not cease, the Republicans have elected their last Senator."<sup>1</sup>

At the Republican legislative caucus six ballots were necessary before a majority was obtained. Ferry and Blair both received 30 on the first ballot; on the second, fourth and fifth Blair led, but on the sixth and final Ferry was chosen. Neither of the Howards showed a large following, and Blair, who was stronger now than ever before, again lost out by only a small margin.<sup>2</sup> The success of Ferry was due largely to his position on the tariff question.<sup>3</sup> He was the guard of the Michigan lumbering interests and had exceedingly strong support in the northern part of the state.

The Democratic caucus on the second ballot gave unanimous preference to H. N. Walker of the *Detroit Free Press*. Two other prominent Democrats had each received five votes in the first ballot, Benjamin G. Stout and Henry Chamberlain.<sup>4</sup> The election was held Wednesday, January 18th. Ferry received 24 votes in the Senate, 70 in the House, while Walker was given 5 in the Senate, and 29 in

<sup>1</sup> *Adv. and Trib.*, Dec. 29, 1870.

<sup>2</sup> *Lansing State Rep.*, Jan. 4, 1871; *Argus*, Jan. 6. The following table will show the votes of the several ballots.

	1	2	3	4	5	6
Ferry.....	30	31	37	37	41	50
Blair .....	30	32	35	40	43	43
J. Howard .....	20	16	16	15	9	4
Wm. Howard..	17	10	9	5	4	—

<sup>3</sup> *Globe*, May 24, 1870, Appx., pp. 370-3.

<sup>4</sup> *Lansing State Rep.*, Jan. 11; *Argus*, Jan. 13.

the House. Three Republican Senators were absent, and one Representative.<sup>1</sup>

The election was shortly followed by the death of Jacob M. Howard, Sunday, April 2nd, and one of the radical leaders of the old type thus disappeared from politics. The new Senator, whose usefulness was to lie in the field of parliamentary tactics and finance, had enjoyed ample political training. He was a delegate-at-large to the National Republican Convention of 1860, and was one of its vice-presidents. In 1864 he was elected Representative to the Thirty-ninth Congress, and re-elected to the succeeding three Congresses. It was during the last that he resigned his seat to accept the Senatorship. He was chairman of the Committee on Revision of Rules, and on the death of Vice-President Wilson, he served as acting Vice-President until March 4, 1877. Up to this time, his popularity was due mainly to his excellent parliamentary abilities which he repeatedly had occasion to exercise. In his purely legislative activities in Congress, he confined himself entirely to financial interests and was soon to become prominent as one leader of the soft-money party.

Contemporary with the passing of Howard and the election of Ferry, it happened that a new series of issues presented themselves, and the problems of constitutional reconstruction and the enfranchisement of the negro were relegated to the background. Accordingly, the questions immediately connected with the war gave way to the demands of the Reform, the Granger, and the Greenback movements.

<sup>1</sup> *Post, Adv. and Trib.*, Jan. 19, 1871; *Lansing State Rep.*, Jan. 20; *Argus*, Jan. 20, 27.

## CHAPTER V

### THE CAMPAIGN OF 1872, AND THE COMPLETE FAILURE OF THE LIBERAL MOVEMENT IN MICHIGAN

#### PRELIMINARY POLITICS

THE attitude of the Democracy of Michigan at the beginning of 1871 was clear from the resolutions adopted in State Convention, February 21st.

While we denounce partisanship in judicial offices—yet the Democrats ought to elect justices sympathetic with Democratic ideas of limitation of power. The class legislation of the Republican party, by which immense private fortunes are being consolidated in the hands of the few to the detriment of the many, the public domain wasted, monopolies created, and sections of the country fostered at the expense of the greater portion of the nation, deserves the reprehension of all advocates of equal rights for all men.

The platform demanded the removal from citizens of all political disabilities incurred by reason of their conduct in the war. It declared its purpose of reforming the abuses and corruptions introduced into the public service by the Republican party. The employment of troops of the United States to influence elections was denounced as inimical to free government.<sup>1</sup>

Two days later the Republicans convened and issued the declaration that

as the Republican party proved a good party in time of war—so it has proved a good party in time of peace, reconstruct-

<sup>1</sup> *Free Press, Kal. Gazette*, Feb. 22, 1871; *Argus*, Feb. 24.

ing rebellious states in the interest of freedom, maintaining inviolate the public faith, establishing equality of all men before the law, and establishing the government in such a manner as best to promote the general good.

They indulged in praise of Grant's administration, with special reference to the reduction of taxation and the national debt.<sup>1</sup> The result of the annual election of Justice of the Supreme Court was the victory of the able and experienced Republican candidate, James V. Campbell, by a plurality of 18,500. A Temperance candidate, Albert Williams, was in the field, and received the small support of 1719.<sup>2</sup>

In March, 1871, the attention of the legislature was again directed to the amendment of the constitution in several important respects. A joint resolution was passed recommending an amendment providing for the payment by the counties, townships and municipalities of all bonds and other obligations heretofore issued or negotiated. The question of payment was first to be submitted to the electors, of whom a majority was required to sanction the meeting of the indebtedness.<sup>3</sup>

Other amendments looked to limiting the number of judicial circuits and to the increase of the salary of circuit judges from \$1,500 to \$2,500.<sup>4</sup> There was strong agita-

<sup>1</sup> *Post, Adv. and Trib.*, Feb. 24, 1871; *Lansing State Rep.*, Mar. 1. McPherson, 1871, p. 139.

<sup>2</sup> O. Darwin Hughes, the Democratic nominee who had run the previous election also, received 74,740. The Regents of the University received practically the same vote. *Ann. Cyc.*, 1871, p. 510-515; *Mich. Alm.*, 1872.

<sup>3</sup> *Acts*, 1871, p. 398, April 15, 1871; *S. Jour.*, Mar. 23, 1871, pp. 1202-5; *H. Jour.*, pp. 240-3. This section was to be added as Sec. 3, Art. XIX, A, of Railroads.

<sup>4</sup> *H. Jour.*, Mar. 15, vol. ii, pp. 1413-4. *S. Jour.*, pp. 1184-5. *Acts*, 1871, vol. i, pp. 404-6, no. 36.



tion in favor of the last, as it was felt that any good lawyer could earn in private practice more than the salary of a circuit judge. An increase would therefore tend to secure better talent than was possible under the old rate of remuneration. The railroad amendment was practically the same as had been rejected at the fall election of 1870, and the chances were against it now.

Bad feeling was engendered early in 1872 by the reapportionment of the Congressional districts within the state. As Michigan had now become entitled to nine Representatives in place of six, some rearrangement was necessary. The act of reapportionment was considered by the Democrats a "device for burying the Democratic counties under an extra load of Republican majorities," and though such an attitude was to be expected from a minority party, there were evidences of truth in the assertion. The measure was opposed by six Republicans in the Senate and sixteen in the House, with the vote standing 19 to 11 in the former, and 50 to 40 in the latter. The opposition was strong and its passage in the House was exceedingly close.<sup>1</sup>

During this session of the legislature, there was an occurrence which clearly explains the demand this year for morality in politics, with special reference to state administration. A petition signed by a number of residents of Lansing was presented to the House requesting investigation of the conduct of Charles A. Edmonds, the Commissioner of the State Land Office. The select committee to which this was referred reported serious charges against the conduct and administration of the incumbent and sev-

<sup>1</sup> *Acts*, 1872, Extra Session, pp. 74-5, no. 44. The population of the state was 1,184,638 by the census of 1870, and the district average was 131,626. By the new apportionment, they ranged from 92,843 to 163,074. Only two Democrats supported the bill as finally agreed upon by the conference committee, one for the purpose of moving a reconsideration.

eral of his clerks. Impeachment proceedings were begun and the managers presented eleven articles embodying charges of corrupt administration and gross immorality. On May 24th after a hearing of twenty-four days the Senate failed to convict him on any of the eleven articles. Though he was declared acquitted of all charges, it was generally conceded that the testimony was so damaging that he ought in all decency to resign.<sup>1</sup> It was urged by Edmonds' friends that the petition for investigation grew out of the animosity of a resident of Lansing who was a discharged deputy of the commissioner. Whatever may have been the personal element involved, enough evidence was taken to afford sufficient grounds for a demand of reform.

#### THE LIBERAL MOVEMENT IN MICHIGAN IN 1872

The liberal movement in Michigan was led by Austin Blair, whose abandonment of former party allegiance brought down upon him a storm of bitter denunciation. It is indeed strange to see an orthodox Republican leader from 1860 to 1868 become the first adherent of the liberal movement in Michigan. There were early indications of his dissatisfaction with the party, and rumors of a schism were started in March, immediately upon the announcement of his resolution in Congress calling for investigation of the charges against Secretary Robeson. The break was in evidence April 9th, when he delivered the oration at a public ceremonial in Detroit.<sup>2</sup> On this occasion he expressed strong opposition to centralization of the government, and asked that amnesty be granted to the ex-rebels.<sup>3</sup> The motive for

<sup>1</sup> *Mich. as a State*, iv, pp. 69-73; *Adv. and Trib.*, May 25, 1872.

<sup>2</sup> The unveiling of the monument to the soldiers and sailors of Michigan in the Civil War.

<sup>3</sup> The Regulars denounced him as a deserter and "confidence poli-

his action was promptly asserted by the "Regulars" to be the promise of the Democratic nomination for governor, and the Senatorial succession to Chandler. It would be difficult to say precisely how much truth, if any, there was in this statement. It was true that he did receive the nomination for governor, and possibly he would have been chosen to succeed Chandler had not the Liberals been so thoroughly defeated in the fall elections. Possibly the desire to avenge past defeats at the hands of his party caused him to see more clearly its defects. Neither of these reasons, however, is necessary to account for his change of allegiance, for he had once before changed as radically, when there were no past disappointments to stimulate him, and no greater opportunities open by the change.

He was unquestionably a man of strong convictions, and his independence of thought prevented him from being a successful politician. He was repeatedly called upon in the course of the campaign to defend his change of allegiance, and this he did on the grounds that party principles are of far greater consequence than party success. The old war questions, he urged, were succeeded by new issues, the leading one being reform, and this the Republicans were unwilling to concede. "I am compelled to say that this administration as a whole is simply damnable,"<sup>1</sup> he declared, and throughout the campaign he insisted that it was

tician along with Schurz, Trumbull, Greeley and the Blairs." His oration was called a "stump speech . . . in favor of exploded states rights theories of the Democratic party", and his plea for universal amnesty for rebels, an "insult to fallen heroes." *Post*, Apr. 10. For comment, *Argus*, Apr. 19, 26.

<sup>1</sup> In his speech at the Greeley-Brown ratification meeting held July 10 in Jackson, he referred at length to his earlier history and defended his abandonment of the Whig party in 1848, as well as his recent change. *Free Press*, July 11; *Argus*, July 12. The home paper of Blair, the *Jackson Citizen*, refused to join in slandering him, but declined to follow him out of the party.

executive misconduct and federal mal-administration that drove him from his party.

There are some grounds, however, for the suspicion that the ill-concealed disaffection in the Republican party which drew along with it unpleasant accusations against Blair's motives in Congress, was a cause of deeper significance than was generally conceded at the time. It is a question if some of the Republican leaders, finding dissensions imminent on several issues, did not seek to relieve the party of all blame by attributing the fault to some individual whom they could chastise before their constituents. If this was the truth, it was but natural that Blair should be the victim, as the men most influential in the party at that time were not those who would be expected to call themselves his friends. Chandler had emerged victorious from the Senatorial contest with Blair the year before, and the Howards were obviously his Senatorial rivals the coming campaign.

The Liberal movement did not from the first receive strong support in Michigan. It was true that Austin Blair, on his return to Washington from a visit to his constituency, declared the anti-Grant feeling in the south portion of the state very general among Republicans. He found the people "hostile to the reckless extravagance of the administration, and clamoring for a change."<sup>1</sup> But in his enthusiasm he was perhaps inclined to overrate its importance, for there are indications that Liberalism was met with great hesitancy on the part of Michigan politicians. Among the Democrats and disaffected Republicans the declarations of the Cooper Institute Meeting of April 12th were considered weak and non-committal.<sup>2</sup> "Though the

<sup>1</sup> Washington Correspondent to *N. Y. World*, April 16.

<sup>2</sup> The mass meeting held in Cooper Institute, New York City, emphasized the growing importance of the comparatively small body

speeches were pointed and direct, we cannot say as much for the platform adopted. . . . The omissions in this creed are more noticeable than the declarations. In short, it is a milk and water affair, a very good specimen of how not to do it."<sup>1</sup>

The campaign was exceedingly complicated this year, as there were two state conventions held by each of the three parties—an early one for the appointment of delegates to the national convention, and a later one for the nomination of a state ticket. Besides the regular proceedings, there were also irregular and preliminary meetings and conferences required by the particular exigencies of the campaign. There was an unusual delay this spring on the part of the Liberal opposition, due undoubtedly to the fact that it had no previous organization.

An informal meeting of local Liberal leaders was held in Detroit<sup>2</sup> to consider the appointment of delegates to the Cincinnati Convention—the national convention of the new party, which was called for May 1st. It was impracticable in the short time that remained to call a state convention for the purpose, and the conference recommended that each town, city, and county send delegates who should there meet, organize and appoint such committees and take such action as would be necessary to represent the state. "All Republicans" were invited "who believe a change should be made in the management of the government and

of prominent persons who demanded a change in the method of treatment of the South. The speakers on this occasion were Trumbull and Schurz. Rhodes, *op. cit.*, vol. vi, pp. 413-4.

<sup>1</sup> *Argus*, April 19, 1872.

<sup>2</sup> The conference was held at the Biddle House on Thursday evening, April 18. The call was issued April 22, and signed by Duncan Stewart, Chairman, D. C. Holbrook of Detroit, T. C. Hall of Hudson, W. S. Maynard of St. Joseph. *Free Press*, April 19.

its administration purified," and a large attendance was urged. Names of influential Republicans inclined to this direction were requested in order that some organization could be effected through correspondence. Blair returned to Michigan, and openly declared his support of the movement and his intention to go to Cincinnati.<sup>1</sup>

With reference to the nomination of a presidential candidate, there was no declared preference among the disaffected Republicans in Michigan, though Charles Francis Adams and Gratz Brown were apparently in highest favor. Many preferred David Davis on account of his past associations with Lincoln. They believed that his former relations with President Lincoln would insure him substantial support of members from both parties. In the conferences of the Michigan delegation at its head-quarters before the convention, it appeared that Adams, Brown and Davis were all popular. Notwithstanding this fact, the entire delegation gave its support to Greeley upon his nomination in the convention. It may be suspected, however, that some did so with reluctance.<sup>2</sup>

When the results of the Cincinnati Convention became known, some organs optimistically rejoiced that Greeley had been preferred to Judge Davis, since they opposed the entrance into politics of a Justice of the Supreme Court.<sup>3</sup> It was generally thought more probable than ever that the Democrats would now nominate a regular ticket. If this was done, many believed that Greeley would withdraw

<sup>1</sup> Rhodes, *op. cit.*, vol. vi, p. 413.

<sup>2</sup> Letter of Apr. 29 from J. P. Thompson, *Jackson Cit.*, May 4, 1872; interview with Mr. Edward W. Barber of Jackson, editor of *Jackson Patriot*.

<sup>3</sup> *Free Press*, May 6, 1872; *Marshall Expounder*, May 9; *Argus*, May 10.

from the canvass, and the Republican candidate would be successful.<sup>1</sup>

Austin Blair, the leader of the Michigan Liberals, seemed on the whole, well pleased with the choice. In one of his speeches early in the campaign, he expressed the warmest personal friendship for Greeley and declared him his preference as a reformer. He believed that Adams had no hold upon the laboring people, especially of the West.<sup>2</sup>

#### THE DEMOCRACY AND THE LIBERALS

After the Cincinnati convention, there was naturally a great measure of uncertainty and anxiety among the Democrats as to the most advisable course for the State Convention to pursue, which would meet July 2nd. In reply to an inquiry concerning the attitude of the party in lower Michigan during the spring of 1872, a reliable observer showed that there was a wide divergence in the views of three distinct classes. First were those who believed the Democracy was a lost cause, and no further harm could be accomplished by supporting Greeley. Second, those who, believing that the only way of defeating Grant was the election of Greeley, would vote for him on purely partisan grounds. The third class actively protested against the nomination of

<sup>1</sup> *Jackson Cit.*, May 4, which admitted that the "contingencies are innumerable, and Mr. Greeley may develop unexpected strength." The *Kal. Tel.*, May 14, declared that "every man at Cincinnati had his own grievance and labored for revenge. The *Adv. and Tribune*, May 16, charged Greeley with conduct "approaching rank apostasy." The *Battle Creek Journal*, May 8, *Marshall Statesman*, May 9, two Independent Republican journals, regretted the selection, while the *Ypsilanti Sentinel*, known as a Copperhead sheet, was too ultra-Democratic to support Greeley.

<sup>2</sup> The Greeley-Brown ratification meeting at Jackson, July 10: In this speech Blair termed the Adamses "a family of office-seekers" and remarked that "one son of the recent candidate wants to be Governor of Massachusetts, and another will want to be President as soon as he is old enough." *Jackson Cit.*, July 11.

Greeley at Baltimore, and declared they would not support him for any reason. They asserted that the party was not obliged to adopt the Liberal candidate, and they looked with preference upon Groesbeck, Hendricks, Thurman or Adams. It was generally believed, however, that the Cincinnati ticket would be indorsed and a fusion state ticket agreed upon by both branches of the opposition.<sup>1</sup> A large meeting of the "Democratic Association" convened in Detroit May 21st, and resolved that the declaration of the Cincinnati convention was "evidence of the progress of public opinion". They declared in favor of "harmonizing the action of the Liberal Republican and Democratic parties in the coming presidential election", and thus gave a strong impulse to the idea of a coalition.

The preliminary convention was held in Lansing, July 2nd. Four delegates at large and eighteen district delegates were elected to represent the Michigan Democracy in the national convention at Baltimore. The state convention endorsed the principles embodied in the Cincinnati platform, and directed the members to vote as a unit.<sup>2</sup> When the Michigan delegation to Baltimore took a preliminary test vote on the presidential preference, the

<sup>1</sup> Elihu B. Pond of the *Mich. Argus*, May 31.

<sup>2</sup> The delegates-at-large were William A. Moore, of Detroit, a member of the National Committee, E. H. Lothrop, Fidas Livermore and Hon. J. G. Sutherland. Each was allowed to appoint his own substitute. The last named was the successful Democratic opponent of J. T. Driggs in the sixth District two years before, and was recognized as a very able legalist and a man of reliable principles. *Official Proceedings of the National Dem. Convention*, 1872, pp. 44, 60, 69. *Free Press*, July 3; *Argus*, July 5. McPherson, 1872, p. 163. The same day and place a Liberal Republican meeting was held, and among the conspicuous members were Austin Blair and J. T. Driggs. The arrangement of simultaneous conventions at the same place foreshadowed the system formally adopted a little later to secure unity of purpose and action.



entire body except Hawley and Briggs of the first district voted for Greeley and Brown. These members favored Groesbeck and Hancock. Two others had at first opposed the acceptance of the Cincinnati candidates, but later changed their preference, and when the gentlemen of the first district yielded, Michigan's vote was unanimous for Greeley.

The adoption of the Cincinnati ticket at Baltimore was accepted almost without adverse comments by the Democrats in Michigan, who promptly took up the heavy burden of the campaign. Of the important Democratic journals, only the *Free Press* declared its hostility to Greeley and Brown, as it always preferred Adams. It had been one of the earliest advocates of the Cincinnati Convention, and had at one time favored dispensing entirely with the Democratic National Convention. Now it considered the outcome of the Liberal movement so unsatisfactory as to justify repudiation and independent action on the part of the Democrats. Later, however, it returned to the support of the Liberals.<sup>1</sup>

Of the prevailing attitude of the Democratic press, the following declarations are typical:

In accordance with our previously declared policy—we place their name [Greeley and Brown] at the head of our column, and invite for them the votes of the Democrats. They were not our choice—but to withhold our vote is to lend our influence to Grant and Wilson. We regard the defeat of Grant necessary to the best interests of the country. As between him and Greeley—and no other choice is now left—we cannot hesitate for a moment.<sup>2</sup>

<sup>1</sup> *Free Press*, Apr. 16, July 11, 1872.

<sup>2</sup> *Argus*, July 12. Similar expressions are found in the following: *National Dem.*, Cassopolis, July 11; *Jackson Patriot*, July 12. The *Grand Rapids Dem.* was the leading Greeley organ in western Michigan. Large ratification meetings were held in Jackson, July 10, and in Detroit, July 17 and July 22.

The Liberals could consistently show more enthusiasm for Greeley than the Democrats could, and among the leading speakers at the large Liberal ratification meetings were Blair, Peck, Pringle, Driggs, and Strickland. It was observed by several regular Republican papers that the Liberal leaders were disappointed office-seekers, and whatever importance the fact may have had, the assertion was in part true at least.<sup>1</sup>

The preliminary Liberal Republican state convention met at Jackson, July 25th, and was a pronounced success. Trumbull addressed the meeting, and Blair, Driggs and Strickland were there. In the evening the state central committees of the Democrat and Liberal Republican wings of the Greeley-Brown movement held a joint session and unanimously adopted a plan of co-operation which would have been efficient, had not the movement been doomed from the beginning. Until all nominations were made, the two branches were to maintain separate organizations and each was to be represented in primary meetings, and in county, congressional, legislative and state conventions by its own appointed delegates. The conventions were to be held by the two parties at the same times and places, and all nominations made by joint conference. It was recommended that all county conventions elect delegates to the state and their respective Congressional conventions in order to facilitate organization. Each wing was thus made a high contracting party to all nominations, which would therefore be acceptable to both, since each was bound by the action of its delegates. This was the system adopted in some of the other states and recommended by both National Committees. The formation of Greeley Clubs was urged in all localities, and the campaign executive com-

<sup>1</sup> *Post*, Aug. 1.

mittee jointly appointed by the two state central committees, consisted of four Democrats and three Liberal Republicans.<sup>1</sup>

In pursuance of the joint conference plan of this year, both the regular—as distinguished from the preliminary—Democratic and Liberal Republican State Conventions were held at Grand Rapids, August 22nd. Nominations were made upon the joint recommendation of the Conference Committees, and eleven Presidential Electors were chosen, among whom were Charles S. May and Randolph Strickland. Austin Blair received the nomination for Governor as the Regulars had predicted, and they now felt assured that their earlier impression of Blair's motives was proven. They called the ticket "obscure and essentially correct". It was true that the members of the state ticket were not so popular and well-known as they might have been had a larger following presented themselves as possibilities. The ticket was, however, beyond the reproach of Republicans on personal grounds, and that was the important point in the minds of the opposition. The Congressional nominations of the opposition were far more popular than the state ticket.

Under the new apportionment and on the basis of past votes, the third district was most strongly Republican. It included Branch, Calhoun, Jackson, Barry and Eaton Counties. In this district John Parkhurst, the Reform candidate, was a Democrat and his Republican opponent was George Willard of the radical *Battle Creek Journal*. Augustus C. Baldwin, of the sixth district, was a Democrat, as was Wisner of the eighth. The fourth, fifth, and seventh chose Liberal Republican candidates, while the second nominated an academic man of no special partisan in-

<sup>1</sup> *Free Press, Argus*, July 26.

clinations.<sup>1</sup> The names presented this year included the strongest representatives of the Reform movement.

There was some sympathy in the state with the "Straight Democratic" movement, but it was severely denounced by all the Reform organs. The response was so weak to the call for a "State Convention" in Jackson, Monday, September 23rd, that the members met in a private room and a *Post* reporter was at first taken for a delegate. The convention nominated a state ticket, and chose Presidential electors and a State Central Committee. It declared that "in view of the present political contest" it put up a ticket so that Democrats need not be denied the privilege of voting for distinctly Democratic candidates. It indorsed the nomination of O'Connor and Adams and the platform of the Louisville convention. William W. Wheaton was chairman, and by the close of the convention, seventeen members were present. In the evening there was a mass-meeting attended by less than a hundred persons, and while this was being held a large Greeley procession paraded the streets. The enthusiasm was obviously wanting which would warrant the nomination of Congressional and county delegates, and though the little meeting at first considered it, they shortly abandoned the idea.<sup>2</sup>

#### THE REGULAR REPUBLICANS

On account of the close relation existing between the activities of the Liberal Republicans and Democrats of Michigan this year, it was necessary, in order to preserve the continuity of the story, to omit the Republicans from the narrative up to this point. Their share in the campaign

<sup>1</sup> *Traverse City Herald, St. Clair Rep., Pontiac Gazette, Saginaw Valley News, Saginaw Enterprise*, for the months of August and September, 1872.

<sup>2</sup> *Free Press*, Sept. 28.

presented no such complexities as did that of their allied opponents. The state convention which met May 16th at Jackson elected delegates to the national convention and adopted a platform very similar to that of a year before. "The unexampled prosperity of the country—and the visible dissolution of the Democratic party so long hostile to justice and equal rights—are the satisfactory proofs of national confidence in a Republican administration of the government." General Grant was declared as faithful in the cabinet as in the field, and the platform continued: "Relying upon his honest heart and pure purpose, his renomination to the presidency is earnestly desired by the great mass of the Republican party."<sup>1</sup> The delegates chosen to the Philadelphia convention numbered twenty-two, and it was declared that not an office-holder was to be found among them.

Early in August the Republicans held their state nominating convention, which named John G. Bagley for Governor, and formulated another platform. This called for economy in government expenditure, and a more liberal standard of wages. It was evident that the Republicans were competing with the Liberals this year for the votes of the wage-earning classes.<sup>2</sup>

Early in June the Republican national convention met in Philadelphia, and William A. Howard, as chairman of the Michigan delegation, took a rather prominent part in the proceedings. When the roll was called upon the adoption of the platform and the election of each of the two national candidates, he announced the unanimous support of the state. In his response to the call for the vote on President, he declared his wish that Michigan had 44 in-

<sup>1</sup> *Post, Adv. and Trib.*, May 17, 1872; *Lansing State Rep.*, May 22. McPherson, 1872, p. 163.

<sup>2</sup> *Palladium*, Aug. 9, 1872; *Lansing State Rep.*, Aug. 15.

stead of 22 votes to cast.<sup>1</sup> Before the balloting for Vice-President began, he briefly addressed the convention in favor of Colfax, and pleaded that the convention might not "endanger a doubtful state by insulting her noble son." He conceded all the good qualities of Henry Wilson, but believed Colfax was as able a man, and a wiser choice.

In Michigan, as elsewhere, the chief characteristic of the contest was personal comment, and while the Reform journals exposed the shortcomings of the dominant party, the latter complained of "uncalled-for slander, and incessant abuse". The partisan recrimination upon the desertion of so noted a Radical as Blair gave the politics of this state an unusually violent character. It was but natural that after two changes of affiliation he was a subject for doubt and suspicion by both parties. Even the Democrats were skeptical after his ultra-radical career in the House, and though they supported him before the election, they subsequently declared him an unfortunate candidate to ask support of those whom he had opposed with particular violence during the last twelve years. The Regulars were certain that even the leadership of Carl Schurz could not win the Germans to the opposition, and this was in most cases true. It was necessary in Michigan as elsewhere to vindicate Greeley's furnishing of bail to Jefferson Davis, which was declared by the Liberals a "wise and generous deed".<sup>2</sup> The editorial and exchange columns of Republican newspapers were filled with the stock-in-hand Greeley selections which Chandler aided materially in procuring for campaign purposes.

<sup>1</sup> *Official Proceedings of the National Republican Convention, 1872*, pp. 161, 171, 172. The Mich. delegation consisted of 22 regular members, four delegates-at-large, and two from each of the nine districts. Each had his alternate.

<sup>2</sup> *Post*, Sept. 23; *Adv. and Trib.*, Sept. 28, 1872; Pol. Pamphlets, K-27. "Greeley vs. Greeley." *Jenison Coll.*

## THE ELECTION

The result of the election in Michigan certainly discouraged any hopes of a reaction that the Democrats may have entertained in 1870. Grant received nearly 60,000 votes over Greeley, and 62.66 per cent of the entire vote cast for President. A large gain was made since 1868, when he received 56.98 per cent of the vote—which was still one per cent better than 1864. The Straight Democrats gave O'Connor 2,873 votes, while Black, the Temperance nominee, received 1,271.<sup>1</sup> Only two counties out of seventy went Liberal, and the straight Democratic vote for President was most prominent in the four southern tiers of counties and in the southeast—a fact entirely consistent with their past history.<sup>2</sup>

The votes for governor disclosed a somewhat smaller percent of Republican gain. Bagley received 61.84 per cent; Blair, 36.38 per cent; William M. Ferry, Straight Democrat, 1.18 per cent, and Henry Fish, Temperance, .6 per cent. It was thus manifest that the opposition to the presidential candidate of the Liberals was stronger than that to Blair, the gubernatorial nominee. As 217,351 votes were cast for President, and 222,511 for governor, it was also evident that more were willing to commit themselves upon the choice of governor. The legislature of 1873-1874 would be made up of 31 Republicans, 1 Demo-

<sup>1</sup> Grant received 136,199, Greeley 77,020. The Straight Democratic vote averaged only 1.3%, while the Temperance reached little more than 5%. *Mich. Man.*, 1873, pp. 231-310; *Mich. Alm.*, 1873, pp. 28, 84; *Tribune Alm.*, 1873, p. 65; *Adv. and Trib.*, Nov. 6, 7.

<sup>2</sup> The following gives the percent of Democratic vote in eleven counties where the support was strongest: Wayne, 1; Calhoun 1.4; Washtenaw 1.6; Lenawee 1.8; Berrien 1.8; Hillsdale 1.9; Saginaw 2; Oakland 2.5; Livingston 2.5; Ottawa 2.8; Van Buren 2.9. Ottawa thus diverged from its customary Republican leaning. Temperance reached its highest mark in Calhoun, Isabella and Delta counties where the votes were respectively 1.6%, 12.5%, and 25.6%.

crat in the upper house, while the proportion in the lower was 94 to 6. The Republican majority thus rose to 120, and was obviously practically absolute. In all nine Congressional Districts, Republicans were elected.

The proposed amendment relative to the payment of railroad-aid bonds was rejected by a strong vote, and from a second refusal it appeared that the people were positively unwilling to legalize the aid already voted. It was pleaded, however, by some Republican organs that the failure to adopt this amendment would "savor of repudiation".<sup>1</sup> The amendments pertaining to the limitation of the number of judicial circuits and the salary increase for circuit judges were rejected by smaller majorities. Much of the work of the session of 1871 thus came to nothing and as the desired changes could not be wrought by amendment, the other alternative would be tried again and revision shortly undertaken.

The earlier decline in the Republican party, as evidenced by the successive gubernatorial and Congressional votes and the growing discontent within the Republican party, had seemed auspicious for a "tidal wave" so often predicted by Democratic organs. The outcome of the Cincinnati convention, however, at once silenced all expressions of optimism and the party organs settled down to campaign labor in the face of very discouraging odds. In some respects, Austin Blair's support was a hindrance rather than a source of strength, as a defense of his action was incessantly demanded by the Regulars. They relied mainly upon the absence of Democrats from the polls on November 5th, and this proved to be the most disastrous feature of the election for the Liberal movement.<sup>2</sup>

<sup>1</sup> *Adv. and Trib.*, Sept. 29.

<sup>2</sup> *Post*, Oct. 15; *Argus*, Oct. 25; Blair was defeated in Jackson,—his home county,—a fact of which the Regulars made great capital. *Statistics of Mich.*, 1870, pp. lxii-lxiv.



After the election was over, the Democratic and Liberal papers were free to express themselves, and it was evident that most of them despaired of success from the beginning. The nomination of Greeley was, of course, the first great mistake. In the second place, it was agreed that he should have been repudiated and a new candidate chosen. If the Liberals themselves did not venture to do this, the Democrats "should have turned their backs upon Greeley and Brown, and when at Baltimore nominated the best men in the party"—Adams and Groesbeck. Another great error was made by placing Austin Blair at the head of the state ticket. A war Democrat would have commanded the support of the disaffected Republicans and yet would have been favored by the state Democracy. It was impossible for the latter to forget Blair's ultra-radicalism of the past, while the former would not have hesitated to support a reliable War Democrat.

Such then was the extent of Michigan's response to the Liberal movement. The *Post* believed this election to be a real "political revolution", and declared it "scarcely possible to doubt that this will be the death of the Democratic party."<sup>1</sup> It was to be very different, however, in the succeeding campaigns, when the lessons in organization and nomination of this contest were to prove of immense value to both branches of the opposition.

<sup>1</sup> Nov. 7, 1872.

## CHAPTER VI

### THE SCHISM IN THE REPUBLICAN PARTY IN MICHIGAN AND THE SUCCESS OF THE DEMOCRACY

#### PRELIMINARY POLITICS AND CONSTITUTIONAL REVISION

“THE revelations of the past winter have shown that the necessity for overthrowing the party in power is greater than was thought last year,” commented the leading Democratic organ of Michigan in March, 1873, and such was the opinion of the opposition to Republicanism which had remained virtually intact since the preceding year. “Slowly but surely all the defeated forces of Retrenchment and Reform are moving towards new and complete organization,” it continued, and the defeat in 1872 was considered more propitious for the future than success would have been, as the elements of disaffection were held more closely united by the continued evidences of corruption in the Grant Administration.<sup>1</sup>

A call was issued March 3, 1873, for the Democratic and Liberal State conventions to be held at Jackson, March 27th. All persons were invited who were “opposed to the corruption of men in power,” and each county was entitled to two delegates for each Representative in the legislature. In pursuance of the system of joint individual action in the previous campaign, the two organizations were to meet simultaneously and the call was signed by both Foster Pratt and N. B. Jones, the state chairmen of the Democratic and Liberal Republican committees respectively. The pro-

<sup>1</sup> *Free Press*, Mar. 6, 1873.

ceedings were entirely harmonious, and I. P. Christiancy was unanimously renominated for Associate Justice of the Supreme Court.

Mr. Christiancy had been a Democrat until the anti-slavery controversy, when he became an active leader in the Free Soil movement, and by successive re-elections he had served in the Supreme Court from its founding, January 1, 1858. The non-partisan character of his politics made him a reliable and favorite candidate of a united opposition. His anti-slavery sentiment of 1848 was no longer a source of Democratic criticism, while his Free Soil sympathies strengthened him with the Republicans who adopted him as their candidate also. The fact that he had so long occupied an office not strictly political, and had remained apart from active or prominent participation in politics made him the most conspicuous man in the state for nomination. He was elected without opposition and his success this year undoubtedly served to make him the first preference of the anti-Chandler combination two years later. Of the six candidates for the two Regencies of the University, the two Republicans won over the Democrats and Temperance candidates by large majorities. The special elections in two judicial districts and one Congressional also resulted in Republican victories.<sup>1</sup>

Again the constitution received attention now by attempted revision instead of amendment. There was no particular reason for it at this time. It had, however, become the settled aim of the administration party to obtain change, and they alternately tried amendment and revision. It had likewise become the policy of the Democracy to look with disfavor upon such proceedings, and the people had

<sup>1</sup> *Argus*, Apr. 4, 1873; *Free Press*, Apr. 5; *Mich. Coll.*, vol. xviii, pp. 333-8; *Biog. of Christiancy*, by Justice Graves; *Post and Tribune Life of Chandler*, p. 338.

acquired the habit of rejecting all such proposed alterations. During the legislative session of 1873, the Governor was authorized to appoint a commission of eighteen members, two from each district, to revise the Constitution.<sup>1</sup> The proposed draft would be acted upon by the legislature and if approved, it would then be submitted to the people. The Commission as named by the Governor consisted of twelve Republicans and six Democrats, a proportion fairly representative of the political status of the state, but one which was bound to cause the active opposition of the minority party to the final draft.<sup>2</sup> Among the most popular members of the Commission were G. V. N. Lothrop—who had been an active supporter of Andrew Johnson—Charles Upson, a member of Congress for several terms, and Sullivan M. Cutcheon, Ex-Speaker of the House of the State Legislature.

The subjects under consideration before this body were chiefly taxation, salaries and method of appointment of circuit judges. The power of taxation—general and local—should be limited, it was urged, rather than increased. The matter of fixing salaries should not, in the light of the "Salary Grab" Act of Congress and a similar one of the State Legislature, ever be given over to the legislature. The Democrats clearly understood this, some of the Republicans did not. Though it was admitted generally by both parties that the remuneration provided in the constitution was entirely inadequate, the increase must be definitely specified in the revised constitution. The present

<sup>1</sup> *Acts*, 1873, p. 573, Joint Res., no. 19, offered Apr. 24; *H. Jour.*, p. 214; *S. Jour.*, p. 1254.

<sup>2</sup> It met late in August and adjourned the middle of October, remaining in session 51 days. By the act providing for the Commission it must complete its labors on or before Dec. 1. *Argus*, Aug. 15, 1873; *Lansing State Rep.*, Sept. 24.

state of popular feeling would prevent the adoption of a proposal placing the matter in the hands of the legislature, a body which the people did not feel inclined to trust.

The legislation which had occasioned this hostility was the Act of April 24, 1873, which voted additional payment to secretaries, clerks, sergeants-at-arms, firemen and messengers of the legislature, to the amount of several thousand dollars.<sup>1</sup> It was urged that this action was taken in direct violation of Article IV, Section 21, of the constitution, which declared that "The legislature shall not grant nor authorize extra compensation to any public officer, agent or contractor after the service has been rendered or the contract entered into." The Democrats observed that "the legislature of this state has proven an apt scholar in learning the bad tricks of Congress." The Republican organs arraigned the Democrats in the legislature for this piece of legislation, while the latter defended themselves on the grounds that "the majority is by right held responsible for the action of any legislative body."<sup>2</sup> It was thus natural that the recent acts of the legislature would endanger the salary articles which the Commission might recommend, and lead to the rejection of the revised constitution. Contrary to the advice of members of both parties, the Commission gave the legislature the power to establish the salaries of all state officers, with the result which was generally foreseen.

An innovation was proposed by the Commission, providing for the appointment in place of the election of State and Circuit Judges, but it was here defeated by a strong opposition who pointed to the fortunate results of the elective system in the case of the Supreme Court.

In October, the Commission closed its work of constitu-

<sup>1</sup> *S. Jour.*, p. 1441, Apr. 10, 1873; *Free Press*, Apr. 25.

<sup>2</sup> *Jackson Cit.*, May 3.

tional revision. Pursuant to the call of Governor Bagley, an extra session of the legislature was convened on Tuesday, March 3, 1874, to consider the constitution as revised the previous autumn. After a thorough discussion of each article, it was approved with some changes by both Houses, and recommended for submission to the people to be voted upon in November.<sup>1</sup>

Another matter received the attention of the legislature—that of woman suffrage. This movement had been in progress since the constitutional convention of 1867, and it culminated in a joint resolution proposing an amendment to Section 1, Article 7, relative to the qualifications of electors.<sup>2</sup> This was to be submitted as a separate article at the same time with the draft of the revised constitution, as the sentiment against woman suffrage would have endangered the constitution.

#### FORMATION OF MINOR PARTIES

The campaign of 1874 was certainly one of many issues and a complication of many movements. There was some uncertainty concerning the relation of the Democracy to the Reform Republicans, and the matter ended in some ill-feeling and an entirely separate organization of the two, which abrogated the arrangement of two years before. The Grangers had attained some importance the previous year, and both the regular organizations visibly catered to them. The Democrats had the advantage of the Republicans in this respect, and pursued it to extremes. The

<sup>1</sup> *S. Jour. and H. Jour.*, for Extra Session, 1874.

<sup>2</sup> *Acts*, Extra Session, 1874, pp. 9, 10, Joint Res., no. 2, approved Mar. 23. The *Grand Traverse Herald*, Republican, was probably the strongest advocate of woman's suffrage in Michigan. The Democrats generally opposed it or ignored the question, while the Republican organs were inclined to be more liberal. *Grand Traverse Herald*, Mar. 24.

Greenback party became prominent at this time partly because of the financial panic of the preceding year. The past agitation of the Prohibitionists raised up against them the License or Anti-Prohibition party. There was thus some danger of confusing the less important issues with those of greater consequence—woman suffrage, prohibition, re-election of Chandler, with reform, resumption, centralization and the tariff.

The organization called Patrons of Industry had become prominent in Michigan among the agricultural class by the fall of 1873, when there were one hundred and thirteen local granges organized. When a county was thoroughly organized a grange selected three delegates who formed the "County Council." Among its recognized duties were the arrangement of terms of sale of various commodities with local dealers and the guarantee of the exclusive patronage of the organization. The sale of agricultural implements and other articles at wholesale was also arranged by the state executive committee. By January, 1874, the movement was sufficiently extensive and unified to make possible a state convention which met at Kalamazoo and framed a comprehensive platform highly complimentary to the order. The aims of the order were declared to be the facilitating of social intercourse, the increase of knowledge and intelligence by the discussion of public questions, and the advancement of pecuniary interests through co-operation. The last purpose could be accomplished by buying directly from manufacturers and selling directly to consumers. "As agriculture furnishes the main source of the nation's wealth and greatness, and over one-half of the productions of the country and nearly one-half of the voters," the farmers are entitled to equal privileges, equal taxation and equal justice in the administration of the laws. The platform demanded cheap trans-

portation and urged the legislature to control and regulate the carrying trade of our country and compel all railway companies to adopt equal and uniform rates for passengers and freight.<sup>1</sup>

The Grangers were favorable to the elected judiciary, and constitutional regulation of state salaries. They denounced the Credit Mobilier and Salary Act and demanded the repeal of the latter. The Patrons were thus conservative with respect to the minor questions of constitutional revision, and on reform their views coincided with those of the Democracy. Their chief interests were industrial and their platform omitted the important question of currency. Their demand for railway regulation was not now incompatible with the policy of either of the leading parties and their other issues were not strong enough to cause any apprehension of a new division. The great issues of the present campaign were fiscal in nature and the Patrons took no cognizance of this fact. Their organization in Michigan as in the other states was more social and industrial than political, and their function was to influence the old parties in legislation rather than cause a new political formation. Only a party built upon the currency issue could endanger the lines of the old organizations.

The Prohibition party held a state convention July 30th, and nominated an entire state ticket. The *Post* among other Republican papers looked with disfavor upon the persistence of this faction, while the Democracy was openly hostile to it.

This year appeared a new organization founded upon the temperance question—the Anti-Prohibition or State License Party. Prohibition had been a more or less prominent issue since 1868, when a proposed amendment in its favor was rejected by a majority strong enough to encour-

<sup>1</sup> *Mich. as a State*, vol. iv, pp. 149-151; *Free Press*, Jan. 31, 1874.



age the license advocates. A convention of Anti-Prohibitionists met in Detroit, August 12th, with an attendance of 300, including delegates from every district. The resolutions embodied strong arguments for a well-administered state license system, and prominent Republican journals admitted the soundness of some of the views. It was conceded that "doubtless a majority of the people of the state are tired of the experiment of prohibition and would welcome legislation on a practical, not sentimental basis." The convention gave the party a permanent organization by the appointment of a state central committee, and the movement received encouragement from various journals of both parties.<sup>1</sup>

#### THE INDEPENDENT ACTION OF THE REFORMERS

The initial step toward the formation of a new reform party in the state was taken by the opposition members of the legislature in May, 1874. They appointed a committee which issued a call for the "National Reform convention" to meet in Lansing, Thursday, August 6th. The question arises at once concerning the connection, if any, between the Liberal party of 1872 and this new "National Reform Party". The foundations of the former were primarily hostility to Grant, agitation for administrative reform, and the demand of a milder policy in the treatment of the Southern states, during the progress of Reconstruction. The "National Reform Party" of this year was dedicated, as its name implies, to the "restoration of purity and statesmanship to the high places of our state and national administration." As both were built upon the common grounds of reform, especially in so far as national administration is concerned, there appears an obvious simi-

<sup>1</sup> *Adv. and Trib.*, Aug. 14, 1874; *Argus*, Oct. 16.

larity between the two organizations. The fact that the personnel in Michigan was practically the same—at least the leaders—lends additional force to this inference.

On the other hand, if the two parties are formally and officially considered, the conclusion is necessarily quite different. The National Reform Party received an absolutely fresh organization, and was—to all appearances—a new party, with no intimation that it was the unfortunate Liberal organization under a new name. The opposition members of the state legislature who appointed the committee for preliminary deliberation, the committee itself, and the state convention—all three bodies—declared definitely that a new organization had been formed. Formally, then, the National Reform Party in 1874 was decidedly a new one, and entirely independent of the Liberals of two years before. In reality, however, their identical purpose and personnel warrant the view that they were one.

According to the committee, the National Reform convention of August 6th was “to take such steps as may be deemed advisable to secure the organization of a party on a basis of live issues and for the restoration of purity and statesmanship to the high places of our state and national government.” There was no doubt that a new party was anticipated by this call. As late as the last of May there appeared a strong probability that the elements of opposition would unite for the campaign. It was the “Reform” faction who thus first made clear an intention of independent action on their part, and the Democrats were not a little surprised at the call. The Republicans believed this a “feeler” for “finding a platform for the Democrats,” but there was no evidence of connection between the two elements of the opposition. From the general sentiments expressed in the convention and the platform it appears that the Reformers acted somewhat rashly, if not

selfishly, this year, and were instrumental in decreasing the influence which a party effectively representing their views might otherwise have attained.<sup>1</sup> The charge made by some leading Republican journals that "the call for a distinctly Democratic convention killed the Reform movement" could not possibly be true, as the Reformers themselves took the first step to secure separate organization, and the Democrats did the one thing that was left them—ignore the Reform element in their call.

The National Reform convention was not largely attended, and among the delegates were some who had been Reformers in 1870 and Liberals in 1872. The preamble to the resolutions adopted by the convention declared necessary the reform of both of the old parties, and while the Reformers "recognized the honesty and patriotism of a large portion of the Democratic and Republican parties," yet "they could never hope to effect reform by acting with either of them." They enumerated the many evidences of corruption, and declared there was a positive "necessity of independent action". The convention cordially invited to join with them all men of whatever class and vocation regardless of past political views.

The Democrats with good reason were offended and at once looked with disfavor upon the independent action of the Reformers. The alienation of the Democracy seems now, as it did at that time, a grave mistake. It was not the Reformers but the Democrats who had sacrificed themselves in the campaign two years before, and if one of the parties to that coalition now felt unfavorably disposed, it should certainly have been the latter.

The platform demanded a reduction in the number of offices under the national government and a reduction both

<sup>1</sup> *Evening News*, May 26, 1874; *Lansing State Rep.*, May 27, *Argus*, May 29.

of their powers and of their salaries. It favored measures securing free banking, a revenue tariff and an equitable system of taxation. It also recommended legislative regulation of railway fares and the taxation of railway property, and denounced the issuance of free passes to state officials.

The currency resolution was by far the most important, and it was awaited by both parties with great interest. Its essence proved to be a demand for return to a specie basis "as rapidly as shall be consistent with financial prosperity." The Democrats promptly criticised this plank as being non-committal and uncertain, and saw in it a concession to inflationist Republicans. There was widespread disappointment that a convention addressed by Ex-Governor Blair should make such a weak declaration upon a vital issue.<sup>1</sup> The advocates of inflation had withdrawn from the convention, and a decisive declaration in favor of resumption could have been adopted without difficulty, as there was unmistakable evidence that the prevailing preference was in that direction. The plank was obviously designed to satisfy the Greenbackers, but failed to do so.

The Reform convention appointed a state committee which issued a call for a convention, September 9th, to make nominations and appoint Congressional district committees. This meeting adopted resolutions similar to those of August 6th. Col. A. T. McReynolds was appointed chairman *pro tem*, and a full ticket was nominated of which four names were adopted by the Democrats in convention the next day.<sup>2</sup> A fifth nomination became concurrent by

<sup>1</sup> The chairman was Hon. Eugene Pringle, and Randolph Strickland was a speaker. *Evening News*, Aug. 7, 1874; *Jackson Cit.*, Aug. 10.

<sup>2</sup> Henry Chamberlain for Governor, George H. House for Sec. of State, Chauncey W. Green for Commissioner of the State Land Office, and Duane Doty, Member of State Board of Education.

the subsequent withdrawal of Col. McReynolds, the candidate for Attorney-General, whose successor was M. V. Montgomery, the corresponding nominee of the Democrats. Five nominations were thus identical, of which four were again original with the minority branch and acceptable to the Democracy. The campaign within the state, so far as it related to the state ticket, thus presented a different form of union from that in 1872. The principal candidates were the same, but the parties worked separately throughout the campaign.

The efforts of the Reform party were a great disappointment to many. The hard-money faction, it was generally thought, should have expressed themselves without such ambiguity and vagueness. "The Democrats have done well in not identifying themselves with the convention," declared the leading Democratic organ, "and while we would have concurred on every point, the Reformers have not rendered a Democratic convention unnecessary, as they have left undone something we can and will do."

The alliance which had earlier been thought possible between the Democracy and Reform party was never effected and the two branches maintained throughout a separate organization. The Democrats were naturally sensitive in this matter, and the leading organs urged the party "to go forward just as if this new party had not been organized, nominate its ticket and announce its principles." They also urged the party "to shun all entangling alliances and let the Reformers cast their vote with the Democracy." They referred to the failure of the Reform minority to carry over the majority in 1872 and declared the former could not now absorb the latter. The defeat at the last election also showed the inadequacy of the "double jointed" organization with simultaneous and separate conventions and separate platforms. The co-operation in this election,

if there were any, must be through mere mutual adoption of individual names—and this was what took place in several instances.

#### THE REPUBLICAN PARTY

The Republican state central committee met at Jackson, Tuesday, June 9th, and issued a call for the State Convention to meet at Lansing, August 28th. The size of the convention was doubled, as four delegates were allowed each district instead of two. The party was on the defensive, and its platform, like its other campaign efforts, was a vindication of the past policy of the national administration. It declared that the party “offered no apologies,” but “challenged a faithful scrutiny of its record through every vicissitude of war and peace, and the candid judgment of all just men.” The Republicans “saw no reason to surrender the reins of power into the hands of a party whose last public service was to drag the country into civil war—and which made its last effort to regain the confidence of the people under the lead of its life-long enemy in the most brazen, bare-faced, shameless coalition ever known in the history of parties, formed solely and avowedly on the basis of ‘spoils alone.’” The state administration was highly commended for its interest in procuring social legislation.<sup>1</sup>

With reference to the negroes, the platform declared that “freedom was bestowed upon them as a war measure

<sup>1</sup> The measures particularly referred to were the establishment of the State Board of Charities and Corrections in 1871 for the reformatory treatment of the insane; the founding of the State Public School for dependent children two years later,—both under Governor Baldwin, and the creation of the State Board of Health under Governor Bagley. During the administration of the latter incumbent the office of Commissioner of Insurance was provided for, and a Bureau of Inspection of Banks was established in the Treasury Department. *Mich. as a State*, vol. iv, pp. 66-9, 106-8.

and in aid of the Union cause, and the electoral function was thrust upon them as a means of protection not only to themselves but to the nation." It was therefore the duty of the country to "protect them in all rights and privileges of their enforced citizenship." "Their ignorance is not their fault," it asserted, "but the legitimate fruit of their former condition." The government "assumed the responsibility for problems resulting from their status when it clothed them with full rights and privileges of citizens." These statements certainly had a more apologetic tone than the dominant party had yet shown with reference to the race problem. The Republicans insisted throughout the campaign that the Northerners were a necessary element in the South to guarantee protection to the negro, and they went so far as to concede that whatever trouble there was occasioned by the presence of the Northerners was due to their "ignorance and inexperience, rather than their fraud and corruption."<sup>1</sup>

The resolutions touching the currency were so unsatisfactory that even the *Advertiser and Tribune* considered them vague and non-committal. The *Post*, however, represented the insinuation on the part of the less aggressive Republican journal that the party must have wanted to please the resumptionists without offending the inflationists. The platform declared that while greenbacks and national bank notes were far superior as a circulating medium to any other paper currency existing in the United States—yet resumption of specie payments was demanded "as soon as possible." Banking under a well-guarded national system should be free, and the volume of its issues regulated by the business law of demand.<sup>2</sup>

<sup>1</sup> *Post*, Sept. 4.

<sup>2</sup> *Eve. News*, Aug. 29, 1874; *Ann. Cyc.*, 1874.

The old parties were formally, at least, approaching unanimity on the currency question, though the Democrats declared for immediate resumption in much more emphatic terms than the Republicans. In Michigan the former adhered to resumption with fair consistency throughout the period, though they had become classed as a soft-money party in 1870 because they advocated postponement of specie payments until they could be effected "without injury to industrial interests." Whatever disadvantages they suffered from this tendency, however, were equaled and overshadowed by the Republican support of the Inflation Bill defeated by the President the previous April.

Precisely what the attitude of the Republicans towards resumption was in Michigan it is difficult to say. They were undoubtedly divided among themselves and there was radical disagreement among the members in each House of Congress. The state platform was naturally an attempt to avoid offending either element, and there was a consensus of opinion that it was intended to reconcile the antagonism of Chandler and Ferry, the two Michigan Senators, whose views upon this question were diametrically opposed. It was generally thought that had Ferry carried the day, nothing would have prevented the division of the party on the lines of that issue alone. Chandler, Waldron, Willard and William B. Williams were the advocates of immediate resumption, while Ferry, seconded by Hubbell, Conger and Field, defended a paper currency in true greenback fashion.

The views of the Michigan delegation are set forth in the debates from January to March, 1874, on H. R. 1572, a bill to amend the National Currency Act. Chandler's speech of January 20th in opposition to the Inflation Bill became a party tract in Michigan. He began with the often quoted introduction, "We need one thing besides more money, and that is better money," and declared that he had



advocated from the first the earliest possible return to payment in coin. "I believe the time has arrived or very nearly arrived for coming to it," he continued, and "I have not the same timidity in fixing the date that some of my friends have." He believed that the increase of the volume of paper currency was a step in the wrong direction, and thought that January of the succeeding year was unnecessarily remote for resumption.<sup>1</sup>

Waldron considered the issue of paper currency by the government "at least a doubtful exercise of power and certainly pernicious in its influence on the business interests of the people." He showed that it was a dangerous characteristic of such issues "that each creates demand for additional issues," and that the legal-tender currency was the obstacle to resumption.<sup>2</sup> Williams favored gradual retirement and a return to specie payments. He viewed the power to issue legal tender as "essentially a war power, a forced loan upon the creditor class which cannot exist—for the necessity cannot exist—in time of peace."<sup>3</sup>

Thomas W. Ferry, the leader of the "Paper Money Trinity," maintained that the panic was due to the insufficiency of available currency, while want of elasticity though it intensified the panic was merely incidental. He did not consider a specie basis an indispensable requisite to national prosperity and cited French and English economic history to sustain him. The resumption theory he attributed to capitalists. "The increasing business interests in the country would be crippled by specie payments, since means to facilitate their development would be denied." The mone-

<sup>1</sup> *Globe*, Jan. 20, 1874, pp. 777-8; Mar. 5, p. 2013; Mar. 17, p. 2183; *Post and Tribune Life of Chandler*, pp. 319-336.

<sup>2</sup> *Globe*, March 30, 1874, p. 2598.

<sup>3</sup> *Globe*, Apr. 9, 1874, pp. 2967-8.

tary standard, whatever it may be, was conventional, he asserted. "Labor alone is the true standard of value and its origin is the cost of production." He insisted that "confidence and implicit faith are the basis of utility of any medium of circulation rather than intrinsic value." On January 13th, he was glad to sacrifice all the subsidiary considerations in his resolution in order to win the primary one—the increase of the currency.<sup>1</sup>

In the House, Hubbell and Field defended paper currency against the attacks of resumptionists. The former insisted that it was not excessive for the purposes of industry and the industrial demands of the West. Field, of Detroit, was probably the most extreme Michigan member in the House. He boldly asserted that a petition in favor of resumption presented by his colleague, Waldron, of Hillsdale, was unreliable, as "the gentleman had doubtless been imposed upon and deceived." He attributed the periodic crises in England to their standard. "Money is for domestic uses," he further insisted, and "our greenbacks are the people's money, and the best money we ever had." A full legal tender does not require any redemption, he asserted, as nothing is superior to it. "The credit of the nation possesses intrinsic value as well as gold, because it is issued in exchange for labor."<sup>2</sup>

The vote on the Inflation Bill in the Senate showed that Ferry, Morton and Logan were its chief supporters, and Chandler, Schurz, Sherman and Thurman its strongest opponents. In the House, Waldron and Willard recorded their votes against it, Williams and Burrows were absent or refrained from voting, and the other five voted yea.

<sup>1</sup> *Ibid.*, Dec. 18, 1873, p. 297; Jan. 13, 1874, p. 607; Jan. 14, pp. 640, 708; Mar. 23, p. 2350; Apr. 6, p. 2818.

<sup>2</sup> *Globe*, Mar. 31, 1874, pp. 2661-5; Mar. 27, pp. 2551-61; Apr. 8, Appx. pp. 211-215.

After the vote of April 22nd, the vote in the Senate showed Ferry and Chandler still persisting in their differences.<sup>1</sup>

The Republican party found itself in a most trying position. It could not declare one policy and denounce the other while its own members in Congress defended both with almost an equal vote. With this threatened schism before it, the party was compelled to come before the people with the appearance of a united policy, and the reason for the non-committal plank in the state platform is thus very obvious. The Congressmen were the centers about which the politics of the respective localities were to draw, and the party must, in six of the nine districts, repudiate its own prominent leaders, or tacitly consign the party to a soft-money position by renominating them. The former would have been harsh treatment, inasmuch as the delegates were all strong partisans on other subjects, and the latter would have been very unwise. The only alternative left them was the embarrassing inconsistency of declaring for resumption in the district nominating conventions and at the same time renominating the inflationist members. In fact this was done in five of the six districts represented by men of inflationist tendencies, and the nominations were made in several instances by unanimous vote.<sup>2</sup> The three anti-inflation Congressmen of the second, third, and fifth districts were renominated and indorsed. In the second district strong influence was exerted in favor of Webster

<sup>1</sup> *Globe*, S. no. 150, Apr. 6, 1874, p. 2835; Apr. 14, p. 3078; Apr. 28, p. 3436. Rhodes, *op. cit.*, vol. vii, p. 62.

<sup>2</sup> The five nominations above referred to were Field in the first district, Burrows in the fourth, Begole in the sixth, Conger in the seventh, and Hubbell in the ninth. The declaration in the sixth was similar to the others—"We are in favor of the resumption of specie payments at the earliest possible moment," but in the eighth district, in which Bradley was unanimously renominated, the convention consistently refused to declare in favor of resumption.

Childs, representing the agricultural interests, and a compromise was necessarily entered into with the Granger element. The friends of both were finally satisfied by the withdrawal of Childs from the present contest with the understanding that he should be supported for the Senatorship in opposition to Chandler, and should be chosen President of the Republican state convention. He had a strong following and had been mentioned in connection with the office of Governor or Secretary of State, but he preferred to keep his chances clear for the Senate.

In one instance, however, an explanation was offered for this obvious inconsistency concerning the currency question. There was a strong element in the first district hostile to Field, and the *Post* with its anti-inflation position—following, of course, the views of Chandler—was anxious to make the case clear, and to warn the offender. “On the question of currency,” it declared, “we have strongly differed from Mr. Field during the financial discussion at the last session of Congress. The question has been practically settled by the veto of the President and by financial measures passed just before Congress adjourned. It is an issue of the past and not likely to be revived. If it should again arise, however, the Representatives in Congress from Michigan will be guided by the will of the party and of the people of the state.”<sup>1</sup>

#### THE DEMOCRACY IN 1874

The Democrats watched closely to discover evidences of the indorsement not only of inflation but of the so-called

<sup>1</sup> *Post*, Aug. 23, 1874; Comment in *Free Press*, Aug. 26, and *Argus*, Aug. 28. The main sources for the subject of Congressional politics and nominations have been the following journals for the months of August and September: *Post*, *Adv. and Trib.*, *Eve. News*, *Coldwater Rep.*, *Jackson Cit.*, *Kal. Tel.*, *Lansing State Rep.*, *Battle Creek Journal*, *Grand Rapids Daily Eagle*, *Grand Traverse Herald*, *Saginaw Rep.*

salary grab. Both Senators from Michigan had consistently opposed the provision relating to the salaries of Congressmen, and only two Representatives had recorded their vote in its favor—one of them being the one Democratic member of the House.<sup>1</sup>

Another question involved in the Republican politics which the Democrats attacked this year was that of the assessment of office-holders for party purposes. It was the practice in the Republican party to mail letters to each office-holder with a pointed request for the remittance of a certain percentage of his salary to the treasurer of the state organization. The exact amount was generally already computed and written out. This was certainly an effective arrangement, as the request signed by the state chairman was virtually a demand. The organization and system of assessment for campaign purposes was probably at its best in Michigan, as the party had been almost absolute for the last twenty years. It was a method of which the Democrats could not if they wished avail themselves, as they had practically no incumbents to assess. The re-creation on this subject was probably more bitter than in states where the opposition had some hopes of meeting the majority upon a more equal footing.

There was some doubt early in the year concerning the best issues upon which to build the Democratic platform. Opinions seemed to differ. In some cases the lesser questions obscured the greater, but the main one was generally conceded to be the currency. The recent panic was undoubtedly the cause of the agitation of the money issue by the Democrats particularly, and as early as February they demanded contraction and specie payments. "Greenbacks must be made worth their face value in gold. This can be done," they declared, "by withdrawing a portion

<sup>1</sup> McPherson, 1874, pp. 17, 18, 20.

of them from circulation, ceasing to purchase with them bonds due five, ten, or fifteen years hence, and using the gold accumulating in the Treasury to redeem the overdue and dishonored paper of the government.”<sup>1</sup>

The Democratic state central committee issued the call for the convention to be held at Kalamazoo on Thursday, September 10th.<sup>2</sup> It allowed double the former number of delegates, following the precedent of the Republican party, four from each Representative district and two from each organized county. The call also recommended that the convention arraign the Republicans for their “mal-administration, extravagance and corruption.” The Democrats were to accept the abolition of slavery, it insisted, but resist all attempts to treat the southern states as conquered provinces. The party should declare obedience to the national constitution but tolerate no interference from Washington with municipal affairs.<sup>3</sup> The last was home rule, and “this with hard money and a revenue tariff must constitute the main federal issues.” In matters of state administration, the call demanded the revision of tax laws to prevent the accumulation of large balances, the additional security from legislative interference in merely local affairs, and the economical administration of the state

<sup>1</sup> *Argus*, Feb. 13, 1874, “The Money Question.” There were general expressions of delight on Grant’s veto, Apr. 22, of the Senate Finance Bill, no. 617, known as the Inflation Bill.

<sup>2</sup> Issued in Detroit, July 28, and signed by Foster Pratt.

<sup>3</sup> This was aimed against the Interstate Commerce Bill providing for “the appointment of commissioners with powers to establish freights and fares.” It was discussed in the House, March 18, and Willard of Mich. spoke against it as a measure “inexpedient, difficult, and dangerous.” On March 26 it passed the House, Bradley, Waldron, Willard in the opposition, the other six members voting yea. This was not of course a party vote, but indicated difference of opinion among the Republicans. For comment, *Post*, Mar. 27, 1874; *Argus*, Apr. 3.

government. The agitation for tax revision arose from the accumulation of a large amount in the treasury which the treasurer loaned to certain local banks at a lower rate of interest than that which was generally current, and often on poor security. At this time there was a surplus of \$13,600,985, and the Democrats opposed the loan of these state funds with what they considered to be insufficient security, since the Treasurer's bond was too small to protect the state.<sup>1</sup>

The convention followed closely the lines laid down by the committee in its call of July 28th. The platform was a long one, and opened by an arraignment of the party in power for "unexampled extravagance and corruption, and unconstitutional and dangerous usurpation of powers not delegated to the federal government." It demanded the "immediate abandonment of all efforts to rule the states for corrupt party purposes by an infamous alliance of carpet-baggers, scalawags and bayonets." It further demanded the immediate repeal of the Salary Act and the Gag Law "by which the party in power seeks to muzzle a free press." With respect to the currency, the Democrats declared for resumption, free banking, and tariff for revenue only. They also demanded that the repeal of the Legal Tender Act take effect not later than July 4, 1876. The management of the state finances was sharply criticised, and the surplus was considered so large that state taxes could be abolished for a year.

Upon the perplexing subject of the liquor traffic the Democrats advocated regulation by constitutional amendment rather than prohibition. They thus secured the support of the German element, and incurred the hostility of the Prohibitionists. When the motion was made for the

<sup>1</sup> *Free Press*, July 29, 1874; *Argus*, July 31; *Treasurer's Report*, fiscal year 1873-4.

adoption of the resolution there was some debate upon the relative merits of prohibition and a well-regulated control of licenses. The latter was preferred by the majority and the resolutions were adopted with but few dissenting votes. At the close of the state convention, Mr. Allison, of Cass county, moved a suspension of the rules to enable him to offer a resolution supporting the proposed constitutional amendment granting woman's suffrage. It was voted down by almost a unanimous vote, and the Democrats thus officially declared against the movement.

There was one declaration in the platform of this convention which reflected the general sentiment within the state not only of the Democrats but also of the Republican majority in the state legislature. It declared that "railway and industrial interests ought to be reciprocal," and "the legislature ought to secure reasonable and uniform rates of freight."

The influence of the Granger element was thus apparent in both parties. The nominations were made with unusual care, as the locality and vocation considerations were of great importance in the appeal to the less frequently represented classes. The Democratic ticket thus became the favorite of the Granger element, especially since Mr. Chamberlain, the gubernatorial nominee, was an agriculturist. Four candidates were taken from the Reformer's ticket, as has been stated, and one originally named by the Democrats was later adopted by them. The ticket was a very strong one, and the platform was certainly unobjectionable.<sup>1</sup>

The Congressional nominations were made with greater care, if possible, than the state ticket in order to insure the support of the agricultural class. There was a general

<sup>1</sup> *Free Press*, Sept. 11; *Argus*, Sept. 18. For comment *Eve. News*, Sept. 15.



expectation that a union would be effected between the Democracy and the Reformers in the Congressional nominations and this proved to be the case in the first and fourth districts. Furthermore a strong opposition to the Republican incumbents had grown up in the first, fourth and sixth districts, and the Democratic candidates accordingly found strong support.

#### THE ELECTIONS OF 1874

The October elections, especially in Ohio, Indiana and Iowa, greatly encouraged the Democrats. In a triumphant address the state chairman declared: "The people of eleven states have now spoken. The popular verdict against corrupt rulers has been rendered."<sup>1</sup>

An opportunity so favorable to the Democracy of Michigan had not occurred since the formation of the Republican party. The result was what the Republicans themselves were frank to call "an unprecedented repulse of Republicanism in Michigan." The Republican following fell from 61.84 per cent to 50.46 per cent in the gubernatorial vote, and this change of over 10 per cent of the total vote was the greatest within the period of this study.<sup>2</sup> It will be remembered that the Reformers had several joint nominations with the Democracy and these commanded a vote similar to that of governor. The tide of opposition ap-

<sup>1</sup> The address was signed by the chairman, Foster Pratt, and the other four members of the Committee. *Argus*, Oct. 16.

Bagley received 111,519, Chamberlain 105,550 and Carpenter, Temperance, 3,937. The Republican candidate won this year by the small majority of 2000, while two years ago it was over 57,000. The votes of Manitou and Presque Isle were not received in time for the count, but swelled the vote for the Republican candidate 92, the Democrat 154. The other state officers received an average vote of 112,000. The Prohibition vote on governor was tripled and rose to 1.78% of the total vote.

peared in the election of 14 members to the state Senate and 47 to the House, reducing the Republican joint majority to 10.<sup>1</sup> The results of the Congressional elections were probably the most important of the year, for the Democrats carried the first, fourth and sixth districts, which had been strongly administration two years before. The Republicans won in the other six districts, but received small majorities.

The vote on the constitution disclosed a stronger opposition to it than mere Democratic hostility, as it was rejected by a vote of 124,039 to 39,285. The separate proposition of woman's suffrage received a somewhat larger vote and a stronger repudiation, the opposition majority approximating three-fourths in each case.<sup>2</sup>

The result was declared by Republican organs a "re-buke" to their party, but "not a political revolution." It was admitted to be a "purification of the party by ridding it of a number of unworthy leaders over whose downfall few regrets will be felt," except in so far as those who deserved a better fate were "caught in bad company" and rebuked accordingly. "Purged of its elements of weakness the Republican party will emerge all the stronger," declared the *Post*, but "Congress must get out of the paper money business as soon as it can."<sup>3</sup>

The party was more odious to the Reform and Granger

<sup>1</sup> There were only 18 Republicans in the Upper House, and 53 in the Lower, whereas their membership in the previous legislature was 31 and 94 respectively.

<sup>2</sup> *Mich. Alm.*, 1875; *Mich. Man.*, 1875, pp. 236-240; *Trib. Alm.*, pp. 86-7; McPherson, 1874, pp. 63, 64. The press material of greatest value was found in the following journals; *Post, Adv. and Trib., Eve. News, Free Press, Jackson Cit., Argus, Hillsdale Standard, Battle Creek Daily Eagle, Kal. Gazette, Kal. Tel., Lansing State Rep., Tra-verse City Herald, Muskegon News.*

<sup>3</sup> *Post*, Nov. 9, 1874.

elements than was the Democracy, while its prohibition sympathies alienated the German element. The administration of state finances by Treasurer Collier elicited harsh criticism and the large surplus with continued taxation embittered many taxpayers who would otherwise have supported the Republican party. It was felt that its tacit sympathy with the woman's suffrage movement had injured the party, but more damaging, it was conceded, was Sumner's "Civil Rights Bill", which was left hanging over the country. "Probably this will prove the final end of attempts at class legislation," asserted the leading Republican organ of the State, with reference to that bill. "But," it continued reassuringly, "the Democratic legislatures will enact so much class legislation that a reaction will occur in favor of the Republicans." Probably the greatest mischief was wrought by the "inflation talk of last winter," it was widely admitted; and this was certainly true. Thus the Republicans in Michigan for the first time in their history had occasion to analyze the many causes that contributed to what seemed to them an overwhelming defeat, and in their adversity they were compelled to be truthful.

The results of the fall election, coupled with the victory of the opposition over Chandler the succeeding January, mark the climax of Democratic influence during this period. In the past the Democracy had suffered from the disadvantages of the war and the Republicans had secured virtually an absolute hold upon the state. In 1870, the Democrats were much encouraged, only to meet utter defeat in the great catastrophe at the next election. In 1874 no alliances were entered into, and the coalition candidates were nominated in separate conventions at different times. A greater tendency to combine would probably have been fortunate, inasmuch as four minor factions existed and

two subordinate tickets. The Anti-Prohibition and Granger elements nominated no tickets, but the latter had great influence with the Democracy. In the Fourth Congressional District the opposing elements united under the suggestive name of Independents, and their candidate, who was a Reform Republican of long standing, was successful.<sup>1</sup> The Independents, Reformers and License Men had many of the features of the Democratic party, while the Prohibitionists could have merged with the Republicans. The era of small parties had now begun and with the approach of the settlement of the great issues of the last twelve years, popular feeling centered about the less important questions and tended to over-emphasize them. The dissension among the Republicans this year on the currency question was a clear forecast of the Greenback party which was to frame its first national platform the next campaign.

#### THE DEFEAT OF CHANDLER

The Senatorial situation in Michigan in the winter of 1874-75 was often compared by the anti-Chandlerites to that in Wisconsin, Minnesota and Maine, where there were hopes of defeating the three absolute leaders, Carpenter, Ramsey and Hamlin respectively.<sup>2</sup> One of the earliest expressions of distinct opposition came from the *Advertiser and Tribune*, which recommended the names of the three popular Justices of the Supreme Court as possibilities—Campbell, Cooley and Christiancy. Its denunciation of the caucus system and its demand for Chandler's retirement naturally provoked the resentment of the *Post*, and the

<sup>1</sup> Allen Potter over Julius C. Burrows. The "Independent" movement of this year is not generally distinguished from the Reform and Democratic coalition which occurred in the Congressional nomination.

<sup>2</sup> "A Trio in Tribulation," *Boston Post*, cited in the *Free Press*, Jan. 1, 1875.

month of November found the two journals in a controversy which brought both sides of the issue clearly before the people.<sup>1</sup> There was a strong movement in favor of Webster Childs, the choice of the Granger element, and this was a part of the arrangement previously mentioned in connection with the Congressional nomination of the second district. The *Tribune* advised the Democrats "to stand ready to elect an anti-Chandler Republican if a real Democrat could not be found." The disaffected Republican minority refused absolutely to support any Democrat, and of the two elements of the opposition, the latter was the more ready to make concessions and accept the conditions imposed upon them by their allies. It was believed by some that it had been Chandler's aim to effect a whole series of re-elections in the state legislature which had been strongly Republican, and this would culminate in his own re-election.<sup>2</sup>

There was an obvious schism in the Republican party on the grounds of personal attitude towards Chandler, and each side was supported by prominent journals.<sup>3</sup> Elab-

<sup>1</sup> The numbers of the *Adv. and Trib.*, for Nov. 10, 13, 27, are of special interest. As early as July there was speculation as to the outcome of the contest and the expression of personal opinions.

<sup>2</sup> *Chicago Tribune*, Sept. 3, 1874; mentioned in the *Argus*, Sept. 11.

<sup>3</sup> A distant observer, the *Boston Post*, remarked that only thirty-six of the one hundred thirty-six party journals of the state supported Chandler. It would be impossible to verify this statement but it was not, at least, improbable. Among the most influential defenders of the Senator were the *Post*, *Lansing State Rep.*, *Grand Rapids Daily Eagle*, *Kal. Tel.*, *Marshall Statesman*, *Bay City Chronicle*, *Saginaw Valley News*, *Menominee Herald*, *Monroe Commercial*, *Pontiac Gazette*, and *Ionia Sentinel*. His most powerful enemies were the *Free Press*, *Evening News*, *Lansing Journal*, *Argus* and *Grand Rapids Dem.* There was a movement started to establish an opposition Republican paper in Grand Rapids to combat the *Eagle*, and one of the prime movers of this enterprise was Edward P. Ferry, brother of Senator Ferry.

orate plans were laid by the Chandlerites to "whip in the wavering," and after the arrival in Lansing of Judge Edmunds, Chandler's most reliable friend, the program was fully arranged. The lobby was immense. Besides public accommodations private houses were thrown open to the guests invited to visit Lansing for the Senatorial election, and their lodging and traveling expenses were provided for out of the Republican campaign fund. It was claimed that the enemies in the legislature numbered only two individuals, both of whom would shortly be conciliated by threats or by promise of offices. It was also said that Chandler had been strengthened by securing the support of the entire delegation from the Upper Peninsula on the pledge to vote for a measure making that portion a separate state. Yet whatever may have been the external appearance, Chandler's friends were not hopeful.

The Republican Senatorial caucus was planned for Wednesday evening, January 6th, in order to bind as many Republicans as possible before unfavorable news could come from Wisconsin, but it was postponed until a stronger force could be mustered. Chandler arrived that evening, held a reception, and greeted many guests. The next day a conference was held and it was thought best to employ conciliatory means to win over the disaffected. He sent two messengers to Mr. Childs inviting him to call, but the latter refused both times and replied that Chandler "must call on him". The opposition had not yet agreed upon any candidate, for they were strongly opposed to the caucus system, which had tended to fall into disrepute. They appeared, however, to act in perfect harmony—a fact which caused the Chandlerites much uneasiness.

On Thursday evening, January 7th, the caucus was held, and the votes were distributed as follows: Chandler 52, Webster Childs 3, Bagley and Campbell each one. The

nomination was later made unanimous, but this fact was not significant, for fourteen Republican members refused to participate. Ten days later the Chandlerites held another conference and the opposition declined an invitation to join. The latter met in a separate convention to await the action of the Chandler men, but became tired and adjourned. The regular conference remained in session three hours and was characterized by one present as "an harmonious confusion". They finally appointed a committee to meet the opposition the next day, but this was unavailing. The breach widened and the excitement increased on the part of the regular element, including Chandler himself. He was personally superintending the details of his campaign, and even the *Post* did not favor the active part he took in his own behalf.<sup>1</sup>

Tuesday, January 19th, was the day set for the election, and great crowds thronged the capitol and filled the aisles of the chamber. It was to be a protracted suspense, however, as a majority would not be attained until the third day. On the first ballot the House vote was divided among fourteen names, the Senate, ten. It was surprising that the Democrats should have cast such a scattering vote, as it greatly tended to their disadvantage. Chandler received 46 votes, all Republican, and among the last in the list was Christiancy, supported by only two Republicans. Next to Chandler the strongest candidates were George V. N. Lothrop, Henry Chamberlain and Orlando M. Barnes, who received respectively seventeen, twelve, and seven Democratic votes, and Webster Childs, who was supported by four Republicans. In the Senate there was also a large scattering vote, Chandler receiving seventeen votes and Christiancy only two.

<sup>1</sup> *Post*, Jan. 8, 13, 1875.

Another ballot was taken the next day, Wednesday, January 20th, when the joint vote for Chandler was 64, for Lothrop 60, for Christiancy 5, and for Childs 3. Chandler had gained the support of one vote since the first ballot, and now needed but three more to be elected. But on the other hand, the sixty Democratic members of the legislature had now united and given their combined support to Lothrop. They had consistently refused to resort to the caucus plan, and seemed able at last to approach unanimity. Of the fourteen Republicans who bolted the regular caucus which nominated Chandler, seven had turned to his support. Seven, however, remained obstinate and this fact was most encouraging to the Democrats. Chandler had received 64 votes out of a Republican membership in the legislature of 71, and if these persistent opponents of Chandler's could be won over by the Democracy, the victory would be theirs.

Meanwhile the Democrats and anti-Chandler Republicans held secret meetings, and the result of their discussions was the agreement that if a man satisfactory to both parties could be found, they would unite and secure his election. All available candidates were discussed, but the choice was not large. It was the Republican faction which had previously voted for and now proposed Isaac P. Christiancy, and the selection was a fortunate one. On the 21st of January the third ballot was taken and the crowd of eager spectators was greater than before. When the roll was called Adair led off with Christiancy, and the election resulted in Chandler's defeat by a vote of 67 to 40.

Thus on the first ballot Chandler lacked four votes of an election; on the second he lacked only three, but the Democrats had concentrated upon a candidate of their own; and on the third, a coalition was formed between



them and the seven anti-Chandlerites which succeeded in defeating Chandler, to his complete surprise and utter chagrin. He hastened back to Washington without formally taking leave of his friends in Lansing or stopping in Detroit, and his failure to secure a fourth term was probably a more bitter disappointment than repeated defeats had been to Austin Blair.

In his "downfall", the successful opposition could see the passing of an absolute and arbitrary leader whose hostility to amnesty and southern rights and bitterness toward members of a party sympathizing with southern interests had kept alive unfortunate animosities for an unnecessarily long period of time. Furthermore, his defense of centralizing tendencies clearly contrasted with the conservative views of Christianity on the question. Personally he was odious to many because of his violent partisanship, and a tendency toward unnecessarily bitter denunciation of his opponents. His loyalty to the Republican party passed all bounds of conviction, and his want of financial scruples in campaign work was not always exaggerated by the opposition.

This marks the high-tide of Democratic success within the period of this study—or at least of anti-Republican success—as three Representatives and a Senator of this class were among the Michigan delegation. To the Granger-inclined Democrats, it appeared to mark the "beginning of the people's rule and the end of the politicians."<sup>1</sup>

<sup>1</sup> The references consulted were *S. Jour.*, 1875, pp. 91, 101; *H. Jour.*, pp. 126, 135-7; *Mich. Coll.*, vol. xxix, pp. 500-1; vol. xxxv, pp. 494, 504; *Post and Tribune Life of Chandler*, pp. 337-9; *Free Press, Eve. News, Post, Adv. and Trib., Lansing State Rep.*, and *Argus* for the closing months of 1874, and especially January 1 to 25, 1875.

## CHAPTER VII

### THE POLITICS OF 1876 AND THE RESTORATION OF REPUBLICANISM IN MICHIGAN

#### MICHIGAN AND FEDERAL POLITICS OF 1875

THE issues which were most generally discussed in Michigan as elsewhere in 1875 and 1876 were reform, resumption, and the completion of reconstruction legislation as exemplified in the Force Bill and Civil Rights Act. The Democrats arraigned the administration party for "profligacy in every department of public affairs, extraordinary public frauds and crimes in the District of Columbia, and the attempt to foist General Grant upon the country a third time."<sup>1</sup> The Republicans themselves emphasized reform in their call, March, 1876, for the state nominating convention.<sup>2</sup> They made few attempts at apology, and boldly eulogized the administration.

The resumption of specie payments was always one of Chandler's favorite policies. On December 22, 1874, the Resumption Bill passed the Senate and both he and Ferry gave it their favorable vote. January 7th it passed the House, and six of the nine Michigan members voted in the affirmative.<sup>3</sup> This measure was unsatisfactory to certain

<sup>1</sup> *Free Press*, Oct. 22, 1875.

<sup>2</sup> *Cf. infra*, p. 189.

<sup>3</sup> Rhodes, *op. cit.*, vol. vii, pp. 69-73. The yeas were Begole, Bradley, Burrows, Waldron, Williams, Willard. Moses T. Field voted nay, Conger refrained from voting at all, and Hubbell was absent from Washington. *Congressional Record*, pp. 208, 319, 459.

individuals in both parties, who insisted that resumption, though four years distant, was premature.<sup>1</sup>

The last months of the Forty-third Congress saw not only the solution of the currency problem, but the close of legislation upon the subject of reconstruction. The Force Bill proposed to give the President the power to suspend the privilege of the writ of *habeas corpus* in Louisiana, Arkansas, Mississippi and Alabama for "two years and from thence until the end of the next session of Congress thereafter."<sup>2</sup> The House debates show the opposition of one Michigan Representative, George Willard, to the policy of "despotism in the South." He deprecated "any and all legislative action which should result in still further inflaming the public mind."<sup>3</sup> "Conditions a year ago were far less disturbed than now," he observed, "due to partisan manoeuvres in two of the southern states and the utterly reprehensible conduct of certain unlawful combinations." He advocated a policy of reconciliation in place of coercive legislation, and his objections to the bill were based upon the constitution. "The suspension of the privilege of the writ of *habeas corpus*," he insisted, "was conceded by the constitution only in case of rebellion or invasion, and that either of these contingencies now exists, no man will pretend." Furthermore, he declared it impossible to frame a federal law that should not apply alike to all states. Lastly, he believed that further coercive federal legislation for the South was not only destructive of material prosperity, but tended to the continued stagnation of business and the depression of industrial activity throughout the country.

<sup>1</sup> *Palladium*, Oct. 8, Nov. 19, 1875.

<sup>2</sup> Rhodes, *op. cit.*, vol. vii, pp. 89-90.

<sup>3</sup> *Cong. Record*, H. R. no. 4745, Feb. 26, 27, 1875, pp. 1836-9, 1935; Mar. 1, 2, pp. 1940, 2035.

Of the Michigan delegation Julius C. Burrows was the most ardent defender of the bill and he declared this to be the only way to secure peace.<sup>1</sup> The House voted February 27, 1875, and Willard alone of the Michigan delegation appeared against it. The Democrats in the state expressed great satisfaction that "one Michigan Congressman cut loose from the extremists."<sup>2</sup> The Republican sentiment within the state was not unanimously in sympathy with the bill and the more liberal journals rejoiced when the Senate failed to take action upon the measure.

The Civil Rights Act was the outcome of a bill presented as a memorial to Charles Sumner, and provided that negroes be accorded equal rights in inns, public schools, public conveyances and theatres or other places of amusement, and that they be not disqualified for service on juries.<sup>3</sup> Probably the most ardent defender of this measure also was Julius C. Burrows, who claimed to believe that "this enactment was dictated by the highest considerations of public policy, and the simplest demands of individual justice." A system of separate education would, he declared, incur double expense and tend to foster race prejudice and hostility. On February 4, 1875, the bill passed the House and every Michigan member voted in the affirmative.<sup>4</sup>

To the Democrats, the bill appeared to be a device by which the leaders of the Republican party could stir up discord between the blacks and the whites of the South, in order that more data could be obtained for use in the coming campaign. Some thought during the pending of

<sup>1</sup> *Cong. Record*, Feb. 27, 1875, p. 1923-5.

<sup>2</sup> *Free Press*, Feb. 28, 1875. The friends of the bill were the *Post*, *Grand Rapids Daily Eagle*, and *Lansing State Rep.* The *Adv. and Trib.*, *Jackson Cit.* and *Kal. Tel.* were far less enthusiastic.

<sup>3</sup> Rhodes, *op. cit.*, vol. vii, pp. 90-91.

<sup>4</sup> *Cong. Record*, H. R. no. 796, Feb. 4, 1875, pp. 999-1011.

the bill that the Senate would pass it, notwithstanding the lateness of the session and the exigencies which might force its abandonment.<sup>1</sup> This anticipation proved to be well founded, for the Senate passed the House Bill 38 to 26, with Chandler and Ferry both voting in the affirmative. On the first of March, it received the approval of the President.<sup>2</sup>

The spring elections were now approaching, and early in March occurred the state conventions, none of which framed resolutions. The Democrats met in Jackson, March 2nd, and made nominations which were adopted by the "Reformers" who convened the next day in Lansing. On March 3rd, the Republicans met in Jackson, indorsed Benjamin F. Graves for Justice of the State Supreme Court, and named Byron M. Cutcheon and Samuel L. Walker for Regents of the University. The candidates of the Democrats and Reformers were strong ones, and as politics were usually less rampant in the spring elections than in the fall campaigns, the Republicans did not win with a great margin.<sup>3</sup> It was said that the Democracy attempted to win over Austin Blair this spring by choosing him a delegate to their convention, but as he failed to appear, the alliance was not yet effected.

The years 1875 and 1876 saw not only the culmination of radical reconstruction within the southern states and the attendant negro rule, but also its final overthrow by the

<sup>1</sup> *Free Press*, Feb. 7, 1875.

<sup>2</sup> *Cong. Record*, Feb. 27, 1875, p. 1870; Mar. 1, p. 2013; *Free Press*, Mar. 3, 4.

<sup>3</sup> The nominations of the Democracy and Reformers included Benjamin F. Graves for Justice of the State Supreme Court, and Samuel Douglass and Peter White for Regents of the University. For successor to the vacancy of Isaac P. Christiancy in the State Supreme Court, Isaac Marsten, candidate of the Republicans, defeated Lyman D. Morris, the Democratic nominee. *Free Press, Post*, Mar. 3, 1875.

establishment of white supremacy or "home rule". In Alabama the Democrats had succeeded in 1874, and the next year a new constitution was adopted.<sup>1</sup> Arkansas had received a new constitution in 1874, and set the machinery of state government in motion. Early the succeeding year President Grant was thwarted in his plans of intervention by the adoption of the resolution of non-interference framed by the House committee under the chairmanship of Luke P. Poland. This resolution declared that "in the judgment of this House no interference with the existing government in Arkansas by any department of the Government of the United States is advisable."<sup>2</sup> The Republican opinion in Michigan with reference to Arkansas was divided. There were some members who could always be depended upon to defend Grant, and after Poland's resolution was adopted, they very naturally felt that "political chaos and rebel supremacy would become the order of the day."<sup>3</sup>

Louisiana had been suffering under a corrupt government maintained by federal authorities, and the approaching election tended to aggravate the difficulties. The Colfax and Coushatta massacres which had occurred in 1873 and 1874 continued to furnish the Republicans grounds for agitation, while the fraud practised by the returning board after election of members of the legislature, and the expulsion of five Democratic members from the legislature early in 1875 afforded the Democrats ample subject-matter for bitter invective.<sup>4</sup>

They were most deeply incensed, however, by the mes-

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, pp. 83-4.

<sup>2</sup> *Ibid.*, pp. 86-88.

<sup>3</sup> *Post*, Mar. 8, 1875.

<sup>4</sup> Rhodes, *op. cit.*, vol. vii, pp. 112-115.

sage of Sheridan, who had been sent by the President to New Orleans to investigate the actual conditions there, and to assume military command. On January 5th he sent his first telegram in which he characterized certain persons in New Orleans as "banditti", and in a second message, he recommended the "trial of the ring-leaders of the armed White Leagues".<sup>1</sup> The President imposed far greater confidence in Sheridan than in Schurz and others with more generous views. The liberal report of Foster, Phelps and Potter, three Representatives sent to investigate affairs in New Orleans, was made public early in 1875, and highly pleased the Democracy and less radical Republicans. A second favorable report was made a little later by Hoar, Wheeler and Frye, which proved that many of the Republican campaign charges were fabrications. Upon these revelations the Democrats rejoiced openly.

The Republicans in Michigan apparently were not seriously divided in their views on the policy of intervention. The indignation which was expressed by members of the party in other states was not general in Michigan, but was rather manifested by the Democracy. The supporters of Grant and of Chandler in Michigan invariably defended the policy of federal intervention and, while the second faction was less radical, it also tended to side with the administration rather than make concessions to the Democracy. The Independent and Democratic Journals, on the other hand, expressed bitterness and disgust at the desire of the Republicans to make political capital for the next election out of the disorders in Louisiana.<sup>2</sup>

In Mississippi the process of Africanization was complete in 1873 and corruption and extravagance were preva-

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, pp. 119-122.

<sup>2</sup> *Eve. News*, Mar. 11; *Free Press*, May 13, 1874.

lent in their worst forms. In the midst of such conditions Lucius Q. C. Lamar delivered a eulogy on Charles Sumner in Congress, April 27, 1874, and presented the southern point of view in such a way as to appeal to the sentiment of the North.<sup>1</sup> There were a few Republicans of the milder type in Michigan who responded sufficiently to declare that "under the existing conditions in Mississippi, 'it was only a great spirit who could speak as Lamar did of Sumner,' and it was hoped that 'perhaps the Northern point of view would be influenced somewhat by sentiment in the last resort.'"<sup>2</sup> The Democrats at once took occasion to draw an apt comparison.

What would Chandler take to speak in so impartial a fashion of Lamar, for instance, or any of the leading contemporary spirits of the South, as Lamar did of Sumner? Isn't it probable that he would have indulged in unpleasant personalities which would have overshadowed the broader unselfishness manifested by the Mississippian?<sup>3</sup>

In December the misgovernment and exorbitant taxation, particularly in Warren County, led to a riot at Vicksburg and the re-establishment of combined negro and carpet-bag government under the protection of federal troops. Another Vicksburg conflict and riots at Yazoo City in the fall of 1875 were incidental to the preparations of both parties for the election on November 2nd, and when Governor Ames asked for federal troops they were denied him—much to the pleasure of the Democrats and the more liberal Republicans. The radical element in Michigan attributed all the blame to the whites and re-

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, pp. 100-102.

<sup>2</sup> *Adv. and Trib.*, April 29; *Jackson Daily Cit.*, Apr. 30, 1874.

<sup>3</sup> *Free Press*, Apr. 30, 1874.



fused absolutely to consider their grievances. "The sooner the White Leaguers learn to respect a legitimate government of the majority," said a leading radical organ, "the better it will be for them."<sup>1</sup> The liberal element admitted that the experiences were most trying, but declared the only remedy to be prompt and absolute submission of the whites.<sup>2</sup> The differences between the two views was one of intensity, rather than principle.

By a sweeping victory at the polls November 2, 1875, the Democrats won the state ticket in Mississippi, most of the local offices, a large majority of the legislature, and four out of six members to Congress.<sup>3</sup> Mississippi was now redeemed from negro rule; in December the House of Representatives admitted the Mississippi members, but not until March, 1877, was L. Q. C. Lamar admitted to the Senate. The radical element throughout Michigan declared that only fraud and violence could accomplish this result, and they would have been pleased to see the President overturn the new system.<sup>4</sup> The liberal members agreed that illegitimate means had been employed by the Democracy, but refused to advocate interference, and the Democrats expressed unbounded joy.<sup>5</sup>

South Carolina had suffered from the corruption and extravagance of negro-carpet-bag rule during the six years, 1868-1874. In the last named year, Daniel H. Chamberlain was elected Governor, and though a Republican and native of Massachusetts, his administration was absolutely impartial. He was sustained by Republicans in Michigan of all shades of opinion, and the Democrats unhesitatingly

<sup>1</sup> *Lansing State Rep.*, Sept. 12; Rhodes, *op. cit.*, vol. vii, pp. 103-4, 130-2.

<sup>2</sup> *Adv. and Trib.*, Oct. 19, 1874; *Jackson Daily Cit.*, Nov. 2.

<sup>3</sup> Rhodes, *op. cit.*, vol. vii, pp. 137-9.

<sup>4</sup> *Grand Rapids Daily Eagle*, Nov. 5, 1875.

<sup>5</sup> *Adv. and Trib.*, Nov. 4; *Eve. News*, Nov. 6.

declared him "a rare individual among the heterogeneous mass of office-seeking invaders of the South."<sup>1</sup>

During the period embraced in this brief résumé the main subject of politics in Michigan as elsewhere was the outcome of reconstruction in the several southern states. The Republican party clearly presented two elements—radical and liberal—of which the former tended to dominate the latter in Michigan and it is extremely improbable that the policy of the administration alienated a single member from the Republican party in Michigan.

During the last half of December, 1875, and January of 1876, there was considerable discussion of the Universal Amnesty bill, introduced into the House of Representatives by Samuel J. Randall. It provided for the removal of all disabilities remaining under the Fourteenth Amendment, and Blaine, who had earlier favored a similar measure, now excepted Jefferson Davis, and took occasion to deliver a bitter invective against Davis and the treatment of Northern prisoners.<sup>2</sup> He declared that the ex-Confederates swept into Congress by the Democratic victories of 1874 were a source of danger, and he sought to revive the war issues and the war spirit as completely as possible. This was clearly understood by the Democrats as an attempt to defend and justify the rigid policy of the administration in the South and to reinstate the earlier war issues in the campaign of 1876.<sup>3</sup> Blaine's conduct was inexplicable on any other grounds. The Republicans rallied loyally to his support, and a representative organ declared that "while there may be some differences in opinion among Republicans as to the wisdom of omitting Jeff. Davis from an

<sup>1</sup> *Kal. Gazette*, Jan. 30, 1875; Rhodes, *op. cit.*, vol. vii, pp. 161-7.

<sup>2</sup> Rhodes, *op. cit.*, vol. vii, pp. 179-80. The Amnesty Bill did not receive a two-thirds vote, and thus failed to pass the House.

<sup>3</sup> *Free Press*, Feb. 4, 1876.

act of general amnesty, yet the party everywhere insists that rebel leaders shall seek their pardon before it is granted.”<sup>1</sup> Again, it observed that “amnesty is parallel to the pardoning power, and its exercise must be guided by discretion, since it is different now, with a Democratic House, from what it was in the Forty-third Congress where the Republicans constituted the majority.”<sup>2</sup>

#### MICHIGAN AND THE REPUBLICAN PRESIDENTIAL TICKET

This year each of the two leading parties met twice in state convention, once for the appointment of delegates to the national convention, and again for the nomination of a state ticket. As early as January, the call was issued for the first Republican convention. The selection of Grand Rapids for the meeting was a concession to the west and northwest portions of the state, whose majorities were large and reliable, and who asked the favor with much earnestness.<sup>3</sup> The invitation to join the party was extended to “all in favor of the prosecution and punishment of all official dishonesty, and of the economic administration of the government by honest, faithful, capable officers.”<sup>4</sup> The element of reform was thus a prominent feature of the Republican program, and the responsible organs of the party rarely attempted to defend the scandals of the administration.

As the time approached for the nominating convention, the problem of presidential possibilities continued puzzling. “In other presidential elections, Michigan Republicans had a presidential candidate ready, but this year, they have none,” remarked a reliable party journal.<sup>5</sup> On May 10th,

<sup>1</sup> *Post*, Jan. 15.

<sup>2</sup> *Post*, Jan. 18.

<sup>3</sup> *Adv. and Trib.*, Feb. 2, 1876.

<sup>4</sup> *Ibid.*, Jan. 15.

<sup>5</sup> *Ibid.*, Apr. 25.

the convention met and among the prominent Republicans present were Governor Bagley, Senator Ferry, and Zachariah Chandler. The delegates elected to Cincinnati, of whom William A. Howard was one, reflected the uncertain attitude of their party, and were far from agreement in their choice of presidential candidate. Certain prominent journals gave out a division in favor of Blaine over Bristow by a proportion of 18 to 4. Others believed that the former had but 11 supporters, the latter 7, Hayes 3, Morton one. It was well known when the delegates were elected that a small majority favored Blaine, while those who supported Bristow were not very firm.<sup>1</sup> The party leaders themselves within the state did not agree in their preferences. Chandler insisted upon Blaine, even as late as Thursday, June 15th.<sup>2</sup> Governor Bagley favored Hayes from an early date, and William A. Howard preferred Morton. As a result, the delegates were uninstructed and thus were free to exercise their individual preferences.

The National Republican Convention met in Cincinnati, June 14th. On the previous day the Michigan delegation assembled, and a few of the members representing the interests of the *Post* desired to have Chandler included in the national ticket, but he did not encourage it and his name was dropped after the first test ballot. When the first test vote for President was taken by the Michigan delegation at 11.30 on the morning of June 13th, Bristow received 11, Blaine 6, Hayes 3, and Chandler 1. Howard, who had previously preferred Morton, came over to Hayes' support in time to cast one of the three votes on this ballot. On the second test vote the Michigan name disappeared,

<sup>1</sup> *Adv. and Trib.*, May 10, 27, 1876; *Free Press*, May 11, 13.

<sup>2</sup> On June 15 he telegraphed Eugene Hale at Cincinnati: "The eyes of the country are upon the Michigan delegation. They must vote for Blaine."

Blaine led with Hayes second, and Bristow received but one vote. The friends of the last complained that Michigan had been instrumental in defeating him as they believed that, had the delegation held together for him, he would have been nominated. The steady accessions to his support at first indicated this result, but his votes were lost to Hayes.<sup>1</sup>

The Michigan delegation with but one exception had agreed before going into the convention upon Hayes as second choice. When Blaine took the lead, it was known that if the fifth ballot were not decisive, Connecticut would throw her vote for Hayes. To take the first step in what promised to be a successful movement, the Michigan men decided to come out for Hayes, themselves, on the fifth. In the first four ballots of the Michigan members, Bristow had led, Blaine followed, with Hayes a close third. William A. Howard, the Chairman of the Michigan delegation, had already stepped into the aisle to state the vote of the fifth ballot, when the one persistent Blaine supporter yielded, and the unanimous voice of the state was declared for Hayes. Referring to him, Howard declared, "there is a man in this section who has beaten in succession three Democratic candidates for President in his own state," and he wished to "give him a chance to beat another Democratic candidate for the Presidency in the broader field of the United States."<sup>2</sup>

<sup>1</sup> *Adv. and Trib.*, June 13, 14; *Eve. News*, June 17.

<sup>2</sup> Official proceedings of the National Republican Convention, pp. 250, 305, 323, 330, 345, 370, 371. Numbers of the *Eve. News*, *Adv. and Trib.*, *Post*, *Lansing State Rep.*, and *Argus* for June. The ballots of the Michigan delegation were as follows:

Ballot	Bristow	Hayes	Blaine	Conkling
1	9	4	8	1
2	9	4	8	1
3	10	4	8	
4	11	5	6	
5, 6, 7,		22		

The Republican organs were pleased to believe that Michigan's action had changed the trend of the votes and secured the nomination of Hayes. It undoubtedly caused the concentration of scattering votes to some extent, and however decisive the influence of the Michigan delegation may have been, the matter was a subject of much self-praise on the part of Republican organs.<sup>1</sup> After the convention there were genuine regrets expressed for Blaine's defeat and it was hoped by some Republicans that "he might grace a cabinet position the next fall." The Democrats felt that "Blaine, the favorite candidate of the Republicans, had been slaughtered for Hayes, who was himself a strong candidate."<sup>2</sup> The election of Chandler by the national convention to the chairmanship of the national Republican committee and the executive committee was effectively exploited by the Democrats on the ground that the party indorsed the notorious system of extortionate campaign assessments.<sup>3</sup> They also foresaw the possibility of an arbitrary and unscrupulous management of the campaign this year, for the political methods of Chandler were well known to everybody.

#### STATE POLITICS OF THE REPUBLICAN PARTY

The personal politics of 1876 were unusually interesting, and the crossplans of several of the leaders with reference to the senatorship greatly complicated the Republican state campaign. There was a strong movement afoot for

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, pp. 206-212. The persons chiefly responsible for the solid vote were Dr. Rynd of Adrian, and W. G. Thompson and Dr. Kiefer of Detroit.

<sup>2</sup> *Adv. and Trib.*, June 19. Also *Marshall Statesman*, June 29; *Benton Harbor Times*, June 30.

<sup>3</sup> Rhodes, *op. cit.*, vol. vii, p. 223; Haworth, *The Hayes-Tilden Disputed Election of 1876*, p. 42; *Free Press*, June 15.

William A. Howard's candidacy for governor, and this apparently originated in Washington, D. C. As Mr. Howard was at this time sixty-three years of age and too infirm to assume the responsibilities of that office, the movement at first caused much uncertainty and consternation. It was well known that Chandler aspired to return to the Senate, and the earliest time at which this could be accomplished was on the expiration of Ferry's term in March of 1877. Probably the strongest rival besides the incumbent himself would have been William A. Howard, and the purpose was soon understood to be the safe disposition of the latter who could not then oppose Chandler in the contest. This would have occasioned a break between Chandler and Ferry, which many believed would never occur, as they had always been congenial save on the currency question. Besides completely disposing of Howard, the success of this scheme would have crippled Ferry for the senatorship. The western portion of the state would be satisfied—or at least appeased—by supplying an incumbent for the gubernatorial office, and the selection of a Senator from the central or western quarter would not be considered so imperative. The suspicion that there were designs upon Ferry's seat in the Senate became strengthened by the proposal to have Ferry's name brought before the Cincinnati convention with reference to the Vice-Presidency. The Senator did not decline absolutely but it was clear that his preference was to remain in his present position.

Another solution of the Howard problem was volunteered after Chandler's denial of the imputed senatorial designs on his part. It was said that Governor Bagley aspired to Ferry's place and thought it advisable to forego a re-election in order to be free for the Senate. Whatever were the impelling motives for this agitation, it was gen-

erally suspected that Howard was the candidate of the "Chandler Ring," and the position of Charles M. Crosswell, the "People's Candidate", was strengthened. The movement did not arouse the enthusiasm expected and Howard himself was not in favor of it.

The state Republican convention to nominate the state ticket was held at Lansing, August 3rd. The platform which it adopted was exclusively a eulogy of the party and its candidates, and contained no declaration on the tariff or currency. The renomination of Charles M. Crosswell for governor and successor of Charles Bagley was acclaimed unanimously without the formality of a ballot. He had been a State Senator from 1862 to 1868, Representative from 1872 to 1874, and president of the constitutional convention of 1867. His abilities as a parliamentarian were a potent factor in his popularity as well as his interests in all charitable and penal reforms. The other names on the ticket were not among the best known in the state, and the Democrats declared that several were compromises with the Granger element.<sup>1</sup>

#### THE DEMOCRACY

The Democrats of the state were no nearer unanimity in the matter of presidential candidate than were the Republicans. There was early mention of William Allen, General Hancock, Judge David Davis, and Charles Francis Adams, while Tilden and Hendricks were naturally the leading preferences. The hard-money element rebelled at William Allen, and Davis and Adams were not considered sufficiently partisan. It was remarked that enough experi-

<sup>1</sup> The personal politics of the time and the state convention are dealt with most fully in the *Post, Adv. and Trib.* and *Eve. News*, for June, July and August. Most of the discussion took place after the first state convention when the main interest of the party was the selection of state and Congressional candidates.



menting had been done in 1872 with candidates with a history not thoroughly Democratic.<sup>1</sup>

The state Democratic convention to choose delegates to the national convention met in Lansing, May 24th, with William L. Webber as temporary chairman, and it was declared the largest and most enthusiastic in fifteen years. Of the twenty-two delegates elected, at least two-thirds were known to favor Tilden, and by some it was thought that eighteen would vote for him. Their first trial ballot taken at St. Louis, on Wednesday evening, June 27th, the day before the national convention opened, disclosed a vote of 14 for Tilden, 6 for Hendricks, and 2 for Seymour. There was great disappointment over the small vote for Tilden and a dissension among the members from Michigan caused some alarm. Mr. M. I. Mills had been chosen delegate over Mr. Wells on the understanding that the former would support Tilden, but being disappointed in not receiving the chairmanship of the delegation, he wasted his vote for Seymour. When the first ballot of the convention was taken, the disaffection had disappeared and the two Seymour votes were turned over to Hendricks.<sup>2</sup> On the second ballot Tilden received all but the three votes of Blair, Burrows and Chamberlain, who persisted in supporting Hendricks.<sup>3</sup> The completed ticket, Tilden and Hendricks, met with the general approval of the Democracy within the state.

Besides the choice of delegates the Lansing convention of May 24th had other important business before it. A struggle had been in progress for some time between fac-

<sup>1</sup> *Argus*, Apr. 28, 1876.

<sup>2</sup> The eight votes for Hendricks were cast by Austin Blair, Bower, Burrows, Chamberlain, Mills, Shoemaker, Stimson and Turner.

<sup>3</sup> *Official Proceedings of the National Democratic Convention, 1876*, pp. 144, 146.

tions of the party over the currency question. Great apprehension was expressed by hard-money advocates with reference to possible unwise action on the part of the state convention, and warnings were uttered against any anti-resumption resolutions, or declarations which "could be tortured into nullifying any of the old issues settled by the war."<sup>1</sup> The proceedings of the convention clearly exhibited the differences within the party. Two reports were presented from the committee on resolutions. That of the majority embodied twelve resolutions dealing mostly with general party principles and justifying tariff on grounds of revenue only. The minority report declared that "Sixteen years of Republican rule has entailed upon the country vast indebtedness, national and domestic," and denounced all measures "making the payment of indebtedness more burdensome." The Resumption Act was declared a "sharp legislative device in the unwarrantable interest of the creditor class, calculated to enrich the few and sacrifice the best interests of the many." The minority demanded its repeal and that of the Act of 1873 demonetizing silver. After an extended debate the majority report was adopted with the exception of the tariff resolution, which was laid on the table. The lines were obviously drawn on the currency question and the vote stood 157 to 70 in favor of hard money. A large number of delegates had left the convention when the vote was taken but all seemed satisfied with the work.

The Democracy thus officially repudiated the anti-resumption tendencies of a minority of its members, and it was certain that at least a majority of the delegates chosen to the St. Louis Convention hoped for the nomination of the hard-money candidate. The currency issue was, how-

<sup>1</sup> Speech of Hon. W. P. Wells of Detroit before the State Convention, *Argus*, June 2.

ever, a delicate matter and was cautiously handled by the leaders throughout the campaign. From the omission of positive declarations in its platform, it was evident that a negative policy was to be pursued by the Democracy, and tactful arrangements were made for the state nominating convention in August.

It might be questioned whether the Democrats of Michigan were traditionally a hard-money or a soft-money party. They had proudly stood forth in 1874 and presented a united opposition to the soft-money tendency which threatened to cause a schism in the Republican party. The *Grand Rapids Democrat*, one of the strongest advocates of paper money, considered the hard-money tendency of the Michigan Democracy in 1874 "a mistake and an exception."<sup>1</sup> The fact that a large minority of the party two years before preferred a permanent paper currency gives some support to this declaration. Furthermore, as the Greenbackers united with the Democrats in three names on the state tickets this year, the two parties obviously had something in common. It is safe, however, to assert that the Democracy in Michigan was less disposed to favor paper currency than in many other states during this period.

The Democratic state central committee met in Detroit, June 7th, and devised an elaborate plan of organizing political clubs in every town and city. The committee was composed of younger men than dominated the other party, and it was urged that this class be introduced into all committees from the local to the Congressional. Secret aid was promised to the Prohibitionists in order to draw heavily from the Republicans. The greenback question was to be carried into the western Congressional conventions, but strictly excluded from the State Convention. This omission, it was thought, could be partially compensated

<sup>1</sup> Apr. 20.

for in the adoption of a series of reform resolutions. A compromise would be made with Henry Chamberlain, the Greenback candidate for Governor, who would be requested to withdraw from the candidacy for governorship and accept the nomination for Congress on a Greenback platform. His friends believed he could carry his district in this way as it was inclined in that direction.<sup>1</sup>

The regular state convention for the nomination of a state ticket met in Detroit, August 9th. The platform was drawn up along the lines indicated by the state central committee, and indorsed the previous state and national resolutions. William L. Webber, who had been chairman of the Michigan delegation to St. Louis, was nominated by Peter White for governor. He was the leader of the Anti-Chandler forces in the state legislature of 1875, and was considered a strong candidate. Three of the names on the state ticket were later adopted by the Greenback party, and being joint nominations they received stronger support than the other candidates.<sup>2</sup> Strangely enough, Austin Blair, once a strong Republican, had become by this time fully in sympathy with the Democratic party of the state, and was chosen elector-at-large by the side of G. V. N. Lothrop, who had never been allied with the Republican party. This event is the last stage in the progress of Blair's political career. He had served as the strongly Republican War Governor, 1860-1864, he had been gubernatorial candidate of the combined Reform and Democratic parties in 1872, and was now chosen an elector-at-large by the Democracy in 1876.

#### THE GREENBACK PARTY

The tendency in Michigan to favor cheap currency had

<sup>1</sup> *Eve. News*, June 8.

<sup>2</sup> *Free Press*, Aug. 10, 11.

been shunned by the Democracy in 1874, and after almost causing a schism in the Republican party it was finally overcome by the hard-money majority led by Chandler and Jacob M. Howard. The Greenback faction, however, gained strength during 1875, and by February of the succeeding year it was evident that they had determined to enter upon the presidential campaign as a separate and independent party with their own candidates and platform.<sup>1</sup> Early in February, the Greenbackers of the various states called a National Convention to meet in Indianapolis, May 17th, and already in January and February, state conventions had been held in Indiana and Illinois. The Republicans in Michigan were confident that the "Independents," as the Greenbackers called themselves, could not carry a single state, and that there was no danger that they would throw the election into the House. "If the Democratic National Convention should nominate a real inflationist like Allen of Ohio," the *Advertiser and Tribune* declared, "the Greenback faction would be of hardly greater account in the election of 1876 than were the straight Democrats in 1872. But, should both parties defend hard money, the new movement would probably develop somewhat such strength as did the Free Soilers in 1848 and 1852," the journal continued, "and seriously impair the political situation in Michigan as well as in Indiana, Illinois, and Ohio."<sup>2</sup> It was thought far better if they separated from the two main parties than if they remained with them, as their influence in the latter case was sure to be disastrous.<sup>3</sup>

The Greenbackers this year did organize as a separate party and they held a preliminary convention in Jackson,

<sup>1</sup> *Adv. and Trib.*, Feb. 4, 1876.

<sup>2</sup> Feb. 21.

<sup>3</sup> *Ibid.*, Apr. 5.

May 3rd.<sup>1</sup> This body framed a platform which demanded the unconditional repeal of the Resumption Act, and declared it "the duty of Congress to so regulate the volume of currency that the rate of interest shall never be greater than the increase of wealth by productive labor." It defended the "efforts of the laboring class to improve their condition" against the charges that they were "communistic and incendiary," and demanded the reservation of the public lands for actual settlers.

On August the 29th the Greenbackers held their state nominating convention. They named Levi Sparks for governor and adopted the Democratic nominations for lieutenant-governor, auditor-general, and state treasurer. They also made independent nomination in the first, second, third and seventh Congressional districts, and in the fourth, fifth and ninth they accepted the Democratic candidates. In the two other districts no action was taken.<sup>2</sup>

There was a very friendly relationship existing between the Democratic and Greenback parties during this campaign, and the Republicans intimated that it was not an unselfish one. The Democracy, it was said, hoped to win through the Greenback party, by inducing all the Republicans possible to vote the Greenback ticket, and all the Greenbackers possible to vote the straight Democratic ticket. In this way, the new party became a convenient medium through which the Republican party could be weakened and the Democracy reinforced by a judicious distribution of dubious voters.<sup>3</sup> To what extent this plan was worked by the managers of the state Democracy can-

<sup>1</sup> *Free Press*, May 5; *Palladium*, May 12; *Ann. Cyc.*, pp. 551-4. The *Niles Mirror* and *Battle Creek Journal* were Greenback sheets but no files of them for this period have been available to me.

<sup>2</sup> *Free Press*, Aug. 30.

<sup>3</sup> *Post*, Oct. 1, 27, 1876; *Lansing State Rep.*, Nov. 3.

not be known, but it is very probable that the Republicans had some grounds for their suspicion.

In addition to the three parties in Michigan above mentioned the Prohibitionists revived and rallied from their successive defeats at the polls. They held their state convention in Detroit, March 22nd, and chose a state ticket headed by A. Williams for governor.<sup>1</sup> Their platform demanded with some bitterness "the restoration of prohibition" in place of legislative regulation of license for the sale of liquors.

#### THE ELECTION OF 1876

The campaign was waged in Michigan principally upon the currency question. It was the favorite charge of the Democrats that their opponents had given the country the Greenback currency, while the Republicans replied with a long list of charges of which the following are typical. The Democrats

at first encouraged states rights, and thus secession and war; when in power they refused to take steps against disruption; they showed sympathy with the rebellion, and when the victory was near at hand, they declared in National Convention the war to be a failure; since the war, they obstructed a peaceful readjustment, and opposed in Congress and the several state legislatures the last three amendments; they condoned the outrages of the whites against the negroes in the South,

and in general, were said to "contain the worst elements of society."<sup>2</sup> Meantime, election approached. The expectations of both parties before the election seemed very

<sup>1</sup> In the first five districts the Prohibitionists later made nominations to Congress.

<sup>2</sup> *Post*, Sept. 22, 1876, copying from the *Republican Magazine* edited by the radical element in Michigan. Unfortunately no copies have been available.

conservative. The Republicans repeatedly assured themselves that the Democratic triumph of 1874 was "temporary and exceptional". However, they predicted that there was no reason for either party to expect "a tidal wave bringing them a great majority."<sup>1</sup>

The prophecy was not a false one. In both the presidential and the state elections, the Republicans polled a little over 52 per cent of the total vote of the state, and this was obviously no "great majority". The fact that Grant had received 63.86 per cent of the entire popular vote in 1872 and Hayes but 52.27 per cent this year, apparently disclosed a large decline in the dominant party.<sup>2</sup> This is, however, somewhat less serious than it appears, since many Democrats refused to vote for Greeley in 1872 and thus gave the Republicans a larger proportional following than they otherwise would have had. As this unusual condition of affairs no longer existed, a position nearer equilibrium was attained, and the party balance reacted in favor of the Democracy.

The vote for governor was very similar to that for President, and the support of the other members of the state ticket closely approximated that of the governor.<sup>3</sup> Mr. Croswell, the successful candidate, was fifty-one years of age and a prominent lawyer of Adrian. In personality and politics he was highly respected by both parties, and the most serious comment ever passed upon him during the campaign was "his lack of positiveness".

<sup>1</sup> *Adv. and Trib.*, Nov. 5.

<sup>2</sup> Hayes received 166,901, Tilden 141,595, Cooper, the Greenback candidate, 9,060; *Mich. Alm.*, 1877, pp. 13-65; *Trib. Alm.*, 1877, pp. 83-85; *Mich. Man.* 1877, pp. 209-212. These votes include the returns from the counties of Chippewa, Mackinac and Schoolcraft which were not received in time for the official canvass but which show the party preferences of those localities.

<sup>3</sup> Croswell received 165,926, Webster 142,492, Sparks 8,297, and Williams, 874. *Mich. Man.*, 1877, pp. 213-294; *Mich. Alm.*, 1877, pp. 13-24.



In the Congressional elections, the Republicans were as a rule victorious. In the first district alone was a Democrat, Alpheus S. Williams, elected to Congress. His majority was somewhat larger than it was two years before when as a Democrat and Reform candidate, he defeated Field, the Republican.<sup>1</sup>

In the state legislature, the Republicans showed the greatest gains. Their joint majority rose from 10 to 64 and their membership now exceeded three-fourths of the body. The Upper Peninsula remained divided, and in the five upper tiers of counties, which showed a tendency toward the Democracy in 1872, the Republicans were strongly predominant. In the central portion the latter were also in the majority, but in the south the parties were as usual much more evenly divided.<sup>2</sup>

The Greenback vote varied widely but nowhere did it exceed  $13\frac{1}{3}$  per cent of the total vote, and this it received in Kent County. The party gained greater support in the counties of the lower west and south.<sup>3</sup> The names on the Prohibition state ticket received on an average only 750 votes this year, while the so-called "Temperance candidates" two years before polled 3,900 votes on an average. This falling-off was undoubtedly due to the activity of the State License party since 1874. The Prohibition candidates for Congress in the first five districts received but little support, and in those which had made nominations for Congress in 1874, it was evident the support had de-

<sup>1</sup> *Mich. Alm.*, 1877, p. 66. The greatest Democratic gains are noticeable in Branch, Hillsdale, Houghton, Ionia, Kent, Lenawee and Van Buren Counties.

<sup>2</sup> The most evenly balanced counties were Clinton, Ingham, Jackson, Livingston, Macomb, Oakland and St. Clair.

<sup>3</sup> Allegan, Barry, Berrien, Branch, Hillsdale, Kent, Muskegon, Newago, St. Joseph, Van Buren and Wayne.

creased. The Temperance advocates received a further discouragement by the adoption of the proposed amendment permitting the sale of intoxicating liquors under rigid regulations.<sup>1</sup>

Besides the amendment providing for the licensed sale of liquors, two others were submitted to the people at the general elections. The proposition to increase the salaries of circuit court judges was again defeated by the close vote of 65,371 to 65,966, and that authorizing the submission of the question of amendment or revision at spring as well as fall elections was adopted by a vote of 52,306 to 21,684.<sup>2</sup>

#### THE RE-ELECTION OF SENATOR FERRY

At this point the Senatorial election can best be considered; for though it did not occur until January, the story of Michigan and the contested election does not close until early in March. The latter subject will, therefore, be considered last in order that it may not be interrupted. The Senatorial election of 1877 was less spirited than it had been for years. As Chandler was busied now with his duties as Secretary of the Interior and especially as Chairman of the Republican national committee, he did not interfere in the movement to re-elect Ferry this year. The career of the latter as a President of the Senate had made him more popular than any measures he had introduced or furthered—except perhaps his currency policy, which found support among the soft-money element. The opinion is now generally expressed that he was politically a weak man and the fact was undoubtedly realized at that time, but fortunately

<sup>1</sup> An amendment to Section 47, Article IV. The vote was 60,639 in its favor, to 52,561 in opposition.

<sup>2</sup> *Mich. Alm.*, 1877, pp. 51, 64-66; *Mich. Man.*, 1879, pp. 174-6.

for him there was no strong rival for the nomination. William A. Howard was too infirm to think of the Senatorship, and Austin Blair had so far forsaken the Republican party that he had been placed on the electoral ticket of the Democracy in company with George V. N. Lothrop, a staunch hard-money Democrat. The position of Ferry on the currency question undoubtedly alienated many, though it secured for him a portion of the vote of the Greenback party. Resumption was now provided for, and the importance of the currency question was diminished to such an extent that it no longer formed the main criterion of party judgment. It was Ferry's parliamentary ability that was undoubtedly the strongest in his favor, and the impartiality he showed in presiding during the electoral count was to confirm the high regard in which he was held.

At first it was expected to run Governor Bagley in opposition to Ferry, but the movement was not a strong one. In the Republican caucus of the state legislature held Wednesday evening, January 3rd, not a half-dozen members could be found to support Governor Bagley, and as his friends decided to withdraw his name, Ferry was chosen by unanimous vote. His brother, Edward P. Ferry, addressed the caucus and expressed appreciation for the nomination. It was true that "a hard-money party had," as the Democrats observed, "selected as its candidate one of the softest of soft-money fanatics."<sup>1</sup>

There was far more rivalry among the factions of the Democratic party. On January 11th, the Democrats held their legislative caucus at which thirty-one were present. Three ballots were taken, the first two of which were informal, the last formal. There were three possibilities—

<sup>1</sup> It was decided at this caucus that each Congressional district should second Ferry's nomination, but no action was taken in the first district in which Bagley resided. *Adv. and Trib.*, Jan. 4, 1877.

General Charles S. May, once a supporter of Johnson, and now a prominent Democrat who had several times been candidate for high state offices, and the two Democratic electors, Austin Blair and General G. V. N. Lothrop. On the first ballot, May led with 11 votes, Blair followed a close second with 10, and Lothrop ranked last. On the third ballot, May received 18 votes, Blair 13, while Lothrop received none, and on the motion of Senator Shoemaker the nomination of May was made unanimous. It is obvious that Blair was not far from gaining the candidacy, and had he succeeded, he would then have accomplished the rare political feat of first serving as War Governor and Republican Representative in Congress and after a few years becoming the Senatorial candidate of the Democracy. The election took place January 16th, and Thomas W. Ferry, the Republican candidate, was again chosen Senator. The joint vote was 94 to 32 in Ferry's favor, and one of the two senatorships was thus provided for until March 3, 1883.<sup>1</sup>

The Democrats were not silent upon the question of Ferry's election. "Governor Bagley found the office-holding element under Chandler too strong," insinuated a Democratic journal, and Chandler personally was very hostile to any candidate from Detroit."<sup>2</sup> As Chandler was at the time Secretary of the Interior and not a candidate for the office, it might be wondered why he should wish to defeat a resident of Detroit. The reason lay in the fact that he expected to run for the next Senatorial election, and understood the significance of the "locality principle," which required a territorial balance of representation in the upper house of Congress.

<sup>1</sup>Senate, 23 to 9, House 71 to 23. *H. Jour.*, 1877, pp. 147-9; *Post, Grand Rapids Daily Eagle*, Jan. 12, 1877.

<sup>2</sup>*Free Press*, Jan. 6, 1877.

## MICHIGAN AND THE DISPUTED ELECTORAL COUNT

The Presidential election and the Hayes-Tilden contest were watched in Michigan as elsewhere with a zeal that overshadowed the interest in both the State elections and the choice of Senator. From November 8, 1876, to March 3, 1877, the attention of both parties was directed exclusively to the outcome of the controversy, with no interruption except the Senatorial election in January, which commanded far less interest this year than usual. It is generally believed that several members of the National Republican Committee attempted to establish a Republican victory by issuing bulletins and sending messages the morning following the election, declaring Hayes President. At a very early hour the morning of November 8th, William E. Chandler wrote three telegrams to this effect, "Hayes is elected if we have carried South Carolina, Florida, and Louisiana," and one was sent by him and Mr. John C. Reid, news editor of the *New York Times*, to the Returning Board of each of the three states.

It was also during the early morning that Zachariah Chandler, the National Republican Chairman, wrote the telegram which has become well known, "Rutherford B Hayes has received 185 electoral votes and is elected," and sent it over the wires of the Associated Press. The motive was alleged by the Democrats to be a conspiracy among leading Republican politicians to take advantage of the uncertainty expressed in a message of William Barnum to the *New York Times*, concerning the three doubtful southern states and Oregon.<sup>1</sup>

<sup>1</sup> Chandler wrote this telegram seated in his office in the Fifth Avenue Hotel, New York City, the headquarters of the National Committee. William Barnum was the Chairman of the Democratic National Committee. Haworth, *The Hayes-Tilden Disputed Election of 1876*, pp. 50-52; Rhodes, *op. cit.*, vol. vii, p. 228, and note; *Post and Tribune*

On the same day, November 8th, the Detroit *Free Press* on the other hand declared victory certain for the Democrats, and the succeeding day it announced the election of Tilden as an accomplished fact. The same organ declared there were no grounds for doubt, as the party was sure of victory "unless there should be cheating." During these three anxious days the leading Republican journals never admitted defeat, and on November 11th the *Advertiser and Tribune* ventured to assert that South Carolina, Louisiana, Florida and Mississippi had gone Republican. However, November 13th, it was generally conceded by both parties that the uncertainty would be protracted, though at the same time each claimed the victory.

The two views concerning the correct method of counting the electoral vote in Congress were held in Michigan, as elsewhere, by members of the two opposing parties. Some of the Republicans in Michigan, led by Chandler, declared that to the President of the Senate belonged the power to count the electoral votes. The Constitution provides that "the President of the Senate shall, in the presence of the Senate and the House of Representatives, open all the certificates and the votes shall then be counted." Upon this provision, then, a group of Michigan Republicans claimed for Mr. Ferry the exclusive right to count the votes—however unwilling he may have been to assume the responsibility—and the two houses they considered were witnesses rather than participants in the process.

The main subject of controversy was the twenty-second joint rule which provided that the electoral vote of any State could be excluded by either house. This rule had

*Life of Chandler*, p. 356 et seq.; Foulke, *Life of Oliver P. Morton*, p. 432; *Mich. Coll.*, vol. xxix, p. 593; *North American Review*, "The Death Struggle of the Republican Party," by George W. Julian, p. 282; *Eve. News*, Apr. 6, 1877.

remained in force since the election of 1864, but as it had not been re-enacted by the present Congress, it could not be considered as binding upon it, and either house could lawfully refuse to acquiesce in its further application. As the majority of the House were Democratic, it was obvious that should the rule be considered still in force, they would throw out the returns from the Republican authorities in the three doubtful southern states, South Carolina, Florida and Louisiana, and thus secure the election of Mr. Tilden. The majority of the Republicans were therefore strong opponents of the joint rule, while the Democrats were its staunch defenders.<sup>1</sup>

On December 7th, while this question was receiving general discussion, George W. McCrary, a Representative from Iowa, proposed a plan by which the question of joint rule could be evaded by the appointment of a Joint Committee on the Election by the Senate and the House. Both bodies adopted a resolution to this effect and promptly appointed their respective committees of seven, in which the only Michigan member was George Willard of the House. When, after almost a month had elapsed, this Joint Committee was found to be powerless in effecting an adjustment of the two conflicting views, it was again McCrary who devised a plan which he hoped would be successful.<sup>2</sup> This was developed by January 13th in the secret sessions of the Joint Committee, of which McCrary was a member, and provided for a tribunal of fifteen whose membership was to include five Representatives, five Senators, and five Justices of the Supreme Court. As it was known that the Senate would choose Republicans and the House Democrats, it was obvious that the political status of the Commission as a whole would be determined by the preference

<sup>1</sup> Burgess, *Reconstruction and the Constitution*, p. 283 *et seq.*

<sup>2</sup> Rhodes, *op. cit.*, vol. vii, pp. 248, 250-1.

of the majority of the Justices. This was left to chance, by excluding by lot one of the names of the six senior Associate Justices. The plan became generally known by January 15th, and was opposed in Michigan by members of both parties, who urged the impropriety of leaving so grave a problem to be settled by lot.<sup>1</sup>

After various attempts at agreement upon a satisfactory organization of the Commission, Senator Edmunds devised a plan acceptable to all the members of the Joint Committee save Morton, and framed a bill providing that "no electoral vote or votes of any state from which but one return has been received shall be rejected except by the affirmative vote of the two Houses." In the cases of states from which there were more than one return—Florida, Louisiana, South Carolina and Oregon—all such returns and papers must be submitted to the judgment and decision of an Electoral Commission. This body was given the same form of organization as that under McCrary's plan, except the choice of the fifth justice by the first four.<sup>2</sup>

As fortunate and commendable as was this proposition, there was a considerable element of opposition to it in Michigan, headed by Zachariah Chandler. He vigorously objected to the measure and declared there was but one agent by whom the votes could be counted and announced, and that was the President of the Senate. Generally, however the Edmunds plan met with very friendly support in Michigan, among both the Democrats and less extreme Republicans.<sup>3</sup>

<sup>1</sup> *Post*, Jan. 16, 1877, with the views of Chandler and William A. Howard.

<sup>2</sup> Rhodes, *op. cit.*, vol. vii, p. 255; *Post and Trib. Life of Chandler*, p. 358; *Post*, Jan. 21, 1877.

<sup>3</sup> *Argus, Free Press, Eve. News, Jackson Daily Citizen*, for the month of January.



The bill was introduced into the Senate by Edmunds, January 20th, and Christiancy, who had returned from Columbia, South Carolina, whither he had gone as member of the Investigating Committee, made a short speech in its favor.<sup>1</sup> It was passed in the legislative session of January 24th, with Christiancy among those voting in the affirmative, and Ferry among the absent.<sup>2</sup> On January 26th, the bill came to a vote in the House, and here it was opposed by three Michigan members, all of whom were Republicans—Omar D. Conger, Jay Hubbell and Henry Waldron.<sup>3</sup> The Democrats throughout the state were well pleased with the passage of the Electoral Bill, and expressed the hope that the Commission would not confine itself to merely clerical duties but would not hesitate to go behind the returns. They assured themselves that “each house alone or both houses together could go behind returns, and therefore the Electoral Commission can do so.”<sup>4</sup> On the other hand, it was apparent that the Republicans were not of the same opinion, using as their main argument: “Where would the investigation end if the commission should go behind the votes and inquire into their validity?”<sup>5</sup>

In pursuance of the new Electoral Commission Act, the Senate and House each chose their five members *vive voce*, January 30th. In the Senate neither Michigan member was mentioned, but both favored the five who were chosen. In the House Willard, having received but two votes,

<sup>1</sup> *Cong. Record*, pp. 886-8, [S. no. 1153.]

<sup>2</sup> *Cong. Record*, p. 913; Rhodes, *op. cit.*, vol. vii, p. 261.

<sup>3</sup> *Cong. Record*, p. 1050. Those who had been on the whole most favorable were Allen Potter, William B. Williams, and George Willard, while Nathaniel Bradley, George Durand and Alpheus Williams were less enthusiastic. *Argus*, Jan. 26, 1877.

<sup>4</sup> *Argus*, Feb. 7, 1877.

<sup>5</sup> *Adv. and Trib.*, Feb. 2.

ranked eighth, and thus Michigan failed to be represented on the Commission.<sup>1</sup>

The first case to go before the Electoral Commission was that of Florida, and on February 10th, that state was adjudged to Hayes by a vote of 8 to 7.<sup>2</sup> As the Commission had refused to investigate the returns, the Democrats were deeply disappointed and naturally considered the activity of that body as "narrow work". They declared that as the Justices were not free from political motives, the decision was "decidedly unpalatable". While expressing high respect for Hayes, they considered that by the Florida decision "a great wrong had been done the country."<sup>3</sup>

The next state to be considered was Louisiana, and referring to its Returning Board Senator Christiancy confessed that he "had not felt and did not then feel a very high confidence in its integrity." He feared that "they may have sought to overcome by fraud, on their own part, the fraud, violence and intimidations committed by their opponents, thus creating a fearful clashing of wrongs which would not be likely to result in the attainment of right." "I have therefore," he continued, "felt that whichever party should triumph—that triumph would be no cause for exultation; that it must be accepted without pride and not wholly without some feeling of humiliation at some unwarrantable means used by its friends for the attainment of their object." It is obvious that Senator Christiancy possessed a greater degree of frankness than most of the Republican leaders, but upon Sherman's resolution to accept the report of the Commission giving the

<sup>1</sup> *Cong. Record*, Jan. 30, pp. 1108-9, 1113-4. Rhodes, *op. cit.*, vol. vii, p. 263.

<sup>2</sup> Rhodes, *op. cit.*, vol. vii, pp. 265-9.

<sup>3</sup> *Free Press*, Feb. 8, 1877.

electoral vote to Hayes, Christiancy voted with Ferry in the affirmative.<sup>1</sup>

The case of South Carolina was decided in the Commission February 27th, and came before Congress on the succeeding day. Senator Christiancy of Michigan had served with Cameron of Wisconsin and Merriman of North Carolina on the Committee of Investigation for South Carolina. He remained there and took testimony for over a month and declared February 28th that there was no evidence of any influence exerted upon the voters by the presence of the military force. "The army was used simply to repress violence," he said, "and protect the lives of the colored people who were fleeing to the swamps. If it had not been there," he continued, "the rebels would have intimidated negroes into voting the Democratic ticket." He wished it understood that he did not favor a permanent military government in these states. With reference to going behind the returns and inquiring into the question of fraud, he declared "a single presidential term would not be long enough" to complete this work. Upon the question of adopting the Commission's decision to give South Carolina to the Republicans, both Christiancy and Ferry voted yea.<sup>2</sup>

After all the thirty-eight states had been considered, the result was announced by Ferry at four o'clock Friday morning, March 2nd—which was the close of the session of the preceding day. Tilden had received 184 electoral votes, Hayes 185, and was elected.<sup>3</sup>

The flood of comment on the mornings of March 3rd and 5th included much that was bitter. If the Democracy of the state was fairly represented by its journals, it was

<sup>1</sup> *Cong. Record*, Feb. 19, 1877, p. 1683.

<sup>2</sup> *Cong. Record*, pp. 2001-2; *Eve. News*, Feb. 29, 1877.

<sup>3</sup> Rhodes, *op. cit.*, vol. vii, pp. 278-9.

true that the party believed it had been cheated out of its rightful victory.<sup>1</sup> It was not strange that their invective centered about Zachariah Chandler, the National Republican Chairman, against whom charges were made of encouraging an unscrupulous manipulation of the returns from the dubious Southern states. They alleged that one week before election Chandler declared: "If the result shall depend upon South Carolina, Florida and Louisiana, Hayes will be elected. We have the means to carry these states."<sup>2</sup>

On Hayes' inauguration, a prominent Democratic organ called him a minority President but showed a strong appreciation of his policy. "He contemplates building up a Republican party in the South," it observed, "composed of some other elements than Scalawag Whites and ignorant Blacks. He designs a radically different policy from that which was pursued by the late administration."<sup>3</sup> Such was the optimistic attitude of a Democratic daily, towards a Republican President who took office under color of illegality.

<sup>1</sup> *Free Press, Eve. News, Jackson Patriot, Kal. Gazette, Lansing Courier* for the days immediately following the announcement.

<sup>2</sup> *Argus*, Nov. 10, 1876, Mar. 9, 1877.

<sup>3</sup> *Free Press*, Mar. 6, 1877.

## CHAPTER VIII

### A RÉSUMÉ OF THE POLITICS OF MICHIGAN, 1877-1878

#### THE CLOSE OF RECONSTRUCTION AND THE GENERAL ISSUES OF 1877

THE early part of 1877 saw the withdrawal of federal troops from Florida, South Carolina and Louisiana and the supremacy of the white Democracy in those states. Previous to his election Hayes had not declared his policy with reference to the South, but the opinion became general that he would not continue the policy of federal intervention. He was not to be considered a deserter, however, since Grant himself would have entered upon a more liberal policy in reconstruction, had he continued in office, and a certain element of the Republican party also was willing to make concessions.<sup>1</sup> The others were strongly opposed to any deviation from the rigid plan of enforced negro suffrage secured by the intervention of United States troops, and these very soon came to be known as the "Stalwarts".

At the time of the inauguration of President Hayes there were claimants of both parties to the state offices in South Carolina and Louisiana. The former was first to receive attention. After a consultation with both Chamberlain and Wade Hampton, Hayes decided to withdraw the federal forces from Columbia, and on April 10th the Republican administration of Chamberlain gave way to Democratic rule under Wade Hampton.<sup>2</sup> It was with this

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, p. 286.

<sup>2</sup> *Ibid.*, pp. 285-7.

event that there began an estrangement between Hayes and Chandler, and the breach was widened by the similar withdrawal of federal military support in Louisiana accompanied by the triumph of Nicholls and the Democracy, April 24th.<sup>1</sup> The opposition of Chandler was potent enough to cause all praise and commendation of the President to be omitted in the State Republican platform of the following year.<sup>2</sup>

During the last months of 1877 the silver question was uppermost in national politics, and elicited much local comment. The Republicans in Michigan, with Chandler at their head, objected to the proposal of Mr. Bland of Missouri, to restore the silver dollar to free coinage as had been the case before 1873. The Allison Amendment designated the amount of silver bullion to be purchased for this coinage provided for in the Bland Act.<sup>3</sup> During the closing months of the year 1877 and the early part of 1878 the question received full discussion in the journals of the state. In answer to a Republican criticism that silver would drive gold out of circulation should the Bland bill

<sup>1</sup> Rhodes, *op. cit.*, vol. vii, pp. 287-9.

<sup>2</sup> The comment of the *Post* during the summer of 1877 was more unfriendly than after its consolidation with the more liberal *Advertiser and Tribune*, October 14, 1877. In the number for Dec. 21, the blame for Hayes' policy was removed from the President and laid upon the cabinet, "whose advice showed it to be out of harmony with the majority" of its party.

<sup>3</sup> This act required the government to purchase every month not less than \$2,000,000 nor more than \$4,000,000 worth of silver bullion, and coin it into dollars at the rate of 371½ grains of fine silver for each dollar, and these were made full legal tender. There was thus added to the currency a large amount of debased money, as the legal and market ratios of silver to gold varied widely. Furthermore, the increased demand thus created for silver failed to raise its price.

Dewey, *Financial History of the United States*.

Laurence J. Laughlin, *History of Bimetallism in the United States*, ch. xiii.

with the Allison amendment become a law, a Democratic organ replied in the following manner :

It is not impracticable to keep two metals in circulation, each in its own sphere with the rate properly adjusted, and investigation will show what the ratio between the two metals, should be. It is quite certain that limiting the amount of coinage or the extent of its use as legal tender would appreciate silver.<sup>1</sup>

Such was a statement of principle found in a leading Democratic journal of the state, but on grounds of practical expediency, the organ was not favorably disposed toward the Bland-Allison measure. There were some Democrats in the state, however, who were not hostile to the bill with the amendment, and the greenback element strongly urged its passage.

The Republicans in Michigan as elsewhere were not in harmony upon this issue, and the division cannot therefore be traced to party affiliations. Senator Ferry of Michigan, the well-known defender of paper currency, appeared as the persistent advocate of silver, while his colleague, Senator Christiancy, was among the strongest opponents of the silver measure. In his long speech of January 30, 1878, Mr. Christiancy said in part :

This silver mania . . . seems to me a very peculiar disease. . . . Its intensity seems to be manifested very nearly in proportion to the proximity of the victims to the great bonanza mines. It seems to have passed to the people, attacking with most severity those most deeply in debt.<sup>2</sup>

On February 15th, the Bland Bill with the Allison

<sup>1</sup> *Free Press*, Dec. 5, 1877.

<sup>2</sup> Laughlin, *op. cit.*, p. 192, footnote 1; *Globe*, vol. cxxxvi, pp. 666-71; for a second important speech delivered Feb. 6, 1878, *ibid.*, pp. 792-6.

Amendment passed the Senate by a vote of 48 to 21, with Ferry voting in the affirmative, and Christiancy in the negative.<sup>1</sup> Six days later it passed the House by a vote of 203 to 72, with eight Michigan members expressing themselves favorably, and one not voting.<sup>2</sup> On February 28th, the President's veto message was received,<sup>3</sup> and on the same day the bill was re-passed by the House, in which only two Michigan members opposed it, and by the Senate where Ferry continued his support and Christiancy refrained from voting.<sup>4</sup>

The comment throughout the state showed differences of opinion within both parties. The majority of Michigan Republicans in Congress had certainly thrown their influence in favor of the bill, and thus proved themselves friends of a silver currency. It cannot be ascertained what view was predominant in the state, but several of the leading organs declared themselves out of sympathy with Ferry, and defended the position of Christiancy.<sup>5</sup>

The time was approaching when preparations must be made for the election of 1878, and the organization and issues of the several parties in Michigan will now be considered.

#### THE NATIONAL GREENBACK PARTY IN MICHIGAN

The Greenback party continued to flourish in Michigan after 1876, but during the succeeding year and a half there

<sup>1</sup> *Globe*, vol. cxxxvii, p. 1112.

<sup>2</sup> *Globe*, p. 1284. Edwin W. Keightley was a Republican not voting.

<sup>3</sup> *Ibid.*, pp. 1418-9.

<sup>4</sup> The vote in the House was 196 to 73, in the Senate 46 to 19. The two Representatives who voted in the negative were Alpheus S. Williams, the one Democrat, and Charles C. Ellsworth, a Republican. *Globe*, pp. 1420, 1411.

<sup>5</sup> *Lansing State Rep.*, Feb. 23, Mar. 2, 1878; *Grand Rapids Daily Eagle*, Feb. 25.



developed some slight differences of view which tended to weaken the party. The faction within the state who termed themselves "Nationals" favored the issue of bonds not convertible into coin, but payable in greenbacks, while the "Greenbackers" opposed bonds of any kind because of their interest-bearing character. The leader of the latter was Ralph E. Hoyt, of Jackson, and of the former was Moses Field, a well-known Republican with paper currency inclinations. The necessity for harmony was apparent, and on May 10th the call was issued for a state convention, June 5th, "to effect a more perfect union."<sup>1</sup>

It was understood generally that "should the difficulties be adjusted, there will be cause for anxiety on the part of the Republicans."<sup>2</sup> Both the "Nationals" and the "Greenbackers" declared against any "entangling alliances", and the Republicans in turn refused to make any concessions. There were indications, however, that a considerable number of votes would be deflected from the Republican party, and should the new organization—if such should be formed—find very strong support, the Democracy would have an easy victory.<sup>3</sup>

The convention met at Grand Rapids, June 5th, effected a coalition which was of great interest to both of the regular organizations, and gave themselves the name of "National Greenback Party."

The purposes of the movement as set forth by George Willard, the temporary chairman of the convention, were "to create a national paper and suppress bank issues". The interests of the party in general were not sectional but national, he declared, and its object was to secure a nationally-recognized currency—hence its name. It also

<sup>1</sup> *Free Press*, May 11, 1878.

<sup>2</sup> *Eve. News*, June 5.

<sup>3</sup> *Eve. News*, July 13, Aug. 3, 1878.

tended to represent the interests of the laboring and the debtor classes. Both factions united in choosing Moses Field for permanent chairman, and proceeded to formulate their platform.

The resolutions demanded the unconditional repeal of the "so-called Resumption Act" and the National Banking Law, and required that paper be issued exclusively by the general government, "such paper money to be a full legal tender for all debts public and private." Resolutions were also adopted against the further issue of interest-bearing bonds. The party showed itself friendly to laboring interests by demanding a reduction of the number of hours of toil in order to give "more leisure for mental improvement and saving from premature decay and death." The tariff plank was made carefully non-committal, merely expressing favor for "such laws as will best protect the industries of the nation and confer the greatest good on the greatest number."<sup>1</sup> The state ticket was headed by Henry S. Smith for governor.

It was a debated question which of the older organizations lost the more members to this new National Greenback Party. From the first it was understood that it would not form a coalition with either of the old organizations and its absolute independence and uncompromising character tempted the Democrats to conciliate, for a time threatening to cause a schism in that party. There was some evidence, however, that after the nomination of the National Greenback state ticket, the members of Democratic antecedents wished to withdraw from the "irre-

<sup>1</sup> *Grand Rapids Dem.*, June 7. The *Adrian Press*, June 14, declared that the "lack of intrinsic value only makes the greenback inferior because it can't be used as an international currency. However, the convenience and safety as paper money far over-balances its intrinsic inferiority."

deemable party,"<sup>1</sup> and a Democratic organ confidently predicted that nine-tenths of them would return before election.<sup>2</sup> Though there is no way of proving a statement of such a nature, it is a safe conclusion that the conscience of the Democracy was not on the side of an irredeemable paper currency. Nevertheless concessions were made and compromises reluctantly entered into in local nominations which seriously diminished the following of the older organization.

There was far less response on the part of Republicans, as most of them had been whipped into line with the traditional hard-money policy of the party by the warnings of a few leading organs and by the defeat in 1874. As the district party platforms had almost always contained declarations in favor of hard money, the men of opposite inclinations promptly abandoned their former principles, or absolutely severed their party affiliations. There was little tolerance within the party for members of Greenback sympathies, and a state conference was held in Detroit, April 18th, to denounce the movement. A leading Republican journal declared that of about seventy-five Republican organs in the state that had taken sides on the question, all but three favored the maintenance of specie payments. On the other hand, it stated that ten of the thirty Democratic journals had soft-money preferences, but this statement cannot be proven, and was probably an exaggeration.<sup>3</sup> One notable instance of disaffection in the Republican party was not a surprise to anyone—that of Moses Field. He was the only member of the Michigan delegation to Congress who voted against the Resumption Act, and the

<sup>1</sup> *Eve. News*, June 6, 7, 1878.

<sup>2</sup> *Free Press*, June 14.

<sup>3</sup> *Lansing State Rep.*, April 26, 1878.

next year he openly joined the new party and became the chairman of its state executive committee.<sup>1</sup>

#### THE REPUBLICANS

The Republicans held their State Convention in Detroit, Thursday, June 13th, and chose Zachariah Chandler as permanent chairman. When he took the chair he indulged in a "ringing speech of fifteen minutes against the rebel conspirators at Washington," of which the following is a typical selection.

Why are there so many here to-day? The reason is obvious, there is danger in the country. The rebels have captured Washington, gained possession of one branch of the National Legislature by fraud, murder, assassination and torture, and they are liable soon to gain possession of the other. The Democrats have determined through revolution to overturn the Constitution and the Government.<sup>2</sup>

With reference to the money question he declared that, "the Republican party was the original greenback party, and no other class of men has any right to that name. The Republican party demands that one dollar in greenbacks shall be made equal to one dollar in gold or silver, and redeemable in the latter." Later in his speech Chandler paid his respects in typical fashion to the National party, which he declared "an agglomeration of all the rascality in the nation." At the close of his address Chandler received tremendous applause, to which the Republican organs took great pleasure in drawing the attention of the public.

The platform demanded the "free and untrammelled exercise of the right of suffrage," with reference obviously

<sup>1</sup> *Globe*, Dec. 22, 1874, p. 208, Jan. 7, 1875, p. 319; *Lansing State Rep.*, May 10.

<sup>2</sup> *Lansing State Rep., Post*, June 14, 1878.

to the difficulties of the negroes in voting in the Southern States. The party rejoiced at the early adjournment of Congress, and the "respite it afforded from the reckless and mischievous schemes of ignorant legislators made formidable by the despotism of a caucus." This was no unmistakable expression of the Republican attitude upon the financial legislation which, after pending since the middle of 1876, was finally passed as the Bland-Allison Act, February 28, 1878.<sup>1</sup> Repudiation was denounced in every form, and a "circulation of paper and coin interchangeable at par and at the will of the holder" was declared the best known to commerce. The party viewed "with apprehension the platform, resolutions and publications of the uncompromising opposition."<sup>2</sup>

The state ticket was headed by Governor Croswell, whose administration was declared "prudent, wise, honest, and economical." In closing, the convention declared him entitled to the "cordial respect and confidence of the people of the state of Michigan." Earlier in the campaign, however, there had been a movement set afoot for Zachariah Chandler as the successor of Governor Croswell, whom a small faction thought of dismissing after one term in office. This was closely connected with the estrangement of Chandler from Hayes, as Croswell was generally understood to be the opponent of the leader of the Stalwarts. Chandler stoutly denied all rumors of his connection with the governorship, and it is to be concluded that the movement was undertaken by some of his Stalwart friends, who did not understand that their leader preferred keeping himself independent and in readiness for a Senatorship.

<sup>1</sup> Cf. *supra*, p. 216, note 2.

<sup>2</sup> *Lansing State Rep.*, June 14; *Mich. Alm.*, 1879, pp. 15, 16.

## THE DEMOCRACY

The Democracy of Michigan this year presented various shades of opinion on the money question. Some of the leading journals feared that a disposition to conciliate the National Greenback party would lead to very unwise concessions. They accordingly declared that delegates could not afford to sacrifice any principles in order to secure votes. If the platform touched the currency question, it must contain only such declarations as approve resumption. "No overtures are to be made to the Greenback party," insisted a prominent Democratic leader, who warned the convention that "coin was the constitutional money of the country" and that the value of paper was only acquired by the pledge of the government stamp, convertibility being an indispensable requirement.<sup>1</sup> The party certainly had reason for apprehending a disagreement in its ranks on the currency issue, which had been revived—or at least renewed—by the efforts to repeal the Resumption Act. It was, then, its main interest to maintain unity, and receive all the support possible without compromising too much.

The State Convention met in Lansing, July 10th, with a large and harmonious attendance. The platform as presented by the Committee on Resolutions was discussed fully and finally adopted by almost a unanimous vote. It arraigned the Republican party for corruption, for the establishment of giant monopolies, and for squandering the public lands. It declared that the prostrate condition of the country demanded the reduction of state and national taxation to the lowest point possible. The plank to which the greatest attention by far was directed was that on the currency issue. "Gold and silver are the money of the

<sup>1</sup> Address of George V. N. Lothrop, *Free Press*, July 5, 1878.

Constitution", it declared, "and all paper currency should be convertible into such coin at the will of the holder."

The state ticket was headed this year by Orlando M. Barnes for governor, a man with hard-money preferences.<sup>1</sup> It was noticeable that in making its nomination this year, the party practically abandoned its policy of yielding to the Granger sentiment. In 1874 it had exercised great care in selecting a ticket representative of the agriculturist class. Four years later not one farmer was to be found among the candidates for state office, though several were owners of rural property. This fact would not require mention had not the Democracy formerly declared and shown themselves the special friends of the agriculturist class. It was evident that the party had left behind it several of the minor issues by which it had advanced to greater power in the several years just preceding, and the Republicans took occasion to make this observation more than once.<sup>2</sup>

#### THE PROHIBITIONISTS

The Prohibitionists still continued to meet, make nominations and to declare their views, notwithstanding their constantly failing power in Michigan, and the constitutional amendment against prohibition adopted in November, 1876.<sup>3</sup> Their convention was held in Lansing, August 13th, and the platform related to many matters of reform and social improvement. The party demanded an amendment to the Federal Constitution prohibiting "the importation, exportation, manufacture and traffic of all alcoholic

<sup>1</sup> *Mich. Alm.*, 1879, p. 17; *Free Press*, July 11.

<sup>2</sup> The *Lansing State Rep.*, July 12, classified the ticket as follows: three lawyers, three editors, one lumber dealer, one real estate agent and one teacher.

<sup>3</sup> *Cf. supra*, chap. vii, p. 204.

beverages in all places subject to the Congress of the United States," and it recommended treaties to that effect with foreign powers. It declared for the abolition of class legislation and the adoption of equal suffrage and eligibility to office without distinction of race, religious creed or sex. The public lands were to be reserved for actual settlers, and the federal and state government should compel the establishment of free public schools. Amicable relations between nations were to be furthered by arbitration provisions in all treaties thereafter signed, and the penal methods of the country were to be reformed by the adoption of "more human modes of punishment."

The position of the Prohibitionists upon the financial issue was for the most part sound. The national government alone should have the right to issue paper money, they insisted, and this should be subject to prompt redemption on demand in gold or silver. The party also declared for the abolition of executive and legislative patronage, for direct popular vote in the election of civil officers so far as possible, for reduction of salaries of public officers and for strict economy in the discharge of their administrative duties. The interests of the party thus came to include general reforms, and while it exercised little direct influence upon the politics of the time, it pointed out much-needed changes.<sup>1</sup>

#### THE CAMPAIGN AND ELECTION OF 1878

The campaign in Michigan was fought bitterly by the Republicans, who were dominated as usual by the more extreme and radical faction—the "Stalwarts" under Zachariah Chandler. They drew up their campaign plans along

<sup>1</sup> *Lansing State Rep.*, *Evening News*, Aug. 14; *Lansing Journal*, Aug. 15; *Argus*, Aug. 16. The candidate for governor was Watson Snyder, who was not prominent in a political capacity.



the line of the obsolete issue of Reconstruction and their treatment of that theme is typified by the speech of Chandler at the State Republican Convention. The withdrawal of federal troops from South Carolina and Louisiana<sup>1</sup> highly displeased Chandler, who believed that the President of his choice had abandoned the chief principle of the party—sufficient guarantee of loyalty before admission of the rebel states into the union.

It was against Chandler, then, as the leader of the “Stalwarts” that the fire of the Democrats was directed this year.<sup>2</sup> The latter effectively seized upon the vulnerable points in the Republican position, and asked: “Who nominated Hayes and was responsible for his candidacy? And who made him President of the United States? The Republican party nominated him, and no less a notable than the National Chairman of the Republican party made him President. . . . Tragic it is when a favorite falls so soon before his benefactors!”<sup>3</sup>

The paper-money issue was another fruitful source of mutual recrimination. The Republicans, who expected that a division would occur in the Democratic party along that line, were often found scoffing at the Democrats for showing a rather embarrassing tendency to embrace the green-back doctrines. The offended party, however, had good material for retaliation. “Who was Moses Field, that friend of soft money,” they asked, “and Thomas M. Ferry, a member of the Paper Trinity?”<sup>4</sup>

The election of 1878 was more disastrous to the Democ-

<sup>1</sup> Cf. *supra*, p. 215.

<sup>2</sup> Address of the Democratic State Central Committee, in the *Argus*, Sept. 13, 1878. Don. M. Dickinson, who had served as chairman, was succeeded by William B. Moran.

<sup>3</sup> *Lansing Jour.*, July 9.

<sup>4</sup> *Niles Dem.*, July 19, 1878.

racy of Michigan than that two years before. Besides electing the entire state ticket—which was only to be expected—the Republicans chose all nine Congressmen, and 90 members of a legislature of 132. The Democratic membership receded to 24, and the Greenbackers claimed 18. The dominant party could thus boast practically three-fourths of the membership.<sup>1</sup> Strangely enough the Greenback party advanced so rapidly, that its power was not far inferior to that of the Democracy this year. The former carried eight counties, the latter fourteen, but in the southern portion of the state a very strong minority of Greenbackers existed in many of the counties. From the relative strength of the two parties in the election of state legislature and local officers, it may be concluded that the Greenback party contained about three-fourths as great a membership as the Democracy.

It was also obvious that the Democrats had lost to the newer organization—and this they recognized themselves. Their attitude after the election was mainly one of disgust at the “attempt of their party to secure votes by a sacrifice of principle.” It was felt that the Democracy had lowered their standard in order to prevent defection to the National Greenback party, and to win back deserters—and they suffered accordingly. But the tone of the press was hopeful. “The losses from defection will be made up and the strength of the Democratic party will return.”<sup>2</sup>

#### SENATORIAL ELECTION OF 1879, AND THE RETURN OF CHANDLER

This was not the year for a regular Senatorial election,

<sup>1</sup> *Mich. Alm.*, 1879, pp. 69-81, 88, 123; *Mich. Man.*, 1879, 123-153, 154-9, 160-79; *Trib. Alm.*, 1879.

<sup>2</sup> *Argus*, Nov. 8. For other accounts of the election, *Free Press*, *Jackson Patriot*, *Grand Rapids Dem.*, Nov. 6-9.

but Mr. Christiancy's seat unexpectedly became vacant, and the new legislature was called upon to choose his successor. An unfortunate matrimonial experience while in Washington rendered Mr. Christiancy's domestic life so unhappy, and his social relations so uncongenial, that he resigned from the Senate in January to accept a foreign post. Several positions were offered him, and he accepted the ministry to Peru. It was no less than a tragedy which removed from Congress so able a man elected by an independent movement, and so well qualified to do splendid service.

The Republicans agreed this time on Chandler, as the opposition against him had ceased to be effective. The Democrats nominated Orlando M. Barnes, and the Greenbackers Henry Chamberlain—both very prominent Democrats. The election occurred February 18, 1878, and the joint vote for Chandler was 88, that of Barnes 22, that of Chamberlain 18, and four members were absent.<sup>1</sup> Thus Chandler was returned to the Senate without strong opposition, and his ambition since his defeat four years before was realized by an unexpected contingency and a special election. He did not serve out the unfinished term for which he was elected, however, as his death suddenly occurred after a strenuous campaign in Illinois in 1879.<sup>2</sup>

With the return of Chandler to the Senate and the restored harmony within the Republican party, this study will end. The rise of an opposition would be noticeable henceforth, if the investigation were continued, which

<sup>1</sup> *Senate and House Jour.*, 1879; *Mich. Man.*, 1879, pp. 319-20. The vote in the Senate stood thus: Chandler 22, Barnes 2, Chamberlain 5, absent and not voting, 2 Democrats, 1 Republican. In the House Chandler received 66 votes, Barnes 20, Chamberlain 13, and one Democrat was absent. The credentials were read in the Senate, Feb. 22.

<sup>2</sup> Nov. 1, 1879, in Chicago. He was succeeded by H. P. Baldwin, who was appointed Nov. 17. The term expired 1881; *Mich. Alm.*, 1880, p. 57.

would show the Democratic and Greenback parties moving forward until a coalition in 1882 defeated the Republican State ticket for the first time in the history of that party.<sup>1</sup> David H. Jerome was defeated for re-election to the Governorship, and Josiah W. Begole, nominated by the alliance, won. Neither Ferry nor Byron G. Stout received a majority of the votes of the legislature the following spring for Senator, and Thomas W. Palmer was elected on the first of March to succeed Mr. Ferry.

<sup>1</sup> *Michigan as a State*, vol. iv, pp. 151 *et seq.* Hemans, *History of Michigan*, pp. 233-4.

## CHAPTER IX

### THE SOCIAL AND ECONOMIC PROGRESS OF MICHIGAN

#### CHARACTER OF THE POPULATION OF MICHIGAN

THE political history of Michigan has been intimately connected with the social condition and industrial activities of the people, and these were greatly influenced by two factors which contributed largely to the motives for political action. In the first place, the character and diversity of the population, which included a large percentage of natives of other states and foreign immigrants, were important elements in determining party preferences. In the second place, the geographical and geological conditions of the state insured diverse industrial interests which demanded different policies with reference to commerce and the tariff.

The adult population of the state at the period covered by this monograph consisted largely of emigrants from the New England States and from New York. In 1870 the state of New York was more extensively represented in the population of Michigan than the other eastern states, and Vermont, Massachusetts, Connecticut, Maine and New Hampshire ranked next in the order named.<sup>1</sup> Nearly all

<sup>1</sup> New York State .....	231,509
Vermont .....	14,445
Mass. ....	10,839
Conn. ....	7,412
Maine .....	3,932

*Mich. Statistics*, 1870, pp. xliv, xlv.

the men who gained prominence in Michigan politics were natives of the eastern states who migrated westward and as a rule took up first agriculture or some trade, then legal study and practice, and finally politics.<sup>1</sup> A large number received academic training while yet in the east, and brought with them a well-developed enthusiasm for higher learning and literary achievement.

The foreign-born population of the state in 1870 included 22.63 per cent of the total, and a decade later, the state ranked seventh in this respect.<sup>2</sup> Michigan had a larger Canadian element than any other state in the Union, and this class comprised one-third of the foreign element. The lumbering interests were a great encouragement, and the proximity of the Canadian provinces facilitated migration. Of the European countries, Great Britain and Ireland contributed the largest number. During the two decades from 1830-50, many Irish arrived and by 1870 there were over 42,000 in the state. The Germans ranked second, and a large immigration of Prussians set in from 1840 to 1850, but this, like the entire movement, received a sharp check by the crisis of 1873. It was also at this time that there occurred the great influx of Dutch, who settled principally in Ottawa County, about a center called Holland City, and by 1884, Michigan contained a greater Dutch population than any other state of the Union. At the time when this study ends Michigan ranked seventh

<sup>1</sup> David H. Jerome, Governor 1880-2, was the only Michigan born incumbent of that office within the period of this study, and Thomas W. Ferry the only Senator, 1871-1883.

<sup>2</sup> British America 89,590, Great Britain and Ireland 86,200, Germany 64,142 (Prussia 28,660), Holland 12,559, France 3,121.

In 1860 the foreign-born numbered 149,093, the native 600,020. In 1870 the former increased to 268,010, the latter to 916,049, showing that the foreign population had increased approximately 80%, and the native-born 50%. *Mich. Stat.*, 1870, pp. xliii, vi, vii, lviii-lxi; *Mich. Alm.*, 1873, pp. 36, 37; *Census of Mich.*, 1884, pp. xxx-xxxiii.

in the number of German inhabitants. They were always a carefully considered element in the contentions between the two regular parties, and with the increased prominence of the prohibition issue, the rivalry became more active. As a rule the Democracy had the larger vote among the Germans and the same was probably true of the other foreign nationalities.

The negro population was never an important element in Michigan either socially or politically. Numerically it was too insignificant to influence public opinion on the suffrage question or, upon its enfranchisement, to give any effectual aid to the Republican party. In 1870 it comprised only one per cent of the entire population, and in Cass County it reached its highest level of eight per cent.<sup>1</sup> Another element within the state which may be considered practically negligible in the politics of this period were the Aborigines. In 1870 there were only 4,926 Indians in Michigan, located in the northern portion of the state, and of these a large number had crossed the border from Canada.<sup>2</sup>

The increase in the population of the state was phenomenal during the period of this study. In the twenty years beginning with 1860 it much more than doubled. From the rank of sixteenth in the Union, Michigan rose to the ninth place, and the average annual rate of increase for the first decade mentioned was nearly 4.69 per cent. The financial crisis of 1873 naturally caused a temporary fall and from 1870 to 1874 it was 3.02 per cent.<sup>3</sup> There was an

<sup>1</sup> This matter has been treated more fully in the chapters relating to the suffrage issues as presented in 1868 and 1870. Cf. *supra*, ch. iii, p. 80; ch. iv, p. 122.

<sup>2</sup> *Mich. Stat.*, 1870, p. xlv.

<sup>3</sup> The population in 1860 was 749,113, in 1870, 1,184,282, 1874, 1,334,031, and in 1880, 1,636,937. *Mich. Stat.*, 1870, pp. lv-lvii; *Comp. of Mich. Stat.*, 1876 pp. 14, 15, 16. *Census of Mich.*, 1874; *Mich. Man.*, 1879, pp. 181-3.

obvious movement of settlement toward the northern and northwestern portions of the state during these years, and though the southern counties gained, it was in smaller ratio than the other parts of the state. In the decade preceding 1870, the Upper Peninsula increased in population fifty per cent, the central and southern portions of the state increased two hundred per cent, and the uppermost counties of the lower Peninsula showed a population almost five times as great as that at the beginning of the decade.<sup>1</sup> The next ten years did not show so rapid an increase. The Northern Peninsula doubled its numbers, while the population of the Central and Southern portions did not gain so rapidly. From a decennial rate of almost 58 per cent increase during the first decade, the state as a whole fell to 38.2 per cent, and of this the Northern portion claimed the largest proportional gain.<sup>2</sup> With this increase in the population of the northern portions of the state and because of the growth in the industries of those regions the protective tariff was to receive added support and the transportation facilities by rail and by water were to be built up and improved.

In respect to literacy and education, a frontier state like Michigan, possessing a large percentage of foreign-born population, would naturally be expected to rank rather low. The large previous immigrations from the eastern states,

<sup>1</sup> *Mich. Stat.*, 1870, pp. lv-lvii. The rank of the counties as given in the pages cited is not of great value in this connection, since those newly organized withdrew a large population from the more densely settled ones, and the variations in their relative rank are not always indicative of the local changes in population.

<sup>2</sup> *Mich. Man.*, 1879, pp. 181-183; *Census of Mich.*, 1884, pp. xxx-xxxiii, clxxxiv-v. The density of population was 13 per square mile in 1860, 20.6 in 1870, and 28.5 in 1880. The distinctly frontier nature of the state is thus evident in its rank as twenty-first in the Union in this respect.



however, held up the intellectual standard, when the great extractive industries of the north, and the frontier location of the state naturally tended to lower it. In 1870 the total number of persons of ten years and over who were unable to read did not exceed 3.5 per cent of the entire population of the state. Those who could not write slightly exceeded 5.6 per cent, and of these 57.56 per cent were of foreign birth.<sup>1</sup> In respect to the number of its publications Michigan ranked eighth.<sup>2</sup> Within the decade beginning with 1870, the number of newspapers and periodicals more than doubled, the weeklies outnumbering the dailies. In 1860 there were only 118 publications of all classes, including eight dailies. Within the two decades from 1860 to 1880, the journals trebled in number and of these many were devoted to non-political subjects.<sup>3</sup>

There were over 5,400 public schools of all grades within the state in 1870, with an attendance of almost 250,000 pupils. The private institutions of learning numbered over 150, and these included Day, Boarding, Parochial, Charity and Indian schools. Twenty-three higher institutions, twelve of which were termed "Classical", had an attendance of almost 3,400 students, and were maintained by endowment, public funds and tuition. It was not strange that all but one of these institutions were to be found in the five lower rows of counties, and these also had by far the best educational advantages so far as private schools were concerned. At this time the state possessed

<sup>1</sup> *Comp. of Mich. Stat.*, 1876, p. 16. Among the native-born in the latter case were 1823 Indians.

<sup>2</sup> In 1870 it had 215 newspapers and periodicals, in 1880, 464. The dailies had increased from 16 to 33, and the weeklies, 176 to 397. Fifteen of the publications were printed in German, and several in Dutch; twenty-six were non-political.

<sup>3</sup> *Mich. Stat.*, 1870, pp. 666-677; *Census of Mich.*, 1884, p. xxxiv.

over 26,000 libraries of all classes with nearly 2,200,000 volumes. Of these the largest was the State Library at Lansing.<sup>1</sup>

The educational topic which was the subject for the keenest political discussion was the state maintenance of the Agricultural College as a separate institution. Some urged its removal to Ann Arbor and its incorporation as a part of the State University, while others opposed it as a purely class institution. It was, however, maintained as founded—a state institution for special instruction.<sup>2</sup>

#### INDUSTRIES OF MICHIGAN

Of the industries carried on in Michigan agriculture was first in importance. The southern and south central portions of the state were most typically agricultural and small farms from twenty to fifty acres in extent were most general. About half of the land was improved and by 1884 the state ranked seventh in the gross value of its farms and farm machinery, and eighth in the value of its farm products.<sup>3</sup> It was the southern and south-central portions which showed the most even balance of party preference and the strongest Democratic sympathies. It was also in these districts that the Granger and Greenback movements found the strongest support and influenced the leading parties to the greatest degree.

Next to agriculture the lumbering interests were of greatest importance in Michigan, and the state ranked first in respect to the value of the product. In 1870 the chief timber wealth was to be found in a territory between two

<sup>1</sup> *Mich. Stat.*, 1870, pp. 650-661, 663-665.

<sup>2</sup> *Cf. supra*, ch. iii, p. 76, for the discussion in the Constitutional Convention of 1867.

<sup>3</sup> *Mich. Stat.*, 1870, pp. 274-277; *Comp. of Mich. Stat.*, for 1876, p. 27; *Census of Mich.*, 1884, pp. xxxi-ii.

lines, of which the northern one connected Alpena and Grand Traverse Bay, the southern one extended from Port Huron to Grand Haven. Here grew forests of pine, oak, hemlock and ash, the first immensely exceeding the others in abundance. North of this belt, and extending to the Straits of Mackinac there were forests of maple, beech, ash, oak and elm with extensive areas of pine. Here also grew some of the most valuable ornamental woods indigenous to the continent. The Upper Peninsula was far less noted for its timber than its minerals, but abounded in nearly all the variety of trees that were found farther south.

This timber was worked up mainly in the districts on the Great Lakes and along the large rivers, both east and west. In the Saginaw Valley, especially in Saginaw and Bay Counties, there were many mills located along the Saginaw River from which the products were shipped in great quantities. Other milling districts on the east shore were Tuscola, Huron, Sanilac and St. Clair Counties and Detroit. On the west, the chief centers were Grand Rapids, Grand Haven, Ludington, Manistee and Muskegon. In 1873 there were 1,600 saw-mills, the value of whose products very nearly approximated \$40,000,000, and much of this output was shipped to Quebec and Buffalo. In 1884 the annual value of the product was more than one-fifth of that of the entire Union.

The work in the forests of the north drew a large number of foreigners, Canada supplying by far the greatest number, and Germany and Ireland ranking next. In 1870 nearly one-half of the lumbermen, raftsmen and wood-choppers were foreigners.<sup>1</sup> Their alliance with the Demo-

<sup>1</sup> *U. S. Census*, 1870, vol. i, p. 740; *Mich. Stat.*, 1870, pp. xlviii-li; *Comp. of Mich. Stat.*, 1876, pp. 40-45; *Census of Mich.*, 1884, pp. xxxii-iv.

cratic party accounts in part for the strong Democratic tendencies of the northernmost counties of the Lower Peninsula. The north-central portions, especially of the west, were consistently Republican, however, and the manufacturing interests tended to promote the tariff policy in the state.<sup>1</sup>

The immense mineral resources of the Upper Peninsula put Michigan in the first place with respect to the value of copper mined and the amount and value of the iron ore.<sup>2</sup> The work in the mines was chiefly carried on by foreigners, and out of 3,426 miners in 1870, only 233 were natives of the United States. The English and Welsh formed almost one-half of the foreign miners, while the Irish, German, Swedes, Norwegians and Danes followed in smaller numbers.<sup>3</sup>

The same observation may be made with reference to the political importance of the foreign element engaged in the mines of the Northern Peninsula as that with reference to the foreign class in the lumbering districts of the state. The Upper Peninsula was generally found to have strong Democratic sympathies, and the counties were often almost evenly divided. However, this region was so remote, and the means of transportation at this period were so imperfect in the north, that the election returns were often too

<sup>1</sup> Senator Thomas W. Ferry of Grand Haven was the chief representative of these interests in Michigan, and his attitude on the tariff question is obvious from his speeches in 1870 and 1872, *e. g.*, the speech on the "Folly of Reciprocity," May 24, 1870, *Globe*, Appx., pp. 370 *et seq.*

<sup>2</sup> Copper was mined in Houghton, Keweenaw and Ontonagon Counties, iron in Marquette, with smelting furnaces in that and adjoining counties. In the production of salt Michigan also ranked first, and the location of this industry was the district comprising Bay, Huron, Macomb, and Saginaw Counties. Coal, oil and gypsum were minor products. *Mich. Stat.*, 1870, pp. 550-569; *Comp. of Mich. Stat.*, 1876, pp. 4873; *Census of Mich.*, 1884, pp. xxxii-vi.

<sup>3</sup> *Mich. Stat.* 1870, p. li.

late to be counted in the official canvass. There was naturally a greater indifference in this region to political issues than in any other with the exception of issues involving railroad construction and improvement in the facilities for commerce.

By far the greatest items of manufacture in the state were lumber and minerals, and these branches of the industry were most often carried on in districts convenient to the source of raw material. The manufacture of finished products was not so extensive as might be expected. There were, however, vehicle and furniture factories of considerable importance, especially in Grand Rapids, agricultural implement works and woolen and cotton factories. Inclusive of all classes of manufacture, the value of the entire product for 1870 was nearly \$123,000,000.<sup>1</sup> It is not improbable that the districts which contained most of these interests—the central and southern portions of the state—would be influenced by them to favor protective tariff and oppose free trade. The ship-building industry of Michigan was comparatively unimportant during the early part of the period, and in 1870 less than 600 persons were thus occupied. There were twelve ship-building yards, and the value of the vessels exceeded \$1,200,000.<sup>2</sup>

#### THE PUBLIC LANDS OF MICHIGAN

The public land question was an important issue throughout this period in Michigan political history, and mention has been made of the repeated declarations of the different parties in favor of more rigorous terms of land grants by the state to corporations, especially railroad companies.<sup>3</sup>

<sup>1</sup> *Comp. of Mich. Stat.*, 1876, pp. 81-87.

<sup>2</sup> *Ibid.*, p. 87; *Census of Mich.*, 1884, p. xxxvi; *Mich. Stat.*, 1870, p. li.

<sup>3</sup> *Cf. supra*, ch. iii, p. 94; ch. v, p. 1; ch. viii, pp. 224, 226.

The problem in Michigan was very similar to that in the other states of the Northwest. As part of the territory ceded to the National Government from 1781 to 1786 by the states of New York, Virginia, Massachusetts and Connecticut, Michigan was one of the so-called "Public Land States" of the Union. Congress was the sole owner of the soil, with complete jurisdiction over the same.<sup>1</sup> It thus had the power under the Constitution<sup>2</sup> to dispose of this public domain under any conditions or by any method it saw fit, and all laws relating to this subject fall under two general heads. First are those providing directly for permanent private settlement and ownership, and second are those which make grants to states—or reserve tracts in territories—from the sale of which various interests, especially railroad companies, are to receive financial aid.

The earliest provision for the disposition of the public domain of the Northwest Territory was the Act of May 18, 1796—the first land ordinance of the Congress under the Constitution.<sup>3</sup> The land was to pass to the highest bidder, the minimum price being fixed at \$2.00 per acre, and the purchaser was required to deposit but five per cent of the price at the time of sale. Various laws were passed which modified the Act of 1796, but the credit feature remained until April 24, 1820.<sup>4</sup> From the opening of the land offices in the Northwest in 1810 to 1820, the sales in Michigan under the credit system amounted to 67,362.02 acres, yielding \$47,689,563.09.<sup>5</sup> Through the failure of the purchasers to meet the terms of sale, some of this land reverted to the national government.

<sup>1</sup> Donaldson, *Public Domain*, pp. 10, 13. *United States vs. Railroad Bridge Co.*, 6 McLean, 517.

<sup>2</sup> Art. IV, §3, p. 2.

<sup>3</sup> *Laws of U. S.*, ii, 533.

<sup>4</sup> *Stat. at Large*, iii, 566.

<sup>5</sup> Donaldson, *op. cit.*, p. 203.

From 1820 to 1840, various temporary relief measures were passed by Congress to relieve the financial distress of settlers who were not able to complete the terms of sale.<sup>1</sup> From September 4, 1841, dates the permanent pre-emption system of disposition of public lands, which, by the end of the period of this study, entitled persons of twenty-one years of age, or heads of families, to secure land to a maximum extent of 160 acres through the essential conditions of actual residence, improvement, and the payment of the price varying from \$1.25 to \$2.50 per acre.<sup>2</sup> Very nearly related to pre-emption was the homestead policy which, after several attempts and long discussion, was finally entered upon May 20, 1862.<sup>3</sup> The act was several times amended, but the essential features of the policy are these—the gift of land in tracts of 160 acres or legal subdivisions, free of charge, to any citizen who is twenty-one years of age or the head of a family, and resides upon the land for five years. A nominal sum was chargeable merely sufficient to cover the costs of the surveys. Title could be secured prior to the five years regularly required, by the payment of the minimum price of the land as provided in the pre-emption acts. This was known as “commutation of homestead entries”. In the same manner, a pre-emptor was allowed to change his holding to a homestead entry by residing upon the land the required length of time, and the land became taxable, by state law, at the close of the residence period of five years.<sup>4</sup>

In Michigan, during the year 1863, there were 1,537 en-

<sup>1</sup> Donaldson, *op. cit.*, p. 205 *et seq.*

<sup>2</sup> *Ibid.*, pp. 214-16; *Stat. at Large*, vol. v, p. 453.

<sup>3</sup> Donaldson, *op. cit.*, pp. 349-50; *Revised Statutes*, pp. 419-24.

<sup>4</sup> *Acts of Mich.*, 1873, no. 169, pp. 227-8.

tries calling for 195,939.66 acres. The number of entries was reduced to half in 1865, rose again the succeeding year and maintained an annual average of 1,500 until 1877, when it fell to 947.<sup>1</sup> The aggregate number of entries in the state from 1863 to 1880 was 25,086, with a total of 2,911,749.13 acres. It will thus be seen that within the two decades of this study, almost 10 per cent of the area of the state, which constituted a little over 36 millions of acres, was entered for homesteads. This manner of dealing with the public domain was much encouraged by the state, and frequent declarations appear in the party platforms demanding the preference of home-seekers over corporations.

The second method of disposition of the public domain not included within territories is that of grants to states for the financial aid of various interests. Among the earliest grants made to Michigan were those of June 23, 1856,<sup>2</sup> for educational purposes. In the first place the sixteenth section of every township was granted for the common schools of the state, and this approximated one-thirty-sixth of the entire area of Michigan, or almost 1,067,400 acres. In Ohio, Indiana and Illinois it was the customary practice to give over the management of these sections to the respective townships in which they lay, but Michigan wisely reserved the control in the hands of the state government. In the second place, Michigan and Arkansas each received two townships for university purposes. The State Commission appointed to make the selection for

<sup>1</sup> Donaldson, *op. cit.*, pp. 350-355. S. Sato, "History of the Land question in the United States," *Johns Hopkins University Studies in Hist. and Pol. Science*, 1886, Fourth Series, Pamphlets 7, 8, 9, p. 176 *et seq.*

<sup>2</sup> Donaldson, *op. cit.*, p. 228; *Mich. Coll.*, vol. vii, pp. 17-35. "History of Land Grants for Education in Michigan," George W. Knight, pp. 23-28.



Michigan chose a tract which lay along the Maumee River. It was then included within the limits of the state, and is now the heart of the city of Toledo, Ohio. These lands were early sold far below their real value, as 400 acres were disposed of for \$5,000, and the remainder of the 46,080 acres passed for little more than \$19 per acre.<sup>1</sup>

In order to complete the brief account of educational grants in Michigan the Morrill Act of July 2, 1862<sup>2</sup> should be mentioned at this point. By this measure each state was to receive 30,000 acres for each of its members in Congress in 1860, though a maximum was placed at one million acres for one state, and the old states were required to accept within three years.<sup>3</sup> The moneys derived from the sale of these lands were to create a fund, the interest of which was to be used for "at least one college" in each state, the leading object of which was "to promote the liberal and practical education of the industrial classes in their several pursuits in life." As Michigan was then represented in the lower house of Congress by six members, the state received 240,000 acres of land, and from this land she realized somewhat over \$275,000.

The proceeds of the sale of these "educational lands" of various classes were not all devoted to the purposes for which they were originally intended. An act of March 10, 1875, provided that "all money received into the State Treasury for the sale of lands and placed to the credit of the University, Agricultural College, Normal or Primary School fund, after March 1, 1875 shall be used in defraying the expenses of the state government."<sup>4</sup>

<sup>1</sup> Knight, *op. cit.*, pp. 29-34.

<sup>2</sup> *U. S. Stat. at Large*, xii, p. 5035.

<sup>3</sup> Michigan accepted July 25, 1863, *Acts*, 1863, p. 54.

<sup>4</sup> *Acts*, 1875, no. 22, p. 21.

The second great class of federal land grants were those for internal improvements, and among these, the railroad lands were probably of the greatest ultimate importance.<sup>1</sup> Canals and wagon roads were of earlier construction. In Michigan there were large tracts of swamp lands alleged to be worthless in their natural condition and impossible of reclamation by direct national interposition. Their improvement was extremely desirable, however, from the point of view of sanitation and also of the enhancement in value of the adjoining government property. Accordingly, in 1850, Congress granted Michigan, among other states, the wet lands within her limits for reclamation.<sup>2</sup> In this state, as well as Wisconsin and Minnesota, the selection was made not by state agents, as it was customary to provide in some of the other states, but by federal officers—either the Surveyor-General or the Commissioner of the General Land Office. This grant of 7,373,804.72 acres constituted the largest single gift made to the state at any one time, and it was expected that the sale of part of these “swamp and overflowed lands” would pay the expenses of reclaiming the rest, which could be used for the development of transportation facilities.

In addition to these Congress made special grants from time to time for the construction of canals, wagon-roads and railroads. The total amount of land granted by Congress for the construction of canals from 1852 to the close of the period of this study was 1,250,000 acres. For the construction of the St. Mary's Falls Ship Canal, alone, 750,000 acres of mineral and farming lands were donated.

<sup>1</sup> *Mich. Coll.*, vol. vii, pp. 52-63. “Federal Land grants for Internal Improvements in the state of Michigan,” by A. N. Bliss, A. M.

<sup>2</sup> Donaldson, *op. cit.*, pp. 219-20; Bliss, *op. cit.*, p. 53 *et seq.* The state legislature passed an act in 1861 to secure the settlement and drainage of the swamp land. *Acts*, 1861, p. 145.

They were located in the region of the "Mineral Range" in the Upper Peninsula, and included the site of the famous Calumet and Hecla Copper Mines.<sup>1</sup> The canal was completed in 1855, but the needs of commerce later required its deepening and enlargement. Accordingly, Congress donated 250,000 acres to the state and this was in turn appropriated. In 1881 the canal was completed, and five years later the construction of the present locks<sup>2</sup> was begun.

Water transportation was also promoted by deepening the channel between Lakes St. Clair and Huron. On account of the vast natural resources of the state, the entire district about the lakes demanded improved facilities for transportation by water. All large vessels were compelled to sail by a long and tortuous route through Walpole Creek between Harson's and Walpole Islands, or by way of Bear River around Ann's Island, for the main channel of the St. Clair River south of Algonac was very shallow. Finally, in 1856, General Cass secured an appropriation of \$65,000. With this amount a channel was cleared six thousand feet long, one hundred-fifty feet wide, and nine feet deep. After several unsuccessful attempts on the part of Chandler an additional appropriation was secured in 1866, with which the channel was deepened to sixteen feet.<sup>3</sup> The lands granted for the building of wagon roads exceeded 221,000 acres by June 20, 1864, after which date the practice ceased.<sup>4</sup>

<sup>1</sup> Donaldson, *op. cit.*, p. 258; Bliss, *op. cit.*, pp. 57-65. The land for the canal was donated by Congress, Aug. 26, 1852, and accepted by Michigan, Feb. 5, 1853.

<sup>2</sup> *Acts*, 1871, no. 88, p. 117; R. D. Williams, *Life of Peter White*, pp. 210-11.

<sup>3</sup> *Mich. Coll.*, vol. 21, pp. 352-367; xxii, p. 496.

<sup>4</sup> Donaldson, *op. cit.*, p. 260; Bliss, *op. cit.*, pp. 52-57.

Railroads were, however, the state issue of greatest economic importance during this period. After 1864 there was rapid progress in their construction, due mainly to the demand for additional outlets for the natural products of the state, especially lumber, salt and plaster. The trunk lines at this time entered into competition in the projection of lateral and connecting lines, and a strong feeling in favor of extending local aid to these enterprises existed prior to 1849. The adverse decision in the Salem case<sup>1</sup> in 1870 temporarily checked construction, but the rapid progress made during the succeeding three years demonstrated the absence of any necessity for municipal aid.<sup>2</sup>

The growth of the railroad systems in Michigan had been phenomenal. In 1860 there were less than 800 miles of railroad in operation in the state; ten years later there were over 1,700 miles; and by 1876 there were 3,615 miles. The crisis of 1873 abruptly checked construction and the following year only 61 miles were added. However, there were in 1874 thirty-four corporations operating in the state, with about three-fifths of their mileage lying within its boundaries. For the period from 1865 to 1875 which marked the greatest activity in railroad building, the average annual construction was 330 miles, but the climax was reached in 1872 when 901 miles were added. The greatest mileage in 1876 was operated by the Lake Shore and Michigan Southern with its branches, the Grand Rapids and Indiana ranked next, the Flint and Pere Marquette, the

<sup>1</sup> *Mich. Law Reports*, vol. xx, pp. 452-522.

<sup>2</sup> Municipal aid had been granted by Acts 1869, No. 45, pp. 89-95, which enabled any township to give aid to railroads, and No. 336, pp. 660-1, March 24, legalizing such action on the part of towns. For the importance of this question in politics, *cf. supra*, ch. iii, pp. 81; ch. iv, pp. 108 *et seq.*

Chicago and Michigan Lake Shore, and the Michigan Central followed in the order named.<sup>1</sup>

The railroads, it has been said, were the chief recipients of federal aid. All attempts to secure land grants in their behalf failed until June 3, 1856, but from that date until the close of this period almost 3,356,000 acres were given the state for their benefit. The mileage of exclusively land grant railroads, however, did not exceed 1,005 by June 30, 1880.<sup>2</sup> The main beneficiaries during the period from 1856 to 1872 were the Jackson, Lansing and Saginaw Railway, which received almost 750,000 acres, the Grand Rapids and Indiana, almost 630,000 acres, the Chicago and North Western, 518,000 acres, and the Flint, Pere Marquette, 512,000 acres.

The state, as a rule, promptly accepted these lands for the corporations already in existence, for whom they were intended, or encouraged the creation of corporations to undertake the work anticipated by Congress. It passed precautionary measures designed to protect the wooded lands, and prevent the cutting and carrying away of lumber.<sup>3</sup> There were cases when the state was called upon to declare the forfeiture of land by a railroad which failed to comply with the required conditions in the grant. Thus in 1869, the Marquette and Ontario Railroad Company lost its lands on the ground that it had failed to construct ten miles of road each year.<sup>4</sup>

From time to time Congress was called upon to extend

<sup>1</sup> The mileage was approximately 403, 280, 279, 246, 220 respectively; *Comp. of Mich. Stat.*, 1875, pp. 89-94; *Mich. Man.*, 1877, p. 298; *Mich. Alm.*, 1879, p. 47; 1880, p. 30.

<sup>2</sup> Donaldson, *op. cit.*, p. 268, 275, 287, and chart, p. 948; Bliss, *op. cit.*, pp. 65-68.

<sup>3</sup> *Acts of Mich.*, 1867, no. 97, Mar. 25, 1867, and 1869, no. 34, p. 51.

<sup>4</sup> *Acts*, 1869, p. 411.

the period for the construction of a land-grant railway. These repeated demands upon its time and attention finally ended in 1879, when the United States released to Michigan all interest in the lands granted to the state by the act of 1856.<sup>1</sup>

#### THE FINANCES OF MICHIGAN

The financial condition of Michigan during this period gave the Republicans good grounds for congratulating themselves upon an economical administration. The bonded indebtedness of the state had reached very nearly \$4,000,000 by the close of 1866 and annual reductions brought the debt down to approximately \$2,385,000 in 1870. The crisis of 1873 caused the proceeds from the sale of lands to fall from over \$230,000 in 1873 to less than \$62,000 the next year.

The years of 1874 and 1875 were the most important politically with reference to the management of the state finances. The Constitution provided for a sinking fund to be applied solely to the payment and extinguishment of the principal of the state debt, with certain qualifications.<sup>2</sup> The specific taxes applicable to the purpose not only met the interest on the entire indebtedness, both bonded and trust, but afforded a surplus more than sufficient to pay the maturing principal of the bonded debt. The surplus from this source averaged about \$210,000 per annum during the early years of the decade. It was this constantly increasing surplus that the Democrats strongly objected to, alleging that it was loaned to favored banks, in which state officials were interested, at a lower rate of interest than was generally current, and with poor security. They urged in 1874 that due to this accumulation of state funds in

<sup>1</sup> *Stat. at Large*, vol. lxx, p. 490.

<sup>2</sup> Constitution, Art. XIV, Sections 1 and 2.

1874 the state taxes should not be assessed this year, but their demand was not complied with. This agitation was certainly an influence in bringing about legislation in the session of 1875 authorizing the purchase of unmatured bonds at such rates as the Governor, State Treasurer and Auditor General should see fit.<sup>1</sup> Under this act bonds to the amount of \$125,000 were purchased at a premium of a fraction over three per cent.

The Republicans could substantiate their boast that in the face of accumulation of the surplus, taxation had been reduced. From approximately \$590,000 in 1866 it had risen and fallen until in 1870 it was less than \$483,000. In 1872, however, it rose to over \$920,000, and in the year of the crisis the receipts fell short of the disbursements by over \$170,000. The specific taxes for the period from 1866 to 1875 were received mainly from railroads, insurance companies, mines and banks, and the total receipts of this nature were almost three times as great at the close of the decade as at the beginning. The entire appropriations to institutions charitable, reformatory, penal, and educational, increased from almost \$178,000 to \$427,000.<sup>2</sup>

It was not strange, then, that the dominant party should point with pride to the financial condition of the state, especially as it appeared before the panic, and that they should claim to have secured a surplus in the treasury notwithstanding the reduction of taxation. The charges brought against the financing of the surplus, and the censure naturally attached by the Democrats in 1873 to the railroad policy of the Republicans both aided to give the

<sup>1</sup> *Acts*, 1875, p. 294.

<sup>2</sup> *Mich. Alm.*, 1870, pp. 62, 63; *Mich. Man.*, 1873, pp. 336, 348, 350, 351; 1875, pp. 314-319; 1877, pp. 352, 356, 357; 1879, p. 306; *Comp. of Mich. Stat.*, 1876, pp. 16-20; *Census of Mich.*, 1884, pp. xxxii-iii; *Report of Auditor General*, 1874, p. 385; 1875, p. 8.

combined opposition great gains in the fall election of 1874. The suspicion aroused by the accumulation of over \$1,000,000, with no intention of exempting the state from taxation for one year, obviously helped turn the tide in state politics against the dominant party.

Such were the social, industrial and economic conditions of the state which were most prominent in the politics of the period. The diversity of interests led to a diversity of issues, and the rapid industrial development of this naturally rich frontier state brought into the foreground questions of internal improvement and railroad extension. The size of the state directly tended to foster sectionalism, and this was a potent factor in the personal politics of the period. The defeat of Jacob M. Howard for the Senatorship, the succession of Thomas W. Ferry, and the policies of Austin Blair and William A. Howard are all evidences of the extent to which this factor influenced the politics of the time.



## CONCLUSION

AT the close of this study it may be remarked in summary that the politics of the state were at first dominated by national issues, while the local interests which centered about the extension of railroads and the development of industry were decidedly of secondary importance. With the close of the war these state matters assumed greater importance, and repeated attempts were made to revise or amend the constitution with reference to railroad aid, internal improvement and the increase of salaries. The negro suffrage issue, which was purely national at first, became a subject for state action in 1868, and in 1870 on the second trial the change was adopted by a vote which obviously crossed party lines. The development of railroads was at first a non-political matter which was but a part of the general tendency of the period. After the decision in the Salem case had popularized the conception of the nature of taxation, the parties took sides and the Republicans were reasonably considered the friends of railway aid. By 1871, however, the opposition was so strong that they were glad to abandon their extreme projects and progress with greater conservatism.

The well-nigh unassailable position of the Republican party in Michigan rendered the Democracy virtually powerless save when a union could be effected with some disaffected faction. The unusually violent and aggressive nature of the powerful leader, Zachariah Chandler, occasioned strong opposition which several times threatened to cause a schism in the party. The disaffected joined with

the Democracy in 1870, giving it one member in Congress. The rise of a combined opposition was interrupted by the catastrophe of 1872, but two years later resulted in a surprising defeat of the dominant party. This opposition receded again in 1876 and 1878, then took on new vigor and reached its climax six years later in the election of the state ticket by the combined forces of the Democracy and Greenback party. The latter had not become directly influential until 1878.

The currency issue more than any other endangered the unity of the two regular parties. At different times it came near to disrupting both parties, and out of political expediency both were forced into some inconsistencies. The Republicans suffered from serious disaffection in their ranks in 1874, but after their punishment at the polls, the factions again became entirely harmonious. It was the Democracy which in 1878 was seriously divided between suspension and resumption, and its willingness to combine with the National Greenback party four years later broke the continuous line of state Republican victories. Late in the seventies the new party threatened to disrupt both of the old organizations along the lines of soft money and suspension, but that danger was averted, with the result that alliance rather than disruption reversed the political status in Michigan.

The Reform element within the state consisted not only of the powerless minority party but of disaffected factions within the leading party. This movement was temporarily successful within the state in 1870 and again four years later, but the personal politics centering about Austin Blair made the contest unusually bitter. It was an unfortunate instance of the powerful conservatives chastising a small group of reformers, the leader of whom had been a great factor in giving the party its high standard in the state.

The war-governorship of Austin Blair was, by its attendant circumstances, one of the most powerful forces which gave the Republicans their ultra-loyal appearance during the war and their strong position in succeeding years. The ex-governor is conceded to have been a man of far too great conscience and conviction to have made a successful political career for himself amid the conflicting ambitions of the entire group of leaders. Furthermore, it is not unreasonable to suppose that his successive defeats for the much-desired senatorship made him extremely sensitive to the factious troubles within his party. Whatever may have been the dominant reason for these movements, his was certainly an unusual record. As an extreme anti-slavery Whig he joined the Free Soil party and later became one of the ultra-Radical leaders among the Republicans. In 1872 he was the foremost Michigan man in the Reform movement and the candidate for Governor of the combined opposition. He became so completely alienated from his former alliance that four years later he was named for Presidential elector by the Democracy of the state. It is not improbable that the sharp criticism he suffered at the hands of his former friends drove Austin Blair further than he would otherwise have gone.

Prohibition was a persistent movement which encountered a reaction in the form of the License party, and the temperance question was throughout a troublesome one for both parties. It was well understood that the large German vote would be at the opposite end of the balance and the two parties were cautious about favor to the Prohibitionists.

The Grangers in Michigan did not nominate a state ticket, but they exercised a potent influence over the Democracy in 1874, especially in its nominations. The subordinate organizations built upon the minor issues that ap-

peared locally and depended upon temporary conditions could not prevail to any considerable extent against the regular party formation.

In the general view of the period of this study, the Republican party of Michigan appears virtually invulnerable. It had advantages historically, and the party organization was as nearly perfect as strong-minded and absolute leaders could make it with the aid of a most effectual assessment system. Thus Michigan was, at this period, what the foremost leader often called this state, the "Massachusetts of the West".

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#### V. OFFICIAL STATE PUBLICATIONS.

Acts of the Legislature, passed in the Biennial Sessions meeting the odd years, and the Extra Sessions; Senate and House Journals; Senate, House and Joint Documents; Journal of the Constitutional Convention of 1867, and Debates of the Convention, 2 volumes; Annual Report of the Auditor General; State Census Reports for 1864 and the decennial years following; Compilation of Michigan Statistics, 1876, compiled under authority of the Governor in the interest of Emigration, S. B. McCracken; Michigan Manual, a convenient compilation of extensive data for the use of members of the legislature. It is published every odd year and contains various election statistics with valuable comparative tables.

#### VI. NEWSPAPER COMPILATIONS.

*The Michigan Almanac*, published by the *Detroit Tribune*, is the best source for a study of the political statistics of Michigan; *The Legislative Souvenir and Political History of Michigan, 1897*, published by the *Lansing State Republican*, contains useful material relating to the period in question.

#### VII. NEWSPAPERS.

By far the most important sources for the political history of this period are the journals of the state. The number of newspapers available has unfortunately been limited by a frequent neglect on the part of offices and libraries to preserve contemporary files. In many of the offices throughout the state, however, are found files of papers now continued or absorbed, but the larger libraries are, of course, the most valuable repositories of old numbers. The most important of these are the State Library at Lansing, the Detroit, Battle Creek, Bay City, Grand Rapids, Hillsdale, Jackson, Kalamazoo and Niles Public Libraries, and the Libraries of the State University at Ann Arbor and the College of Mines at Houghton. The Library of Congress, Washington, D. C., has a very good collection of files of the leading party organs of Michigan during this period. They include the *Detroit Post*, *Advertiser and Tribune*, *Free Press*, *Evening News*, *Lansing State Republican*, *Grand Rapids Daily Eagle*, *Jackson Daily Citizen*, *Benton Harbor Palladium*.

The Republican journals which have been available for this period, 1864-1878, either entire or in part are as follows, in the order of relative importance: *Detroit Post*; *Detroit Advertiser and Tribune*; *Lansing*

*State Republican; Grand Rapids Daily Eagle; Jackson Citizen; Kalamazoo Telegraph; Niles Republican, Hillsdale Daily Standard; Benton Harbor Palladium; Grand Traverse Herald; Pontiac Gazette; Saginaw Valley News; Bay City Daily Tribune; Coldwater Republican; Wolverine Citizen, Flint; Mason News; St. Clair Republican; Ypsilanti Commercial; Allegan Journal; Aarian Times; Charlotte Republican.*

The journals which were considered "independent" are as follows: *Detroit Evening News, Marshall Statesman, Portage Lake Mining Gazette; Grand Rapids Times; Benton Harbor Times; Saginaw Courier; Michigan Tribune, Battle Creek.* With the exception of the first two papers, there are very few numbers of these independent journals accessible.

Those which supported the Greenback movement are: *Adrian Press; Allegan Democrat; Battle Creek Journal; Grand Rapids Democrat; Niles Weekly Mirror.*

The Democratic organs which were consulted are as follows: *Detroit Free Press; Michigan Argus, Ann Arbor; Jackson Patriot; Kalamazoo Gazette; Niles Democrat; Lansing Journal; Marshall Expounder; Muskegon News; National Democrat, Cassopolis; Bay City Observer; Monroe Monitor; Traverse Bay Eagle;* and the unreconciled copperhead sheet, *Ypsilanti Sentinel.*

This list of consulted journals includes all that are available, so far as exhaustive and insistent correspondence was able to prove, and of the papers cited last in each list there were discovered in some cases only a few numbers unbound and unarranged, in offices, court house collections and public and private libraries.

It will be observed that almost none of the newspapers mentioned were from the northern part of the state. There were, of course, relatively fewer published in that portion, and less fortunate facilities existed for their preservation. In the state as a whole, there are over one hundred newspapers unavailable for this period, as there were 163 political organs in 1870 and only 49 can be accounted for, including many with only a few scattered numbers.

The Republican Party is most completely represented in the journals still remaining, for the obvious reason that it naturally supported the greatest number of publications in Michigan.

For election returns, most if not all of the above-named organs have been cited, as it was thought they indicated local sentiment and political preferences. For really valuable editorial comment, however, the four large Detroit journals, the *Lansing State Republican, Grand Rapids Daily Eagle,* and the *Ann Arbor Argus* are by far the most reliable.

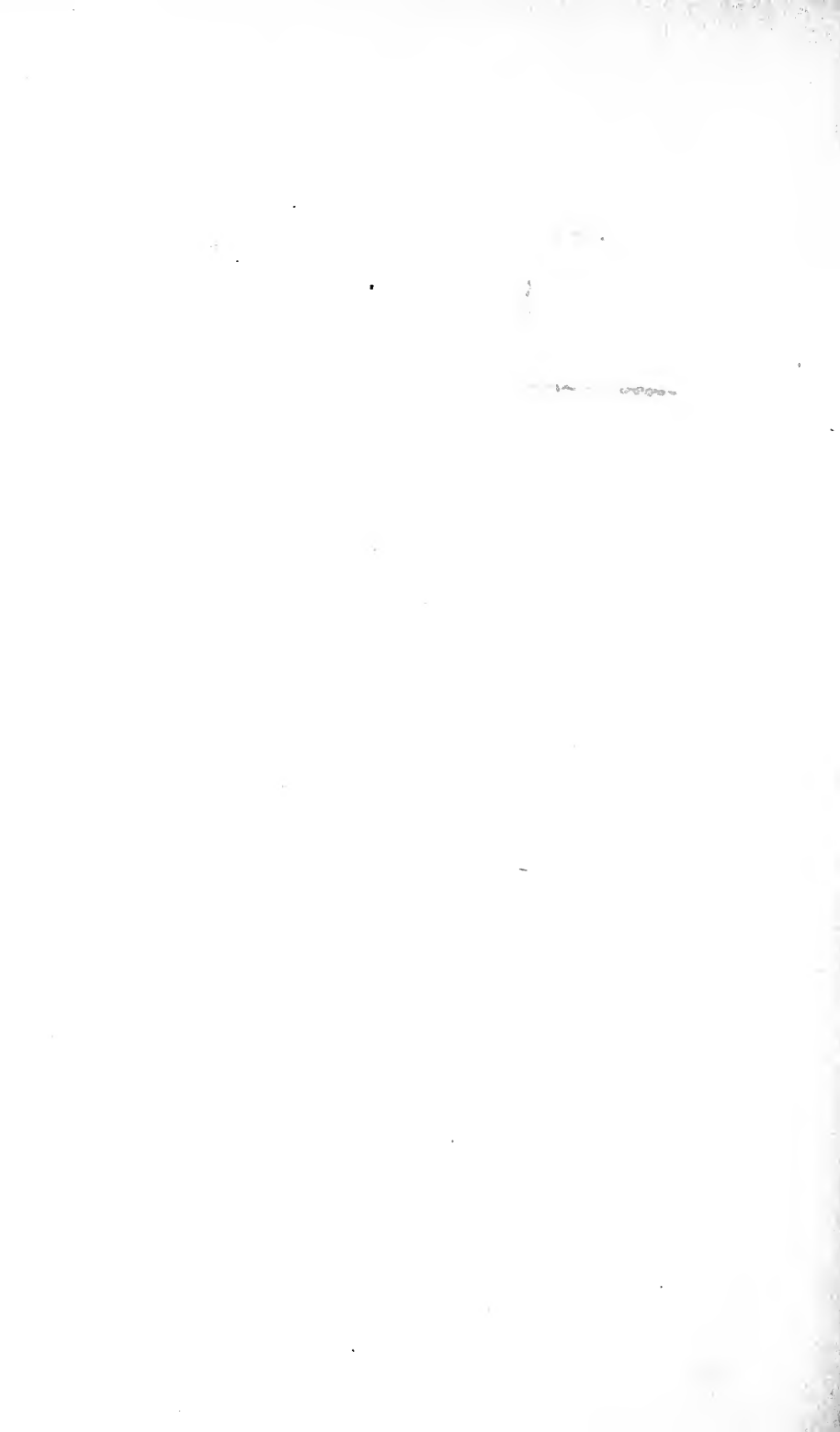






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THE UNITED STATES BEET-SUGAR INDUSTRY  
AND THE TARIFF



**STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW**

EDITED BY THE FACULTY OF POLITICAL SCIENCE OF  
COLUMBIA UNIVERSITY

Volume XLVII]

[Number 2

Whole Number 119

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**THE UNITED STATES BEET-SUGAR  
INDUSTRY AND THE TARIFF**

BY

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New York  
COLUMBIA UNIVERSITY

LONGMANS, GREEN & CO., AGENTS

LONDON: P. S. KING & SON

1912

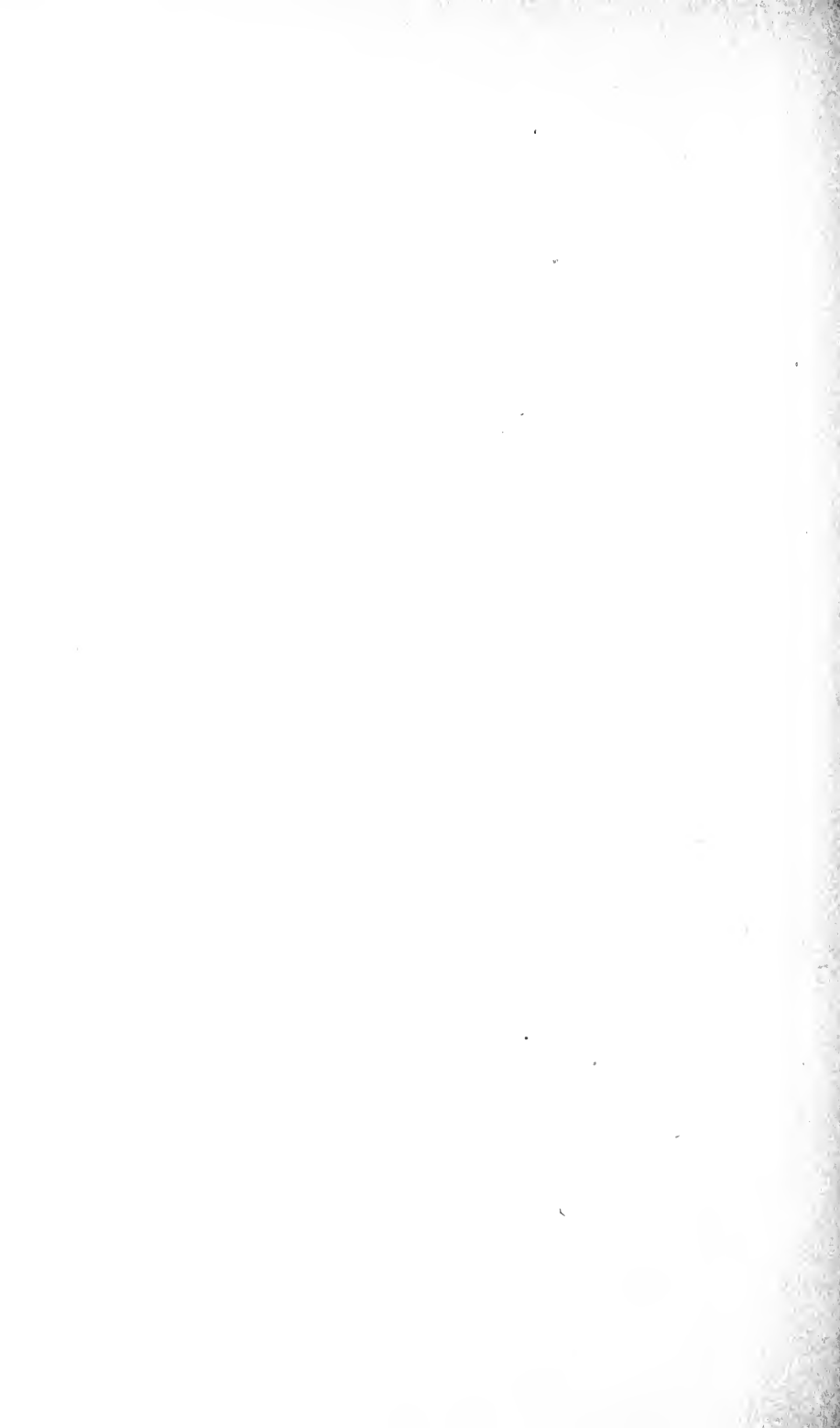
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ROY G. BLAKEY

## PREFACE

THE limitations of a study of this kind are such that only a few of the principal problems involved can be set forth, even in outline. Hence, most attention has been paid to the three main factors which will determine the future development of the domestic beet-sugar industry, namely: agricultural conditions, cane-sugar competition and modifying legislation. Suits, legislation and other matters now pending may soon render obsolete certain parts of anything which may be written, but the fundamental facts and principles involved are not subject to such rapid change, even in the case of matters so highly dynamic as those here under consideration.

Lack of space forbids the naming of the many individuals to whom the writer is indebted for assistance in the preparation of this study. They include experiment-station directors, beet-sugar authorities and correspondents in the sugar-producing states; heads of bureaus, chiefs of divisions and individual investigators in various departments of the federal government; manufacturers, brokers and statisticians in New York and other centers. The writer is grateful to each and all and cannot fail to mention his appreciation of the special courtesies of Messrs. Willett & Gray and the helpful suggestions of Professors E. R. A. Seligman and H. R. Seager. He is under even greater obligations for the very special and extensive favors of Mr. M. L. Jacobson and Professor H. R. Mussey.

COLUMBIA UNIVERSITY, NEW YORK CITY, APRIL, 1912.





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## A. INTRODUCTORY BACKGROUND

### CHAPTER I. ORIGIN AND RISE OF THE EUROPEAN BEET-SUGAR INDUSTRY

#### I. INTRODUCTORY

THE United States is much the largest sugar market in the world, consuming twenty-two per cent of the total world product, or three and two-thirds million short tons annually. Of this amount, about half is imported from foreign countries—mostly from Cuba—and one-fourth from insular possessions. One-tenth is furnished by the domestic cane, and one-seventh by the home beet-sugar industry. The aggregate consumption has doubled in the last fifteen years and quadrupled in twenty-five years, the average annual increase for the last three decades being 4.267 per cent.<sup>1</sup>

In the sugar-campaign year of 1910-11, the last for which we have official statistics,<sup>2</sup> the United States produced 510,172 short tons of granulated beet sugar. This is six times the output of the industry ten years previous (1901), fifteen times that of fifteen years before (1896), and one hundred and thirty-five times that of twenty years before (1891). What have been the causes of this

<sup>1</sup> Willett & Gray's *Weekly Statistical Sugar Trade Journal*, Jan. 4, 1912, p. 2. In most instances, the years 1910 and 1911 are the last ones for which we have data, hence calculations are made from them.

<sup>2</sup> U. S. Dept. of Agr., *Crop Reporter*, Oct., 1911. Estimated production, 1911-12, 540,000 long tons (604,800 short tons of 2,000 lbs. each), Willett & Gray, *ibid.*, p. 9; 572,415 short tons, *American Sugar Industry*, Jan., 1912, p. 20.

remarkable growth and what factors will determine its future development? Should the industry continue to receive state and national encouragement as during the past two decades, or should protective duties be reduced or abolished? How shall we determine such matters wisely, that is, so as to conserve and promote as best we can the highest interests of the whole people? To throw some light upon these problems is the purpose of this study.

Inasmuch as sugar has so many fields of production, both actual and potential, and even wider fields of distribution, also capable of expansion, a proper estimate of past and future developments of the United States beet-sugar industry—both possible and desirable developments—demands that this industry be studied as a part of an intricate and interacting world system rather than as an independent whole in itself. Just as certainly as the fluctuations of the wheat, wool, cotton, iron, and other industries in particular countries have seriously affected these and allied industries in other countries, regardless of internal conditions of the countries affected, just so certainly have similar reactions modified and even determined the developments of the various sugar industries of the world.<sup>1</sup>

## 2. ORIGIN AND SPREAD OF THE CANE-SUGAR INDUSTRY

Though sugar cane and sugar beets have been culti-

<sup>1</sup> Consequently, we shall be obliged to pay some attention to questions that may seem rather remote upon first thought. Furthermore, to avoid too much repetition, it may not always be best to elaborate the full relation between each part and the whole as we proceed; rather, it seems more desirable in many instances to postpone most of the correlating of facts and the drawing of conclusions until all of the various parts with which we shall deal shall have been presented.

vated for thousands of years, the commercial production of sugar on a large scale is of comparatively recent date. Cane was used for the extraction of sugar at least twenty centuries before beets were so used. Its original home is a matter of dispute, though most authorities agree that it was in Southern Asia,<sup>1</sup> probably in India or Bengal. From there it gradually spread all over Southern Asia, going both east into China and west towards Europe, entering the latter by way of Spain, where it is said to have been carried by the Moors, probably about 714 A. D., though Nearchos, one of Alexander's generals, is said to have brought the first knowledge of sugar cane to Europe about 327 B. C. From Spain the culture of cane spread to Provence and the islands of the Mediterranean; later to the Madeira and Canary Islands, to the West Indies and to the tropics of America soon after the voyage of Columbus. Lippmann<sup>2</sup> gives the date of its introduction into Louisiana as 1673 and Gayarre, in his history of that state, speaks of 1751 being the date of the first attempt worthy of mention.<sup>3</sup>

<sup>1</sup> Karl Ritter, "Über die geographische Verbreitung des Zuckerrohrs", *Akad. d. Wissenschaften, Abhandlungen*, 1839, pp. 305-412. Especially pp. 320 *et seq.*, and references.

E. O. Von Lippmann, *Geschichte des Zuckers*, especially pp. 443 *et seq.*, and references.

W. Falconer, "Sketch of History of Sugar," *Memoirs of Literary and Philos. Soc. of Manchester*, vol. iv, 1793, pp. 291-301 and references.

G. T. Surface, *Story of Sugar*, pp. 15-20. Prof. Surface does not cite authorities in most cases.

<sup>2</sup> See Lippmann, *ibid.*, p. 443, for brief chronological table of spread of sugar cane.

<sup>3</sup> W. C. Stubbs, citations in *Cultivation of Sugar Cane*, p. 5.

### 3. INCEPTION AND DEVELOPMENT OF THE EUROPEAN BEET-SUGAR INDUSTRY

#### a. *Early Beginnings—Marggraf's Discovery*

March 25, 1811, or one hundred years ago, Napoleon issued the famous decree that gave birth to the beet-sugar industry of the world. The history of the growth of that industry constitutes one of the most interesting chapters in the progress of a most progressive century. By careful breeding and selection, the sugar content of the unknown beet was doubled and trebled; by the many inventions of machinery and the discoveries of new processes, the extraction was likewise increased; and by the most cunningly devised legislation these improvements were cherished and magnified. In 1825 the production of beet sugar was only 5000 tons, by 1850 it was 190,000 tons, or nearly one-sixth of the cane-sugar production, and by the end of the century it was eight and one-half million tons, nearly twice as great as its rival which had held the field for over twenty centuries.

Where the beet had its origin is as uncertain as the same fact regarding cane, but it is known that it grew wild in Southern and Middle Asia and it is thought possible that it was cultivated in Southern Europe and Northern Africa in ancient times. Prof. Griffin<sup>1</sup> says "Herodotus mentions the sugar beet as one of the plants which served to nourish the builders of the pyramids." The famous German sugar expert and historian, Dr. Lippmann, cites the same reference<sup>2</sup> and also quotes Voltz<sup>3</sup> as authority for the statement that the Romans first brought the beet into Gaul. He traces somewhat

<sup>1</sup> *Quar. Jour. of Economics*, vol. xvii, p. 1.

<sup>2</sup> *Geschichte des Zuckers*, p. 391.

<sup>3</sup> *Ibid.*, p. 400.



in detail its early history in the various countries of Europe.

Originally, when grown in southern latitudes the beet was an annual, but when taken north became a biennial, storing sugar the first year and not producing seed till the second. This was an important change without which it is not at all probable that it would ever have been used for commercial sugar production. As far back as we have data on the subject, the cane has been famous for its exceedingly sweet juice and the sugar content has not been increased very much in all these centuries.<sup>1</sup> But the saccharine qualities of the beet were not known, or were little thought of, till they were discovered in 1747 by Andrew Marggraf,<sup>2</sup> a chemist and member of the Berlin Academy of Science. He urged the importance of the discovery upon the Academy and hoped to see practical results in the building up of a great sugar industry in Europe.

#### b. *Experiments of Achard and Other Scientists*

But this discovery did not get beyond the laboratory for half a century. In 1786<sup>3</sup> one of Marggraf's pupils, Franz Karl Achard, again took up the research and suc-

<sup>1</sup> For a good account of this early history of the sugar beet, both in Europe and in the United States, see the report of Dr. William McMurtrie (Department of Agriculture, special report, no. 28, 1880), who was appointed by our Government to make this special report. L. S. Ware (*Sugar Beet*, p. 25) speaks of the sugar beet as having been carried to Bohemia by the barbarians after the fall of the Roman Empire, and says that in 1705 Oliver de Serres considered that alcohol might be obtained from the fermentation of the beet as he was convinced that it contained sugar. He says that Marggraf succeeded in extracting five per cent of sugar.

<sup>2</sup> Marggraf, *Berichte der Berliner Akademie*, 1747; *Chemische Schriften*, 1768, ii, 70. Cited by Lippmann, *op. cit.*, pp. 391 *et seq.*

<sup>3</sup> Lippmann, *op. cit.*, p. 405.

ceeded in extracting sugar from beets on a larger scale than ever before. He published his results and methods of operation, and reported that a good muscovado sugar should be produced at six cents per pound. His report was received with astonishment and considerable ridicule. But the French Institute was aroused, and found, upon following Marggraf's line of experiments, that their beets contained a little over six per cent of sugar. However, after repeatedly trying Achard's methods, they concluded that it would cost eighteen cents to produce refined sugar on a commercial scale.<sup>1</sup>

A number of German scientists took up and continued Achard's and Marggraf's experiments, and verified and improved their results. In 1799, Lampadius succeeded in getting four pounds of white molasses out of one hundred pounds of beets, and in a second greater attempt, got two zentner of raw sugar (220.46 pounds) and one hundred and eighty pounds of molasses out of one hundred zentner of beets (11,023 pounds). The first real sugar factory in Germany was built by Achard; with the assistance of Frederick the Great, on the former's estate at Cunern in Silesia. It was put in operation March, 1802.<sup>2</sup> A number of other German factories were built shortly after this, among them being one by Baron de Kopp, according to designs furnished by Achard. He was one of the most enthusiastic promoters of the new discoveries, and, besides extracting sugar, also manufactured rum and vinegar from the pulp and molasses by-products.<sup>3</sup> However, the current com-

<sup>1</sup> McMurtrie, *op. cit.*, pp. 8, 9; Lippmann, *op. cit.*, pp. 404-6.

<sup>2</sup> Lippmann, *op. cit.*, pp. 405-6. Lippmann, *op. cit.*, p. 405, gives as authority for early attempts, Scheibler, 21; Rosig, 18; Gotthard, 37, and Poppe, *Techn. Lex.*, v, 829, *et seq.*

<sup>3</sup> McMurtrie, *op. cit.*, p. 10; Lippmann, *op. cit.*, p. 406.

ments of the time show that it was generally thought, even by the scientists, that the commercial production of sugar would be impractical, and, at best, that nothing better than sugar in the form of a good syrup could be manufactured.

c. *Napoleon's Decrees.—Development in France and Other European Countries*

In France, after the report of the commission appointed by the French Institute to test Achard's experiments, two factories were erected at St. Ouen and Chelles, but they were failures, owing to lack of practical knowledge. In 1808, Delessert, who had established a factory at Passy near Paris in 1801, again undertook the manufacture of sugar and, after many fruitless efforts, achieved a remarkable success by changing the method of clarification and by the use of charcoal. It was upon Chaptal's report of this success that Napoleon paid his noteworthy visit to Passy in 1812, and ordered Delessert to build ten new factories as quickly as possible.<sup>1</sup>

What made it possible to manufacture sugar from beets at this time, aside from the technical considerations, was the continental blockade following the decrees of Berlin and Milan. The prohibitions upon importations made sugar very scarce and so dear that it was possible to produce beet sugar within the price thus made. August 22, 1810, Napoleon issued a decree distributing 200,000 francs (\$40,000) among twelve establishments to promote the manufacture of sugar from grapes. In March, 1811, the *Société d'Encouragement pour l'Industrie Nationale* laid before him some of their results, exhibiting samples of beet sugar, and on the

<sup>1</sup> Lippmann, *op. cit.*, p. 406; Flourens, "Éloge historique de Benjamin Delessert," *Memoires de l'Academie*, 1850, pp. 119-145.

twenty-fifth of that month he issued the famous decree which resulted in the establishment of the French beet-sugar industry, and, we may say, of the world's beet-sugar industry. This decree directed the setting apart of 32,000 hectares (79,040 acres) for the culture of beets in various departments of the empire, and ordered that measures be taken to see that they should be in full cultivation the first year, or the next year, at least. It also ordered the establishment of six experimental schools, in which pupils could be instructed in the processes of manufacture, and provided for courses of lectures for proprietors and farmers, all to be under the direction of the commission. This decree was followed by numerous reports of experimenting scientists and government officials, and they were followed in turn by Napoleon's instructions to Delessert mentioned above, and by other orders providing for the establishment of the industry, among them being appropriations of several millions of francs from a revenue already scanty for the uses of the ambitious emperor.

In 1812 and 1813 over 2,000,000 kilos of sugar (4,409,200 pounds) were manufactured<sup>1</sup> but in 1814 and 1815 there were excessive rains and the Cossacks were encamping on the French beet fields. With the overthrow of Napoleon and the raising of the continental blockade, the new industry was unable to meet the competition of foreign sugars and lower prices, and but one factory survived the wreck. However, the great necessities for revenue after 1815 resulted in making the import duties on sugar very high and under this protection the number of factories in France reached 100 in 1825 and the maximum of 581 in 1838.<sup>2</sup> In that year

<sup>1</sup> Ware, *op. cit.*, p. 28.

<sup>2</sup> Jules Helot, *Sucre de Betterave en France*, p. 208.

an ordinance gradually increasing the taxes on the home sugar industry was passed and, 166 factories went out of existence. The colonial sugar interests, the shipping interests and the refiners brought so much influence to bear that both in 1840 and in 1843 the government seriously considered buying up the home beet-sugar factories and abolishing the industry entirely, but Thiers succeeding in defeating this.<sup>1</sup> From this time on, the industry experienced many fluctuations and showed the effects of many influences, chief among which were the various changes in taxes and tariffs,<sup>2</sup> abolition of slavery in the colonies, high prices of alcohol transforming the factories into distilleries, international treaties and conferences, in addition to the influences of world production and prices. Though there were many retrogressions, the industry in France grew on the whole.

In Germany, Achard and Baron de Koppý continued their endeavors to promote the industry, being encouraged by financial aid from the King of Prussia. The former opened a school in January 1812. This and his model factory drew students from all parts of the continent and it is said that they scattered the seeds which brought forth the later development of the industry throughout the countries of Europe. However, the industry was not so well developed in Germany as in France and did not survive the breaking of the continental blockade nor was it revived until after 1835 when its promotion was taken up by Krause of Austria and Schubarth of Prussia. They went to France about this time to make a special study of the industry and, as a result of their work and

<sup>1</sup> 40,000,000 francs (\$8,000,000) was the purchase price considered. Helot, *op. cit.*, pp. 51 *et seq.*; Ware, *op. cit.*, pp. 31 *et seq.*

<sup>2</sup> Ware, *op. cit.*, pp. 30, 31; Helot, *op. cit.*, pp. 62, 64, 80, 82, 120-126, 146-149.

succeeding efforts, the industry was re-established and has been of growing importance in Germany practically ever since.<sup>1</sup>

The industry was of very small proportions in other European countries before the middle of the last century, but after that time became of importance in Austria-Hungary, Russia, Belgium and Holland. Their systems of promoting sugar production and the courses of development have been very similar to those of France and Germany. The industry is of comparatively recent date in Sweden, Italy and Spain. France held the lead in production till 1880 when it was surpassed by Germany, the latter maintaining its supremacy ever since. The differences in the successes of these two countries have been due largely to their differences in taxation.<sup>2</sup> Germany purposely subsidized the industry more than France, though the latter finally attempted to change to the German policy and with some degree of success.

#### 4. BOUNTIES AND THE BRUSSELS CONVENTION

##### a. *The Bounty System in Europe*

The measures which the European countries adopted to promote the beet-sugar industry were eminently successful, in fact, so successful that in time these countries not only supplied their home markets but became large exporters. These encouragements also finally resulted in abuses which brought about the Brussels Convention and the abolition of bounties.

Though differing somewhat in details, the various methods of encouraging the industry and of making sugar

<sup>1</sup> McMurtrie, *op. cit.*, pp. 24-28; Ware, *op. cit.*, pp. 35-37.

<sup>2</sup> See *Sugar, Cane and Beet*, George Martineau, 1910.

a producer of revenue were very similar throughout Europe. One of the main features of the legislation was a prohibitive import duty combined with a high, though lower, excise or consumption tax. The excise tax paid by the home consumers provided revenue for the government and the margin between it and the import duty was kept large enough to prevent foreign competition. The amount of this margin was the amount of protection and determined the amount of profit which the home producer could exact and also enabled the forming of cartels, or pools, to control output and price.

As production increased and the home markets were more than supplied, these countries became exporters of sugar and, in order to allow the home producers to compete in the foreign markets, the manufacturers were allowed drawbacks of the excise. The interesting feature about the legislation providing for these drawbacks is that it was framed in such a way as to give hidden bounties to exported sugar. When this legislation was first begun it probably was not the intention that it should give bounties, but it promoted improvements that resulted in bounties and was afterwards intentionally used for this very purpose.

The essence of the system in Germany was that the excise tax was laid upon the amount of beets sliced and the drawback was given on the quantity of sugar produced. For example, when the law in force from September 1, 1869 to July 31, 1886 was passed, it was calculated that the sugar yield would be 8.51 per cent of the weight of the beets (on the basis of 11.75 tons of beets for one ton of sugar) and the raw sugar exported was allowed a drawback of \$2.03 per one hundred pounds (18.80 marks per quintal) which would return the excise

tax exactly, it being 17 cents per one hundred pounds of beets (1.60 marks per quintal).<sup>1</sup>

For a few years following the passage of this law it took twelve tons of beets to produce a ton of sugar so that the exporter's drawback did not repay all of the excise. This made it to the interest of the producers to improve the beets, the machinery and processes of extraction and, by 1882, it took only 10.46 tons, instead of 11.75 tons, to produce one ton of sugar. The tax on the beets was still at the same rate upon the weight of beets and amounted, at this time, to \$1.81 per 100 pounds of sugar. But the drawback on the sugar was still calculated at the same rate, \$2.03 per one hundred pounds, so that the exporter got a bounty of 22 cents more than the excise tax.

In Austria,<sup>2</sup> instead of basing the excise tax upon the weight of beets, it was calculated upon the estimated capacity of the machinery, and this led to the invention and use of larger and better machinery and to higher speed of operation, which achieved the same end of procuring a bounty above the legal estimates.

In France<sup>3</sup> the estimates were based upon the quantity and density of the juice from 1864 to 1875, and this allowed an indirect bounty, much as the other methods. However, the French government officials were more careful to see that the estimates corresponded with the actual sugar production than was the case in other countries and, hence, the bounties were less. From 1875 to 1884 French sugar received no bounties, direct or indirect.

<sup>1</sup> Data taken from *International Sugar Situation*, F. R. Rutter, pp. 25 *et seq.*, and "Sugar Industry in Europe," C. F. Griffin, *Quar. Jour. of Econ.*, vol. 17, pp. 29 *et seq.*

<sup>2</sup> Rutter, *ibid.*, pp. 38 *et seq.*

<sup>3</sup> Griffin, *ibid.*, pp. 30 *et seq.*; Rutter, *op. cit.*, p. 58.



A few years before the latter date, France lost the lead which she had always held as a sugar producer, and realizing that she was falling behind, and that neither her beets nor her factories were on a par with those of Germany, she again (July 29, 1884) resorted to the indirect bounty to build up her industry, and substantial improvement followed this legislation immediately. The laws in other European countries were very similar and had very similar results.

These various laws were changed from time to time in the effort to make the estimates correspond more nearly with the actual results, but the producers were able to make improvements rapidly enough to keep considerably ahead of the excise tax and thus receive an indirect and more or less hidden and unknown bounty.

The payment of these bounties made a heavy drain upon the revenues of the various countries and, in some cases, notably in Austria-Hungary, more than consumed the entire amounts raised upon sugar. This led to the substitution of direct for indirect bounties and to the limitation of the aggregate amounts that could be paid in any one year.

Of course, these bounties stimulated the production and exportation of sugar and of what is termed "dumping." This "dumping" led to the lowering of the prices of sugar in the world's markets and the substitution of the bountied beet sugar for the non-bountied cane sugar of the tropics. This lowering of prices also brought about the formation of cartels,<sup>1</sup> or pools, to control prices and output and thereby increase prices and profits in the home market of the European beet-sugar coun-

<sup>1</sup> The cartel is more of a pool than a trust in the American sense of the word, the companies composing it maintaining their separate existence and management. See Rutter, *op. cit.*, p. 28, footnote.

tries. They not only succeeded in that, but also had the effect of bounties in increasing "dumping" upon the world's market.

In Germany in 1896, four years before the formation of the cartels in that country, the government undertook the regulation of the output of each factory by extra taxes upon all over the official allotment. The year before that the Russian government took a similar step, though it went much further and has continued its system to the present time. The latter government not only apportioned the amount of sugar which each factory may sell upon the home market, in order to prevent the producer's price from falling below a profitable margin, but it also undertakes to limit the price to be paid by the consumer by fixing a maximum price, which if exceeded, allows surplus sugar to be thrown on the home market, and it has even imported sugar when necessary to prevent the price from going too high.

These have been among the most influential means of promoting the growth of the European sugar industry, though there have been numerous other forms of aid.<sup>1</sup> Exemptions from taxation have been common in the early stages in several countries but have been discontinued for the most part. However, they have been more or less important in France under what is known as *taxes de distance*, which are designed to overcome the disadvantages of factories unfavorably located with reference to disposal of output. There have also been favorable government railroad rates, not only for the products, but also for the transportation of laborers who make annual migrations to and from the beet-growing regions.

<sup>1</sup> C. F. Griffin, *Quar. Jour. of Econ.*, vol. 17, pp. 22 *et seq.*; Willett & Gray, *op. cit.*, Feb. 27, 1902.

b. *The Brussels Convention of 1902*

As mentioned previously, all of these favors had the effect of increasing production, exportation and "dumping," and created much friction among the various countries of Europe, besides causing heavy drains upon their revenues. From 1863 to the close of the century many international sugar conferences were held in the attempt to overcome some of the vexatious difficulties. Several agreements were signed but none became effective because, in every case, the home government of one or more nations refused to ratify the action of its delegates.

(1) *Position of Great Britain*

But the conference which agreed to the Brussels Convention of March 5, 1902, was more successful, a result largely due to England's importance as a market for surplus sugar and her threats to countervail all bountied sugars. Great Britain's stand was taken after a careful investigation and report of conditions in the West Indies by a royal commission and this influence was supported by the refiners and other manufacturing interests using sugar as a raw material. In 1897 the United States<sup>1</sup> had imposed a countervailing duty upon bountied sugar and, March 20, 1899, the government of British India did the same as to importations into that country. England was the only considerable market left for these favored surplus exportations and if she should countervail the bounty, there might just as well be no bounty, and furthermore,

<sup>1</sup> By the tariff acts of 1890 and 1894 provisions were made for a certain amount of countervailing, but they were small flat rates, the same on sugar from all countries without discrimination as to whether the export bounties were large or small and not like those of 1897, which were made to counteract completely and exactly the bounty of every country upon its sugar exports to the United States. *Summary of Commerce and Finance*, U. S. Treas. Dept., Nov., 1902, p. 1275.

to assist her colonies she might grant them preferential treatment. Such a move would be disastrous to Continental exports of beet sugar; hence it was possible to bring about an agreement between the greater European producing countries (except Russia), a thing impossible theretofore.

(2) *Provisions of the Brussels Convention*<sup>1</sup>

The main features of the agreement made at this conference are as follows:

All bounties, direct and indirect, are prohibited.

The surtax (excess of import duty over domestic excise tax) is limited to 53 cents per 100 pounds in case of refined and 48 cents per 100 pounds in case of raw (6 francs and 5.50 francs, respectively, per 100 kilograms).

Importations of bounty-fed sugar from all other countries are to be prohibited or contervailed by the signatory parties.

Great Britain and the Netherlands agree to grant their colonial sugar no preferential treatment during the continuance of the agreement.

The agreement is to continue in force for five years and from year to year thereafter until denounced by one of the signatory parties, such denunciation affecting the party making it only.

A permanent commission is appointed to watch the execution of the terms of the convention.

The signatory powers were Great Britain, Germany, Austria-Hungary, France, Belgium, Holland, Italy, Spain and Sweden. The last three were exempted from the principal restrictions, so long as they remained non-

<sup>1</sup> Text of Convention in Great Britain, Parliament, *Sessional Papers*, 1902, vol. 104, cd. 1003. Translation, also, in Hardwick Committee *Hearings*, pp. 2642-2646.

exporters. Russia is the only considerable exporter of beet-sugar which did not sign the convention. It refused to participate, saying that it granted no bounty.<sup>1</sup> The convention went into effect September 1, 1903.

### (3) *The Convention as Amended*

In Great Britain there had been much opposition upon the part of many to that government's taking the action it did with reference to the Brussels Convention of 1902, and it was argued that it was a great detriment to the millions of English consumers thus to raise the price of sugar, and it was also charged that the agitation on the part of the West Indies cane industry was really due, at bottom, to the efforts of selfish English investors in colonial sugar lands<sup>2</sup> and home refineries. This dissatisfaction and agitation were greatly increased with the rise of prices following the Convention, an increase which was accentuated by the short European sugar crop of 1904, that is, directly following the taking effect of the Convention. It was doubtful if Great Britain would consent to the renewal of the agreement upon its expiration.<sup>3</sup>

But an "Additional Act" dated August 28, 1907, was annexed to the original Convention, and this released Great Britain from the obligations of Article 4, wherein it had been agreed by all to prohibit the importation of, or to countervail, all bountied sugars. This prohibition

<sup>1</sup> See *World's Sugar Production and Consumption*, U. S. Treas. Dept., 1902, p. 1274.

<sup>2</sup> See Thomas Lough's charge, *Contemporary Review*, vol. 87, p. 267, and vol. 83, p. 84. See *Economic Journal*, vol. 17, p. 316, for reply to these arguments; also Mr. Balfour's debate on Enabling Bill, H. of C., June 26, 1907.

<sup>3</sup> The agreement of the conference held till September 1, 1908, but any notice of withdrawal had to be given a year in advance.

had special reference to Russian exports which the English did not want shut out of their markets. On December 19, 1907, Russia was admitted to the "Sugar Union," and allowed to retain her existing fiscal and customs regulations, though she undertook to limit the aggregate of her sugar exports to 1,000,000 tons for the five years beginning September 1, 1907. Thus, both Great Britain and Russia were given concessions as regards some of the cardinal provisions of the original agreement, and the Convention, with these modifications, is still in force.<sup>1</sup>

#### (4) *Summary of Results and Events Following the Convention*

To sum up briefly some of the principal movements in the sugar world following the Brussels Sugar Conference it may be said that the principal European beet-growing countries which participated in it restricted their sowings; excises and imports were lowered, cartels were broken, domestic prices fell, and per capita consumption increased. Net revenues fell temporarily where the excise tax was lowered and export prices were raised with the removal of the bounties. Cane sugar was then upon even terms with beet, with a slightly advanced price for sugar in the world's market. Consequently, European exports were diminished and, on the whole, have scarcely been able to maintain their own since, while the increase

<sup>1</sup> See British Parliamentary Papers, Sessional Papers, 1907, Commercial, no. 10, cd. 3780, and Sessional Papers, 1908, Commercial, no. 1, cd. 3877. Also *Economic Journal*, vol. 18, p. 649, article by E. Cozens Cooke. Press reports stated that, on March 15, 1912, a formal agreement would be reached by the international sugar conference, whereby the convention would be renewed for five more years (till 1918), Russia to be allowed an additional "export contingent" of 150,000 tons for the present season and a further 100,000 tons to be spread over the following years. Willett & Gray, *op. cit.*, Feb. 29, 1912, p. 92; *N. Y. Herald*, March 14, 1912.

in the world's consumption has been supplied mostly by an increase of tropical cane-sugar production, the advances being notable in Mauritius and Hawaii, more so in Java under the Dutch, and most of all in Porto Rico and Cuba under the stimulation of their new relations to the United States.

To provide for the growth of their existing industries, the European countries have been endeavoring to open up new markets and also to increase home consumption. It is in this latter field that they have been most successful, and most of their principal writers seem to think it is the main hope of any material expansion in their industries.

It may be said that, for the most part, the Brussels Convention did away with artificial conditions and put beet and cane sugar upon equal footings in the world markets. The big change was a shock to the continental industry, but the reverse was for a few years only, and there are indications that the growth will be normal, though slow, from now on. Austria-Hungary, Germany and the lesser sugar producers of Europe seem to be making gradual progress and will probably continue to do so. Russia, which is less restricted by the terms of the Convention, has shown the greatest advance of any European country in sugar production and will probably continue in this. On the other hand, France seems to be barely holding her own.

Though the effects of the Brussels Convention have been great and far-reaching, nevertheless, as mentioned above, it has not been the only large factor influencing movements in the sugar world in recent years. For instance, many of the European countries have been raising the import duties on cereals and breadstuffs from time to time, both before and after the Brussels Confer-

ence, notably Germany and Austria-Hungary in 1906. This has a decided tendency to increase the acreage devoted to such crops as wheat and rye and thus to decrease somewhat the acreage that might otherwise be devoted to beets. Some think this factor has had as much to do in restricting the beet acreage as has the Brussels Convention, but the extent of its influence in this direction is problematical.<sup>1</sup> This is only one factor illustrative of the complexity of the influences at work. Probably the most important recent change affecting the European field, and indeed the whole sugar world, has been the new relations which the United States, the largest sugar market in the world, has assumed to tropical islands already large producers and probably capable of great expansion under proper stimuli. These will be discussed more fully later.<sup>2</sup>

<sup>1</sup> The statistics since 1906 cover so short a period and are of such a character as to warrant no definite conclusions upon this matter, though there has been an increase in the acreage put to rye since that time. See *Vierteljahrshefte*, 1910, I, p. 84.

<sup>2</sup> It has been asked why the United States did not participate in the Brussels Sugar Conference and the reply was that it was not invited. (Hardwick Committee *Hearings, Special Investigation of the American Sugar Refining Co. and Others*, 1911, p. 2734.) To the invitation to participate in a former conference the United States had taken much the same ground as Russia did, replying that "no legal bounty existed in the United States upon the exportations of imported sugar or upon the production or manufacture of sugar; that the Secretary of the Treasury considered that the relative drawback which was then allowed by law upon the exportation of refined sugars manufactured from imported sugars was not excessive, and did not constitute an indirect bounty as claimed." Furthermore, "that the very question as to whether any bounty or subsidy should be allowed in connection with the production or manufacture of sugar was one which could not be determined by the executive branch of the United States government, Congress having sole and exclusive jurisdiction in such matters." (See *World's Sugar Production and Consumption in Summary of Commerce and Finance*, for November, 1902, U. S. Treasury Dept., Bureau of Statistics, p. 1274.)



It might be remarked further, that the United States was a large importer and consumer of sugar, with a new sugar industry of its own which it had just begun to foster. It had not promoted the industry for decades as had the European countries, and hence, unlike them, did not have to meet the problems occasioned by over-stimulation, namely, the disposal of a surplus through exportation and consequent drains upon the national revenues, nor did it, on the other hand, like Great Britain, have sugar-producing colonies going to ruin in face of bountied beet-sugar competition.

Still further, it may be mentioned that, had the United States agreed to the terms of the Convention, it could not have levied import duties in excess of 53 cents and 48 cents per one hundred pounds upon refined and raw sugar respectively, in place of \$1.95 and \$1.68½, the duties then in force (and still in force except it is \$1.90 on refined since the passage of the Payne-Aldrich Bill of 1909) and that would have been a nearer approach to free trade than either the home industries or Congress would have approved. It may occur to some that if we do encourage domestic sugar production, both continental and insular, as the European nations have done in the past, we may, in time, have to solve just the same problems that have been vexing them so many years.

## B. DEVELOPMENT OF THE UNITED STATES BEET-SUGAR INDUSTRY

### CHAPTER II. HISTORICAL SKETCH AND SURVEY OF PRESENT SITUATION

#### I. HISTORICAL SKETCH

##### a. *Early Attempts to Establish the Industry*

##### (1) *Various Early Attempts, Mostly Unsuccessful*

Beet-sugar production in the United States before 1898 was scarcely sufficient in size to be termed an industry. As far back as 1830 an attempt was made to establish the industry by a Philadelphia company, of which John Vaughn and James Ronaldson were presidents.<sup>1</sup> In 1838 and 1839 David Lee Child, of Northampton, Mass., organized the Northampton Beet Sugar Company. He had spent a year and a half in Europe studying the growing and manufacture of beet sugar and later published a small work<sup>2</sup> stating that the cost of culture in the Connecticut River Valley was \$42 per acre, that the average yield was 13 to 15 tons, that the beets yielded 6 per cent sugar and 2½ per cent molasses, and that the cost of the sugar was 11 cents per pound, not taking account of pulp and manure. These seem to be

<sup>1</sup> Ware, L. S., *The Sugar Beet*, p. 41; McMurtrie, Wm., *Culture of the Sugar Beet*, p. 167. Surface, G. T., *Story of Sugar*, pp. 114 et seq. Hardwick Committee Hearings, pp. 3613-3616.

<sup>2</sup> *Culture of the Beet and Mfg. of Beet Sugar*.

rather favorable results for the time, but his reports were probably rather optimistic, as are some of more recent date, for, after having obtained 1300 pounds of sugar he went out of the business, although there was a Massachusetts bounty of 3 cents per pound.

In 1838, the Committee on Agriculture, which was under the United States Commissioner of Patents<sup>1</sup> at that time, made a report saying, among other things, that "From all the information which the committee have been able to obtain, they are induced to believe that no country in the world is better adapted for the production of sugar beets than most parts of the United States, whether we consider the soil, the climate or the people."<sup>2</sup> The next year there was also a report of the Committee on Manufactures on the memorial of Charles Lewis Fleischman relative to the sugar beet.<sup>3</sup>

Brigham Young sent to France for some machinery and the Mormons attempted the production of beet sugar in Utah in the early 50's, but they failed also.<sup>4</sup> Besides more or less experimenting in a small way, no other considerable attempt was made until 1863, when Gennert Brothers, formerly of Braunschweig, Germany, erected a factory at Chatsworth, Ill.<sup>5</sup> They struggled along for six years and, in a final effort, removed the factory to Freeport, Ill., where it survived only one year. Their failure is said to have been due to lack of practical knowledge, bad weather conditions and unsuitable soil. Some of the

<sup>1</sup> Surface, G. T., *ibid.*, p. 115.

<sup>2</sup> 25th Congress, 2d Sess., House Report no. 815.

<sup>3</sup> 25th Congress, 3d Sess., House Doc. 62; Sen. Doc. 147 and House Report 319.

<sup>4</sup> Hardwick Committee *Hearings*, H. R., 62d Cong., 1st Sess., p. 767; also, *Amer. Sugar Industry and Beet Sugar Gazette*, Sept., 1911, p. 428.

<sup>5</sup> Ware, *op. cit.*, p. 41; McMurtrie, *op. cit.*, p. 168.

machinery was taken to Black Hawk, Sauk County, Wisconsin, to join with a co-operative company formed there the year before, but that failed also.

(2) *Some of the First Successes*

In 1866, two Germans, Messrs. Otto and Bonesteel, erected a factory at Fond-du-lac, Wisconsin, and are said to have attained considerable success in the following two years. Shortly after this a San Francisco company with a capital of \$250,000 induced them to move their plant to Alvarado, California, where they began operations in 1870. The Alvarado Co. struggled along till 1876, but finally failed.<sup>1</sup> After a year or so, the work was again taken up at the same place and, though for several years the output was insignificant, a factory has been in operation there ever since.<sup>2</sup> Numerous other attempts were made about this time in California, New Jersey, Delaware, Maine and even in the South.<sup>3</sup> Most of the states mentioned gave special encouragement to the industry in the form of bounties, or tax exemptions, or both, besides doing experimental work, but, up to 1888, the Alvarado factory was the only one that had been able to survive. In that year (the first year after the formation of the original trust) Claus Spreckels, the "Hawaiian Sugar King,"<sup>4</sup> erected the second successful factory in the United States at Watsonville, California, which also had a prosperous existence. In 1898 it was replaced by a new factory fifteen miles distant, and to-day this is the

<sup>1</sup> McMurtrie, *op. cit.*, p. 168; Ware, *op. cit.*, p. 42.

<sup>2</sup> G. T. Surface, *op. cit.*, p. 116. Press reports indicate that competition with other crops, fruit and vegetables may force it to move soon. Willett & Gray, *op. cit.*, Aug. 3, 1911, p. 313.

<sup>3</sup> Ware, *op. cit.*, p. 43; McMurtrie, *op. cit.*, pp. 168, 169.

<sup>4</sup> Surface, *op. cit.*, p. 116.

largest sugar factory in the world,<sup>1</sup> one half the stock being owned by John D. Spreckels and associates and the other half by the Sugar Trust.<sup>2</sup>

(3) *More Important Attempts Following the Formation of the Sugar Trust and the Passage of the McKinley Bill*

Oxnard Brothers,<sup>3</sup> with their Brooklyn refinery, went into the original sugar trust when it was organized in 1887. Robert and James remained with the trust, but Henry T. Oxnard<sup>4</sup> went to Europe to study the beet-sugar industry. He returned in 1888 and, with his brothers and the Cuttings<sup>5</sup> of New York, organized a corporation which erected a beet-sugar factory at Grand Island, Nebraska, in 1890.<sup>6</sup> The year before, H. T. Oxnard had appeared before Congress<sup>7</sup> to get protection for beet-sugar production and the McKinley bill of 1890 was the first national legislation to recognize and encourage the new industry by a manufacturer's bounty of two cents on each pound of sugar produced, and by provisions for the free importation of beet seed and

<sup>1</sup> Capacity, 3,000 tons of beets daily.

<sup>2</sup> Hardwick Committee *Hearings*, H. R., 62d Cong., 1st Sess., pp. 100, 928 *et seq.*, 947 *et seq.* Since this was written the *N. Y. Times* published a report that the trust had disposed of its interests in the Spreckels plants. Willett & Gray reported official announcement of this in their *Weekly Journal* of Dec. 7, 1911, p. 488.

<sup>3</sup> Four brothers, Henry T., Robert, Benjamin and Jas. G., Hardwick Committee *Hearings*, p. 367.

<sup>4</sup> *Ibid.*, p. 372.

<sup>5</sup> *Ibid.*, pp. 375 *et seq.* W. Bayard Cutting, R. Fulton Cutting, J. G. Hamilton, Robt., Benj., Jas., and Henry Oxnard organized the Oxnard Beet Sugar Co., which later became the American Beet Sugar Co. of to-day.

<sup>6</sup> *Ibid.*, pp. 375 *et seq.*, 384 *et seq.* Ground was broken in Dec., 1889.

<sup>7</sup> *Ibid.*, p. 384. He has appeared before every Ways and Means Committee since.

sugar machinery. Nebraska and numerous other states at that time and later also offered bounties,<sup>1</sup> and under these encouragements the Oxnard Co. erected two more factories the next year (1891), one at Norfolk, Neb. and the other at Chino, California.

The same year (1891) T. R. Cutler and others of Utah took over the incorporation of a company that had failed in an attempt to manufacture sugar from sorghum and built a beet-sugar factory<sup>2</sup> at Lehi, Utah. Utah was among the states which offered bounties in addition to the United States bounty. Except the Oxnard factory at Norfolk, Nebraska, which was moved to Lamar, Colo. in 1905, and the Spreckels factory at Watsonville, Calif., whose interests were really merged in the new monster factory at Spreckels, Calif. (about fifteen miles distant), in 1898, all of these factories have continued in successful operation ever since.<sup>3</sup>

This may be reckoned as the first period of any considerable and successful interest in the beet-sugar industry in the United States, and it seems that the formation of the trust by the merging of interests of such men as the Oxnards and their associates left them free to take up the beet-sugar industry; also, that the members of this family had interests both in the beet industry and in the trust, and hence there was a community of interests which became even closer in later years. It was the practical experience, capital and influence of such men

<sup>1</sup> See article by P. T. Cherington on "State Bounties and the Beet-Sugar Industry," *Quar. Jour. of Econ.*, vol. xxvi, pp. 381-386 (Feb., 1912). This article is correct in the main, but is inaccurate in saying that no beet-sugar factories are now in operation in Nebraska; also, in saying that one factory still survives in New York.

<sup>2</sup> Hardwick Committee *Hearings*, pp. 768 *et seq.*

<sup>3</sup> *Letter of Secretary of Agriculture*, 61st Cong., 1st Sess., Sen. Doc. 22, p. 3.

as these back of the industry, their success before Congress in securing favorable legislation, and the bounties and other encouragements of the various states which combined to make a success of an undertaking in which so many others had failed.

But besides the unavoidable and serious difficulties of establishing a highly technical industry which was new, both as regards its promoters and its field of operation, the beet-sugar producers were confronted with questions of constitutionality as to both state and federal bounties. They soon lost the latter and, in some cases, the former also.<sup>1</sup> It had been the intention to give the beet-sugar industry encouragement by a protective duty in the McKinley bill, but sugar was a great revenue producer, and in order to reduce the surplus which the party in power had had great trouble in spending, ex-Governor Gear, of Iowa,<sup>2</sup> who was then on the Ways and Means Committee, suggested giving sugar a bounty instead of a tariff, as this would cut the revenue at both ends and also give sugar a large subsidy. This bounty was to continue for fourteen years, but the Democrats came into power and, in pursuing their plan of tariff for revenue (ostensibly, at least), they removed the bounty on sugar and established an ad valorem duty of 40 per cent, which gave very much less protection than the bounty.<sup>3</sup>

b. *Passage of the Dingley Bill and Growth of the Industry*

(1) *Rapid Increase in Factory Building*

As a result of the loss of bounties and the financial de-

<sup>1</sup> Hardwick Committee *Hearings*, pp. 384 *et seq.*, and p. 398.

<sup>2</sup> *Ibid.*, p. 387.

<sup>3</sup> Incidentally, or otherwise, the Wilson bill gave the refiners  $\frac{1}{2}$ c. protection which is about equal to the entire cost of refining to-day.

pression at that time, no beet-sugar factories were built until 1897, except one at Menominee Falls, Wisconsin (in 1896), which "proved an immediate and disastrous failure owing to ill-conceived plans and inexperience."<sup>1</sup> But with the defeat of the party in power in 1896 and the enactment of the Dingley bill of 1897, which put a duty of \$1.95 on the refined and \$1.685 on 96° centrifugals—which is the form in which most raw sugar is imported—the building of new factories began in earnest, and this may be taken as the date of the beginning of the revivification which has resulted in the present industry.

7 The accompanying tables (p. 39), which were presented by the Secretary of Agriculture in a report<sup>2</sup> to Congress in 1909, show the growth in factory construction since the passage of this bill.

We have had two official reports since these tables were compiled. The annual report for 1909 includes one new factory of 600 tons capacity at Santa Ana, California and a factory of 800 tons capacity at Glendale, Arizona. The latter, an old factory which had been idle, has been put in operation by a new company. The 1910 report,<sup>3</sup> which is the last, was very brief and made no mention of new factories or failures. However, it showed that California had eight instead of ten factories; Colorado, thirteen instead of sixteen; Idaho, three instead of four and Michigan seventeen instead of sixteen, with a total for the United States of sixty-one instead of sixty-five, as in 1909.

<sup>1</sup> *Letter of Secretary of Agriculture, 61st Cong., 1st Sess., Sen. Doc. 22, p. 2.*

<sup>2</sup> 61st Cong., 1st Session., Sen. Doc. no. 22, pp. 8-9.

<sup>3</sup> Previous reports were prepared by Mr. C. F. Saylor, who died in April, 1911. No successor was appointed and instead of a report of 70 or more pages as usual, the only data published occupied less than a column in the monthly *Crop Reporter* of the U. S. Dept. of Agr., Oct., 1911. This is the latest official report and is given further on in this study.



TABLE I. *Summary of factory construction, 1897-1908*

Year.	Number of factories completed.	Total daily capacity, in tons, of beets.	Factories which failed later.	
			Number.	Daily capacity, in tons, of beets.
1897.....	3	750	2	400
1898.....	9	8,440	4	2,240
1899.....	12	5,800	6	2,900
1900.....	5	2,850	1	350
1901.....	5	3,000	1	600
1902.....	6	4,000	0	.....
1903.....	9	7,400	1	600
1904.....	4	3,000	0	.....
1905.....	6	3,150	0	.....
1906.....	12	8,900	1	800
1907.....	2	1,200	0	.....
1908.....	1	600	0	.....
Total <sup>1</sup> .....	74	49,090	16	7,890

TABLE II. *Factories completed and put in operation, with percentages of failure, 1896-1908, by periods*

	1896-1901.	1902-1908.
Factories completed and put in operation .....	<sup>2</sup> 41	40
Total daily capacity of factories in tons of beets ...	24,840	28,250
Factories which failed later.....	17	2
Total capacity of failed factories in tons of beets ..	8,190	1,400
Percentage of failure based on number of factories.	41	5
Percentage of failure based on capacity .....	33	5

As is mentioned elsewhere, the census and other official reports are always a year or more behind time

<sup>1</sup> This does not include seven factories in operation at the beginning of this period.

<sup>2</sup> Including the six factories built prior to 1896.

and do not show the present condition of the industry. A year or more ago, there was a new factory built at Paulding, Ohio, not mentioned in any official report. The factory at Lyons, New York, has closed, probably permanently, and the one in Washington did not operate during the 1911-12 campaign. Colorado does not now occupy the pre-eminence she did at the time the census was taken, her acreage having dropped to two-thirds of what it formerly was, while Michigan has had unusually favorable results and her acreage has increased slightly, giving her the lead of all states.

According to Willett & Gray,<sup>1</sup> in the campaign year of 1910-11, there were 68 factories with a total daily slicing capacity of 51,200 tons and there were six new factories building for the campaign of 1911-12 as follows:

Continental Sugar Co., Findlay, Ohio .....	600 tons capacity
San Luis Valley Beet Sugar Co., Montevista, Col....	600 " "
Utah-Idaho Sugar Co., Austin, Utah .....	500 " "
Nevada Sugar Co., Fallon, Nev .....	500 " "
Holly Sugar Co., Huntington Beach, Calif.....	600 " "
Anaheim Sugar Co., Anaheim, Calif.....	750 " "

According to the same authority, in 1910-11, there were five factories not in operation, two being in southern Colorado, two in California and one in Idaho; in 1911-12, six factories were idle, two of them being in California, three in Colorado and one in Washington.<sup>2</sup>

From the data presented above it may be seen that, within about two years after the enactment of the Dingley bill, 24 new factories were erected and put in opera-

<sup>1</sup> See *Weekly Statistical Sugar Trade Journal*, May 25, 1911, p. 213, also p. 223. *Ibid.*, Oct. 26, 1911, p. 433, reports a new factory building at Newport, California; also locations of several prospective factories. See also *Amer. Sug. Ind.*, Dec., 1911.

<sup>2</sup> *Ibid.*, Oct. 26, 1911, p. 433.

tion, and of these exactly half (12) failed.<sup>1</sup> The stimulus of the new law caused too much haste and the disregarding of sound practical considerations, hence failure was inevitable in many cases. Most of the survivors were the factories of California and Michigan.

(2) *Effect of Rapid Growth, together with Cuban and Philippine Concessions*

Factory building was not so rapid during the next three years (1900-1902), probably as a result of these failures, and of the agitation for Cuban reciprocity and concessions to the Philippines. As mentioned heretofore, a 25 per cent concession in duties and other favors were given to the Philippines March 8, 1902, and a 20 per cent concession to Cuba<sup>2</sup> December 27, 1903, but the figures do not seem to show that these concessions were so disastrous to the existing home industry as some of its advocates tried to make Congress believe. It was at this period that H. O. Havemeyer and the trust began extensive operations in the acquiring of interests in the existing beet-sugar factories and in the erection of others.<sup>3</sup> In spite of all this agitation and in spite of the failures of the factories built previously, five or six new factories were erected in each of these years. The

<sup>1</sup> Sec. of Agr., 61st Cong., 1st Sess., Sen. Doc. 22, p. 8.

<sup>2</sup> See *U. S. Tariff Acts*, House Doc. 671, 61st Cong., 2d Sess., pp. 621, 625.

<sup>3</sup> See original *Petition of U. S. of Amer. v. Amer. Sugar Refining Co. et al.*, in the Circuit Ct. of the U. S., Southern Dist. of N. Y., pp. 92-133. Also *Hearings of Special Committee on the Investigation of the Amer. Sugar Refining Co. et al.* To cite all the references in these hearings would hardly be justifiable, but attention is called particularly to pp. 1-100, 774, and the extracts from the minutes of the directors and of the executive committee of the A. S. R. Co. *Ibid.*, pp. 2943-3062.

very year that Cuban reciprocity went into effect the number of new factories put in operation increased by nine, and in 1906 by twelve.

This seems a satisfactory and normal growth, and it appears that what the over-ardent beet-sugar advocates said would destroy the industry was really beneficial in some important respects. In all probability, with plenty of encouragement and no adverse conditions, factory construction would have continued to be too rapid and failures too numerous, somewhat as immediately after the passage of the Dingley Bill. But the reverses of those put in operation soon after the enactment of this act and the granting of concessions to the Philippine Islands and Cuba resulted in more conservative and practical factory construction and location, and of those put in operation since that time comparatively few have failed.

### (3) *Later Developments*

The figures indicate that, by 1906, the industry was again on the way to rapid and more substantial growth, but, for a number of reasons, this has fallen below expectations. Among the causes of this, probably first in importance were the conditions accompanying and following the financial panic of 1907. Unfavorable crop conditions during several years and the difficulty in getting the farmers to grow sufficient beets to run the factories have also been important factors. Other important factors have been the uncertainty of the development of the cane-sugar competition under present and possible concessions to the Philippines and, especially, to Cuba. The influence of this competition has been growing considerably, and the effect on the erecting of beet-sugar factories is probably much more on account

of the potentialities of the future than the actualities of the present.<sup>1</sup>

However, during the last two years the standstill that began with the 1907 panic has given way to considerably better conditions in some sections. Though the increases have been offset by some retrogressions,<sup>2</sup> there has been a net gain and several new factories have just been put in operation, or are in process of construction.<sup>3</sup> In the following section there is a somewhat further analysis of the industry principally upon the basis of the data presented in the last census, though it should be remembered that most of these statistics are for 1909 and do not include changes since that time.

## 2. SURVEY OF THE PROGRESS AND PRESENT SITUATION OF THE UNITED STATES BEET-SUGAR INDUSTRY<sup>4</sup>

### a. *Increases in Quantity and Value of Products, Expenses, and Capitalization*

The report upon the beet-sugar industry of the United States by the 1910 Census, Division of Manufactures, together with similar reports for previous censuses, affords a basis for measuring the progress of the industry.<sup>5</sup> Table III shows the progress in each of the

<sup>1</sup>The reduction of the duty on refined sugar from \$1.95 to \$1.90 by the Payne-Aldrich bill of 1909 was insignificant and the concession of free sugar up to 300,000 tons annually from the Philippines was of comparatively small importance in itself and for the time being.

<sup>2</sup> See Hardwick Committee *Hearings*, pp. 645 ff. Testimony of Chas. B. Warren, p. 2700. Testimony of T. G. Palmer, 69 in operation and six in process of construction.

<sup>3</sup> See Census Reports and Annual Reports of Special Agent of U. S. Dept. of Agr. for idle factories each year.

<sup>4</sup> Based on a comparison of census reports, hence most of the data in this section are not later than the last census.

<sup>5</sup> See 10th (1880) Census, *Manufactures*, pp. 94, 101 and 127, and 12th (1900) Census Bul. 59, p. 6.

TABLE III. BEET-SUGAR INDUSTRY OF THE UNITED STATES  
Comparison of Census Reports, 1899-1909 (13th Census U. S., Div. of Mfgs.)<sup>1</sup>

State	Year	No. of establishments	Products									
			Total value all products		Sugar		Molasses		Pulp (value)	All other products (value)		
			Granulated		Raw		Gallons	Value				
			Tons	Value	Tons	Value						
United States.....	1909	65	\$48,122,283	466,808	\$45,645,810	4,875	\$201,819	20,812,747	\$1,120,905	\$795,000	\$28,940	
United States.....	1904	51	24,393,794	248,309	23,493,373	5,612	431,299	9,609,542	221,097	202,070	46,035	
United States.....	1899	30	7,323,873	57,843	5,580,527	23,885	1,612,054	1,843,355	25,102	21,892	54,352	
% increase.....	1904-1909	70.5	07.3	100.1	94.3	113.1	63.2	110.6	401.0	826.0	60.4	
% increase.....	1899-1904	70.0	233.1	359.3	321.0	676.5	73.7	110.6	780.8	826.0	15.3	
California.....	1909	10	11,680,814	126,536	11,717,250	183	10,966	2,135,776	74,119	58,329	120,150	
California.....	1904	5	4,415,172	46,179	4,267,656	730	51,916	2,759,500	59,491	32,358	10,801	
California.....	1899	7	3,499,956	21,920	2,049,726	21,450	1,440,592	.....	.....	6,068	2,710	
% increase.....	1904-1909	100.0	171.4	174.0	174.6	74.9	.....	.....	.....	80.3	1012.4	
% increase.....	1899-1904	58.6	26.1	110.7	108.2	96.6	96.4	.....	.....	364.4	298.6	
Colorado <sup>3</sup> .....	1909	16	13,720,360	146,968	13,011,223	1,645	113,625	7,669,175	381,148	205,722	17,652	
Colorado.....	1904	9	7,198,982	68,081	6,892,883	2,020	153,895	3,941,300	85,541	66,673	.....	
% increase.....	1904-1909	77.8	90.7	115.9	88.8	18.6	86.2	94.6	345.6	208.6	.....	
Michigan.....	1909	16	10,476,876	103,864	9,756,587	551	41,404	5,016,748	337,200	339,025	2,660	
Michigan.....	1904	19	5,378,004	59,066	5,184,031	2,016	120,100	1,081,131	21,741	45,414	6,709	
Michigan.....	1899	0	1,602,266	16,368	1,561,100	486	30,184	321,100	1,225	516	.....	
% increase.....	1904-1909	15.8	94.8	73.2	88.2	72.7	85.5	369.9	1451.0	646.5	.....	
% increase.....	1899-1904	111.1	235.6	266.4	232.1	314.8	266.5	236.7	1074.8	18744.0	1200.2	
Wisconsin <sup>3</sup> .....	1909	4	1,366,241	13,081	1,248,497	.....	.....	832,385	68,034	49,710	.....	
Wisconsin.....	1904	3	938,384	8,859	902,136	.....	.....	468,718	18,748	17,500	.....	
% increase.....	1904-1909	33.3	45.6	47.7	38.4	.....	.....	77.6	262.9	184.1	.....	
All other states <sup>4</sup> .....	1909	419	10,569,092	106,359	9,912,263	2,406	125,824	5,158,663	269,404	143,114	118,487	
All other states.....	1904	415	6,463,252	65,224	6,246,717	846	105,319	1,358,893	42,570	40,125	28,515	
All other states.....	1899	14	2,221,595	19,555	1,969,701	1,949	102,278	1,522,255	23,877	14,613	51,126	
% increase.....	1904-1909	26.7	63.5	63.1	58.7	195.0	19.5	279.6	532.8	256.7	315.5	
% increase.....	1899-1904	7.1	190.9	233.5	217.1	56.6	835.1	10.7	78.3	174.6	44.2	

<sup>1</sup>This and following tables were secured through the courtesy of Mr. E. Dana Durand, Director of the Census, and Mr. H. J. Zimmerman of the Div. of Manufactures, from office manuscripts of the 13th Census prior to publication, except that a part of the data appeared in a press bulletin of Mar. 20, 1911.

TABLE IV. BEET-SUGAR INDUSTRY OF THE UNITED STATES  
*Comparison of Census Reports, 1899-1909.* (13th Census U. S., Div. of Manfs.<sup>1</sup>)

	1909	1904	1899	% Increase	
				1904-09	1899-1904
Number of establishments. ....	258	51	30	13.7	70.0
Persons engaged in manufacture .....	8339	4726	2320	77.5	103.7
Proprietors and firm members. ....	1	—	—	—	—
Salariated employes. ....	1184	763	350	55.2	118.0
Wage earners (average number) .....	7204	3063	1970	81.8	101.2
Primary horsepower. ....	56692	40187	16848	41.1	138.5
Capital .....	\$129,629,000	\$53,923,000	\$20,142,000	131.8	177.6
Expenses .....	\$37,353,000	\$19,978,000	\$6,694,000	87.0	198.4
Services. ....	\$6,578,000	\$3,491,000	\$1,449,000	88.4	140.9
Salaries. ....	1,769,000	1,004,000	357,000	76.2	181.2
Wages .....	4,809,000	2,487,000	1,092,000	93.4	127.7
Materials .....	27,265,000	14,487,000	4,804,000	88.2	201.6
Miscellaneous .....	3,519,000	2,009,000	441,000	75.5	353.5
Value of products. ....	48,122,000	24,394,000	7,324,000	97.3	233.1
Value added by manufacture (value of products less cost of materials). ....	20,857,000	9,907,000	2,520,000	110.5	293.1

<sup>1</sup> From office manuscripts. Prior to publication by the Bureau of the Census.

<sup>2</sup> 65 factories in actual operation, 2 or more reported together in some cases.

quinquennial periods from 1899 to 1909. The returns for this industry in the Eleventh Census (1890) are very meager. There were only two factories at that time, both located in California,<sup>1</sup> and the quantity of beet sugar manufactured, as well as numerous other matters, was not tabulated separately in the census report.

The accompanying tables show a record of very rapid progress and need few comments to explain them. In the five-year period preceding the last census, the number of factories increased by about a fourth, the total capacity by about a half, the primary horse-power by 41.1 per cent, the expenses by 87 per cent, the value of the products by 97.3 per cent, the value added to the products in the process of manufacture by 110.5 per cent, and the capital by 131.8 per cent. These are large increases, but it is seen that the increase in capital is greatest of all, and this is the reverse of what would be expected if there were no "water" in this increase.

The capitalization per ton of daily slicing capacity in 1889 was \$1097; in 1904, \$1502 and in 1909, \$2458. The additions of machinery for the extraction of sugar from the molasses by the osmose and Steffens processes, for drying pulp, and numerous other improvements account for a part of the increase, but most of it in both periods, as regards capitalization per ton capacity, is probably fictitious.<sup>2</sup>

<sup>1</sup>See 12th Census Bul. 59, pp. 6 and 7.

<sup>2</sup> See *Hearings* of the Special Committee (Hardwick) to Investigate the Amer. Sug. Ref. Co. *et al.*, pp. 379 *et seq.*, where H. T. Oxnard represents that \$1,000 is an approximation to the original cost and that a third more would probably cover it in the case of latest improved factories. Several other witnesses give somewhat similar testimony.



TABLE V. NUMBER AND NOMINAL DAILY CAPACITY OF BEET-SUGAR ESTABLISHMENTS BY STATES (1910 CENSUS)<sup>1</sup>

States.	1909.		1904.		1899.	
	Number of establishments.	Daily capacity tons of beets.	Number of establishments.	Daily capacity tons of beets.	Number of establishments.	Daily capacity tons of beets.
United States.....	68 <sup>2</sup>	52750	51	35900	31 <sup>3</sup>	19110
Arizona.....	1	800	—	—	—	—
California.....	11 <sup>4</sup>	11700	5	7300	8	9900
Colorado.....	16	12200	9	6350	1	350
Idaho.....	4 <sup>4</sup>	3750	3	1800	—	—
Illinois.....	1	350	—	—	1	700
Iowa.....	1	500	—	—	—	—
Kansas.....	1	1200	—	—	—	—
Michigan.....	17 <sup>4</sup>	11900	19	12550	9	4100
Minnesota.....	1	600	1	400	1	400
Montana.....	1	1200	—	—	—	—
Nebraska.....	1	350	3	1200	3	1260
New Mexico.....	—	—	—	—	1	200
New York.....	1	600	1	600	2	400
Ohio.....	1	400	1	400	—	—
Oregon.....	1	400	1	350	1	350
Utah.....	5	4000	4	2850	3	1100
Washington.....	1	500	1	400	1	350
Wisconsin.....	4	2300	3	1700	—	—

## Summary

	Total.	Average.	Number of factories.
1899.....	19110	616	31
1904.....	35900	704	51
1909.....	52750	776	68
1909.			
California.....	daily capacity over 1000 tons.		
Michigan.....	“ “	700	“
Colorado.....	“ “	762	“
Utah.....	“ “	800	“
Idaho.....	“ “	937	“
Wisconsin.....	“ “	575	“
Kansas (1 factory).....	“ “	1200	“
Montana (1 factory).....	“ “	1200	“

<sup>1</sup> From census office manuscripts.<sup>2</sup> Includes 3 idle establishments.<sup>3</sup> Includes 2 idle.<sup>4</sup> Includes 1 idle.

TABLE VI. BEET-SUGAR FACTORIES CLASSIFIED ACCORDING TO TONS OF BEETS USED (1910 CENSUS FOR 1909)<sup>1</sup>

	Total number factories.	Less than 25,000 tons.	25,000 and under 50,000 tons.	50,000 and under 75,000 tons.	75,000 and under 100,000 tons.	100,000 tons and over.
United States....	58	14	12	16	6	10
California .....	9	1	2	1	3	2
Colorado .....	15	1	2	6	1	5
Idaho .....	3	..	1	2	..	..
Michigan .....	11	2	3	5	..	1
Utah .....	5	..	1	1	2	1
Wisconsin .....	4	2	2	..	..	..
All other states <sup>2</sup> ..	11	8	1	1	..	1

The number of wage earners,<sup>3</sup> the amount of wages paid, the amount paid for materials, and the value of the products all increased in about the same ratio, approximately 80 per cent, from 1904 to 1909 and less than the value of the products, or the value added by manufacture, and much less than the capitalization.

While the tables show in what states there were increases in factories, daily slicing capacities and value of products, they do not show the same as regards capitalization and it is to be regretted that they are not nearly so complete in details for the last census as for the two previous ones.

It is interesting to note that the value of by-products has increased per unit, showing a better utilization; also

<sup>1</sup> From office manuscripts.

<sup>2</sup> Includes one factory each in Arizona, Illinois, Iowa, Kansas, Minnesota, Montana, Nebraska, New York, Ohio, Oregon, Washington.

<sup>3</sup> The census figures are those relating to the manufacture of beet sugar primarily and do not include agricultural statistics except where so specified. Hence these wage earners do not include farm laborers.

that the average results of growers under their own management is considerably better, upon the whole, than where the beets are grown by the factories in large tracts, or even by tenants upon the factories' land, thus indicating the element of personal interest and management in this part of the industry.

It is also worthy of note that the cost of material constitutes a large proportion of the total expense of beet-sugar production, the average for the United States for 1909 being, salaries 4.7 per cent; wages 12.9 per cent; materials 73 per cent; and miscellaneous expenses 9.4 per cent. By far the biggest item in materials is "beets," and the next "fuel," though, unfortunately, the separate figures for these are not given for 1909 as they are for 1904 and 1899.

b. *Comparison of Development in Different States*

Nearly all of the important states show material increases in nearly every phase of the industry in both quinquennial periods, though California shows considerable retrogression in the first one; Colorado, California and Michigan show practically the same aggregate daily capacity at the last census, with Colorado slightly in the lead and with Michigan with a slight decrease in both total capacity and number of factories in the last quinquennial period. Counting either the last ten-year or last five-year period ending 1909, Colorado had made much the largest growth of any state as regards the beet-sugar industry and heads the list in acreage, quantity of beets and value of products, though in proportion to acreage California's results surpassed those of both Michigan and Colorado. Utah, Idaho and Wisconsin increased in relative importance and Nebraska and New York<sup>1</sup>

<sup>1</sup> All factories in New York are closed now. There have been some

declined considerably. Montana, Kansas and Arizona are some of the states with single new factories of considerable size. The industry is rather problematical under present conditions in these states, as well as in Ohio, Illinois and Minnesota, but the outlook for it in them seems somewhat more hopeful than in Washington and Iowa. Washington produces a good quality of beet but competition with other crops and other causes have made the maintenance of the factory there a struggle and similar causes and low-quality beets in addition have been serious drawbacks in Iowa.<sup>1</sup> It seemed that the industry in New York could not survive the abolition of the state bounty as other crops were more profitable on the whole.

c. *Comparison of United States Beet and Cane-Sugar Industries*

The accompanying table offers a basis for comparison of beet and cane-sugar manufacture in the United States. As compared with manufactures in the beet-sugar industry, the capital invested in the manufacture of cane sugar is less than one-third, the total expenses two-fifths, the wages paid three-eighths, but the cost of the materials is six-sevenths, the total value of the products five-eighths and the value added by manufacturing two-thirds of what it is in beet-sugar manufacturing.

changes in several states, particularly in Colorado and Michigan, since the census data were obtained. These changes are noted in current periodicals and some of them in the *Hardwick Hearings*.

<sup>1</sup>The 1911 crop of beets in Iowa was better than the average. The Washington factory could not secure sufficient acreage, so is not in operation for the 1911-12 campaign. Willett and Gray, *op. cit.*, Mar. 23, 1911, pp. 121 and 253; also issue for Oct., 1911.

TABLE VII. BEET- AND CANE-SUGAR MANUFACTURE IN THE UNITED STATES.—  
COMPARISON  
(1910 Census—for the year 1909) <sup>1</sup>

Item.	Number or amount.			Per cent of total.	
	Total.	Beet Sugar.	Cane Sugar.	Beet.	Cane.
Number of establishments .....	268	58	210	21.6	78.4
Capital .....	\$167,359,000	\$129,629,000	\$37,730,000	77.4	22.6
Expenses, total .....	62,841,000	37,353,000	25,488,000	59.4	40.6
Services .....	9,127,000	6,578,000	2,549,000	72.1	27.9
Officials .....	1,520,000	1,008,000	512,000	66.3	33.7
Clerks .....	961,000	762,000	199,000	79.3	20.7
Wage earners .....	6,646,000	4,808,000	1,838,000	72.3	27.7
Materials .....	47,978,000	27,265,000	20,713,000	56.8	43.2
Fuel and rent of power... ..	3,331,000	1,900,000	1,431,000	57.0	43.0
Other .....	44,647,000	25,365,000	19,282,000	56.8	43.2
Miscellaneous .....	5,736,000	3,510,000	2,226,000	61.2	38.8
Rent of works.....	156,000	126,000	30,000	80.6	19.4
Taxes, including internal revenue.....	790,000	508,000	282,000	64.3	35.7
Contract work.....	45,000	2,000	43,000	3.6	96.4
Other.....	4,745,000	2,874,000	1,871,000	60.6	39.4
Value of products, total .....	77,991,000	48,122,000	29,869,000	61.7	38.3
Sugar.					
Quantity (short tons).....	829,000	502,000	327,000	60.6	39.4
Value.....	72,033,000	45,937,000	26,096,000	63.8	36.2
All other products, value.....	5,958,000	2,185,000	3,773,000	36.7	63.3
Persons engaged in industry, average during the year .....	13,628	8,389	5,239	61.6	38.4
Officials.					
Proprietors and firm members.	194	1	193	0.5	99.5
Salaried officials of corporation.	193	91	102	47.1	52.9
Superintendents and managers.	514	228	286	44.3	55.7
Clerks. ....	1,448	865	583	59.7	40.3
Wage earners .....	11,279	7,204	4,075	63.9	36.1

d. *Comparison of United States and German Factory Operations*

The average rated capacity of the 68 beet-sugar factories in the United States in 1909 was 776 tons of beets (of 2000 lbs.) per day each, and on the basis of 83 days for the average length of the campaign<sup>2</sup> the 65 factories in operation actually averaged 756.5 tons of beets (short tons of 2000 lbs.) as compared with 647 tons (587 metric

<sup>1</sup> From office manuscripts.

<sup>2</sup> Counting three not in operation. According to Report no. 92, U. S. Dept. of Agr., p. 50.

tons of 2204.6 lbs.) by the German factories<sup>1</sup> in the same year. The United States factories averaged working 62,790 tons of beets per factory during the entire campaign, from which they got 7,884 tons of granulated sugar as compared with about 40,000 tons of beets (36,213.7 metric tons) and an extraction of about 6,000 tons of raw sugar (5,426 metric tons) per factory by the German factories.

That is, on the average the American factories operate upon a greater scale than the German by about one-fifth and the Germans surpass all the other large European producers. For example, in the same year, the average French factory<sup>2</sup> ground 25,602 metric tons (2204.6 lbs. each) of beets and produced 3,008 metric tons of raw sugar, or about two-thirds to five-ninths of the German and considerably less than half the average American factory output. In Austria-Hungary the quantity of beets worked per factory per year<sup>3</sup> is approximately the same as in Germany (35,375 metric tons in 1908-09), though the total sugar extracted per factory that year was somewhat higher (6,211 metric tons) than that given above for the American factory. The Russian factories come about half way between the French and the German in the comparison in tonnage of beets and sugar manufactured per factory.<sup>4</sup>

It has been worked out very carefully in Germany by

<sup>1</sup> Quarterly of German Imperial Statistical Office, 1910, IV, p. 147.

<sup>2</sup> *Jour. des Fabricants de Sucre*, Supplement, Feb. 8, 1911.

<sup>3</sup> For 1908-09, the latest available estimate, *Jahr- und Adressenbuch der Zuckerfabriken und Raffinerien, Oesterreich-Ungarns*, p. 517.

<sup>4</sup> Figures of International Stat. Association quoted in *Jahr- und Adressenbuch* cited *supra*.

Ernst Glanz, whose figures are adopted by H. Claassen,<sup>1</sup> the well known authority on sugar manufacture, that, other things being equal, the larger the factory the cheaper the production, and in this respect the American factories are superior to all others.

On the whole the United States industry has made rapid progress since 1897. It is becoming more firmly established in the sections best adapted to it, and failures, which were frequent in the first years of this period, are becoming rare. However, in a number of sections the success of the industry is very problematical, and whether or not it will expand materially and rapidly even in the more favorable sections depends upon various factors, some of which will be discussed in the next chapter.

<sup>1</sup>*Zuckerfabrikation*, pp. 102 *et seq.* Original articles by E. Glanz in *Zeitschrift für den Verein der deutschen Zuckerindustrie*, 1907, and previous years. These articles ran serially.

## C. PROBLEMS AFFECTING THE FUTURE OF THE UNITED STATES BEET-SUGAR INDUSTRY

### CHAPTER III. PRELIMINARY SURVEY OF THE FIELD

#### I. INTRODUCTORY

We have noticed briefly some of the movements in the development of the great European sugar industry and, also, a few of the forces at work in the promotion of the comparatively new and small, though growing beet-sugar industry of the United States. Can we reasonably expect a development in this country similar to that which has taken place across the Atlantic?

What will be the probable increase in the consumption of sugar and expansion of markets in the United States and in the world at large? Is the sugar beet an exotic as has been claimed? If not, can an area sufficient to promote a material expansion of the industry be withdrawn from the acreage devoted to cereal production, especially in view of the constant increase of population and the growing demand for breadstuffs and meat?

Are our agricultural and industrial conditions such that we can compete with foreign producers? Are there any indirect factors having material bearings upon the questions involved? Is it wise to encourage the industry through protection? In short, can we utilize our resources more advantageously in the production of beet sugar or in some other way? We shall now consider some of these questions.



## 2. RECENT TENDENCIES AND SITUATION IN THE VARIOUS COUNTRIES OF THE WORLD

During the last decade the world's annual sugar production and consumption has grown from about 12,000,000 to over 16,000,000 long tons,<sup>1</sup> a remarkable increase of over one-third in this very short period. It has been pointed out before that most of this growth has been in cane sugar and that the principal large producers sharing the increase are Cuba and Java; somewhat smaller ones are Hawaii, Porto Rico and Brazil, and still smaller, though important producers showing material growth are Formosa, Australia, Mauritius, the Philippines, Peru, Argentina and Mexico. Austria-Hungary and Russia are the only large producers of beet sugar that have made any notable increase in production in the same period, though numerous small producers have made equal or greater proportionate growth as, for example, the United States, Holland, Sweden and Denmark.

The large producers of sugar approximately in their order of importance are:

	1909-10 yields
British India .....	2,127,100 long tons <sup>2</sup>
Germany.....	2,037,400 metric "
Cuba .....	1,804,349 long "
Austria-Hungary .....	1,245,600 metric "
Java .....	1,200,618 long "
Russia .....	1,123,600 metric "
France.....	803,000 " "

<sup>1</sup> Of 2,240 lbs. each. Equal to between 19,000,000 and 20,000,000 short tons of 2,000 lbs. each.

<sup>2</sup> Long ton equals 2,240 lbs. Metric ton equals 2,204.6 lbs. This order changes from year to year; for example, Russia will probably surpass Austria-Hungary and Java in later figures. For yields since this see Willett & Gray's *Weekly Journal* for Jan. 4, 1912. The above yields are probably more nearly normal than those for the calendar year of 1911.

If the industries of the continental United States and of all its insular possessions are combined and counted as one, it would rank in this class for the same year with 1,310,613 long tons, but its largest single producer is Hawaii with 462,613 long tons while its domestic beet-sugar industry is a close second with 450,595 long tons. Louisiana, Porto Rico and the Philippines follow with 325,000, 308,000 and 126,854 long tons respectively.

The two great sugar markets of the world for the surplus production of other countries are the United States and Great Britain. British India is one of the largest producers, but as it consumes practically all that it produces and imports comparatively small quantities, it has been almost a negligible factor upon the world's market, though it is now increasing its imports.<sup>1</sup>

In 1910, which was a more nearly normal year than 1911, the consumption of the United States amounted to 3,350,355 long tons,<sup>2</sup> or one-fifth of the world's product. Of this amount, 52.6 per cent was imported from foreign countries (nearly all from Cuba), 25.2 per cent from insular possessions, and 22.4 per cent was the product of the domestic cane and beet-sugar industries, the latter standing to the former in the ratio of 4 to 3.

The consumption of Great Britain is just about one-half that of the United States, or one-tenth of the world's total, the larger portions of it being imported from

<sup>1</sup> They amounted to 544,464 long tons of refined sugar in 1910. See official *Trade Record* of British India for 1910.

<sup>2</sup> Willett & Gray, *Statistical Sugar Trade Journal*, Jan. 5, 1911. *Statistical Abstract of U. S.*, 1910, p. 537. 7,360,126,811 lbs. equal to 22.1 per cent of world's product, which was 33,230,475,440 lbs. 1911 consumption according to W. & G., *ibid.*, Jan. 4, 1912, p. 2, was 3,351,391 long tons. The proportions supplied from different sources changed somewhat but not greatly.

Germany, Austria-Hungary, Java, Holland and Brazil.<sup>1</sup> Russia and Germany each consume nearly one-third, and Austria-Hungary and France each approximately one-sixth as much as the United States. These constitute all of the large sugar consumers of the world.

However, practically every important continental European country already produces its own sugar, and even the less important countries are promoting the same policy. This means that continental Europe will afford no market for surplus sugar but will itself be a producer of such a surplus as it can market advantageously. Thus it is seen that at present the greatest sugar markets of the world are furnished by the English-speaking peoples, who are the greatest consumers per capita, averaging about double their nearest competitors.<sup>2</sup>

### 3. POSSIBILITIES OF EXPANSION

#### a. *In the World as a Whole*

There are three main lines through which the great sugar-exporting nations, particularly those of continental Europe, hope to expand their sugar industries. First is the increase that comes with increase of population in their respective countries and throughout the world. Second is the expected increase in per capita consumption, especially in their domestic markets, which it is hoped will be brought about through reduction of excises and cheapening of sugar. Third is the opening up

<sup>1</sup> There were considerable importations from Cuba in 1910 and 1911, when Cuban prices fell considerably in excess of the United States concession of 34 cents.

<sup>2</sup> Excluding the comparatively small countries of Denmark (77.91 lbs.), Switzerland (64.24 lbs.), and Sweden (54.01 lbs.), U. S. average is about 80 lbs., U. K. about 86 lbs., and Australia about 100 lbs. in 1910.

of new markets and the expansion of old ones, all over the world, but especially in Asia, which contains over one-half the population of the globe, and which has a very low per capita consumption.

Estimating the world's population at 1,700,000,000,<sup>1</sup> and the world production of sugar at 16,000,000 long tons,<sup>2</sup> the average per capita consumption of the world is about 21 pounds. To raise this figure to the level of Europe (32.67 pounds) would mean a 50 per cent expansion of the world industry. To raise it to the level of Germany (43.84 pounds) would double it; to that of the United States (79.90 pounds) would quadruple it, and to that of Australia would mean an annual world production of 80,000,000 long tons, or five times that of the present, making no allowance for increase of population. Of course, this shows merely the possibilities of expansion; they are far in excess of probable increases within the near future.<sup>3</sup>

<sup>1</sup> 1,606,542,000 in 1907. *Encyclopedia Britannica*, 11th ed., vol. xxii, p. 92.

<sup>2</sup> It was about 15½ million in 1911, a little less than 17 million in 1910 and 15 million in 1909. See *W. & G., Sugar Trade Jour.*, Jan. 4, 1912, p. 11.

<sup>3</sup> In estimating the possibilities of expansion the determination of the limit of per capita consumption is of some interest. For practical purposes it does not appear far wrong to put this limit at 100 lbs. for any period in the immediate future, but it is not unreasonable to think that sugar might possibly be cheapened and used for food, in connection with other foods both for man and for animals, so as to increase its use considerably, not to mention other uses such as for cultures in laboratory experiments. No one can dogmatically fix any figure as a limit for all time, but for practical purposes we seem justified in assuming that it probably will not soon exceed 100 lbs., barring unforeseen and revolutionary inventions or discoveries. Even this limit is far beyond the probabilities in any except the more advanced nations. Julius Wolf (in *Der deutsch-amerikanische Handelsvertrag*, p. 116) puts the "satiety point" at 50 kg. or 110 lbs.

b. *Possible Expansion in the United States*(1) *Question of Market*

So far as any future for which we can make definite plans is concerned, it seems that the present status and prospective growths of existing industries in other countries are such that the world's market will not offer any great inducement for the United States to produce a surplus beyond its own consumption. At present not one advocates that this country should produce more than this, hence the possibilities and probabilities of expansion in the home field are of more immediate interest than those of the world at large.

As stated above, the present consumption of sugar in the United States is approximately 80 pounds per capita and the total over  $3\frac{1}{3}$  million long tons. It does not seem improbable that this total shall be trebled by the end of the present century. Of course these are rough estimates, for no one can foresee the future, but it does not seem improbable that the population of what now constitutes continental United States shall be 200,000,000 by that time, nor that the per capita consumption shall be 100 pounds. Looking at it from another point of view, we see that the aggregate consumption in the United States for the thirty years preceding 1912 made an average annual increase of 4.267 per cent.<sup>1</sup> An average increase of one-third of this rate would treble the

On this point see *Sugar as a Food*, U. S. Dept. of Agr., Farmers' Bulletins 53 and 142, and Experiment Station Circular no. 110. Also *Der Einfluss des Zuckers auf die Muskelarbeit*, Ugolino Mosso; *Der Zucker in seiner Bedeutung für die Volksernährung*, Theodor Jaensch; *L'industrie du Sucre*, Alfred Foret; *Le mouvement agricole*, L. N. Grandeau.

<sup>1</sup> Willett & Gray, *Weekly Statistical Sugar Trade Journal*, January 4, 1912, gives the increase for each year and the average for the period.

present total consumption, making it approximately 10,000,000 long tons by the end of the century. At any rate, there seems to be considerable room for the growth of the United States beet-sugar industry in order to supply the domestic market alone.<sup>1</sup>

It will be recalled that the existing beet-sugar industry supplies only 15 per cent of the present consumption and only 5 per cent of what we have estimated it may be by the end of the century. Of course, what part of this consumption will be supplied by the cane sugar of the southern states and of our insular possessions and by the sugar of foreign countries will depend largely upon legislative policies, as well as upon economic and industrial conditions which cannot be foreseen with accuracy,<sup>2</sup> and, for the most part, it will be safest to confine ourselves to the present and the near future.

<sup>1</sup> It is without the scope of this study to go into details and arguments concerning the possible developments of the cane-sugar industry in continental United States. It seems that the climate of the southern states is not such as to mature cane and that this section is at a great disadvantage as compared with tropical countries. The records of many decades show a comparatively small net growth, and radical changes will have to take place if the industry ever shows any rapid material expansion. It is true that there are a number of factors other than climate affecting adversely the growth of the industry, as for example, the domination of the trusts, the lack of capital, small scale production and inability to store sugars and distribute them upon the market throughout the year, besides other industrial and economic conditions. It would be foolish to deny the possibility of a material improvement, or to declare that no progress is being made, but the probabilities of large immediate expansion do not appear very great at present.

<sup>2</sup> In view of past history it would be rash to say just what our territorial possessions will be at any future time.

(2) *Question of Agricultural Area*

It has been argued before congressional committees and elsewhere that there is not sufficient land in the United States suitable to the economic production of beet sugar and that the expansion of the industry would be a great disadvantage to the country by decreasing the production of cereals and meats.

The theoretical sugar-beet belt of the United States as determined by the extensive series of experiments by the U. S. Bureau of Chemistry, lies between the mean isothermal lines of 69 degrees and 71 degrees, counting the months of June, July and August.<sup>1</sup>

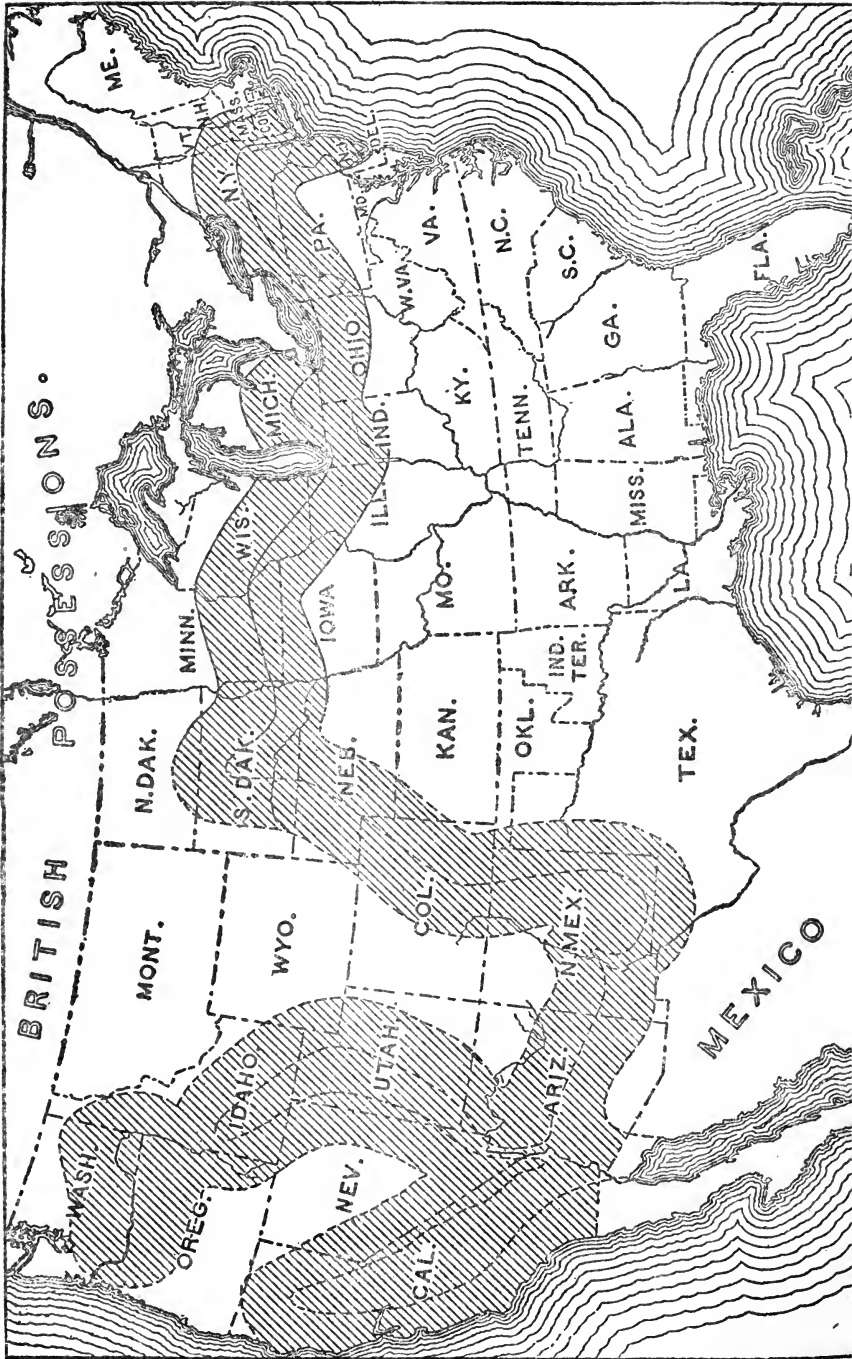
This beet belt contains 274,000,000 acres. In some places it crosses lakes and mountains; in others, the soil is not the best for beets; in others, other crops can be raised more profitably and, for various reasons, not nearly all of it is available for beet-sugar production.<sup>2</sup>

<sup>1</sup> See *Special Report on the Beet Sugar Industry of the U. S.*, 1897. U. S. Dept. of Agr. Also H. Doc. 396, 55th Cong., 2d Sess., and annual reports for each succeeding year. Also, *Letter of Sec. of Agriculture*, S. Doc. 22, 61st Cong., 1st Session, p. 33. Accompanying map is taken from Farmers' Bul. no. 52, U. S. Dept. of Agr.

<sup>2</sup> An extensive series of experiments conducted by Dr. H. W. Wiley, of the Bureau of Chemistry, U. S. Dept. of Agr., show that the sugar stored in the beet root, being entirely a product of the air and sun elaborated by the beet leaves, reaches a higher percentage of the weight of the beet in the higher latitudes where the days are longer than further south. However, this does not seem to require the direct rays of the sun as cloudy seasons in the northern latitude do not seem to affect the sugar content materially. But the shortness of periods between spring and autumn freezes sets limits to the planting and harvesting seasons and thus effectually restricts the area practicable to devote to the industry in these latitudes.

Latitudes considerably south of the sugar-beet belt can produce a good tonnage of beets, but they are usually low in sugar content. California produces the richest beets of any state in the union and seems an important exception to the rule. See Bulletins of the Bureau

UNITED STATES SUGAR-BEET BELT.





However, this is only the theoretical center of the area actually adapted to the industry. At the present time, many of the factories are without, though near, these isothermal lines and probably there is as much land without the belt that is suited to the industry as there is within it, for temperature is only one of the important considerations in determining location, and other advantages may overcome a slight handicap in this respect.

The average production of sugar per acre in the United States is now about 1.2 short tons, or 2400 pounds. Our total consumption in 1910<sup>2</sup> was 7,360,126,811 pounds. At 2400 pounds per acre it would require 3,066,720 acres to produce that amount. This is only about one-ninetieth of the total area of the beet belt. If it were assumed that rotation would be adopted so that each acre would be put in beets only one year in five, it would then require only one-eighteenth of the area of the beet belt, and if our consumption trebled, as it was estimated it would do before the end of the present century, it would take only one-sixth of the area of this beet belt to produce it all, using each acre only once in five years and assuming no improvement in the sugar yield per acre, and assuming further that we got no sugar from any source whatever except our own home beet industry.

But what would be the effect upon the acreage of other crops of the withdrawal of this 3,066,720 acres for beets, that is, 2½ million acres in addition to what is now de-

of Chemistry, U. S. Dept. of Agr., nos. 3, 30, 33, 36, 39, 52, and especially, nos. 64, 74, 78, 95 and 96, as to the influence of soil, climate and environment upon the composition of the sugar beet.

<sup>1</sup> U. S. Dept. of Agr. Report, no. 92, p. 56. Average, 1906-1909, 1,2306 short tons; 1901-1905, 1,0522 tons.

<sup>2</sup> *Statistical Abstract of U. S.*, 1910, p. 537. About the same in 1911.

voted to this crop? In the year 1910 the following acreages were devoted to the following crops as indicated.

Corn.....	114,002,000	acres
Wheat.....	49,205,000	"
Oats.....	35,288,000	"
Rye.....	2,028,000	"
Barley.....	7,257,000	"
Flaxseed.....	2,916,000	"
Potatoes.....	3,591,000	"
Hay.....	45,691,000	"
	259,978,000	acres

It is evident that the withdrawal of 3,066,720 acres<sup>2</sup> to supply our entire present sugar consumption, or three times that much, should our consumption treble and all of it be supplied by beets, would be almost insignificant as compared with 260,000,000 acres devoted to our main food and forage crops, and it is not at all certain, as we shall attempt to show later, that the production of these crops would be lessened at all thereby. Hence, whatever may be said of other arguments, this argument regarding lack of area to devote to the crop is not to be taken very seriously at present.

<sup>1</sup> *Statistical Abstract of U. S.* 1910, pp. 125-146.

<sup>2</sup> This is less than one-twentieth of the total area of the single state of Colorado.

## CHAPTER IV. COSTS IN THE UNITED STATES<sup>1</sup>

### I. PRELIMINARY CONSIDERATIONS

#### a. *Relative Importance of Various Costs*

THE United States has the land, the climate and the market for a great expansion of the beet-sugar industry. Can she compete with other sugar-producing countries? Among the foremost questions for consideration in this connection are costs of production. In most cases these reflect all factors and may be said to be resultants of their combined forces.

We shall see that, of these costs, the agricultural costs, especially the labor costs of producing beets, are, at present, the most important in the United States. In the manufacturing costs of beet sugar<sup>2</sup> the element of labor forms a very small proportion and it is not generally questioned by the best authorities that the United States can compete with, and often surpass, almost all other countries when it comes to a combination of skilled labor, machinery and large-scale production. Furthermore, it has already been pointed out that German investigations have shown that cost of production decreases

<sup>1</sup> Other than agricultural costs, which will be considered more fully in a separate chapter, but including some comparisons with Europe, particularly with Germany.

<sup>2</sup> 1910 Census Report on Beet-Sugar Mfg. Costs for 1909: Salaries, 4.7%; wages, 12.9%; materials, 73.0%; miscellaneous expenses, 9.4%. (From manuscript previous to publication.)

with increased size of factory operations,<sup>1</sup> and we have seen that the United States beet-sugar factories operate on a larger scale than those of any other country.

With the improvement of the beets and better organization and management of the factories, the absolute and relative costs of manufacturing are decreasing, while the expense of raw material is increasing. In 1899<sup>2</sup> the cost of beets was about 50 per cent of the entire expense of the United States factories in producing granulated sugar. In 1904 this item formed about 56 per cent and in 1909 about 60 per cent of the total. The next largest item under materials was fuel, which was only about one-tenth as great as that of beets.

It will be shown later that half to five-sixths of the cost of these beets was labor cost, largely unskilled hand-labor costs; hence, it is that this factor is of relatively large importance in a consideration of the United States beet-sugar industry and its competitive ability as regards the sugar industries of other countries, and also as regards competitive crops and industries in this country.

We shall take up a brief consideration of the main economic and industrial factors, especially costs of production, first in the United States and then in some of the important and typical beet and cane-sugar countries, especially those where the industry has reached its highest economic development. Then we shall consider similar factors as affecting the probable and possible development in comparatively undeveloped countries,

<sup>1</sup> See *Zuckerfabrikation* by H. Claassen, pp. 102, 103; also 1910 Census Report on the Sugar Industry of the U. S., and official reports of the various sugar-producing countries. All of these are cited elsewhere in connection with these various matters.

<sup>2</sup> The census report covers the preceding year in each case.

such as Cuba and the Philippines, and in addition, we shall consider probable improvements and developments in both cane and beet-sugar industries, as well as important indirect factors bearing upon the main problems.

b. *Character of Available Data*

Thousands upon thousands of printed pages relative to the sugar industries of this and other countries fill the published hearings of various congressional committees. Some of the more important hearings of recent years relative to sugar are those before the House Ways and Means Committees and the Senate Finance Committees of 1897 and 1909, the Philippine and Cuban *Reciprocity Hearings* of 1902-1905, and the *Hearings* of the Special Committee on the Investigation of the American Sugar Refining Co. and Others of 1911.<sup>1</sup> Throughout nearly all of these voluminous and more or less disconnected masses of printed material, and taking up a considerable portion of the aggregate, is the testimony upon costs and conditions of sugar production in the various countries.

Near the close of the last of these protracted hearings,<sup>2</sup> after repeated efforts to get at the costs of production from nearly every witness, Representative Raker, the California member of the Hardwick Committee, complained that he had not, even yet, been able to get at the real facts of the matter.<sup>3</sup>

<sup>1</sup> Hardwick Committee.

<sup>2</sup> That is, up to the adjournment of the first session of the 62d Congress. After the above was written, some further testimony was taken in Dec., 1911 and Jan., 1912, the final report being submitted to Congress Feb. 17, 1912. See *New York Times*, Feb. 18 and 19, 1912. See also Hardwick Committee *Hearings*, pp. 3393-3424, and House Report no. 331, 62d Cong., 2d Sess. (1912).

<sup>3</sup> See Hardwick Committee *Hearings (Special Investigation of A. S. R. Co. 1911)*, pp. 2501-06 and 2794-2814; particularly pp. 2502, 2795.

For obvious reasons, the only parties who could furnish the manufacturing costs in sufficient detail to be of much worth have preferred not to do so. Nor have comprehensive and detailed records of agricultural costs been kept, unless by the sugar companies, and they are unwilling to make these public, also. Hence, the best that can be done regarding the ascertainment of such matters is to try to learn as much as possible from the material that is available, checking it here and there and always considering the source and probable bias of the party giving it, for as regards the United States, nearly everything published relative to sugar costs and the tariff shows the prejudice of an advocate. Of course, there are exceptions, including some government publications, but not all of the latter seem entirely free from the same bias. Hence, we must be on our guard to take the statements of each for what they are worth, and this

Near the close of the same hearings (see note above) Mr. Truman G. Palmer stated that he could not give details of costs, either for the United States, Europe, the Philippines or Cuba, not to mention other countries. Mr. Palmer of Chicago and Washington, formerly of California and of New York, is the able representative of the "United States Beet Sugar Industry," an association of a majority of the beet-sugar manufacturers of the United States, and has spent years in this country and Europe collecting statistics (including those regarding cost) from the factories and principal authorities of these various countries relative to the sugar industry in every important country of the world. His testimony and briefs (which include many statistics on costs) covering nearly all of the important countries, take up a considerable part of each of the hearings mentioned above.

These facts are not mentioned by way of criticism, but as typical of instances that could be multiplied, showing the state of actual available knowledge regarding costs of production. It might be added that the legal method of discovering the truth regarding mooted points through the taking of testimony was originally intended to be used in the ascertainment of facts entirely different from those of complex industrial and economic costs. In this latter class of inquiries such methods are apt to be about as unsuccessful as they are antiquated.

special warning is given here because of the peculiar difficulties involved in this part of the study.

## 2. COST FIGURES OF DIFFERENT AUTHORITIES <sup>1</sup>

In the next six or eight pages we shall present some of the typical statements of the total costs of producing beet sugar in the United States, most of them being made before congressional committees by interested parties. Following this, we shall approach the matter from another standpoint.<sup>2</sup>

According to the sworn statement<sup>3</sup> of the present secretary of the American Sugar Refining Co. (sugar trust), which owns or controls many of the beet-sugar factories of the United States,<sup>4</sup> the costs of producing granulated beet sugar per 100 pounds, in the various factories in which it was interested in the campaign year of 1910-11 were as follows:

Michigan Sugar Co.	(operating 6 factories <sup>5</sup> )	.....	\$3.48
Great Western Sugar Co.	(Colo., oper'g 9 " )	.....	3.43
Billings Sugar Co.	(Mont., 1 factory )	.....	3.49
Scottsbluff Sugar Co.	(Neb., 1 " )	.....	3.85
Amalgamated Sugar Co.	(Ore. & Utah, 3 " )	.....	3.05
Lewiston Sugar Co.	(Utah, 1 factory )	.....	3.03
Utah-Idaho Sugar Co.	(6 factories, one idle )	.....	3.53
Alameda Sugar Co.	(Calif., 1 factory )	.....	4.32
Spreckels Sugar Co.	(Calif., 2 factories )	.....	2.70
Menominee " "	(Wis., 1 factory )	.....	4.39
Continental " "	(Ohio, 1 " )	.....	4.08
Iowa " "	(Iowa, 1 " )	.....	5.14
Carver County " "	(Minn., 1 " )	.....	3.75

<sup>1</sup> Mostly *ex parte*.

<sup>2</sup> Where it is necessary to deal with so many details regarding controverted facts in order to have sufficient basis for valid deductions, as is here the case, the general reader, seeking for conclusions only, will be relieved of considerable tedium by turning at once to the ends of the sections and chapters where these are found.

<sup>3</sup> Hardwick Committee *Hearings*, p. 2379.

<sup>4</sup> *Ibid.*, p. 100.

<sup>5</sup> Explanations in parentheses are taken from U. S. Dept. of Agr.

According to the statements accompanying these figures they represent "actual, bare cost" with nothing included for depreciation, interest on investment, or freight in marketing.

These figures are said to be taken from the books of the company, and correspond very closely in character and amounts to similar figures given by a number of officials of various ones of these constituent companies.<sup>1</sup>

TABLE VIII. COSTS OF MANUFACTURING BEET SUGAR (AS REPORTED BY THE FACTORIES)<sup>2</sup>

	1906-07	1907-08	1908-09	1909-10	1910-11
(1) Tons of beets sliced . . . . .	81,371	71,845	65,647	73,012	70,043
(2) Sugar extracted per ton of beets . . . . .	235.2	269.9	248.5	252.7	262.2
(3) Average price paid per ton of beets . . . . .	\$4.95	\$5.01	\$5.08	\$5.12	\$5.41
(4) Cost of raw material at factory, per ton of beets . . . . .	5.71	5.73	5.86	6.00	6.49
Cost of manufacture per 100 pounds of granulated sugar:					
(5) (a) Raw material (mostly beets) . . . . .	\$2.439	\$2.268	\$2.339	\$2.431	\$2.621
(6) (b) Factory cost . . . . .	1.153	1.217	1.215	1.243	1.120
(7) (c) Overhead and administration charges . . . . .	.156	.208	.267	.253	.242
(8) (d) Taxes and insurance . . . . .	.075	.093	.104	.098	.117
(9) Total . . . . .	\$3.823	\$3.786	\$3.925	\$4.065	\$4.100
(10) Total, including ten other factories . . . . .	3.94	3.56	3.87	3.73	3.89

Report no. 92 (1909), pp. 46-48. It is possible that in some instances the number of factories under certain company names have changed slightly in the meantime. The Continental Sugar Co. has recently erected another factory in Ohio and one in Michigan. See H. R. Report no. 331, p. 12, 62d Cong., 2d Sess., Report of Hardwick Com., Feb. 17, 1912. See Hardwick Committee *Hearings*, pp. 75, 100, 2876, 2894 *et seq.*

<sup>1</sup> See Hardwick Committee *Hearings*, pp. 400, 419, 660, 805, 889, 950, 1704, 2248, 2379, 2630, 2724, 2876, 2894.

<sup>2</sup> These figures are averages compiled from the reports of thirty-three factories



In January, 1912, there were filed with the Hardwick Committee the most complete *ex parte* statements of cost that have been made public.<sup>1</sup> These statements cover the operations of 33 factories, 18 of them being included in the American Sugar Refining Company's list above. Of these 33 factories, 4 are located in California, 13 in Colorado, 2 in Nebraska, 1 in Montana, 2 in Utah, 4 in Idaho, 6 in Michigan and 1 in Ohio. In these statements the various items of cost are reported under more nearly uniform heads than is usually the case, but a careful examination shows that a considerable part of the uniformity is apparent only. With one or two exceptions there is doubt in every case as to what some item includes, and it is generally evident that some expenses are included that are not accounted for. The accompanying table (No. VIII) gives a summary of the arithmetical averages compiled from these sworn statements, but the reader is warned that the lack of uniformity mentioned above renders them of very doubtful worth. In each case the average is for all of the factories reporting that item, and the number varies with the different items as is indicated in the note.

Taking the last year (1910-11), the total costs of producing 100 pounds of granulated sugar, as reported by the different factories, vary from \$2.81 to \$4.93 and even to \$8.39 in the case of the factory at Nampa, Idaho,

as published in the Hardwick Committee *Hearings*, pp. 3393-3424 (Jan., 1912).

Number of factories reporting above items:

	1906-07	1907-08	1908-09	1909-10	1910-11
Items (1), (2) and (10).....	29	30	30	30	29
Item (3).....	21	21	22	21	22
Item (4).....	16	17	17	17	15
Items (5), (6), (7), (8) and (9).....	19	20	20	20	19

<sup>1</sup> These statements did not become available to the writer till Mar. 1, 1912, after this study was practically ready for the printer.

which sliced only 4595 tons of beets. (That is, it was practically idle.) The reported average total costs varied in the other years as follows: 1909-10, \$2.98 to \$6.24; 1908-09, \$2.92 to \$6.17; 1907-08, \$2.76 to \$4.64; 1906-07, \$2.91 to \$6.00, and even to \$9.58 in the case of the new factory at Ft. Morgan, Colorado, which sliced only 16,998 tons of beets.

These cost figures are not presumed to include interest on investment, depreciation of plant or cost of selling. The American Beet Sugar Company, operating six factories, states that these items add to the cost by averages of \$.84, \$.88, \$1.25, \$.87 and \$.85 for the five respective years ending 1910-11, the average of all six factories for all five years being \$.96 per 100 pounds of sugar divided as follows: Selling, \$.573; interest on borrowed money, \$.14; depreciation, \$.25. The Utah-Idaho Sugar Company reports the additional cost on account of interest as varying from \$.10 to \$.20 and "miscellaneous revenue and expenditures" from \$.01 to \$.32 per 100 pounds of sugar.

Mr. T. G. Palmer<sup>1</sup> has made calculations<sup>2</sup> based upon the United States census reports to show that the average costs for the entire country were \$4.2561 in 1899; \$3.8577 in 1904 and \$3.6737 in 1909, per 100 pounds of granulated sugar, and that if the cost of beets per ton delivered to the factory had not increased from \$4.386 in 1899 to about \$6.00<sup>3</sup> in 1909 the cost of sugar produc-

<sup>1</sup> Representing the association of beet-sugar manufacturers of the United States. Some of his tables are given near the end of this chapter.

<sup>2</sup> Hardwick Committee *Hearings*, p. 2630. See tables xiv and xv, *infra*.

<sup>3</sup> We think this estimate as to cost of beets to factories is a trifle high, possibly by as much as 25 cents, though there is no way to tell exactly. This matter will be mentioned later.

tion in the latter year would have been diminished by 79.11 cents per 100 pounds, making it \$2.8826, or only two-thirds of what it was ten years before, the principal improvement being due to the higher sugar content of the beet and larger extraction by the factory.

November 17, 1908, before the Ways and Means Committee, Mr. E. F. Atkins<sup>1</sup> also made a somewhat detailed calculation of the costs of beet sugar, taking his figures from 1906 and 1907 United States government reports of actual results and obtaining as average costs for the United States \$2.87 for 1906 and \$2.89 for 1907, per 100 pounds, not allowing 70 cents profit (approximately) to the farmer, which, if added, would have made the cost to the factories \$3.59. This was after making what he considered more than necessary allowances for some items for which he did not have detailed data.<sup>2</sup> He also took the figures obtained from a report of the Utah-Idaho Sugar Company and calculated that their costs of production were \$3.70 in a year (1907-08) when they were put to a certain extra and unusual expense of 73 cents per 100 pounds. Deducting this amount and the profits to the farmer, the actual cost was only \$2.27.<sup>3</sup>

<sup>1</sup> Mr. E. F. Atkins of Boston went into the sugar trust at its original formation, and has been a stockholder in the American Sugar Refining Co. ever since its organization. He was elected director in January, 1910, and is at present its acting president. He and his father before him have, for years, been heavily interested in Cuban sugar lands. The whole trend of his arguments before 1911 was in favor of material reductions in the tariff and concessions to Cuba. Before the Hardwick Committee, his new relation to the A. S. R. Co., in view of its holdings in the beet-sugar companies, seems to have repressed these arguments. See Hardwick Committee *Hearings*, pp. 1-176; *Tariff Hearings*, 1908-09, pp. 3349-3389.

<sup>2</sup> *Tariff Hearings*, Schedule E, Ways and Means Committee, 60th Cong., pp. 3359 *et seq.*

<sup>3</sup> That company's report of total costs for this year gives figures

Mr. Edw. F. Dyer<sup>1</sup> also presented details of costs which he said represented those of the best U. S. factories under favorable conditions and his figure was \$3.382. He also presented a table which he said showed the cost in each of seven modern representative factories in the United States and these figures ranged from \$3.461 to \$4.695 with an average of \$3.732 per 100 pounds.

In January 1902, Dr. Harvey W. Wiley<sup>2</sup> stated before the Ways and Means Committee<sup>3</sup> (basing his statement upon the 1900 Census of beet-sugar manufactures) that in 1899, the year covered by the census, the average cost of producing beet sugar in the United States was

varying from \$3.04 to \$3.80. If debits and credits for interest, by-products and miscellaneous items are included, they vary from \$3.28 to \$4.25 per 100 lbs. of granulated sugar. See Hardwick Committee *Hearings*, p. 3401 (Jan. 1912).

<sup>1</sup> *Tariff Hearings*, 1908-09, pp. 3496 *et seq.* Mr. Edw. F. Dyer and his firm, builders of sugar works, Cleveland, Ohio, have taken a prominent part in the building of more beet-sugar factories, probably, than any other firm in the United States. He is a relative (I think, a son, but the reference in the *Hearings* of the Hardwick Committee has been lost) of E. H. Dyer, one of the early pioneers and prominent founders of the industry in California.

<sup>2</sup> Chief of the Bureau of Chemistry, U. S. Dept. of Agriculture. It was under Dr. Wiley's direction that most of the government sugar-beet experiments were made, especially as regards the effect of climate and soil upon the beet and the best locations for the industry within the United States. It was under his direction, also, that Dr. G. K. Spencer, his assistant, whom he considered the "best posted sugar expert in the United States," and who is now in charge of American sugar interests in Cuba, took the 1900 census of United States beet-sugar manufactures, probably the most careful census of the industry ever taken.

<sup>3</sup> *Cuban Reciprocity Hearings*, pp. 474-520. This testimony was published later in the *Beet Sugar Gazette* (vol. 4, March and April, 1902) in more connected form, as questions of members of the committee were omitted.

4.15 cents per pound and "up to the present time, [1902] the minimum cost has not been less than 4 cents a pound."<sup>1</sup> These figures correspond very closely to those of Mr. T. G. Palmer (4.2561 cents, cited above) which were based upon the same census report.

TABLE IX. AMERICAN BEET SUGAR CO. COSTS

Location of factory.	Grand Island, Nebraska.	Norfolk, Nebraska.	Chino, California.
Beets worked, tons .....	18,546	31,066	47,302
Cost of beets per ton .....	\$4.00	\$4.00	\$4.00
Expense of working, per ton of beets.....	2.05	2.53	2.92
Maintenance, per ton of beets (including part of season not in operation) .....	1.68	1.20	1.50
Net profit per ton of beets.....	\$3.73 1.31	\$3.73 3.30	\$4.42 3.56
Sugar obtained (gran.), per ton of beets, pounds..	(not given.)	250	256
Cost of beets per 100 lbs. sugar <sup>2</sup> .....	(not given.)	\$1.60	\$1.56
Cost of working per 100 lbs. sugar.....	(not given.)	1.01	1.14
Cost of maintenance per 100 lbs. sugar .....	(not given.)	.48	.59
Total cost of sugar per 100 lbs.....	(not given.)	\$3.09	\$3.29

In 1899, in a letter<sup>3</sup> or prospectus by H. F. Oxnard, president, and W. Bayard Cutting, director, of the American Beet Sugar Co., which operated four factories in Nebraska and California, details of costs at their various factories are presented and they undertake to show by their

<sup>1</sup> *Cuban Reciprocity Hearings*, p. 486.

<sup>2</sup> This and the following calculations are made by the writer from the above. The factory at Oxnard, California, was built in 1898 and figures are not given for it.

<sup>3</sup> Printed in part in the *N. Y. Evening Post* of Dec. 12, 1901, p. 12.

own results that the beet-sugar industry of the United States could thrive without protection, even assuming that sugar prices should fall so that they could realize only 4 cents per pound. This was also upon the assumption of \$4. per ton<sup>1</sup> for beets. They had been in the beet-sugar business in the United States for ten years at that time, but most of their figures were for the campaign of 1898 from which they are taken.

Something over two years later<sup>2</sup> Mr. Oxnard stated that the Norfolk costs in 1898 were  $3\frac{1}{2}$  cents per pound (instead of 3.09 cents for the same year, as calculated above) and that results that year were more favorable than for later years, especially as droughts in California had cut down the tonnage and thus prevented full runs. Besides, other unexpected factors had upset calculations. He then put the costs at between 4 and  $4\frac{1}{2}$  cents, allowing 5 per cent to 7 per cent for depreciation of plants, but nothing for interest.

In 1911<sup>3</sup> he gives the costs for each year from 1905 to 1910, inclusive, the figures decreasing from \$4.49 in 1905 and \$4.63 in 1906 to \$4.24 in 1910. These include depreciation and delivery of sugar to the grocer. Elsewhere he states<sup>4</sup> the cost at the factory as "somewhere between  $3\frac{1}{2}$  cents and 4 cents per pound," and of this, 1 to  $1\frac{1}{2}$  cents is factory or manufacturing cost, but this

<sup>1</sup> The average price now is about \$5.50 as compared with this, though prices vary from \$4 to \$6 or \$7, depending upon sugar content in some sections and, almost everywhere, upon the companies' ability to get beets at the cheapest price at which they can get a sufficient supply to run their factories. Sometimes they fail to get enough, and this has forced raising prices on the whole.

<sup>2</sup> *Cuban Reciprocity Hearings*, 1902, p. 170. Mr. Oxnard was here opposing concessions to Cuba.

<sup>3</sup> *Hardwick Committee Hearings*, p. 1704.

<sup>4</sup> *Ibid.*, p. 400.

latter does not include barrels, sacks, and "overhead" or "dead" expenses, which amount to  $\frac{1}{4}$  cent to  $\frac{1}{2}$  cent per pound, nor does it include interest or depreciation. He also estimates that the cost has been reduced "all through" by  $\frac{1}{2}$  cent per pound in the last ten years.<sup>1</sup>

The United States Industrial Commission in 1902, in summing up the conclusions drawn from its hearings, says:<sup>2</sup>

The relative cost of producing beet and cane sugar will have much to do with the future of the domestic beet-sugar industry. There are no very exact figures available, but it is stated on good authority that the cost of producing sugar in Louisiana is higher than in Porto Rico, although costs are sure to rise in the latter place and be reduced here. Porto Rico can produce sugar at 2 cents a pound (the duty of \$1.68 per 100 lbs. having been discontinued); here it costs from 3 cents to  $3\frac{1}{2}$  cents a pound. Dr. Wiley estimates the cost of the product in Germany at from  $2\frac{1}{2}$  to  $2\frac{3}{4}$  cents per pound, exclusive of taxes. In the United States the cost is perhaps 3 cents. [The latter evidently refers to beet sugar.]

Other figures of a similar nature, or less reliable, might be quoted *ad infinitum* but satisfactory detailed figures are nowhere available. However, if we take the most complete statement of lump costs that we have, those of the American Sugar Refining Co. and allied beet-sugar companies, for example, it is the writer's opinion, based upon various facts not entirely conclusive but having some bearing upon the matter, that they are not so far wrong as some may believe.<sup>3</sup> It is probable

<sup>1</sup> Hardwick Committee *Hearings*, p. 432. See later data referred to in connection with Table VIII, *supra*, and *ibid.*, pp. 3415-3422.

<sup>2</sup> *Final Report*, vol. 19, pp. 86, 87.

<sup>3</sup> A very few of these are quoted near the beginning of this chapter.

that they contain some items that ought to be eliminated and it is possible that these amount to enough in the aggregate to hide handsome profits.<sup>1</sup>

### 3. ANALYSIS OF DIFFERENT PARTS OF COST

We have been running over a few of the better statements of total costs as they have been presented before congressional committees. Now we shall endeavor to check up some of them by means of independent data and, in so doing, shall consider some of the factors upon which different parts of the cost are dependent. First, we shall consider the price paid for beets; second, the amount of sugar obtained from the beets and the cost of the same to the factory; third, the manufacturing costs.

#### a. *Cost of the Raw Material to the Factories*

##### (1) *Cost of Beets in Various States and Factors Affecting the Same*

If we examine the reports of the United States Census and the Department of Agriculture<sup>2</sup> we shall see that the greater part of the cost of beet sugar is usually taken up in the cost of the beets, as has been mentioned above. The cost of the sugar in the beet (before the manufacturing process begins) depends mainly upon two things: the price paid the farmer, and the richness or per cent of sugar in the beet. We shall consider the former first.

<sup>1</sup> Owing to its importance and to some peculiar considerations, the cost of growing beets is not taken up at this point, but is discussed in the next chapter, where some phases of it are gone into more fully than can be done here.

<sup>2</sup> Most of the facts in these reports are given voluntarily by the factories upon requests from U. S. officials and are not sworn to, and while it has been hinted that they may be colored by the sugar companies, it is the writer's opinion that they are treated in such a manner by the government that the operations of individual factories or com-



There are two methods of paying the growers for beets. One is the flat price per ton, regardless of quality; the other the sliding scale, the price depending upon the per cent of sugar in the weight of the beet, the latter being determined by the factory from tests of samples. Some factories allow their growers options between the two methods. About two-thirds of the beets in the United States are now paid for upon the flat-price basis.<sup>1</sup>

In nearly all of the states the flat price has been \$5.00 per ton of beets (2000 lbs.) though in Utah and Idaho it has been only \$4.50, in Arizona \$4.75, in Minnesota \$5.50 and in Washington \$5.75.<sup>2</sup>

In Michigan about three-fourths of the beets are bought upon a sliding scale, in California about four-sevenths, and in Colorado about one-tenth. The total tonnage bought in this way in other states is relatively small. The most usual basis in these sliding scale com-

panies are not shown and that there is not sufficient reason for them to discolor greatly the figures on acreage, yield, extraction and purity. It is true that reports vary slightly, even if they are from the same original sources. For example, the tonnage of beets worked and total amount of sugar obtained in 1909 is reported as greater in the annual report of the Department of Agriculture, than in the census report, and hence calculations based upon these figures vary somewhat also. It is to be remembered, however, that in dealing with averages in any case there are apt to be errors unless the manner of making the averages is known, and this is not the case as regards all of these figures. However, it is not believed that there are so many errors of this kind in this connection as in the case of import and export prices where the price on 100 tons of sugar one day counts as much in making up averages as a price on 100,000 tons some other day.

<sup>1</sup> 1910 census for 1909 has 2,710,382 tons (of 2,000 lbs.) at fixed price and 1,254,974 tons upon a sliding scale. However, there is a growing tendency to go over to the sliding-scale basis.

<sup>2</sup> Nearly all systematic reliable data which we have are not later than 1909 or 1910 and prices are being advanced all the time. See note next page.

tracts is \$4.50 for beets containing 12 per cent<sup>1</sup> of their weight in sugar and 33 $\frac{1}{3}$  cents additional for every additional per cent of sugar. In most cases the factories do not have storage capacities to run them for more than a few days, or weeks, at the most. In some cases the beets that cannot be received when harvested are delivered and left in huge piles at the various dumps, being shipped to the factory as needed, but this usually involves considerable damage through shrinking, freezing and thawing, if the beets are left exposed to the weather for any length of time. In other cases the growers silo the beets (pile and cover with earth), in their fields, for which they are now usually paid extra. In cases coming within the writer's experience this has varied from 20 to 50 cents per ton. This, of course, adds to the cost to the factory.<sup>2</sup>

Though the above practices are the rule, there are numerous exceptions.<sup>3</sup> Very naturally the sugar companies

<sup>1</sup> Beets with lower sugar content than this are not considered very profitable to work, as the expense does not decrease proportionately with the decrease in sugar content.

<sup>2</sup> The extra labor involved in siloing, uncovering the beets later, and leveling the ground probably costs from 20 to 40 cents per ton, varying considerably with conditions. But where the soil is dry and cloddy the grower is apt to lose a good deal through shrinkage, especially if he has to keep beets in silo for two or three months before getting orders to deliver the last of his crop, as is frequently the case. *Colo. Agr. Exp. Sta. Bul. no. 42 (1897)*, p. 30, reports some experiments on loss of weight from drying, running from 5% in 24 hours to 38% in 16 days for beets tightly wrapped in paper in the cellar of the laboratory.

<sup>3</sup> In the statement of these prices the endeavor has been to bring them up to date, but there are so many changes being made from time to time that it is possible that some have been overlooked. Most changes are apt to be increases in order to get sufficient tonnage to run the factories more days in the year, and hence more economically. If the files of the different sugar periodicals (and some others) are examined

endeavor to get their beets at the lowest prices possible and the farmer's opinion of the comparative advantages of growing this and other crops is a deciding factor as

we can note some of these changes. For example, to mention only a few, in the 1909 volume of Willett and Gray's *Statistical Sugar Trade Journal* we see that the Holly Sugar Co. has adopted a modified form of the sliding scale, paying \$4.50 for beets from 12% to 14.4%; \$5.00 for those from 14.5% to 15.9%, and \$5.50 for those 16% and over (p. 75). The Glendale, Arizona, factory will pay \$4.75 flat for beets (p. 55). The Spreckels Sugar Co. of California offers a new contract for 1910, paying \$5.00 flat at the loading stations, whereas before they had been requiring the growers to pay the freight to the factory. They expect to increase their acreage at King City (factory is located at Spreckels) by 1,000 acres (pp. 421, 441). Utah farmers also forced a raise of 25c. per ton for the year 1911-12. Later similar references to increase of prices may be found in *W. & G., Journal*, vol. for 1911, pp. 413, 525 and vol. for 1912, p. 49.

As an instance of reports in other classes of papers, the *Fowler (Colo.) Tribune* of Dec. 2, 1910, reports that the American Beet Sugar Co. announces a new contract for 1911, giving a \$5.50 flat rate, or \$5.00 for beets testing 12% and on increase of  $33\frac{1}{3}$  cents for each per cent of increase, instead of \$5.00 for 14% beets and an increase of 25 cents for each per cent of increase of sugar content as before. That is, beets bringing \$5.00 previously would bring \$5.66 in 1911.

This article does not so state, but in 1908 this company had made a change in contracts to a sort of sliding scale in which the price paid for beets was not satisfactory to many of the growers. That year was unusually dry, and later a leaf blight also reduced the tonnage grown, so that since 1908 the company has not been able to operate all of its Colorado factories, nor those it did operate for as long campaigns as desirable. Hence, the greater inducements to the farmers to grow more beets. The above are a few typical instances only.

Since the above was written the *Report* of the Hardwick Committee has been published (62d Cong., 2d Sess., H. R. Report no. 331). Its statements are based on testimony as indicated, and the writer is of the opinion that these "averages" are a little above actual averages, though not a great deal. Following is the reference (p. 20):

"Your committee reports that the evidence as taken does not disclose combinations between manufacturers in the beet-sugar industry that have caused or had a tendency to cause a decrease in the cost of sugar beets. In California the price of beets in 1911 was \$5.30 per ton of beets grading 16 per cent, and a contract has been made

to how much of an acreage he plants; consequently, in some cases, where necessary,<sup>1</sup> the sugar companies pay more for beets, as, for example, in Washington and Minnesota, and in at least one of the Michigan factories<sup>2</sup> where there is no reason to believe that the difference can be explained by differences in sugar content. The same fact is illustrated by the fact that the usual price is paid for the inferior beets of Iowa and, as mentioned above, the Utah and Idaho companies have been paying 50 cents per ton under the usual price.

for an increase of 75 cents per ton for the year 1912. (*Hearings*, p. 3873.)

"In Utah and Idaho the ruling price is \$5 per ton and freight, which makes the beets cost, delivered at the factory, over \$5.60 to \$5.65 per ton. (*Hearings*, p. 797.)

"In Colorado and Nebraska the price averages from \$5.50 per ton to \$6.50 per ton. (*Hearings*, pp. 400, 888.)

"In Michigan and Ohio the customary contract calls for a payment by the factory of \$4.50 per ton for beets testing 12 per cent sugar with 33 $\frac{1}{3}$  cents per ton for each additional per cent of sugar in the beets, with a minimum guaranty of \$5 per ton. (*Hearings*, p. 719.)

"Under such form of contract, coupled with the freight charges paid by the factory, the average price paid by one of the leading Michigan companies in 1910 was \$6.91 per ton. (*Hearings*, p. 712.)

"These figures represent an increase in price to the farmer for his beets over the price of former years. This increase has been largely caused by improved methods of culture and increasing sugar contents of the beets, though doubtless accelerated by the demand of the farmer for higher prices."

See also Table VIII, *supra*.

<sup>1</sup> See testimony of C. S. Morey, president of Great Western Sugar Co. with nine factories in Colorado, and other allied factories. Hardwick Committee *Hearings*, pp. 887 *et seq.*

<sup>2</sup> Chas. B. Warren. Hardwick Committee *Hearings*, p. 720. As a matter of fact this factory pays about \$1 per ton more than the other Michigan factories because that inducement is necessary to get the beets. There is no reason to believe that the beets it gets are better in quality than those of the average Michigan factory. See, also, Hardwick Committee *Hearings*, pp. 3393-3424, (1912).

These variations make it very difficult to arrive at a satisfactory figure as to the average price paid for beets at present. It has been on the increase from year to year because the securing of a sufficient tonnage of beets has demanded it. The following table (No. X) illustrates this fact.

TABLE X. QUANTITIES, PRICES, AND TOTAL VALUES OF BEETS WORKED BY FACTORIES, 1897-1908, BY YEARS

(Compiled from reports on progress of the beet-sugar industry)<sup>1</sup>

Year.	Beets worked.	Average price per ton.	Total value.
	Tons. <sup>2</sup>		
1897.....	389,385	\$4.10	\$1,596,478
1898.....	363,680	4.30	1,563,824
1899 <sup>3</sup> .....	832,939	4.60	3,831,519
1900.....	845,600	4.73	3,999,688
1901.....	1,685,689	4.60	7,754,169
1902.....	1,895,812	4.84	9,175,730
1903.....	2,076,494	4.86	10,091,761
1904 <sup>3</sup> .....	2,071,539	4.95	10,254,118
1905.....	2,665,913	5.00	13,329,565
1906.....	4,236,112	<sup>4</sup> 5.10	21,604,171
1907.....	3,767,871	<sup>4</sup> 5.20	19,592,929
1908.....	3,414,891	<sup>4</sup> 5.35	18,269,667
Total .....	24,245,925	.....	\$121,063,619

<sup>1</sup> *Letter of the Secretary of Agriculture*, 61st Cong., 1st Sess., Sen. Doc. no. 22, p. 16. See also Table VIII, *supra*, and Hardwick Committee *Hearings*, pp. 3393-3424.

<sup>2</sup> Here and elsewhere throughout this report the short ton (2,000 pounds) is used.

<sup>3</sup> These figures differ, though not widely, from the census figures (see Bul. 61, Bureau of the Census). The census figures are as follows: For 1899, beets worked, 794,658 tons; price per ton, \$4.39; total value, \$3,485,320; for 1904, beets worked, 2,175,417 tons; price per ton, \$5.21; total value, \$11,345,875.

<sup>4</sup> Estimated.

Following is an estimate of the average cost of sugar beets to the factories, and also of the price paid to the farmer in 1909, based upon a comparison of the reports of the Census and of the Department of Agriculture. Upon these bases, it is estimated that the Michigan beets, containing an average of 17 per cent sugar, and bought upon a sliding scale, brought \$6.16 per ton;<sup>1</sup> that those of Wisconsin, containing 15.88 per cent sugar, brought \$5.79, and that those of all other states bought upon a sliding scale averaged, on the whole, just about the same as the flat price of \$5.00. The flat-price beets of Utah and Idaho are figured at \$4.50 and all others at \$5.00, the usual price. In two or three states, having single factories for which separate returns are not given, the flat price was higher than this and, in Arizona, it was lower; in two or three others, where the sliding-scale basis is used, it was also probably a little over \$5.00, as calculated above, and in one factory in Michigan a still greater error may occur, but these errors are upon relatively small tonnages of beets compared with the whole. Assuming that these factories ran at their full capacities<sup>2</sup> for the average length of campaign,<sup>3</sup> it is reckoned that these errors amount to about \$110,000 in the aggregate, or less than 3 cents per ton on the total tonnage of the United States. This allowance is made in the calculations below.

It is estimated that one-third of the total tonnage is siloed and paid for at 50 cents per ton extra, or an aver-

<sup>1</sup> It is probable that the factory with higher rate than the usual one paid more but there is no way to separate this from the others and it is believed that all the errors concerned in this estimate tend to counterbalance each other.

<sup>2</sup> See *Amer. Sugar Industry and Beet Sugar Gazette*, 1910, p. 441.

<sup>3</sup> See U. S. Dept. of Agr., Report no. 92, p. 50.

age of 17 cents on the total tonnage. The average cost of delivering beets, including those on which no freight is paid by the factory, is calculated at 45 cents per ton.<sup>1</sup> These are all estimates and it is admitted that they contain some errors, but, with the allowances that have been made, they are probably very close to the facts and the result probably does not vary 10 cents per ton from the correct figure.<sup>2</sup> This makes the average amount paid to the farmer \$5.30 per ton of beets, and the average cost to the factory \$5.75 per ton. A summary of the calculation follows:<sup>3</sup>

ESTIMATED AVERAGE PRICE OF BEETS PER TON TO THE GROWER AND  
COST TO THE FACTORY

(For the United States, 1909, per ton of 2000 lbs.)

Tons			
2,785,345	at \$5.00	equals	\$13,926,725
587,000	" 4.50	"	2,641,500
575,945	" 6.16	"	3,551,656
17,066	" 5.79	"	98,812
<hr/>			
3,965,356			20,218,693
Average per ton			\$5.10
Allowance for error (noted above)			.03
Siloining $\frac{1}{3}$ crop at 50 cents per ton			.17
<hr/>			
Average price received by grower <sup>4</sup>			\$5.30
Cost of delivery to factory			.45
<hr/>			
Cost per ton of beets to factory <sup>5</sup>			\$5.75

<sup>1</sup> The Michigan factories have been getting a rate of 40 cts. and the writer has been told of several others that got a rate of 30 cents. This may or may not be correct. See Willett & Gray's *Weekly Journal*, vol. for 1909, p. 496.

<sup>2</sup> Assuming the correctness of the government's figures.

<sup>3</sup> See references to reports given above.

<sup>4</sup> This makes no allowance to the grower in case he pays the freight, nor for the dumping charge he pays. This is 5 cents lower than the estimate for 1908 found on p. 16, Senate Doc. 22, 61st Cong., 1st Sess.

<sup>5</sup> This does not include extra expenses to the factory such as those for agriculturists, for dumps in some cases, for office help, *etc.*, all of which have a more or less direct connection with the getting of beets. See Table VIII, *supra*.

(2) *Sugar Content and Extraction as Affecting Cost*

The second point in the cost of the sugar in the beet, namely the richness or sugar content of the beet, has just been touched upon above. While the average tonnage of beets per acre harvested has fluctuated, but on the whole remained almost stationary at 9.7 short tons, for the past ten years, the average sugar content for the United States has steadily advanced in that period from 14.8 per cent to 16.35 per cent (1.5 per cent net) and the extraction from 10.95 per cent to 12.61 per cent (1.66 per cent net, of the weight of the beet)

Nearly all of this increase, as shown in the government reports, is in the sugar content and not in the relative increase in extraction of the total sugar content because the margin between the two, that is, the residue of sugar left in the molasses and other by-products, has remained almost stationary at about 3.5 per cent of the weight of the beet, or nearly one-fourth of the sugar in the beet.

These figures seem to show a very unfortunate lack of progress in some lines, and, at the same time, an apparent inconsistency. For, while the average purity coefficient of beets (as well as the sugar content) has been increasing, and improved processes of working the residue of sugar from the molasses have been installed in numerous factories, still the amount of sugar lost (except for use as a by-product) has remained about stationary.

It is estimated that 73 to 75 per cent of the sugar in the beet is crystallizable without the employment of the improved processes of working the residue molasses; that 80 to 85 per cent of it is obtainable by the use of the osmose process; and 90 to 93 per cent with the Steffens process.



TABLE XI. SUGAR-BEET ACREAGE AND BEET-SUGAR PRODUCTION IN THE UNITED STATES 1901-1910<sup>1</sup>

State and Year.	Factories in operation.	Area harvested.	Average yield of beets per acre.	Beets worked.	Sugar manufactured.	Average extraction of sugar based on weight of beets.	Average sugar in beets.	Average purity coefficient of beets. <sup>2</sup>	Average length of campaign.
		<i>Acres.</i>	<i>Tons.<sup>3</sup></i>	<i>Tons.<sup>3</sup></i>	<i>Tons.<sup>3</sup></i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>Days.</i>
1910.									
California .....	8	90,500	10.20	923,100	139,890	15.15	18.20	82.78	114
Colorado .....	13	81,412	10.62	864,474	103,092	11.93	15.19	83.40	63
Idaho .....	3	13,178	8.39	110,556	14,269	12.91	16.82	87.38	51
Michigan .....	17	117,500	10.28	1,207,700	130,215	11.53	16.08	86.15	100
Utah .....	5	26,767	11.42	305,773	38,490	12.59	15.80	85.71	82
Wisconsin .....	4	16,772	9.14	153,327	18,130	11.82	16.75	84.14	76
Other states <sup>4</sup> .....	11	51,900	9.29	482,362	57,086	11.83	15.66	82.69	68
Totals and averages <sup>5</sup> .....	61	398,029	10.17	4,047,292	510,172	12.61	16.35	84.35	83
1909 .....	65	420,262	9.71	4,081,382	512,469	12.56	16.10	84.11	83
1908 .....	62	364,913	9.36	3,414,891	425,884	12.47	15.74	83.5	74
1907 .....	63	370,084	10.16	3,767,871	463,628	12.30	15.8	83.6	89
1906 .....	63	376,074	11.26	4,236,112	483,612	11.42	14.9	82.2	105
1905 .....	52	307,364	8.67	2,665,913	312,921	11.74	15.3	83.0	77
1904 .....	48	197,784	10.47	2,071,539	242,113	11.69	15.3	83.1	78
1903 .....	49	242,576	8.56	2,076,494	240,604	11.59	15.1	( <sup>7</sup> )	75
1902 .....	41	216,400	8.76	1,895,812	218,406	11.52	14.6	83.3	94
1901 .....	36	175,083	9.63	1,685,689	184,606	10.95	14.8	82.2	88

<sup>1</sup> U. S. Dept. of Agr., *Crop Reporter*, Oct., 1911. These statistics of acreage in sugar beets and the production of beet sugar for the season 1910 are based upon the actual returns to this department from 57 factories, and estimates of 4 factories from which returns were not received.

The acreage planted in 1910 was about 434,800 acres, and the amount abandoned about 9.5 per cent. By states, the planted area was: California, 97,000 acres; Colorado, 90,268; Idaho, 15,662; Michigan, 127,000; Utah, 28,220 Wisconsin, 18,639; other states 58,000 acres.

<sup>2</sup> By purity coefficient is meant the percentage of sugar in the total solids of the substance tested, whether it be beets, juice, or sugar. In this table it represents the average percentage of sugar in the total solids of the beets as determined by tests made at the factories.

<sup>3</sup> Tons of 2,000 pounds each.

<sup>4</sup> Grouped together to avoid giving publicity to data relating to individual factories.

<sup>5</sup> The average yield of beets per acre is found by dividing the total beets worked by the total acreage harvested; the average extraction of sugar by dividing the total sugar produced by the total beets worked; the average content of sugar, coefficient of purity, and length of campaign by adding the figures reported by the different factories and dividing by the number of reporting factories.

<sup>6</sup> These averages are not based on data for all the factories, as some of them failed to report results of tests, but it is believed that they fairly represent the character of the total beet crops.

<sup>7</sup> No data reported.

<sup>8</sup> Based on reports from 27 factories and careful estimates for 14 others.

It is probable that some of these improvements have been made too recently for their full effect to show in the government reports. Colorado,<sup>1</sup> most of whose factories adopted one of the improved processes, is the only state that shows a marked improvement in the reduction of the loss in extraction, though many factories in other states have installed similar improved processes. On the whole, these partial explanations do not seem sufficient to remove all of the apparent inconsistency.<sup>2</sup>

The granulated sugar obtained per ton of beets and per acre is shown in the following table which indicates considerable net progress.

The average extraction of sugar per ton of beets as reported for 1909-10 was 251.1 pounds and for 1908-09, 249.4 pounds; the four-year average was 243.3 pounds.<sup>3</sup> Taking the average for 1909 and the estimate of prices given above, the grower was paid, on the average for the United States, \$2.11 for every 100 pounds of sugar in the beet and the same amount cost the sugar companies at the factory \$2.29<sup>4</sup> before the manufacturing began.

<sup>1</sup> Annual Reports, U. S. Dept. of Agr., on *Progress of the Beet-Sugar Industry of the U. S.* See table of T. G. Palmer, Hardwick Committee *Hearings*, pp. 2638, 2639.

<sup>2</sup> There was some late testimony by Mr. E. U. Combs, (Dec., 1911, Hardwick *Hearings*, p. 3284) to the effect that some of the Colorado factories have abandoned the Steffens process because it is not profitable on the whole.

<sup>3</sup> U. S. Dept. of Agr. Report no. 92, p. 56. The 1910-11 average, 252.1 lbs. See Table XI, *supra*. U. S. *Crop Reporter*, Oct., 1911. All of the following calculations were made before the latter was published.

<sup>4</sup> This is very close to Mr. Palmer's estimate of \$2.3734 based upon \$6.00 per ton of beets delivered at the factory and upon the census report of sugar extraction which involves an extra calculation of converting raw sugar into terms of granulated upon the basis of 100 lbs. of the former for 90 of the latter. Hardwick Committee *Hearings*, p. 2630.

TABLE XII. YIELD OF SUGAR PER ACRE OF BEETS HARVESTED AND PER TON OF BEETS WORKED BY STATES FOR 1909 AND BY YEARS FOR 1901-1909<sup>1</sup>

State and Year.	Yield of sugar from—	
	An acre of beets.	A ton of beets.
	Tons.	Pounds.
1909.		
California .....	1.5335	288.6
Colorado .....	1.2277	237.8
Idaho .....	1.2955	244.5
Michigan .....	.9449	258.7
Utah .....	1.5621	214.8
Wisconsin .....	1.2264	240.1
Other states .....	1.0265	242.1
The United States:		
1909 .....	1.2194	251.1
1908 .....	1.1671	249.4
1907 .....	1.2497	246.1
1906 .....	1.2859	228.3
1906-1909 .....	1.2306	243.3
1905 .....	1.0181	234.8
1904 .....	1.2241	233.8
1903 .....	.9919	231.7
1902 .....	1.0093	230.4
1901 .....	1.0544	219.0
1901-1905 .....	1.0522	230.6

If the four-year instead of the one-year average of extraction is taken, upon the same estimates of prices, the growers were paid \$2.18 for each 100 pounds of sugar in their beets and the same cost the factory \$2.37 delivered. An error of 10 cents on a ton of beets, which

<sup>1</sup> Annual Report (1909) U. S. Dept. of Agr., no. 92, p. 56. The corresponding figures for the last campaign year (1910-11) are 1.2817 tons of sugar per acre of beets and 252.1 pounds of sugar per ton of beets. See Table XI, *supra*. Compare with it Table VIII, *supra*.

amount we think our estimate does not exceed, means only 4 cents per 100 pounds of sugar.

Above we have been speaking of the average prices and costs of sugar in the beet for the whole United States. Besides the average for the United States it is well to know, also, what are the particular costs in the more favorable and less favorable locations. According to the figures of prices and per cent of extraction given above, the sugar in the beets delivered at the factories in 1909-10 cost approximately as follows per 100 pounds :

California .....	\$1.90
Colorado .....	2.35
Idaho .....	2.10
Michigan.. ..	2.60
Utah .....	2.40
Wisconsin.....	2.65
" Other states "	2.40

This shows a very great range, the average for Wisconsin and Michigan being nearly 40 per cent higher than that of California, the difference being due to three causes, namely : higher price paid for beets, lower sugar content of beets, and lower relative extraction in Wisconsin and Michigan than in California. The loss in extraction in Michigan and Utah was unusually large for this year and that in Colorado below the average for that state.

In view of these averages and other known facts it is probable that extractions of 325 to 340 pounds of sugar in California are not exceedingly rare and at \$5.50 per ton for beets this would mean \$1.70 to \$1.60 per 100 pounds of sugar in the beet. On the other hand, for similar reasons it is equally probable that the extraction not infrequently falls as low as 200 pounds, or even to 180 pounds per ton in other localities, and at the cost

of \$5.50 to 5.75 per ton, the sugar in the beet would cost from \$2.75 to \$3.20 per 100 pounds before manufacturing begins.<sup>1</sup>

These are not the extreme limits but they are sufficient to indicate one of the chief reasons for variations in the cost of the finished product. In some cases they are diminished, and in others accentuated, by variations in general management, purity co-efficient, chemical control, freight, price of fuel, and other factors bearing upon the cost of manufacture. To take advantage of these favorable variations by locating the industry in the most advantageous sections, and keeping it out of the unprofitable ones, is one of the main steps that can be made towards cheaper average costs and economic efficiency, and the above figures indicate that there is considerable room for real progress in this direction.

#### b. *Manufacturing Costs*

As to beet-sugar factory costs<sup>2</sup> in the United States, practically no one knows the details with sufficient accuracy to speak authoritatively except those whose interests are such that they are very averse to imparting this information in a form that means much. Following are some typical *ex parte* statements.

Mr. Oxnard's figures, given a few pages preceding this,<sup>3</sup> show the cost of working beets in one of his factories in 1898 as \$1.01 per 100 pounds of granulated sugar and in the other factory as \$1.14, with an additional cost for maintenance of \$.48 and \$.59 respectively. In 1911 he stated<sup>4</sup> that the bare cost of manufacturing

<sup>1</sup> See Table VIII *supra*; also Hardwick Committee *Hearings*, pp. 3393-3424, (1912).

<sup>2</sup> That is, exclusive of cost of beets.

<sup>3</sup> Quoted in *N. Y. Evening Post*, Dec. 12, 1901, p. 12.

<sup>4</sup> Hardwick Com. *Hearings*, pp. 400-412.

is 1 cent to 1½ cents per pound, but that this does not include barrels, sacks, office expenses, and "overhead" expenses which amount to ¼ to ½ cent per pound, nor depreciation of plant nor interest on investment. He also testified that his company<sup>1</sup> paid about \$5.75 to \$6.50 per ton for beets, or about 2½ cents a pound for the sugar in the beets, and that the total cost was 3.90 to 4 cents per pound, which would make the cost above that of the raw material \$1.40 to \$1.50 per 100 pounds of granulated sugar. He also stated that the costs of the finished product have been falling and estimates that they have been reduced by ½ cent a pound in the last ten years. Other figures that we have cited show that there has been no reduction, but a slight increase in the cost of raw material, or sugar in the beet<sup>2</sup> in this period so that practically all of the reduction, or a little more, must have been in manufacturing and management.

Mr. Chas. B. Warren<sup>3</sup> gave the costs of the sugar in the beet for each factory for 1910-11<sup>4</sup> as \$2.94; \$2.96; \$2.73; \$2.73; \$3.03 and \$2.65 respectively, and the average for all as \$2.89. He testified in the same connection that the average cost of the finished product for the years since the organization of the company had been \$3.65 to \$3.75<sup>5</sup> which he says covers everything except depreciation. Comparing these figures, the average difference,

<sup>1</sup> The American Beet Sugar Co. has 1 factory in Nebraska, 3 in Colorado and 2 in California.

<sup>2</sup> By cost of "sugar in the beet" is meant the cost of Lects sufficient to produce 100 lbs., or 1 lb., or whatever the amount may be, of granulated sugar.

<sup>3</sup> President of Michigan Sugar Co. operating 6 sugar factories. Combination effected and company organized in 1906, Hardwick Committee *Hearings*, p. 631.

<sup>4</sup> Hardwick Committee *Hearings*, pp. 660, 661.

<sup>5</sup> *Ibid.*, pp. 661 and 662.

or cost of manufacture per 100 pounds of granulated sugar, is from 76 to 86 cents. These are lower figures than had been admitted by any other American beet-sugar manufacturer up to January 1912, so far as we have been able to ascertain, and it is probable that they come nearer representing actual costs in reasonably modern and efficient factories than some figures that have been given by others.

Near the beginning of the chapter we referred to the *ex parte* statements of costs just published in the last volume of the *Hearings* of the Hardwick Committee.<sup>1</sup> The five-year averages of factories reporting are as follows: "Cost of raw material" (mostly beets), \$2.42; "factory cost," \$1.19; "overhead and administration charges," \$0.225; "taxes and insurance," \$0.08; total, \$3.925. If the totals of eleven other factories, which did not classify expenses, are included, the 5-year average total is \$3.40 instead of \$3.925.

The average "factory cost," as reported for 1910-11, varied among the different factories from \$0.56 to \$1.88.<sup>2</sup> The variations for the preceding years were as follows: 1909-10, \$0.45 to \$2.79; 1908-09, \$.56 to \$2.92; 1907-08, \$.51 to \$2.04; 1906-07, \$.67 to \$1.92. In 1910-11, the item of "overhead and administrative charges" varied among the factories from \$.09 to \$.45, and the item of "taxes and insurance" from \$.007 to \$.132. All these figures are per 100 pounds of granulated sugar. Of the 33 factories reporting costs as mentioned above, only one gave anything like an itemized statement. These data are shown in the accompanying table (No. XIII).

<sup>1</sup> Vol. iv, pp. 3393-3424. It will be remembered that these figures cover 33 factories, though not all report all items. See Table VIII, *supra*, and explanations accompanying.

<sup>2</sup> A few instances which are obviously not at all comparable with others of the class are excluded here.

TABLE XIII. COST OF MANUFACTURING 100 POUNDS OF SUGAR <sup>1</sup>

	1909	1910	1911
Labor. ....	\$0.40664	\$0.2865	\$0.2608
Factory salaries <sup>2</sup> .....	—	.1152	.1264
Coke .....	.04118	.0444	.0346
Chemicals.....	.00855	.0058	.0114
Filter cloth.....	.01265	.0100	.0222
Fuel oil.....	.30736	.2727	.2651
Lime rock .....	.09431	.0946	.0930
Tools and equipment <sup>3</sup> .....	—	.0158	.0069
Factory supplies .....	.03105	.0306	.0285
Laboratory supplies.....	.00352	.0046	.0026
Repairs and replacements .....	.01065	.0846	.0632
Hospital fees. ....	—	.0024	.0005
Beets. ....	2.12593	2.1580	2.2424
Beet dumps, expense .....	.05902	.0301	.0287
Field salaries and expense.....	.02647	.0206	.0245
Factory sheds and yard expense <sup>4</sup> .....	—	.0607	.0586
Wells and water supply expense.....	.03476	—	—
Pipe line. ....	—	.0249	—
Sugar bags. ....	.11293	.1115	.1228
Freight and drayage. ....	—	.0023	.0041
General expense .....	.03235	.0227	.0152
Insurance.....	.00302	.0101	.0126
Interest on loans not on investment.....	.01292	.0479	.0419
Office expense and supplies. ....	.01374	.0065	.0089
Office salaries .....	.07958	.0532	.0568
Storage. ....	—	.0020	.0041
Taxes .....	—	.0379	.0425
	\$3.41663	\$3.5556	\$3.5783

Mr. Edw. F. Dyer, in the detailed statement quoted heretofore,<sup>5</sup> gave the operating expenses in the manufacture of beet sugar in the United States as \$1.6461 per

<sup>1</sup> From the statement of the Southern California Sugar Co. of Santa Ana, California. Hardwick Committee *Hearings*, p. 3404.

<sup>2</sup> Factory salaries 1909 included in labor.

<sup>3</sup> Tools and equipment 1909 included in repairs and replacements and factory supplies.

<sup>4</sup> Factory sheds and yard expense 1909 included in beet dumps.

<sup>5</sup> *Tariff Hearings*, House Ways and Means Committee, 60th Cong., Schedule E, pp. 3496 *et seq.*



ton of beets which, upon his estimate of a yield of 224.8<sup>1</sup> pounds of sugar per ton, would be \$.732 per 100 pounds of sugar. Upon the basis of the same yield his figures for administration and maintenance, not including interest and taxes, are, \$.685 per ton of beets or, \$.304 per 100 pounds of sugar. He estimates that taxes would add \$.06 and interest about \$.275.<sup>2</sup> That is, the total cost of manufacturing (not counting cost of raw material), upon the basis of an extraction of 224.8 pounds of sugar per ton of beets is \$1.372 per 100 pounds of sugar, or \$1.04 if interest and taxes are not included. For the three years for which we have official reports since he made this estimate, the average extraction has been 250 pounds per ton of sugar, or over 10 per cent above what he took as the average, and this would reduce considerably the cost of extraction per 100 pounds of sugar. Mr. E. F. Atkins<sup>3</sup> in the calculations<sup>4</sup> previously quoted said that he did not know exact costs but that even the gentlemen interested would hardly claim that the cost of manufacturing, cooperage and delivery to cars would exceed \$1.25 per 100 pounds of sugar, an estimate which he seemed to consider very liberal.

According to an analysis based upon the census returns for the years 1899, 1904, and 1909, Mr. T. G. Palmer<sup>5</sup> calculates the costs of administration and manufacture

<sup>1</sup> Which he took as representing the average for the United States.

<sup>2</sup> When converted from expense per ton of beets to expense per 100 lbs. of sugar.

<sup>3</sup> Now acting president of the trust which owns and controls many beet-sugar factories.

<sup>4</sup> Ways and Means Com., 60th Cong., 1908-09. *Tariff Hearings*, Schedule E, p. 3360.

<sup>5</sup> Hardwick Committee *Hearings*, p. 2630. See tables XIV and XV, *infra*.

TABLE XIIIa. COST OF PRODUCTION OF SUGAR FROM CUBAN SUGAR CANE AND DOMESTIC SUGAR BEETS <sup>1</sup>

	Sugar Cane. Per ton.	Sugar Beets. Per ton.
Cost of growing .....	\$1.6964	\$3.000
Freight .....	.2567	.350
Agricultural implements .....	.0479	.172
Net cost delivered .....	<u>\$2.001</u>	<u>\$4.522</u> <sup>2</sup>
Operating expenses:		
Labor .....	.2330	.5541
Fuel .....	.0444	.4200
Lime .....	.0025	.2100
Chemicals .....	.0061	.0313
Lubricants and waste .....	.0067	.0100
Filter cloth .....	.0111	.0500
Laboratory supplies .....	.0028	.0083
Packages, bags .....	.1167	.3400
Cutter knives and files .....	....	.0074
Miscellaneous.....	.0056	.0150
	<u>0.4289</u>	<u>1.6461</u>
General expenses:		
Administration .....	0.0555	0.1600
Maintenance .....	.2778	.5000
Interest .....	.3333	.6250
Taxes .....	.0167	.1333
Insurance .....	.0013	.0250
	<u>0.6846</u>	<u>1.4433</u>
Total cost .....	<u>\$3.1145</u>	<u>\$7.6114</u> <sup>2</sup>

(everything except cost of beets and allowance for depreciation) to be \$2.06, \$1.62, and \$1.30 per 100 pounds of granulated sugar for these respective years and estimates that 4 per cent for depreciation would add to this 50.6 cents, 44.2 cents, and 28.5 cents respectively. Other

<sup>1</sup> Edw. F. Dyer, The Dyer Co., Builders of Sugar Works, Cleveland, Ohio, *Tariff Hearings*, 1908-09, Schedule E, House Doc. 141, pp. 3497-8.

<sup>2</sup> Error of \$1 or a misprint in some item.

TABLE XIV. EXPENSE PER TON OF BEETS <sup>1</sup>

	1899	1904	1909
Sugar beets.....	\$4.3860	\$5.2154	\$6.0000
Fuel.....	.5701	.5631	.5631
All other supplies.....	1.0891	.8808	.8808
Officers' salaries.....	.1438	.1309	.0912
General superintendents, managers, clerks, etc....	.3050	.3309	.2313
Wage earners.....	1.3744	1.1431	1.1431
Miscellaneous expenses.....	.5555	.9191	.9191
Cost of working raw sugar.....	.1983	.0170	.0087
Total cost per ton of beets.....	8.6223	9.2004	9.8373

TABLE XV. EXPENSE PER 100 POUNDS OF SUGAR <sup>1</sup>

	1899	1904	1909
Sugar beets.....	\$2.1974	\$2.2393	\$2.3734
Fuel.....	.2856	.2418	.2228
All other supplies.....	.5456	.3782	.3484
Officers' salaries.....	.0721	.0562	.0361
General superintendents, managers, clerks, etc....	.1528	.1421	.0915
Wage earners.....	.6886	.4908	.4522
Miscellaneous expenses.....	.2783	.3946	.3636
Cost of working raw sugar.....	.0993	.0073	.0035
Total.....	4.3197	3.9503	3.8915
Value of by-products per 100 pounds sugar.....	.0636	.0926	.2178
Net cost of sugar per 100 pounds.....	4.2561	3.8577	3.6737

<sup>1</sup> Calculations by T. G. Palmer, Hardwick Committee *Hearings*, p. 2630, (1911).

NOTE [by T. G. Palmer].—If, with the increased extraction, the cost per ton of beets in 1909 had been the same as in 1904, the cost of production would have been \$3.3633 per 100 pounds. Beets in 1909 averaged 16.10 per cent sugar and the extraction was 12.56 per cent, or 251.2 pounds sugar per ton of beets, making the sugar in the beets cost \$2.3734 per 100 pounds. The price of 16 per cent beets in 1891, when the industry was established east of the Rocky Mountains, was \$4 per ton, at which figure an extraction of 251.2 pounds would cost \$1.5823 per 100 pounds. Had the price of beets not been increased, the cost of production in 1909 would have been lower by 79.11 cents per 100 pounds, or \$2.8826 per 100 pounds of sugar instead of \$3.6737.

DEPRECIATION.—In the above figures nothing has been carried in for depreciation of plants. Four per cent depreciation amounts to 50.6 cents per 100 pounds of sugar produced in 1899, 44.2 cents in 1904, and 28.5 cents in 1909, thus making the cost of production \$4.7621 per 100 pounds in 1899, \$4.2997 in 1904, and \$3.9587 in 1909.

figures of a similar nature regarding the cost of manufacture might be given but, for the reasons mentioned, entirely satisfactory ones are not to be had. These costs in the better factories in the United States are probably close to 1 cent a pound. Some do better than this, probably more not quite so well.<sup>1</sup> The accompanying tables (Nos. XIIIa-XV) give analyses of costs made by Mr. Dyer and Mr. Palmer.

It will be noticed that Mr. Dyer's calculations are not supposed to include profits in growing beets, and this estimate of cost is only a little over half what Mr. Palmer gives for 1909. His labor costs are less than one-half those given by Mr. Palmer for wage-earners; fuel three-fourths as much and total costs per ton of beets less than three-fourths as much, though it includes interest, which is not supposed to be included in Mr. Palmer's estimate. This interest subtracted from the costs given for beets accounts for the main difference between the two results.

Mr. Palmer's estimate of the price of beets for 1909 is 25 cents per ton above our estimate. This would affect the cost per 100 pounds of sugar by 10 cents. Some of his other figures for 1909 are calculated upon the bases of the former censuses because the figures for the 1909 census are, unfortunately, not so complete as those for former years. His figures also involve such calculations as converting 100 pounds of raw sugar into 90 pounds of granulated at 33 cents per 100 pounds. The amount of this raw sugar is comparatively small, hence affects the results slightly. Though these census figures are as good as any we have, nevertheless they are collected and published in such a way as to prevent any conclusive analysis as to many points and may include some things

<sup>1</sup> This matter will be taken up again in comparison with other costs.

which should not be included. Mr. Palmer's analyses of the figures as they stand appear very fair, on the whole, but facts which we have pointed out heretofore indicate that his totals are rather large.

#### 4. SUMMARY OF UNITED STATES COSTS

It seems probable from the figures given above and other facts disclosed in making this study that the average total cost to the American manufacturer of producing granulated beet sugar at the factory is between \$3.00 and \$3.50 per 100 pounds, being a combination of about \$2.30 for the sugar in the beets and near \$1.00 for manufacturing the same. In localities where the sugar in the beets costs \$2.75 to \$3.00 and the manufacturing \$1.25 to \$2.00, the finished product costs \$4.00 to \$5.00 and, doubtless, there are some factories thus near the margin. In more favorable localities and under more economical manufacturing conditions, where the sugar in the beets can be obtained for \$1.75 to \$2.00 and the manufacturing can be done at a cost of 60 cents to \$1.00, the total cost is \$2.35 to \$3.00, and it is probable that a number of factories come within these figures, though very few have published such results.<sup>1</sup>

#### 5. COMPARISONS WITH EUROPEAN COSTS

##### a. *Data in Different Terms*

Having considered some of the costs of sugar production in the United States, we may inquire how they compare with European costs, particularly with costs in

<sup>1</sup> A few have, however. See Hardwick Committee *Hearings*, pp. 2379, 2875-2895 and 3393-3424. Some suggestions as to possible ways of making the average costs approach these latter figures will be made under discussion of agricultural costs and improvements in chapters v and vi, *infra*.

Germany where the great European industry has reached its largest and highest development.

In the first place, it should be remarked by way of caution that comparisons between the United States and European countries are very liable to error unless unusual care is taken to allow for different conditions and different practices regarding use of terms and items reported. For example, in Germany, a much larger proportion of the beets are grown upon the estates of the owners of the factories and the price of these beets is said to be represented partly in the dividends of the factories rather than wholly in the nominal price.<sup>1</sup> In some cases, the prices include freight, in others they do not. Some beets are paid for at a flat rate and others according to sliding scale.<sup>2</sup> A very important difference to be noted in comparing American and European results, especially as regards per cent of sugar content, extraction and yield per acre, is the fact that, in the United States, these figures are practically always in terms of granulated, whereas, in Europe, they are usually, though not always, in terms of raw sugar of which it takes about 100 pounds to make 90 pounds of granulated. Many comparisons of Europe's superiority over the United States in sugar yields do not call attention to this fact and the margin of apparent superiority would often be reduced if the European figures were put in the same terms, though it would still remain significant in many instances.

b. *Cost of Raw Material—Prices Paid for Beets*

Following are prices paid for beets in Germany and France as reported through official sources.

<sup>1</sup> *Die Zuckerproduktion der Welt*, H. Paasche, 1905 edition, p. 15.

<sup>2</sup> Quarterly of German Imperial Statistical Office, 1910, IV, pp. 137 *et seq.*

TABLE XVI. PRICES PAID FOR SUGAR BEETS IN GERMANY AND FRANCE<sup>1</sup>

Year.	Germany.		France.	
	Price per short ton.	Per cent of extraction, 88 % (raw).	Price per short ton.	Per cent of extraction, refined.
1894-95.....	\$4.365	12.15	\$4.547	9.87
1895-96.....	3.825	13.11	4.627	10.97
1896-97.....	3.825	12.66	4.254	9.89
1897-98.....	3.738	12.79	4.547	11.40
1898-99.....	3.954	13.37	5.294	12.08
1899-1900.....	4.127	13.58*	5.263	11.754
1900-01.....	4.257	14.14	5.201	19.933
1901-02.....	4.084	13.63	4.456	11.249
1902-03.....	3.868	14.60	4.028	12.384
1903-04.....	3.846	14.38	3.920	11.180
1904-05.....	4.343	14.92	3.892	12.050
1905-06.....	4.322	14.71	4.308	11.701
1906-07.....	4.041	14.97	3.813	12.471
1907-08.....	4.235	14.96	3.976	11.930
1908-09.....	4.603	16.77	4.184	12.3
1909-10.....	4.732	15.11	4.266	11.7
1910-11.....	4.86	15.96		

Estimating 100 pounds of German raw sugar as equal to 90 pounds<sup>2</sup> of granulated and converting to American terms, we see that the average German cost of beets to produce 100 pounds of granulated sugar in 1909-10 was \$1.74 or, in 1907-8, which is a year where the average is more nearly typical of the past six years, it was \$1.58. These figures are from \$0.55 to \$0.80 less than similarly calculated costs for the United States. Similar costs for

<sup>1</sup> German figures from the Quarterlies of the German Imperial Statistical Office, French figures from the official Bulletins of Statistics of the Minister of Finance. The French figures as reported in different bulletins from year to year do not always exactly agree with one another. In some cases it is stated that the per cent of extraction is in terms of refined, in others this has been inferred.

<sup>2</sup> This is an approximation only; actual results usually vary a pound or two, but this is a common calculation.

France are \$1.81 in 1909-10 and \$1.70 in 1908-9, or from \$0.50 to \$0.65 less than our estimates for the United States. These differences are due to lower prices for richer beets than the average American factories secure and it seems that they amount to advantages to Germany of approximately one-half to four-fifths of a cent and to France of one-half to two-thirds of a cent per pound as compared with the United States.

### c. *Manufacturing Costs*

A rather detailed study of the costs in thirty-three German factories has been made by Ernst Glanz, part of which has been presented in a very interesting way by H. Claassen, the well-known authority on sugar manufacturing.<sup>1</sup> The principal object of this study, or at least the principal conclusion drawn, was as to the relative manufacturing costs according to size of factory and amount of beets worked in a season. It was found that, while the average cost of working beets for the 33 factories was \$1.67 per short ton of beets (38.7 pfennigs per 50 kilograms)<sup>2</sup> the costs in the different factories varied from \$1.21 to \$2.29 (28 to 53 pf. per 50 kilograms of beets) and, grouped according to amount of beets worked in the campaign, the costs of working beets were as follows:

<sup>1</sup> *Zuckerfabrikation*, pp. 101-104, (Leipzig and Berlin, 1905). The 1910 English translation of Claassen's work by Hall and Rolfe does not contain these figures, but only a brief unsatisfactory reference. These figures are based upon a study made by Glanz and published in a series of articles in the *Zeitschrift des Vereins der deutschen Zuckerindustrie*. Glanz's study was continued in later years. See *Zeitschrift* for 1907.

<sup>2</sup> Including amortization.



Factories <sup>1</sup> working tons of beets up to	Cost per short ton of beets	Factories working zentner of beets up to	Cost per 50 kilos of beets
27,557.5	\$1.87	( 500,000 ztr.	43.3 pf.)
55,115.	1.75	(1,000,000 “	40.6 “ )
110,230.	1.54	(2,000,000 “	35.6 “ )
165,345.	1.30	(3,000,000 “	30.0 “ )

It will be noticed that the average tonnage of beets sliced by the 33 German factories included in this study is one-half greater than for the average of all Germany in 1901-2 and two-thirds greater than in 1909-10; that is, it was about one-half greater than the average for the United States in 1901-2 and just a little greater than the United States average tonnage worked in 1909-10. These various proportions should be borne in mind in making comparisons with the United States.

Glanz's cost figures are for tons of beets and it is not stated in this connection what the extraction was per ton. It is presumable that these factories, which were much above the average in size, were also better equipped than the average German factory and that they extracted more sugar per ton. The average for all Germany that year was 13.63 per cent in terms of raw, or 272.6 pounds per short ton of beets. This could be converted into 245.36

<sup>1</sup> Average for all of Germany's 395 factories that year (1901-02) 44,649 short tons. (This was about one-fifth larger than for the average year.) The average for the 33 German factories in this comparison, or study, 66,703 short tons. In the same year (1901-02), the 36 factories in the U. S., worked 1,685,688.6 tons of beets, or an average of 46,825 short tons. In 1909-10, the average for all German factories was 39,918 short tons; for the same year in the U. S. it was 61,005 short tons. (According to census figures; if Dept. of Agriculture report is taken, it is 62,790). See census table showing amount of beets worked by various U. S. factories and the various official reports cited, chapter ii, *supra*.

pounds of granulated sugar upon the assumption of 100 pounds of raw making 90 pounds of granulated.<sup>1</sup>

This 245.36 pounds of granulated sugar is more than the U. S. average for that year, but just about equal to the present U. S. average and about one-fifth under the present German average extraction.<sup>2</sup>

<sup>1</sup> This is a basis that has been taken by others usually and may vary a pound or two either way in actual experience. Most of the German factories make raw sugar which later goes to refineries to be converted into granulated, though more and more of the factories are coming to perform both operations, as is the case with all American beet-sugar factories. But the German manufacturers (all except one, so it is said—T. G. Palmer, Hardwick Com. *Hearings*, p. 2768) filter their sugar through bone black as do American refiners, who work cane mostly, though beet to some extent, and both in practically the same way; at least, both go through bone black. But the American beet-sugar manufacturers turn out a finished granulated sugar, refining it without the bone-black process, using a process invented by Dr. E. O. von Lippman of Germany, which is said to be cheaper and almost as satisfactory, though perhaps it leaves a small fraction of a per cent more impurity in the beet sugar than is left in either beet or cane sugar that is filtered through bone black. The writer suggests that this may be an explanation of some little real difference of which housewives complain in preferring cane sugar for preserving and candy making, though it is probable that this difference is generally more imaginary than real. Tests by the U. S. Dept. of Agriculture, Bureau of Chemistry, and various other experiments have shown that there is no real difference between pure cane and beet sugars. Loaf sugar is said to be "probably the purest of all substances in commerce". (See *Sugar as Food*, p. 14, U. S. Dept. of Agriculture, Farmers' Bulletin no. 95; also Division of Chemistry, Bulletin 13, p. 6, and Bureau of Chemistry, Bulletin 100.)

It is interesting to note, though difficult to explain, that while Dr. von Lippman was highly honored (being decorated by the German government) for his discovery, or invention, of the cheaper process of refining beet sugar without the use of bone black, still, only one German factory is said to employ it, though all of the American beet-sugar factories use it.

<sup>2</sup> The average extraction of raw sugar for all German factories in 1901-02 was 13.63%; in 1909-10, 15.11%; equivalent to about 245.36 lbs. and 272 lbs., respectively, of granulated per short ton of beets.

On these assumptions, the average cost of working enough beets to produce 100 pounds of granulated sugar<sup>1</sup> up to the raw-sugar stage in these 33 factories was 68 cents,<sup>2</sup> though it varied in the different factories from 49 cents to 93 cents. If to this we should add 30 cents as an average cost of refining to produce 100 pounds of granulated from raw,<sup>3</sup> we should have an average manu-

The average U. S. extractions for these respective years in terms of granulated were 219 and 251.1 lbs. and the U. S. average for five years, 1906-1911, was 245.1 lbs.

<sup>1</sup> It is to be noted that this method of calculating makes full allowance for the loss in refining.

<sup>2</sup>  $100/245.36$  of \$1.67.

<sup>3</sup> Various costs of refining have been given by different persons at different times. In an analysis before the Industrial Commission, (vol. 1, p. 150-151, June 16, 1899) James H. Post of the National Sugar Refining Co. gives the costs of which the following figures are summaries:

	<i>per 100 lbs.</i>
Losses due to elimination of impurities and loss of sugar..	\$.281
Brokerage, $\frac{1}{2}\%$ and gov't tax, $\frac{1}{4}\%$ .....	.04799
Office expenses, $\frac{1}{4}\%$ .....	.10
Packages, wages, fuel, bone black, repairs and sundries....	.20
	\$.629

This is on the basis of granulated sugar at \$5.375, or \$5.08 net, the actual operating cost as estimated here being 30 cents per 100 lbs.

Very interesting estimates of costs of refining are given in Willett & Gray's *Statistical Sugar Trade Journal*, Feb., 1891, p. 3, and by Byron W. Holt (press editor of Reform Club) and L. Carroll Root (fellow of Cornell Univ.), the latter being prepared to present before the Senate Finance Committee of 1893-94 (Senate Report, 432, 53d Congress, 2d Session, pp. 78-83.) Here it is estimated that the total cost of refining at that time was about 30 cents per 100 lbs. and that 35 to 40 cents per 100 lbs. for the trust, a large-scale producer, and 35 to 45 cents for the independents would cover all losses and costs (no dividends). It is proper to say that raw sugar paid no duty at that time, and was about 3 cents a pound. The smaller the cost price, the less the loss in refining, operating and other expenses remaining constant.

There is a very great uniformity among many statements by various

facturing cost of \$.98, or practically 1 cent a pound. There would certainly be some variations as to this refining cost in different factories, so that the total manufacturing costs per 100 pounds of granulated sugar varied from about 75 cents to \$1.30, to speak conservatively.

It will be noted that these figures are remarkably close to our estimates of similar costs in American factories and, while it is not claimed that they are anything but

refiners in nearly all of the sugar hearings that the total cost of refining, including losses, operation and selling, is five-eighths of a cent, or  $.62\frac{1}{2}$ c.—Hardwick Committee *Hearings*: E. F. Atkins,  $.62\frac{1}{2}$ , p. 140; F. C. Lowry, .65, p. 1696; W. B. Thomas,  $.62\frac{1}{2}$ , p. 1986; J. E. Burguieres, very much less than  $\frac{1}{2}$  cent, p. 1866; C. A. Spreckels, less than .30 for manufacturing; total, including losses, about .65, p. 2260; W. G. Gilmore, .65, p. 1134. *Cuban Reciprocity Hearings*: H. W. Wiley quoting Willett & Gray, .625, p. 509; E. F. Atkins, at formation of trust, about  $\frac{1}{2}$ c. for expenses, now (1902) much less, p. 36; H. T. Oxnard, .50 to .60. 1908-09 *Tariff Hearings*: E. F. Atkins, .62. See also Hardwick Committee *Hearings*, pp. 2607 and 2647; Paul L. Vogt, *Sugar Refining Industry of U. S.*, p. 103. This is not an exhaustive, but a suggestive list of references.

Most of these estimates are for cane-sugar refining. It is stated by some that there is no practical difference in this respect as regards cane and beet (C. A. Spreckels, Hardwick Com. *Hearings*, p. 2064) but this is denied by others. Raw beet sugar has a little more ash and water and a trifle less sugar in it than raw cane sugar. (See analysis, U. S. Dept. of Agriculture, Farmers' Bulletin, no. 93, p. 14).

Our estimates of cost of refining in this comparison of German with American costs are for operation costs only, as we have already made allowances for the other costs. As we have seen, J. H. Post put these at about \$.30 per 100 lbs., Edw. F. Dyer at \$.30 (1908-09 *Tariff Hearings*, p. 3489), H. T. Oxnard  $\frac{3}{10}$  to  $\frac{1}{2}$ c. a pound (*Cuban Reciprocity Hearings*, 1902, p. 187); C. A. Spreckels, less than \$.30 (Hardwick Committee *Hearings*, 1911, p. 2260; Chas. Lyle,  $$.32\frac{1}{2}$  for Great Britain (one pound, ten shillings, *Report of Tariff Commission*, vol. 1, Witness No. 117, quoted by T. G. Palmer in Hardwick Committee *Hearings*, p. 2606); T. G. Palmer  $$.33$  for beet (*Ibid.*, p. 2629). Weighing all of the statements, most of which are evidently "safe" estimates, and comparing with other known facts, a layman would estimate the total actual cost to be near 50c. per 100 lbs., and not more than half that amount as cost of operation.

estimates, it is not probable that the errors in them are great enough to invalidate them for the use to which we shall put them later in this study.

Above, we have been speaking of manufacturing costs. The average price paid for beets by these 33 factories was \$3.80 per short ton (88 pf. per 50 kilos) which is the lowest for several years, the average for the 5 years previous, as given by Glanz, being \$4.08 per ton,<sup>1</sup> (94.3 pf. per 50 kilos). Upon the average basis of extraction for Germany which we assumed above (272.6 lbs. of raw, or 245.36 lbs. of granulated sugar per short ton of beets) this would mean a cost of \$1.55 for the year 1901-02, or \$1.66 for the 5-year average, as the cost of the beets to produce 100 pounds of granulated sugar before the process of manufacture began. These are average figures; the costs of the beets to the different factories varied from \$2.98 to \$4.70 per short ton, which would make a variation in the cost of the raw material to produce 100 pounds of granulated sugar of from \$1.21 to \$1.90, assuming the same extraction as above, namely, the average of all German factories. However, it is certain that there were variations in this factor and they probably accentuated the variations in some cases and lessened them in others. It will be noticed that these costs run from 50 cents to \$1.00 under those we found for the United States, or about 75 cents on the average for years more recent, when our average sugar extraction is about what Germany's was then.

The average combined costs of beets and manufacturing for these 33 factories is \$5.47 per short ton of beets (1.267 marks per 50 kilos) and varies among the fac-

<sup>1</sup> The average (1901-02) for the whole of Germany was \$4.08, and for the five-year period ending then, \$4.03.

tories from \$4.92 to \$7.34. This would mean<sup>1</sup> an average total cost of \$2.53 per 100 pounds of granulated and a variation from \$2.30 to \$3.29 upon the basis of our former calculations. The average proceeds over costs were 81 cents per ton of beets or 33 cents per 100 pounds of granulated sugar. The extraction for 1909-10, which was near the average for the last few years, was about one-ninth greater than for this year's (1901-02) average, so that the average costs for the present on the basis of these figures would be near  $2\frac{1}{4}$  cents per pound, varying from 2 cents to 3 cents, or running about  $\frac{3}{4}$  of a cent to 1 cent under American figures. Nearly all of the difference is accounted for by the difference in cost of raw material, due to cheaper price per ton, and better quality of German beets. It should be remembered that these German factories were among the larger ones and averaged slicing about one and a half times as much as the average German factory at that time, or one and two-third times as much as in 1909-10, and that the year of 1901-02 was one of unusually large tonnage shortly before the Brussels Convention took effect.

According to this German study, the average labor cost of working the beets into raw sugar was 29 per cent of the manufacturing cost, or 9 per cent of the combined costs of beets and manufacturing. The average fuel cost was 24 per cent of the manufacturing cost, or 7.7 per cent of the combined costs. Beets form 70 per cent of the combined costs, and manufacturing 30 per cent.<sup>2</sup> As these are for raw-sugar manufacture and

<sup>1</sup> Upon the basis of the average extraction for all Germany that year being 245.36 lbs. granulated per short ton of beets and adding 30c. for cost of converting raw sugar to refined granulated.

<sup>2</sup> 1910 United States Census report on beet-sugar manufacturing costs—salaries, 4.7 per cent; wages, 12.9 per cent; materials, 73.0 per cent; miscellaneous expenses, 9.4 per cent.

American data are for granulated-sugar manufacture, the figures we have for the two are not easily comparable in every respect, because we have no sufficient analysis of the various factors entering the costs of conversion from raw to refined, though we do know that absolute wages in Germany are lower and fuel costs relatively higher than here.

This study of German costs by E. Glanz seems to be the most complete and considered as the best authority on the subject by all recent German writers. Partly on the basis of the same study, H. Birschel<sup>1</sup> calculates the cost of German raw-sugar production at \$2.06 per 100 pounds, deducting the value of the molasses (19.03 marks for 100 kilos of raw sugar) and calculating the cost of growing beets at \$4.75 per short ton; but he estimates that the worth of the pulp and tops reduces this by three-twenty-seconds and the "indirect benefits" by about as much more, making the net cost of growing the beets about \$3.45 per short ton, and the cost of producing 100 pounds of raw sugar, including manufacturing, \$1.87. If this is converted into refined sugar upon the same basis as in our previous estimates, it would make the cost \$2.38 per 100 pounds of granulated.

According to these figures, the agricultural costs are just about equal to the price of beets and all the grower's profits come in the "indirect advantages." But this matter of agricultural costs will be presented a little more fully in the next chapter.

For purposes of comparison, we give briefly in the next two pages the European cost figures of a few other sugar authorities.

<sup>1</sup> *Brüsseler Zucker-Konvention*, pp. 59-64.

Lewis Ware gives the following raw-sugar costs for Germany and France:<sup>1</sup>

	France	Germany
Beets, per metric ton.....	\$5.09	\$4.72
Transportation .....	.60	
Cost of manufacture.....	2.40	2.00
Interest and sinking fund.....	.50	.50
	<u>\$8.59</u>	<u>\$7.22</u>
Less pulp and molasses.....	1.14	
Molasses .....		.32 <sup>2</sup>
	<u>\$7.45</u>	<u>\$6.90</u>
Extraction in kilos .....	116.7	136.
Cost per 100 kilos of raw sugar .....	\$6.38	\$5.08
Advantage of Germany .....		1.30

Upon the basis of our previous estimates these figures would be equivalent to about \$2.85 per 100 pounds of granulated sugar for Germany and \$3.53 for France. They seem considerably higher than most of the figures we have, but it is noticed that they include interest and sinking fund; furthermore, most of the items are given in round numbers.

Herbertz<sup>3</sup> gives the following costs for the production of 100 pounds of sugar in the same countries:

	France	Germany
Beets at \$4.24 per short ton.....	\$2.00	\$1.856
Fuel .....	.30	.323
Labor.....	.182	.123
	<u>\$2.482</u>	<u>\$2.302</u>

<sup>1</sup> *Beet Sugar Mfg. and Refining*, vol. i, p. xx (1905, N. Y. and London). See also, vol. ii, pp. 616-618, data regarding one of the largest German factory's results.

<sup>2</sup> This one number is supplied by the writer. It is implied by Ware.

<sup>3</sup> Cited in *Sugar*, John E. R. Newlands, and Benj. E. R. Newlands, p. 876 (1909, London and New York). The original and citation are in marks per cwt.



George Martineau<sup>1</sup> gives as the average costs of 68 German factories \$2.07 per 100 pounds (9s. 10d. per cwt.<sup>2</sup>) and says the cost of the rest of Europe is higher. In comparison with this he gives the following costs in shillings per cwt.: West Indies, 8.98s.; Hawaii, 8.22s.; Egypt, 9.09s.; Queensland, 8.05s., and estimates that the average beet sugar costs more than £10 per ton (\$2.18 per 100 lbs.) and cane sugar less than £9 per ton (\$1.86 per 100 lbs.).<sup>3</sup>

Most of the sugar hearings before the United States congressional committees contain many statements of costs for Europe as well as for most other countries, but all, with a few exceptions, are made by advocates favoring special legislation, many of whom have little first-hand knowledge, as is the case with many making statements about United States costs. Their interests have to be considered in judging their statements; furthermore, practically all of them present lump figures and not itemized costs.<sup>4</sup>

#### d. Summary

Considering the material available and the purposes of this study, it is hardly profitable to quote European costs at greater length at this point. It is generally conceded that the beet-sugar industry on a large scale is on a cheaper basis and a firmer agricultural and scientific foun-

<sup>1</sup> British delegate to Brussels Convention, in *Journal of the Royal Statistical Society*, June, 1899, v. 62, p. 122. Costs are presumed to be of raw sugar unless otherwise stated.

<sup>2</sup> 112 lbs.

<sup>3</sup> See *Deutsche Zuckerindustrie*, Theodor Schuchart (Leipzig, 1908), pp. 258 *et seq.*; *Philippine Revenue Hearings*, (1905-06), p. 262, W. C. Wellborn, Chief of Agr. Bureau.

<sup>4</sup> For example, see 1908-9 *Tariff Hearings*, p. 3280 (H. T. Oxnard); pp. 3338-9 (W. H. Baird); pp. 3465-6 (T. G. Palmer).

dation in Germany than anywhere else and that, if the competition of the United States beet-sugar industry is with any part of Europe, it is with Germany. It has been seen that Germany's agricultural costs and, hence, her total costs of producing beet sugar approximate half a cent to a cent a pound less than the same for the United States though on the whole she probably has no advantage in the manufacturing end of the industry.<sup>1</sup>

<sup>1</sup> Both sugar refiners and beet-sugar manufacturers have admitted the equality and even the superiority of Americans in manufacturing; others wanting legislative favors do not admit it. See *Louisiana Planter*, Feb. 5, 1910, pp. 88 *et seq.*; Hardwick Committee *Hearings*, pp. 712, 1985, 2260-65; 53d Congress, 2d Session, Sen. Report 452, pp. 79 *et seq.*; *Sugar Industry of U. S. and The Tariff*, D. A. Wells, p. 112, (New York, 1878).

## CHAPTER V. COST OF GROWING BEETS IN THE UNITED STATES

So far we have been considering the cost of producing beet sugar from the standpoint of the manufacturer. As indicated in the beginning of the discussion of costs, we have seen that by far the largest item in these costs, and practically the only important one in which the best European manufacturers have the advantage over those of the United States, is raw material. For example, the German factories have been purchasing beets of approximately 10 per cent better quality for 15 per cent less per ton. We have seen that, in the last fifteen years, the average price of beets in the United States has risen from about \$4.10 to \$5.50 per short ton<sup>1</sup> and that in the past decade the expense of this one item to the factory has increased from about 50 per cent to 60 per cent of the total cost of the finished product.

It has been represented by many interested parties that beet growing is very profitable to the American farmer. Numerous reports in official agricultural bulletins and elsewhere seem to bear out this contention and it has been suggested that the grower has been receiving undue profits to the disadvantage of the home manufacturer in his competition with the foreign producer. On the other hand, it is stoutly maintained that the average grower receives practically no profit. What it actually costs the farmer to grow sugar beets is a question frequently asked and seldom, if ever, satisfactorily answered,

<sup>1</sup> See Tables VIII-X, *supra*, and the pages following.  
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because sufficient comprehensive scientific data do not exist, and yet, as in the case of some of other matters which have been considered, there are enough available facts to help us arrive at tentative conclusions.<sup>1</sup>

#### I. PRINCIPAL CLASSES OF DATA

Most of the data we have regarding the cost of growing sugar beets may be put in three main classes, each of which is liable to serious errors. In the first class we may include the data regarding beets grown under the direction of agricultural experiment stations; in the second and largest class, miscellaneous reports from farmers collected here and there with little apparent system and published frequently in agricultural bulletins; in the third class, pure estimates of various authorities made upon unknown bases. In addition to the data which properly belong to these three classes, we have a very small number of reports which seem to be more representative on the whole and which bear indications of really careful and accurate accounting.

##### a. *Agricultural Experiment Station Records*

In the first class of reports, the records usually appear to have been kept with more than average accuracy, often very carefully, but the results are not normal for several reasons. The beets are usually grown on small plats of from one-tenth of an acre to two acres in area, and hence require an unusually large proportion of hand work. These experiments are usually made at the early

<sup>1</sup> The character of available data on agricultural costs is such that any conclusions of value will have to be substantiated by a greater amount of detail than the patience of the general reader will permit. Hence, in the body of the study at this place we shall present only typical data and our findings, placing additional references for the reader who cares for fuller details and analyses in an appendix to this chapter.



stages of the introduction of the industry, often without the use of any specialized beet-farming implements and with little previous experience on the part of the growers. On the other hand, the operations are usually directed by more than average intelligence, and it is probable that better than average land is used and that better than average care is given; at least, the results show better than average yields. (See Table XVII for examples of such reports.)

The reports of 75 Wisconsin growers for the season of 1904 showed the following variations and averages:<sup>1</sup>

	Lowest	Highest	Average
Acres grown.....	0.4	12.	2.8
Per cent of sugar .....	13.	17.2	15.1
Tons of beets per acre.....	6.5	30.7	16.1
Net receipts .....	\$24.07	\$138.67	\$70.57
Expense per acre.....	12.00	43.26	29.09

Most of the farmers reported on every item mentioned above, as well as upon a number of others not mentioned, but in the item of "expense per acre" there were many failures to report, especially by the growers whose yield was largest and whose expense would naturally be above the average, hence the average reported for this item is probably too low.

As mentioned before, the average yields and, hence, the average returns in these reports are from 60 to 75 per cent above the average for the United States.<sup>2</sup> The cost of growing does not decrease proportionately with decreased yields; hence these figures show much larger profits than would the United States average.

<sup>1</sup> Univ. of Wis., Agr. Exp. Station, Bul. no. 123, pp. 20 *et seq.*, (April, 1905).

<sup>2</sup> 10-yr average, 1901-10, 9.7 short tons per acre (Table XI, *supra*).

b. *Farmers' Reports*

The second class of data, namely, those gathered from farmers here and there without any apparent system and frequently published in agricultural bulletins, often cover large and more typical acreages but they are also liable to contain certain errors. Most of these reports appear to be those of growers who have been more successful than the average and most of them also seem to be estimates, largely, rather than actual costs as ascertained by careful accounting. They show the farmer's habit of omitting many costs which he does not pay directly in cash and also the universal human trait of reporting the unusually favorable results and of not reporting the failures and near failures.

Following is an example of this class of data :

ACTUAL COST OF GROWING AND MARKETING  $5\frac{1}{4}$  ACRES OF BEETS AT  
LARKIN, KANSAS, (1908)<sup>1</sup>

Water and labor in applying .....	\$3.00
Plowing.....	11.00
Harrowing (three times) .....	3.00
Planting .....	2.50
Thinning .....	31.50
Hoeing twice.....	2.50
Cultivating (4 times) .....	14.00
Water and labor for two irrigations .....	6.00
Plowing out beets .....	7.50
Topping.....	15.00
Hauling $\frac{1}{2}$ mile to market.....	11.00
	\$114.50
Average cost per acre.....	21.81

The yield is not reported in this case, but one would judge from the hauling expense that it was good. This statement is more detailed than the average of this class,

<sup>1</sup> *Progress of Beet-Sugar Ind. in U. S.*, U. S. Dept. Agr., Report no. 90 (1908).

but it will be noticed that all the items are in round numbers. They are probably considerably below the average costs; in fact, they are not much over half the average for the state, as estimated by Secretary F. D. Coburn.<sup>1</sup>

The following three reports do not show costs that seem so far from the average as the one just cited, but there are internal and other evidences that they are not altogether representative of present costs. In the first

TABLE XVIII. REPORTED COST OF SUGAR-BEET CULTURE IN THREE ACTUAL CASES, AND THE NET RETURNS<sup>2</sup>

Items.	Colorado.	Wisconsin.	Washington.
Number of acres planted .....	5	11	11
Plowing, harrowing, leveling .....	\$8.75	\$34.85	\$24.00
Seed. ....	12.30	39.00	26.70
Drilling. ....	2.25	6.40	4.00
Thinning. ....	22.75	} 60.00	{ 66.00
Hoeing. ....	10.25		
Cultivating and ditching. ....	9.00	27.50	17.50
Irrigating. ....	3.50	....	....
Total cost .....	\$71.05	\$167.75	\$168.70
Average cost per acre .....	14.21	15.25	15.34
Cost of harvesting and delivery. ....	....	218.00	133.15
Total average cost per acre .....	\$27.00	\$35.07	\$27.44
Number of tons of beets harvested ....	....	135	115
Amount received for beets. ....	....	\$695.00	\$607.00
Average receipts per acre. ....	....	63.18	55.18
Net returns per acre .....	....	28.11	27.74

place, most of the figures are in round numbers. In the second place, a number of the items are lower than would be possible under average conditions as known by the writer from actual experience and observation. For example, the items of plowing, harrowing, leveling and

<sup>1</sup> Report of Sept., 1906. Cited in U. S. Dept. of Agr., Report no. 84, p. 121, and Report no. 86, p. 16. Estimated cost in Kansas, \$37.50 per acre.

<sup>2</sup> U. S. Dept. of Agr., Farmers' Bul., no. 52, p. 26 (1910).



irrigating, as given, for Colorado, are considerably too small, not for exceptional, but for average conditions. It will also be noticed that the big item of "harvesting and delivery" is not included in the Colorado expense. Though these figures are taken from a 1910 bulletin, it is very probable that they are for costs of some years ago, as this bulletin is a revision of a former publication which has been reprinted and revised several times, beginning in 1897.

c. *Estimates*

The third class of data regarding cost of growing sugar beets consists of estimates, the bases of which are not given. They vary greatly; some appear good, others very misleading; probably most of them show results considerably more favorable than the average. We cite below what we consider some of the better of such estimates. However, we would make much the same criticisms of the first table and the items in it as we did of the last table presented above, particularly with reference to cost in the irrigated states.

TABLE XIX. ESTIMATED COST PER ACRE OF SUGAR-BEET CULTURE<sup>1</sup>

Items.	California.	Utah.	Nebraska.	Michigan.	
Clearing the land .....			\$1.00 to \$1.50	} \$2.25	
Plowing and harrowing. ....	\$5.37	\$3.50	2.50 to 3.00		
Seed and seeding .....	1.80	2.75	3.25 to 3.85	2.50	
Bunching and thinning .....	} 14.40	{ 4.00	4.00	7.00	
Hoeing .....			4.00	2.00 to 4.00	4.00
Cultivating .....			2.00	1.50 to 1.60	1.50
Other expenses .....		<sup>2</sup> 1.50			
Harvesting and delivering ...	<sup>3</sup> 1.50	<sup>4</sup> 15.00	11.00 to 13.20	17.20	
Total .....	23.07	32.75	28.25 to 34.15	34.45	
Cost of siloing when necessary. ....			2.50 to 8.00		

<sup>1</sup> U. S. Dept. of Agr., Farmer's Bulletin, No. 52, p. 25 (1910).

<sup>2</sup> Cost of irrigation.

<sup>3</sup> Exclusive of delivery.

<sup>4</sup> Based on a yield of 15 tons per acre.

The following estimate of costs appears to be much more in accord with the facts of to-day than is usually the case in estimates, but in the calculating of profits it will be seen that the yield of beets has been put far above the average of the United States and of the section in question.

COST AND PROFITS OF GROWING BEETS (UNITED STATES, IRRIGATED SECTION)<sup>1</sup>

	Expenses	Receipts
	Per acre	Per acre
17 tons beets, at \$5 flat rate. ....		\$85.
Plowing land, 10 to 12 inches deep.....	\$3.00	
Harrowing, leveling, cultivating and preparing seed bed .....	2.00	
Drilling in seed .....	.50	
20 lbs. seed .....	2.00	
Cultivating, 5 times at 40 cents .....	2.00	
Furrowing twice .....	1.00	
Irrigating 3 times, labor.....	3.00	
Thinning, hoeing and topping, contract.....	20.00	
Plowing out .....	2.00	
Hauling at 50 cents per ton (17 tons).....	8.50	
Water charge for maintenance of canals.....	.75	
	<hr/>	
Total cost of raising, per acre .....	\$44.75	
Profit per acre .....	40.25	

Mr. Roeding adds the following comment regarding his estimates:

In California, the hand-labor item is usually less, but the cost of water for irrigation is higher, so that the total is about the same. Generally speaking, an 8-ton or 10-ton crop will just about pay the expense of growing, while anything above that yield will be profitable, and as tonnage increases, the greater the returns in proportion. On smaller fields the

<sup>1</sup> U. S. Dept. Agr., Farmer's Bul. 392, p. 45, 1910, by F. W. Roeding, Irrigation Manager, Irrigation Investigations.

grower and his family often do all, or the greater part, of the work themselves, so that they earn good wages besides the profits from a good yield. Where beet land is rented for cash, \$8 to \$15 per acre is charged, which includes water rights, while for share rent, one-fourth of the crop is the usual rate.

## 2. EXAMPLE OF A GOOD RECORD OF DATA

We have cited in the preceding pages several of the better examples of the three classes of agricultural data which form the bulk of the matter we have on the subject, but which are really far from satisfactory. In the next citation we present a table which, in several respects, appears to the writer to be the best of any that he has been able to discover.

Here, it seems, we have a case of real accounting, covering a period of nine consecutive years. Furthermore, the various items bear the mark of probability more clearly than is usually the case. On the other hand, the company grew a much larger acreage than the average farmer and allowances should be made for both advantages and disadvantages due to this fact. It is also to be noted that these costs, so far as appears in the statement, do not include expenses of depreciation of implements, management, interest on capital invested in crop, rent of land and taxes. The further analysis of the 1894 crop shows this a little more clearly than the first table. But, while it is true that there are many matters bearing very directly upon cost that cannot be shown in such brief compass, nevertheless these figures appear to the writer to be the most accurate and comprehensive ones relative to the United States cost of growing beets that he has seen published anywhere.

The following table is taken from the books of the

Standard Cattle Co. (of Ames, Neb.) where a careful account has been kept of every item of expense.<sup>1</sup>

TABLE XX. COST OF GROWING BEETS IN NEBRASKA

Year.	Manuring.	Seed.	Soil preparation and seeding.	Cultivation.	Total to laying by.	Harvesting.	Total.
1893.....	.....	\$2.25	\$7.90	\$31.15	\$41.30	\$12.75	\$54.05
1894.....	\$2.20	2.00	3.89	22.07	30.16	8.13	38.29
1895.....	.98	2.12	5.56	15.08	23.74	13.19	36.93
1896.....	2.66	3.33	4.09	14.09	24.17	13.02	37.19
1897.....	3.56	3.82	4.18	18.32	29.88	8.94	38.82
1898.....	3.74	3.83	2.36	15.59	25.52	11.80	37.32
1899.....	.25	2.75	7.14	21.98	32.12	16.99	49.11
1900.....	.77	2.46	4.65	12.38	20.26	15.47	35.73
1901.....	.78	2.68	4.37	18.44	26.27	12.95	39.22
Average ....	1.66	2.80	4.90	18.80	28.16	12.58	40.74

The following is a slightly extended analysis of the costs for 1894:<sup>2</sup>

Manuring.....	\$2.00	Fourth hoeing .....	2.91
Plowing .....	2.01	Cultivating.....	1.92
Seed.....	2.00	Sundry expenses, time-keeper, killing bugs, etc.....	.77
Seeding .....	.30		
Harrowing .....	.50		
Rolling .....	.31	Cost of laying by.....	\$30.16
First hoeing .....	1.44	Harvesting .....	4.00
Bunching .....	2.12	Plowing out .....	2.00
Thinning .....	3.72	Hauling and loading .....	2.13
Second hoeing .....	5.25		
Third hoeing .....	4.81		
			<u>\$38.29</u>

<sup>1</sup> Univ. of Nebraska A. E. S., Bul. 73, May, 1902, R. M. Allen, Gen. Mgr. of Standard Cattle Co., pp. 19 and 20.

<sup>2</sup> Wisconsin A. E. S., Bul. 55, p. 29, Dec., 1896.

The following explanation is quoted from the bulletin from which this table was taken:

Mr. Allen has grown as high as 560 acres of beets in a single year. Not long since he harvested an average of 15 tons of beets to the acre, from 500 acres of land. To aid in this work, a trained beet grower was brought from Germany and the best of German machinery for beet cultivation was imported. Following the strictest business methods, Mr. Allen keeps an account of each and every operation in the beet field and this carefulness and accuracy makes his statements unusually valuable and helpful at this time.

### 3. DATA FROM THE WRITER'S EXPERIENCE

In the few tables following are presented some of the cost figures for beets grown by the writer in the Arkansas Valley near Fowler, Colorado. The first four tables (Nos. XXI-XXIV) present summaries of certain details for three successive crops and the next two tables (Nos. XXV and XXVI) show a somewhat further analysis of the costs of one particular year. The writer does not want to make too broad generalizations on the basis of these figures but merely offers them for what they are worth. Lack of space prevents the full explanation of many facts affecting the various items of cost, but it is believed that the data that are given here, together with some additions that are put in the appendix, show more fully and accurately than do any published reports which the writer has been able to discover, just what factors enter into these costs and in what proportion.<sup>1</sup>

These costs are probably about 20 per cent above the average for the state. The official reports show that these yields are approximately 40 per cent above the state average. The greater cost is due principally to a

<sup>1</sup> See further details and explanations in appendix to this chapter.

somewhat greater amount of labor than is usually put on the crop, hence this item of expense, which is generally

TABLE XXI. COST OF GROWING SUGAR BEETS  
(Comparison of three crops.—Average per acre.—Fowler, Colo.)

	1905 (6 acres) average.	1906 (37 acres) average.	1907 (61 acres) average.	Average of the 3 previous columns.
<b>Labor costs:</b>				
Preparatory to plowing..	\$1.73	.....	.54	} \$4.06
Plowing .....	2.16	\$4.34½	3.40	
Harrowing .....	} 1.88	{ 2.24	1.99	} 2.75
Leveling and dragging..			.72½	
Removing alfalfa roots..	.....	.50	.....	} .57
Seeding .....	.83	.47	.41	
Cultivating .....	4.32	3.23½	3.36	3.64
Irrigating .....	2.46	1.83	2.97	2.42
Spraying .....	.....	.65	.....	.22
Thinning .....	7.37	7.60	7.28	7.42
Hoeing .....	3.19	2.36	3.34	2.96
Topping .....	7.11	9.27	9.73	8.70
Pulling .....	2.23	1.84	2.41	2.16
Hauling .....	8.43	8.93	7.87	8.41
Siloing <sup>1</sup> .....	.31	.90	2.24	1.15
Supervision <sup>2</sup> (special) ..	.....	.....	.57	.19
Sub-totals .....	(42.02½)	(44.90)	(47.03)	(44.65)
<b>Other costs:</b>				
Seed .....	1.67	1.61	2.34	1.87
Dump .....	.60	.93	.78	.77
Blacksmithing and re- pairs .....	.47	1.11	1.87	1.15
Miscellaneous expenses..	.58	.17	.41	.39
Implement depreciation (estimated) .....	3.33	2.70	1.64	2.56
Interest, crop investment (estimated) .....	1.33	1.35	1.31	1.33
Sub-totals .....	(7.98)	(7.87)	(8.35)	(8.07)
Totals .....	\$50.00	\$52.77	\$55.38	\$52.72

<sup>1</sup> Different parts of crops different years. Should be taken in connection with explanation in text. Does not represent cost of siloing per acre, but average distributed over entire acreage.

<sup>2</sup> See explanation in text.

TABLE XXII. COST OF GROWING SUGAR BEETS

(Division of expenses expressed in percentages of whole cost. Comparison of three crops, Fowler, Colorado)

	1905 (6 acres).	1906 (37 acres).	1907 (61 acres).	Average of 3 preceding columns.
Per cent. of whole cost.				
Labor costs:				
Hand labor (strictly) ..	42.23	43.81½	48.14	44.73
Hand labor (with team, not counting the team)	22.22	19.14½	17.61	19.66
Team labor .....	19.60	22.12	19.15	20.29
Other expenses (than labor)	15.95	14.92	15.10	15.32
	100.	100.	100.	100.

TABLE XXIII. SAME COSTS COMPARED ON A DIFFERENT BASIS

(Expressed in percentages of total cost)

	1905 (6 acres).	1906 (37 acres).	1907 (61 acres).	Average of 3 preceding columns.
	%	%	%	%
Home forces, man .....	35.8	13.48	6.83	18.70
Home forces, boy .....	8.5	1.22	.79	3.50
Home forces, team .....	19.6	22.12	17.57	19.76
Regular hands, by the month	5.7	12.69	10.51	9.63
Regular hands, by the day.	3.8	4.38	7.17	5.12
Contract labor, Mexican ..	10.6	30.35	22.11	21.02
Contract labor, Indian....	....	....	1.49	.50
Contract labor, Japanese ..	....	....	11.32	3.77
Contract labor, white <sup>1</sup> ....	....	.81	7.12	2.64
Expenses other than labor.	15.95	14.92	15.10	15.32
	100.	100.	100.	100.

<sup>1</sup> Includes 1⅓% for team in 1907.

TABLE XXIV. COMPARISONS OF THE THREE CROPS

	1905 (6 acres).	1906 (37 acres).	1907 (61 acres).	Average.
Average yield, tons per acre ..	11.95	18.61	15.65	15.40
Average cost, dollars per acre <sup>3</sup> .	\$50.00	\$52.77	\$55.38	\$52.72
Average cost per ton of beets..	4.18	2.83	3.54	3.52
Average receipts per acre <sup>1</sup> ....	61.99	100.29	84.60	82.29
Average receipts per ton of beets .....	5.19	5.38½	5.40	5.32
Average price paid by sugar company per ton beets .....	5.03	5.30	5.36	5.23
Average cost of growing beets containing 100 pounds sugar. <sup>2</sup>	2.00	1.26	1.59	1.62
Average receipts per 100 pounds sugar in beets <sup>2</sup> .....	2.48	2.40	2.43	2.43
Average price per 100 pounds sugar in beets paid by sugar company .....	2.40	2.36	2.41	2.39
Average profits to grower <sup>3</sup>				
Per acre.....	11.99	47.52	29.22	29.57
Per ton of beets .....	1.01	2.55	1.66	1.74

large, anyway, forms a greater proportion of the total cost than is usual. As practically all the profits are in the excess over the average yield per acre, this item is probably considerably more above the average than is the tonnage.

It is to be noted that none of these costs contain anything for management, with an unimportant exception for 1907. The writer is aware of the difficulty of making an accurate and proper estimate, but believes that \$2 per acre for the larger crop of 1907, \$3 for 1906 and \$4 for the small crop of 1905 are conservative for this item. In making comparisons with humid countries, the annual water rates should be added also, and they averaged

<sup>1</sup> Includes receipts for by-products.

<sup>2</sup> Based on average extraction in Colorado for the respective years.

<sup>3</sup> It should be noted that there are other charges to be added to costs and deducted from profits. See explanation in text.





## OTHER EXPENSES (1906 CROP)

		Average added expense to each of 37 acres.
Paid to sugar company—		
Use of dump at 5 cents a ton.....	\$34.43	\$.93+
595 pounds seed at 10 cents a pound .....	59.50	1.61
Blacksmithing and repairs—		
Sharpening plows .....	6.80	.18+
Horseshoeing.....	8.75	.24—
Wagon tongues and repairs.....	10.00	.27
Miscellaneous repairs .....	15.62	.42
Spraying—		
Apparatus and material .....	6.20	.17
Estimated—		
Implement depreciation (estimated value, \$1800) ..	100.00	2.70+
Interest crop investment (approximate, \$1900) ....	50.00	1.35+
<b>Total .....</b>	<b>\$291.30</b>	<b>\$7.87</b>

TABLE XXVI. FURTHER ANALYSIS OF LABOR COSTS (1906 CROP)<sup>1</sup>

	Labor costs.				Team.		% totals
	Hand labor without team.		Working with team. <sup>2</sup>		% of whole cost.	% of whole cost.	
		% of whole cost.		% of whole cost.			
		%		%	%	%	
Plowing .....			\$65.55	3.36	\$95.20	4.87	8.23
Harrowing .....			40.85	2.09	42.00	2.15	4.24
Dragging and leveling .....			11.40	.58	15.40	.79	1.37
Removing roots (Div. Est.) .....	\$5.40	.27	6.00	.31	7.00	.35	.93
Seeding .....			10.45	.54	7.00	.36	.90
Cultivating .....			73.45	3.76	46.20	2.37	6.13
Irrigating (Div. Est.).....	57.95	2.97	5.70	.29	4.20	.22	3.48
Spraying .....	2.25	.11	13.30	.68	8.40	.43	1.22
Thinning (regular labor) .....	18.55	.95	3.80	.19	2.80	.14	1.28
Thinning, contract, white .....	7.75	.40					.40
Thinning, contract, Mexican .....	248.30	12.72					12.72
Hoing (regular labor).....	66.00	3.38					3.38
Hoing, contract, white .....	9.45	.48½					.48½
Hoing, contract, Mexican.....	12.00	.62					.62
Topping (regular labor).....	9.30	.48	.95	.05	.70	.04	.57
Topping, contract, Mexican.....	332.00	17.00					17.00
Pulling .....			30.40	1.56	37.80	1.94	3.50
Hauling (Div. Est.) .....			112.00	5.73	165.20	8.46	14.19
Hauling, loading .....	53.30	2.73					2.73
Siloing .....	33.25	1.70					1.70
<b>Costs other than labor.....</b>	<b>\$855.50</b>	<b>43.81½</b>	<b>\$373.85</b>	<b>19.14½</b>	<b>\$431.90</b>	<b>22.12</b>	<b>85.08</b>
							<b>14.92</b>

<sup>1</sup> For similar analysis of costs for other years, see appendix.<sup>2</sup> But not counting the teams' work in this column.

\$1.31 per acre for 1905, \$1.39 for 1906 and \$1.50 for 1907. If these two items are included in the respective average cost per acre for each year, the latter are as follows:

	Costs.	Receipts.	Profits.
1905.....	\$55.31	\$61.99	\$6.68
1906.....	57.16	100.29	43.13
1907.....	58.88	84.60	25.72
Average.....	<u>\$57.12</u>	<u>\$82.29</u>	<u>\$25.17</u>

These figures do not contain any items of taxes, nor of interest on capital invested in land.<sup>1</sup> The former amounted to practically \$.75, \$.85 and \$1.00 per acre for the three years respectively.

#### 4. SUMMARY REGARDING COST OF GROWING BEETS IN THE UNITED STATES

From the facts that are available it is evident that the farmers' costs of growing beets in the United States are as various as those of the finished product to the manufacturer. We have cited costs ranging from \$11.72 to \$108.86 per acre;<sup>2</sup> the yields are from nothing to over 30 tons per acre, and even greater variations as to both yields and costs could be cited. It is impossible to determine with any degree of certainty the average cost for the United States or for any single state, but the writer's judgment is that in the humid states most of the actual normal costs range near \$30 to \$35 per acre and in the irrigated states \$5 to 10 higher, not including rent for

<sup>1</sup> Current rates of interests: Good farm loans, 7%, some 8%. Good crop loans, chattels and commercial paper, 10%. Others of more risk 1% to 1¼% a month. This farm was purchased in 1903 at \$62.50 per acre; appraised in 1908 at \$125 per acre, and sold in 1910 at \$153, though the latter figure covered substantial improvements.

<sup>2</sup> See Appendix.

the land, or interest on capital invested in the same. The principal reasons for higher cost in the irrigated states are costs of irrigation and higher wages, though there are some additional considerations.

The figures cited indicate that the costs per acre in New York are higher than in most of the other humid beet-growing states, and also that the costs in Wisconsin, Michigan and surrounding states are somewhat lower than in the Nebraska section. But in every state there is a great range of difference in costs, due to differences in season, differences in condition of land, differences in care and amount of work put upon the crop, differences in distances from loading station, and the like.

It is probable that the average of the published reports of growers' costs would not be quite so high as the estimates made by the present writer. It is believed that a majority of the reports are by better growers than the average, and that they are usually for the more favorable results of these growers. Naturally, few of the failures are reported. For example, as regards the matter of yield, few of the reports show a yield of less than 12 tons per acre, and most of them are for 14 tons or more, whereas the average yield of the United States for the last ten years has been 9.675 tons,<sup>1</sup> the highest annual average being 11.26 tons per acre in 1906. Even these latter figures of the United States are apt to be misleading, for they are for harvested acreage and not for planted acreage. The abandoned acreage was not reported in full in the publications of the United States Department of Agriculture prior to 1906. Since that time it has varied from 5.2 per cent to 13.4 per cent, with an average of 9.02 per cent. If this was the average for the last

<sup>1</sup> *Crop Reporter*, Oct., 1911, U. S. Dept. of Agr.

ten years, the average yield per acre planted has been 8.794 tons.

Another source of error tending to make the costs reported by farmers too low is the fact that they seldom keep complete and accurate accounts and most of the costs which they give indicate that they are estimates rather than actual records as regards a number of the important items. It is well known by those acquainted with farmers that, in making such reports, they have a tendency to omit, or underestimate, a great many of the factors of cost, notably the labor of themselves, of members of their families and of their teams, costs of board and lodging for hired labor, depreciation of implements and all other items that do not cause a direct outlay of cash for the particular purpose in hand. A typical illustration of this was given the writer by a farmer who told of how much he had received for a bunch of fat hogs and claimed that it was all "clear money" (net profits) as he raised both the hogs and the corn to fatten them on his own farm, without hired labor. Errors of the latter class are probably greater and more frequent in reports from the Central States than in those from the Western, because the average beet acreage per farmer is smaller and more of the labor is done by home forces. However, there is some contract work in the humid states and, on the other hand, a good deal of work by home forces on many small beet fields of the West.

According to data already given, the experience of the writer has been that over two-fifths of the cost of producing beets has been hand labor working without a team, and nearly another fifth, hand labor aided by a team, and over another fifth, the labor of the team; that is, on an average, 64.39 per cent of the costs of raising

beets was wages,<sup>1</sup> and the combined cost of laborers and teams was 84.68 per cent. This indicates the importance of the rate of wages and efficiency of labor in the cost of producing beets.

The accompanying table gives the wages for all of the beet-growing states (and others, for comparison) and shows that the Central States have a decidedly lower wage rate than most of the Western States. For example, Michigan, which is the largest beet producer of the humid states, has a wage rate of only two-thirds of that of Colorado and California, the largest producers of the irrigated section.

However, the greater cost in the irrigated sections has been somewhat counterbalanced by greater yields, though the prices paid for most of the beets in the Central States appear to have been higher than in the Western States, where the average sugar content has been about the same, except that it has been higher in California than elsewhere.

It has been calculated in an earlier part of this study that the average price paid for beets in the United States has risen from \$4.10 in 1897 to \$5.30 in 1909, and it is now probably not far from \$5.50 per short ton. It has also been shown that the average yield for the past ten years has been 9.675 tons per acre harvested and 8.794 tons per acre planted. If allowances are made for expenses on the abandoned acreage, taking into consideration the fact that part of it might have been utilized

<sup>1</sup> Not including water assessments, taxes, rent or interest on land. It has been pointed out that the labor costs in this particular case are probably higher than the average, perhaps by 15% or 20% of the total cost of growing, but they are the only definite figures of such costs available, and, after due allowances are made, justify the conclusions which are based upon them in this study.

in growing later crops so that its use was not entirely lost, we have an approximate real average yield of 9 tons per acre. At an average price of \$5 per ton, a price which the Secretary of Agriculture estimates was not reached till 1905,<sup>1</sup> the average returns would have been only \$45 per acre, and to-day, at \$5.50, about \$50. Where a fourth or a fifth of the crop, or its equivalent in cash, has been paid for rent, as has usually been the case according to the writer's observation and information, there has been left about \$35 to \$40, an amount just about sufficient to cover the average of other costs of production. In California the average yield has been about 10 tons,<sup>2</sup> which at \$5 would mean a return of \$50 per acre; in Colorado, about 10½ tons, which at \$5 would be a return of \$52.50; in Idaho, about 9½ tons, which at \$4.50 would be \$42.75; in Utah, about 12¼ tons, which at \$4.50 would be \$55.12; in Michigan, about 7½ tons, which at \$6.16 would be \$46.25; in Wisconsin, about 9½ tons, which at \$5.79 would be \$55; and in "other states" about 8 tons, which at \$5 would be \$40.<sup>3</sup>

<sup>1</sup> Sen. Doc. 22, p. 16, 61st Cong., 1st Sess.

<sup>2</sup> Owing to lack of uniformity in keeping and publishing records, it is impossible to give exact figures. The annual reports on the beet-sugar industry published from 1898 to 1909 (with a few exceptions) give a 10-year average for the U. S. as a whole as regards several items but only a 7-year average (1904-10) of state averages and only a 4-year record (1906-09) of acreage abandoned in each state. The average yields per acre and per cent of acreage abandoned according to these averages are as follows: California, 10.65 tons, 11% abandoned; Colorado, 11.15 tons, 7.9% abandoned; Idaho, 9.73 tons, 5.6% abandoned; Michigan, 8.09 tons, 9.6% abandoned; Nebraska, (3-yr. av.), 8.75 tons, 10.2% (1 yr.) abandoned; Utah, 12.44 tons, 3% abandoned; Wisconsin, 9.93 tons, 8% abandoned; "Other States" (including Nebraska) 8.76 tons, 12.3% abandoned; average for U. S., 9.675 tons, 9.02% abandoned.

<sup>3</sup> These prices are the ones calculated in a previous chapter of this

This indicates that, on the whole, the average returns almost parallel the average costs, but if the statistics of yields, costs, prices, and wages which we have cited and estimated are to be relied upon, it appears that Wisconsin, Michigan and Utah offer more opportunity for profit to the grower than the other large producing states. The states having single factories are grouped in such a way that little can be told about them. It should be noted that Wisconsin, which seems to show the highest returns over cost, has a comparatively small acreage.

We may conclude, then, that on the whole, practically all the direct profits in beet raising in the United States are those of growers and owners of land who get more than average returns. The profits and losses of growing beets increase, not in proportion to the size of the crop, but approximately in proportion as the yields are above or below the average. Though we have had no adequate investigation as a basis for conclusive statements, the information that we do possess indicates that large profits have been made by many individual growers and comparatively large profits in some considerable sections and that these have resulted in increasing the price of land; that is, profits have been capitalized. But in view of the great increase of land values all over the United States in the last decade, it is doubtful if as much of the increase in beet-growing states can be attributed to the sugar industry as some think.<sup>1</sup>

study and are probably considerably higher than the average of the last ten years, but 15 or 20 cents per ton below the present average. They are for prices about 1909.

<sup>1</sup> According to bulletins issued by the U. S. Census Bureau, the increase in total farm land values (not including buildings) from 1900 to 1910 was 117.4%; in average value per acre, 108.7%. Respective averages for some of the beet-growing states were as follows: Michigan, 45.3% and 34.7%; Colorado, 301.6% and 181.0%; California,



## 5. COMPARISON WITH GERMAN AGRICULTURAL COSTS

It is interesting, as well as suggestive, to compare some data of German agricultural costs with those of United States costs. The two following tables are taken from a study of one hundred and forty German estates<sup>1</sup> and most of the costs are five-year averages. The exceptions, which are three-year averages, are noted. In the first table we have selected each tenth estate to give an idea of the normal range of costs; in the second table we have presented estates in which some item of cost or return was highest or lowest.

It should be noted that the average yield of 13.83 short tons reported here is very near the average yield of

109% and 116%; Utah, 147.9% and 200.3%; Idaho, 519.8% and 276.1%. Less important beet-growing states: Arizona, 271% and 475.8%; Illinois, 104.1% and 105.8%; Iowa, 123% and 127.2%; Minnesota, 82.2% and 72.8%; Montana, 330.6% and 276.2%; New York, 28.4% and 32%; Oregon, 263.9% and 213.7%. Some non-beet-growing states: Missouri, 107.9% and 104.3%; Kansas, 189% and 177.6%; Nevada, 165.7% and 151.3%; Indiana, 93.2% and 96%; South Dakota, 377.1% and 249.7%; North Dakota, 321.3% and 130.4%; Massachusetts, 21.4% and 32.8%; New Jersey, 33% and 46.8%; Pennsylvania, 9.6% and 14.2%.

Kansas and Nevada now grow beets, but none which were reflected in the values much before 1910.

In the first place, on account of its small size, the beet industry probably affected these average values comparatively little in most states. In states where the industry is of larger proportions there has been much increase in land values, but this same increase has been characteristic of non-beet-growing states in the same section. See the agricultural bulletins for each of the states, 13th Census, 1910, pub. 1911 and 1912.

<sup>1</sup> *Die Produktionskosten unserer wichtigsten Feldfrüchte* by Dr. W. H. Howard, Professor in the University of Leipzig. (Berlin, 1908.) The substitution of American terms for German equivalents is that of the present writer. These figures are for the years preceding the first publication in 1901. The author says that recent costs are a little higher but that the ones given are the more normal.

the empire as officially reported in the Quarterly of the German Imperial Statistical Office, namely, 13.40 tons for the decade ending 1900, and 13.13 tons for the succeeding decade. The average cost per acre (\$51.20, not including delivery to factory) for these estates is higher than that for the United States and it is seen that there is also an average loss of \$2.32 per acre on account of live-stock which should be charged to cost of beets, as the main purpose of handling this stock is to return the by-products of the beets to the land.

The average price received for beets on these estates was \$4.59 per short ton and this gave a profit of only \$.13 per ton, or \$1.80 per acre. If the price received had been the German average for the past five years, there would have been an actual loss of \$.07 per ton, or \$.97 per acre. If it had been the German average for the five-year period which is covered by this study, there would have been a loss of \$.70 per ton, or \$9.68 per acre.

If, from the total cost of \$51.20 per acre, we deduct the item of "Rent, Taxes and Drainage," we have a remaining cost of \$42.12 per acre, which is probably about \$10 above the average for the United States.<sup>1</sup> Of this amount, over 40 per cent is spent for fertilizer, an item which occupies no such prominence in the United States, and only about 45 per cent is spent for labor and other items combined in the term "other costs"; whereas, on the one series of crops in the United States, of which we have kept records of such percentages, the labor of hands (not counting teams) averaged 64.39 per cent and the labor, counting teams, 84.68 per cent of the cost. In other words, the labor cost per acre in the

<sup>1</sup> It is to be remembered that cost of hauling is omitted.

TABLE XXVIII. COST OF GROWING BEETS IN GERMANY<sup>1</sup>

Serial number.	Growing costs per acre.						Yield per acre, short tons (2,000 lbs.)	Cost delivered at factory, per ton.	Loss or profit on cattle.			Cost per ton, counting cattle.	Value per ton (price).	
	Rent, taxes and drainage.	Administration.	Implement hire.	Other costs [mostly labor].	Fertilizer.	Total.			Per acre.	Per ton.				Profit.
										Loss.	Profit.			
1	\$5.70	\$1.88	\$0.43	\$19.47	\$18.03	\$45.53	\$17.43	\$2.63	-\$1.05	\$0.06	.....	\$2.68	\$3.89	
10	2.48	2.02	.38	20.54	20.73	46.16	13.66	3.41	+	.27	.....	3.41	3.89	
20	11.80	2.12	.58	17.64	19.23	51.38	16.83	3.71	-	1.09	.06	3.76	4.97	
30	3.94	1.83	.29	18.13	21.01	45.21	12.32	3.89	-	1.32	.10	3.97	3.93	
40	8.04	2.07	1.01	18.82	18.99	48.93	14.33	3.97	-	.45	.03	4.02	4.45	
50	10.50	2.07	.38	16.51	18.01	47.48	14.60	4.15	-	3.17	.21	4.36	4.84	
61	2.75	2.60	.91	22.59	18.03	46.89	12.84	4.41	-	1.60	.13	4.54	4.45	
70	9.23	3.08	.67	20.06	15.66	48.71	12.07	4.58	-	3.29	.26	4.84	4.88	
80	8.00	1.73	.67	19.86	17.92	48.20	10.72	4.88	+	.08	.....	4.88	4.97	
90 <sup>2</sup>	12.34	5.01	1.15	21.29	19.89	59.69	11.32	5.49	-	11.71	1.03	6.52	4.41	
98 <sup>2</sup>	7.53	4.62	.67	30.21	20.67	63.71	9.63	7.30	-	.11	.....	7.30	4.45	
Average above 11 estates.	\$7.48	\$2.64	\$0.65	\$20.46	18.92	\$50.17	\$13.25	4.40	-\$2.13	\$0.17	.....	\$4.57	\$4.47	
Av. of all 94-98 estates...	9.08	2.34	.69	20.82	18.29	51.20	13.83	4.29	-	2.32	.17	4.46	4.59	

<sup>1</sup> Die Produktionskosten unserer wichtigsten Feldfrüchte.—W. H. Howard, Professor in Univ. of Leipzig (1908).<sup>2</sup> Abnormal relation. (3<sup>y</sup>) = 3-year average. Others 5-year averages.

TABLE XXIX. COST OF GROWING BEETS IN GERMANY<sup>1</sup>

Growing costs per acre.						Yield per acre, short tons.	Cost delivered at factory, per ton.	Loss or profit on cattle, per acre.	On cattle, per ton.		Cost per ton, including loss or profit on cattle.	Value per ton.	Serial number.
Rent, taxes and drainage.	Administration.	Implement hire.	Other costs.	Fertilizers.	Total.				Loss.	Profit.			
\$18.28	\$4.38	\$0.58	\$22.40	\$29.96	\$75.62	14.87	\$5.40	-\$4.95	.33	.....	\$5.75	\$4.58	89
15.27	2.89	.48	21.80	21.63	62.08	18.41	4.28	-4.05	.22	.....	4.49	5.49	56
20.01	2.41	.38	24.41	19.29	67.42	14.00	5.53	-2.43	.17	.....	5.70	4.53	92
5.82	2.99	.67	37.85	21.61	68.94	16.08	4.80	-4.70	.30	.....	5.10	4.84	76
7.53	4.62	.67	30.21	20.67	63.71	9.63	7.30	-1.11	.01	.....	7.30	4.45	98
14.87	3.66	.58	33.64	24.91	77.67	16.00	5.23	-1.75	.11	.....	5.36	4.71	85
Highest.													
2.18	1.11	.38	12.98	15.26	31.92	12.21	3.07	-1.20	.09	.....	3.15	4.45	5
9.06	2.36	.82	18.10	10.86	41.21	13.74	3.89	-7.75	.05	.....	3.93	4.49	31
2.81	1.44	.67	18.76	15.57	39.27	7.40	5.70	-3.18	.43	.....	6.14	4.71	94
1.52	1.49	.53	16.78	20.56	40.89	12.90	3.41	-4.8	.04	.....	3.46	3.80	211
5.70	1.88	.43	19.47	18.03	45.53	17.43	2.63	-1.05	.06	.....	2.68	3.89	1
Lowest.													
Fertilizer cost per acre.													
Yield per acre and price per ton of beets.													
Rent, taxes and drainage.													
"Other costs [mostly labor].													
Cost per ton of beets.													
Cost per acre.													
Cost per acre and "other costs."													
Fertilizer cost per acre.													
Yield per acre.													
Price per ton.													
Rent, taxes and drainage, also cost per ton.													

<sup>1</sup> Die Produktionskosten unserer wichtigsten Feldfrüchte—Dr. W. H. Howard, Professor in Univ. of Leipzig (1908).<sup>2</sup> 3-year average. All others 5-year average.

United States<sup>1</sup> is much greater than in Germany. As the Germans get about 50 per cent more sugar per acre than the Americans,<sup>2</sup> the agricultural labor cost per 100 pounds of sugar is very much less than in the United States, approximately only half as much.

Although, on the average, the German grower gets \$.50 to \$.75 per ton less for his beets than the American grower, he gets about \$7 or \$8 more per acre, on account of greater yield, and the sugar in the beet costs the German factory about \$.50 to \$.80 less per 100 pounds of granulated sugar, owing to lower price per ton and higher sugar content of beets.<sup>3</sup>

<sup>1</sup> It will be remembered that the labor cost in this instance was higher than the average for the U. S., probably by 15% or 20% of the total cost of growing.

<sup>2</sup> 2299 lbs. for U. S., ten-year average ending campaign year 1910-11, 3575 lbs. for Germany, ten-year average beginning one year earlier and calculating 90% of yield of raw sugar for yield of refined. See official Annual Reports for both countries, particularly U. S. *Crop Reporter*, Oct., 1911, and *Vierteljahreshefte zur Statistik des Deutschen Reichs*, 1910, Part IV, pp. 147 *et seq.*

<sup>3</sup> That this great difference in labor cost of producing beets and consequent actual cost of raw material to the factory is due mostly to the difference in wages in the two countries scarcely admits of doubt in view of the figures that have been presented. While we have no adequate figures on German agricultural wages (real wages) and the comparative efficiency and actual cost of this labor, we do know that nominal agricultural wages in the U. S. are several times what they are in Germany. While it is certainly true that the highly paid American beet-field labor is more efficient than the low-price German labor, it is also certain that this efficiency, together with the use of machines that have been invented up to the present time, is not sufficient to overcome the low costs due to low German wages. An adequate investigation of this phase of the subject would be a very large undertaking, too large to include in this study.

Agricultural costs as calculated by some other German authorities are given below for the purpose of comparison with American costs and German costs already cited.

Chr. Grotewold in *Die Zuckerindustrie*, p. 126, (Stuttgart, 1907)

gives itemized costs for Saxony, Silesia and West Prussia which total \$72.30, \$52.05, and \$59.77 per acre, respectively. He says that the yield is 25 to 50 metric tons, with an average of about 33½ tons of beets, or 5 tons of raw sugar per hectare, and that the income, counting receipts for molasses, tops and pulp, is about 900 marks (\$86.76 per acre). He gives the manufacturing cost for factories working 100,000 metric tons of beets per campaign at 60 pf. per 100 kg. beets (\$1.296 per short ton of beets. This is probably meant for producing raw sugar, not including refining).

H. Claassen and W. Bartz (*Die Zuckerfabrikation*, Berlin, 1905, p. 13) give itemized costs the totals of which in American equivalents are as follows:

Magdeburg, \$71.13 per acre (official report of yield for 1906-07, 14.87 short tons); Breslau, \$49.02 (yield, 13.30 tons); West Prussia, \$58.15 (12.42 tons); Halle, \$67.15. They quote Vibraus Wenhausen for Hanover at \$67.60 and Plehn for West Prussia at \$56.71, the average of the six being \$61.62 per acre.

See also Hermann Birschel's *Die Bedeutung der Brüsseler Zucker-Konvention*, p. 58 (Berlin, 1909), and Theodor Schuchart's *Die Volkswirtschaftliche Bedeutung der technischen Entwicklung der deutschen Zuckerindustrie* (Leipzig, 1908).

Bul. no. 38 of the Nebraska Agr. Exp. Station (p. 123) contains a translation of a report of Dr. Max Hollrung which gives a comparison of Nebraskan and German costs, the totals of the latter being \$48.28 per acre for Thuringia, \$65.51 for Magdeburg, and \$71.26 for Halle.

## CHAPTER VI. POSSIBLE IMPROVEMENTS AND INDIRECT ADVANTAGES

We have considered some of the direct costs of beet-sugar production and have seen that there is no great direct profit to the American grower in the average crop. We have seen also that Germany, the most advanced of beet-sugar countries, gets 50 per cent more sugar per acre than the United States and, furthermore, that the manufacturers of that country secure their raw material considerably cheaper than those of this country. This great advantage on the agricultural side of the industry is practically the only important one in which our producers are surpassed by theirs, and it naturally raises questions of possible improvements and indirect advantages. By the very nature of the case, answers to such questions cannot be certain and definite, but some consideration of possibilities and probabilities may be suggestive of important advances.

### I. POSSIBLE IMPROVEMENTS

According to Mr. C. O. Townsend,<sup>1</sup> the use of improved cultural methods, fertilizers, systems of rotation

<sup>1</sup> "Methods of reducing the cost of producing beet sugar," *Yearbook*, U. S. Dept. of Agr., 1906, pp. 265-278. Mr. Townsend was at that time pathologist in charge of sugar-beet investigations of the U. S. Bur. of Plant Industry. He has since been employed by the U. S. Sugar and Land Co. of Garden City, Kan. Several of the improvements considered later in this paper are mentioned by Mr. Townsend, though they came originally from various other sources.

and selection may so increase the size and quality of the yield as to make it

entirely possible to obtain three times as much sugar per acre as is produced on the average acre at the present time. For example, the present average yield of beets per acre in the United States is about 10 tons, and the percentage of sugar actually extracted and refined does not exceed 12,<sup>1</sup> making the average yield of sugar per acre approximately 2400 lbs. Yields of more than 30 tons of beets per acre are sometimes obtained, and yields of more than 20 tons are common. From 20 to 25 per cent of sugar in beets has been reported so frequently that it is safe to assume that an average sugar content of 18 per cent is within the limits of possibility. If an average yield of 20 tons per acre and an average sugar content of 18 per cent could be reached, we would have an average yield of 7,200 pounds of sugar per acre.<sup>3</sup>

#### a. *Seed Selection and Breeding*

There are several improvements which may be obtained through seed selection and breeding. Nearly all American beets are grown from seed imported from Europe, and it is said that sometimes we get the best seed on the market and sometimes the poorest. There have been

<sup>1</sup> This was written in 1906-1907. The report for 1909 gives the average for that year at 12.56%. See Report 92, U. S. Dept. of Agr. The 1910 extraction was 12.51%. *Crop Reporter*, Oct. 1911.

<sup>2</sup> Even considerably higher yields than this are sometimes reported.

<sup>3</sup> Mr. Townsend would not argue, probably, that we are apt to reach this figure in the near future. The present writer would not, at any rate. By similar illustrations we could show the possibility of trebling the United States' average yields of almost all of our important crops. But this does not make against the validity of the statements quoted and of the possibility of great improvements. One trouble with many estimates is that they go far beyond probabilities. When it comes to possibilities, few careful scientists are willing to set limits, especially if indefinite time is assumed.



frequent charges that officials of the factories, who nearly always bind their growers to purchase seed from them, are tempted to buy low-priced seed for the sake of direct profits, even at the cost of reduced yields. It is also charged that factories paying the grower a flat price per ton sell seed which will produce small, but high sugar-content beets. It is impossible to determine the exact facts in the case, but it is known that there has been some friction between grower and factory on this account. It is known, further, that seed should be adapted to soil and climate and, to secure the best results, should be produced in the country where the beets are to be grown, or in one very nearly like it. Authorities claim that European growers have paid a great deal of attention to this but the American factories comparatively little, and that the latter send to humid Michigan, arid and temperate Colorado, and arid and subtropical California practically the same seed, regardless of its source. There have been a few efforts to grow seed in the United States, some of them fairly successful, but most of them have been given up when serious difficulties were encountered. But the recent European crop shortage will probably handicap the American industry very seriously for a year or two and may bring about an effective attempt to produce home-grown seed in order to avoid such occurrences in the future. This is one of the most promising fields of improvement and it is to be regretted that it has not already been developed more than it has.

Another thing that is being attempted through seed breeding is the production of varieties which will mature earlier and thus permit longer seasons for factory operation and require a smaller part of the crop to be siloed.

The most radical thing that is being attempted in seed selection and breeding is the development of a single-

germ seed. The seeds now used contain two to seven individual seeds welded into one mass, or compound seed. The young plants grow closely together, often twisted around one another, so that they can be thinned only by laborious hand work, which is usually done in the West by Mexicans, Japanese, Russians, Indians and Hindus, crawling on their hands and knees under a broiling sun. The theory is that sprouts coming from single-germ seeds could be spaced a few inches apart and thinned by machinery, at least the superfluous plants could be chopped out with hoes without requiring the laborer to crawl on the ground and separate each cluster with his fingers. Experiments have been carried on for several years by the Department of Agriculture of the United States and the published reports give hopes of success, but there are many difficulties to be overcome that have not been dwelt upon in these reports, and some of those who should know most of the prospects of success in this direction are not so optimistic as one might infer from the reports. However, the attempt seems worth making and, if it should be successful, it would reduce one of the largest costs in beet production, possibly by \$3 to \$5 per acre.

#### b. *Invention and Use of Machinery*

The three most expensive operations in raising beets are thinning, topping, and hauling, the latter including loading. They are about equally expensive, together amounting to nearly half of the entire cost of raising beets and each averaging about \$6 to \$8 per acre. We have just mentioned an effort to reduce the thinning cost, all of which is hand labor. Topping and loading are also hand labor, almost exclusively, but fortunately there seems to be reasonable prospect of getting machines

that will do a great part of this work. A number of inventions which promise ultimate success, have already been made.<sup>1</sup> A successful machine which would pull, top and load the beets ought to reduce the cost by \$4 to \$7 per acre, though this reduction will be gradual and will reach the higher figure only after several years of improvements. Improvements have already been made in the use of other farm implements, as for example, the substitution of two and four-row cultivators for one-row implements.

### c. *Utilization of By-products*

A better utilization of by-products is being brought about, but there is an exceedingly great waste here that can be saved. Much that is not absolutely wasted could be put to more profitable uses. The more general ownership and breeding of stock by the small farmers of the West<sup>2</sup> would probably provide the means for a much more profitable utilization of some of the by-products and, at the same time, help to maintain and restore the fertility of the soil and make possible more frequent and more profitable beet crops.

The great forage crop of the irrigated sections of the West is alfalfa, but it bloats cattle and sheep so badly that it is very dangerous to pasture it, hence the farmers of the irrigated sections (and they form the great majority of the substantial farmers in Colorado, Utah and surrounding states) do not keep anything like the amount of stock that they would if it were not for this bloating. If some discovery or substitution which would overcome

<sup>1</sup> See *Amer. Sugar Ind. and Beet Sugar Gazette*, Sept., 1911, p. 410, relative to Sandberg Beet Harvester Co., Odgen, Utah.

<sup>2</sup> Good stock as distinguished from the poor grade cattle which run on the semi-arid ranges.

this great disadvantage could be made, there would be a reaction upon many phases of agriculture, including the growing of beets.<sup>1</sup> This is only one example of the indirect and complex matters involved.

#### d. *Crop Rotation*

Probably one of the greatest opportunities for improvement is in crop rotation. Too many American farmers grow three or four, or even more, crops of beets, one after the other, on the same land. It has been said that sugar removes no fertility from the soil, as it is entirely a product of sun and air. Though this is true of sugar, it is not true of sugar beets, and most good European farmers seldom grow two successive beet crops on the same land.

The following table<sup>2</sup> will enable one to form an idea of the comparative amounts of important elements drawn from the soil and the air by beets and other products. All of these crops draw these elements from the soil except alfalfa, which gets a great deal from the atmosphere and thus puts more nitrogen into the soil than it removes.

It is seen that beets are about as exhausting as corn and somewhat more so than wheat and oats, though it should be observed that the amounts given above are not normal yields for an acre, the discrepancy being less for

<sup>1</sup> It might very conceivably so increase the price of alfalfa as to decrease the sowings of beets, though it would tend to make their cost of production less except as it would raise the price of land. It does not seem that this difficulty ought to be insurmountable. The overcoming of it would mean millions of dollars to states which are producers of alfalfa.

<sup>2</sup> Alvin Keyser, Prof. of Agronomy, State Agricultural College, Fort Collins, Colorado, in *Amer. Sugar Industry and Beet Sugar Gazette*, Jan., 1911, p. 31. Similar analyses may be found in many places, e. g., Wis. Agr. Exp. Sta. Bul. 123, p. 48 (1905).

TABLE XXX. ELEMENTS DRAWN FROM SOIL BY VARIOUS CROPS

	Nitrogen.		Phosphorus.		Potassium.		Total value.	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.	Chicago prices.	Colorado prices.
50 bushels wheat . . . . .	96	\$14.40	16	\$0.48	58	\$3.48	\$18.56	\$24.00
100 bushels oats . . . . .	97	14.55	16	.48	68	4.08	19.11	25.00
100 bushels corn . . . . .	148	22.20	23	.69	71	4.26	27.15	35.00
20 tons beets . . . . .	100	15.00	18	.54	157	9.42	24.96	32.00
4 tons alfalfa . . . . .	200	30.00	18	.54	192	5.76	36.30	48.00
1,000 lbs. fat cattle . . . . .	25	3.75	7	.21	1	.06	4.02	5.35
1,000 lbs. hogs . . . . .	18	2.70	3	.09	1	.06	2.85	3.90
10,000 lbs. milk . . . . .	57	8.55	7	.21	12	.72	9.48	12.50
400 lbs. butter . . . . .	0.8	0.12	0.2	.01	0.1	.01	.14	.19

beets than for the cereals. However, these figures show the necessity for rotation.

Successive beet crops on the same land not only exhaust the soil and lower the quality and tonnage of beets but they also frequently result in the introduction and perpetuation of diseases. This is one of the serious difficulties now being encountered in some localities in the West, and sugar companies, unable to cope with the problem, have appealed to the government for assistance. On the whole, better cultural methods and rotation are among the most pressing needs, and probably promise more immediate improvements than can be secured by any other practical means.<sup>1</sup>

<sup>1</sup> The effect of beet culture upon yields of other crops will be discussed under indirect advantages, a few pages later.

*e. Manufacturing Wastes*

These are only some of the improvements which have particular reference to the agricultural end of the industry. The manufacturing phases of the industry in the United States are upon much more efficient bases than the agricultural operations but even here there are possibilities of reducing the cost. The average extraction of sugar is not what it should be, if the reports sent by the companies to the United States Department of Agriculture are to be relied upon and the factories are in operation too small a proportion of the year to secure the maximum returns from the fixed capital and overhead expenses. Great improvements should be made in the preparation and disposition of by-products in the case of some factories. There is also room for improvement as regards the relations between grower and factory in some sections, but, generally, the sugar companies show an enlightened interest in the growers and co-operate with them in many ways. Though nearly every one of these problems is very difficult of satisfactory solution, gradual progress is being made in most of them.

**2. INDIRECT ADVANTAGES**

Very closely related to the subject of improvements is that of indirect advantages which must be taken into consideration in forming any adequate estimate of the present and future values of the United States beet-sugar industry. Among the most important of these is the effect of beet culture upon the yields of succeeding crops.

*a. European Agricultural Investigations*

Though no comprehensive and scientific investigation of this matter has been made in America, a number of careful studies have been published in Europe and they

present some striking facts that few Americans seem to have thought of; at least, they have not realized their significance.<sup>1</sup> Following are two series of ten-year averages of yields on the same estate, the first being for the ten-year period in which no beets were grown, and the second for the immediately following ten-year period when beets were used in rotation with the other crops.

TABLE XXXI. YIELDS OF CEREALS, WITH AND WITHOUT BEET ROTATION<sup>2</sup>

1855-1864.	Wheat.	Rye.	Barley.	Oats.	Peas.	Rape.	Potatoes.
Without beet rotation.							
Kilos per hectare...	1,965	1,730	1,580	1,450	1,408	1,339	11,200
Pounds per acre....	1,753	1,543	1,410	1,294	1,256	1,195	9,993
1865-1874.							
With beets in rotation.							
Kilos per hectare...	2,184	1,680	2,030	1,600	1,408	1,296	13,000
Pounds per acre....	1,949	1,499	1,811	1,428	1,256	1,156	11,598

Dr. Humbert showed that the law of diminishing returns or increasing costs did not operate so far as results for these estates were concerned, the cost to produce "100 kg. *Kornwerth*" (220.46 lbs.) on beet-grow-

<sup>1</sup> We can present only a few brief extracts here. Any interested student should see the original sources cited.

<sup>2</sup> Gustav Humbert, *Agrarstatistische Untersuchungen über den Einfluss des Zuckerrübenbaues auf die Land- und Volkswirtschaft unter besonderer Berücksichtigung der Provinz Sachsen*. In *Sammlung nationalökonomischer und statistischer Abhandlungen des staatwissenschaftlichen Seminars zu Halle a. d. S.* herausgeben Dr. Johann Conrad, Jena, 1877-1893, pp. 29 et seq. A very careful study.

TABLE XXXII. COMPARISON OF 10-YEAR AVERAGE YIELDS OF 35 GERMAN ESTATES CONTAINING 12,792 HECTARES (ABOUT 30,000 ACRES)<sup>1</sup>

	Wheat.	Rye.	Barley.	Oats.	Peas.	Rape.	Potatoes.	Beets.	Beet Seed.
Average of 29 estates using beets in their crop rotation.									
Kilos per hectare.....	2420	1890	2460	2176	1970	1424	14302	32414	2090
Pounds per acre. ....	2159	1686	2195	1941	1758	1270	12760	28919	1865
Average of 6 similar estates without beet rotation									
Kilos per hectare.....	2089	1786	1908	1546	1131	1200	13420		
Pounds per acre. ....	1864	1593	1702	1379	1009	1071	11973		
Excess of yield of beet-growing over non-beet-growing estates									
Kilos per hectare.....	331	104	552	630	839	224	882		
Pounds per acre. ....	295	93	493	562	749	199	787		
Per cent .....	15.8	5.8	28.9	40.7	74.2	18.6	6.5		

By reducing all to terms of rye ("Kornwerth"), Dr. Humbert arrived at the following yields:

Average for the estates with beet rotation, 3096 kg. per ha. (2762 lbs. per acre).

Average for the estates without beet rotation, 2151 kg. per ha. (1919 lbs. per acre).

ing estates being 13.6 marks (\$3.23); for non-beet-growing estates, 14 marks (\$3.33) with a net profit of 5.2 marks (\$1.24) on the former and 5 marks (\$1.19) on the latter.

The following extract is taken from another investigation:<sup>2</sup>

<sup>1</sup> Humbert, *op. cit.*, p. 26. Great care was taken to select estates that were fairly comparable. See original study for details.

<sup>2</sup> *Einfluss des Zuckerrübenbaues auf die Landwirtschaft unter besonderer Berücksichtigung einiger im Fürstenthum Calenburg gelegenen Güter*, doctor's dissertation by Richard Woge, Univ. of Leipzig, 1892, pp. 23-34.



TABLE XXXIII. COMPARISON OF CROP YIELDS ON BEET-GROWING AND NON-BEET-GROWING FARMS

(In pounds per acre)

	Royal Domain Patterson, 16-year average (1870- 1886), with beet rotation.	Willingen Gemeinde (gov't forest), with beet rotation.	Gestorf estate, 8-year average (1883-90), with beet rotation.	Benningsen estate, 10-year average (1881-90), after adoption of beet culture.	Same estate, 5-year average (1869-74), before beet culture.	Per cent increase.
						%
Rye .....	2,338	2,677	2,419	2,282	1,588	43.1
Wheat .....	2,427	2,677	2,654	2,475	1,472	68.1
Oats .....	2,309	2,855	2,310	2,409	1,975	21.9
Barley .....	1,829	....	....	2,088	1,113	
Summer wheat.....	....	....	....	....	1,270	
Beans and peas .....	..	....	....	....	1,667	
Beans .....	1,945	2,409	2,067	2,005	....	
Peas .....	1,338	....	1,755	1,711	....	
Mixed grain .....	....	....	....	....	823	
Buckwheat .....	....	....	....	....	1,784	
Rape .....	....	....	....	2,438	1,162	
Potatoes .....	12,392	11,152	14,275	14,275	13,112	8.9
Stock beets .....	....	....	....	....	....	
Sugar beets .....	30,370	29,442	27,961	27,832	30,307	
Beet seed .....	....	....	....	2,614	....	

Numerous other similar tables in this and other studies could be cited, but these are sufficient to indicate something of the great indirect benefits of beet culture in this one direction. The results of the German investigations have been put in a striking manner in somewhat the following form:

Given, two large adjacent estates, equal in size and quality. On one of them grow the ordinary cereals and other crops for a series of ten years, rotating them in the most approved manner, but growing no beets. On the other estate put three-tenths of the land in beets every year and grow the same cereals in the same proportions

as upon the first estate, though, of course, devoting to them only seven-tenths of the acreage used on the first estate. The sum of the yields for the ten years will show that the second estate produced as great or greater quantity of cereals and other crops on seven-tenths of its area as the first estate on the whole of its area, and that the second estate produced, in addition, a large tonnage of beets upon three-tenths of its area each year.

b. *United States Data Bearing on the Subject*

Practically all that is known in the United States about the effect of beet culture on yields of other crops is general impression and unconfirmed opinion. In 1909 the Secretary of Agriculture published a number of general statements to show the beneficial effects of beet growing and the influences upon the prices of land, most of the data being taken from an Agricultural Department bulletin by George K. Holmes.<sup>1</sup> The following tables are taken from this report of the Secretary of Agriculture:

TABLE XXXIV. INCREASE IN VALUE OF MEDIUM FARMS, 1900-1905<sup>2</sup>

	All medium farms.	Medium sugar-beet farms.
California.....	27.4%	42.4%
Colorado.....	55.3%	112.5%
Utah.....	38.1%	36.0%
Nebraska.....	54.0%	67. %
Michigan.....	22.3%	20.7%

COMPARATIVE INCREASE IN VALUE OF IRRIGATED LAND IN MEDIUM FARMS, 1900-1905

	General farming.	Sugar-beet farms.
California.....	27.2%	42.5%
Colorado.....	47.8%	118.0%
Utah.....	33.4%	35.6%

<sup>1</sup> Bulletins 43 and 44, both of the Bureau of Statistics and concerning conditions affecting, and changes in, farm values, 1900-1905.

<sup>2</sup> 61st Cong. 1st Sess., Sen. Doc. 22, pp. 17-23.

Other interesting data have been presented by Mr. T. G. Palmer,<sup>1</sup> but most of them are in terms too general to have much scientific value. However, there is no doubt that the physical benefits to the soil through the deep plowing and thorough cultivation required for successful beet growing are of great importance. During the past year the government began, in a small way, some preliminary experiments in co-operation with the United States Sugar and Land Co. of Garden City, Kansas, in order to determine the lines to be followed in more extensive rotation experiments planned for ensuing years. This work should be done upon a comprehensive scale and, not only in co-operation with sugar companies, but also in co-operation with many farmers. Methods similar to those followed by Messrs. Parker and Cooper in Minnesota as regards costs of the agricultural products of that state and further adapted to the problems in hand could be used to secure really valuable data.<sup>2</sup>

Although we have not, at present, comprehensive scientific studies of the effects of beets in rotation in the United States, we have sufficient data to suggest that the benefits in this direction alone are worthy of ascertaining, and that they may be great enough to offset numerous disadvantages.

### c. *Other Indirect Advantages*

A very important advantage accompanying the intro-

<sup>1</sup> See such pamphlets as Sen. Doc. no. 79, 62d Cong., 1st Sess. (July 25, 1911) on the *Indirect Benefits of Sugar-Beet Culture* and *The Sugar-Beet Industry as Affecting Amer. Agriculture*, pub. by Beet Sugar Gazette Co., Chicago, 1909. Mr. Palmer represents the interests of the Association of U. S. Beet Sugar Mfrs.

<sup>2</sup> See Bul. 73, Bureau of Statistics, U. S. Dept. of Agr. (1909).

duction of the sugar-beet industry is the educational effect. Successful beet raising requires more careful and scientific management than general farming as usually practised. Every beet-sugar factory employs a corps of agriculturists who spend most of the growing season visiting the beet fields and advising the farmers, not only as to their beet crops, but also as to crops that should be grown in rotation, and, incidentally, they give many suggestions in regard to all sorts of farm problems. It has been claimed that every sugar factory is a kind of agricultural college and there is no doubt that it greatly improves and stimulates the agricultural efficiency of nearly every community it enters.<sup>1</sup>

The mere furnishing of an additional crop which has a certain market at a certain cash price is no small consideration in estimating the value of the beet-sugar industry. This is especially true in western states where agriculture is carried on under widely different conditions from those in the older, humid and less elevated states, and most western agriculture may be said to be as yet in the experimental state.

Furthermore, the soil needs to be broken up and cultivated occasionally. The raising of corn furnishes the opportunity to do this on a large scale in the Mississippi Valley but this crop does not thrive so well in the cool nights of the higher altitudes such as those in many parts of the West, and beets have been found to be one of the most successful substitutes. It is sometimes asked if turnips, garden vegetables, and some other root

<sup>1</sup> It is true that numerous complaints have been made to the effect that the sugar companies' agriculturists are not practical farmers. No doubt there has been some ground for these complaints in many cases, but on the whole the writer is convinced that they have been helpful.

crops would not serve cultural purposes as well as beets, both as regards cleaning the ground of the noxious weeds and as regards the beneficial effects upon succeeding crops. This is probably approximately true but there is no market for such crops in sparsely populated states sufficient to justify their being grown on a large scale, whereas there is a certain market at a predetermined price for all the sugar beets that can be produced. Many sections in the West are rather handicapped through lack of sufficient diversity of satisfactory crops and the beet crop fills a real need.

Again, the by-products are worth more in sections where corn is not grown. This is a big consideration in Europe and will probably become more important in the Rocky Mountain section of the United States.

Another indirect advantage of the beet-sugar industry which is urged as an argument for its protection is its effect upon the other industries and business. There can be no doubt that it gives much freight to the railroads, principally in the hauling of beets, coal, lime and sugar. There are few practical uses to which the land of many sections can be put which will provide for the employment of so much labor for the same acreage and the towns of beet growing sections undoubtedly get the stimulation and benefits that come with increased population. Practically every line of business shares this "unearned social increment."

It is sometimes objected that these advantages are lessened, or offset entirely, by the disadvantages of bringing in a large element of foreign labor, particularly of Mexican and Oriental labor which is used so largely in some of the larger western sections, and if a long look forward is taken, there is probably considerable weight

to this argument.<sup>1</sup> However, more immediate considerations usually carry the day and the business men of nearly all localities that give any promise of sustaining a successful beet-sugar industry make strenuous efforts to secure and maintain its establishment.

Another point somewhat related to this is the claim that the development of the arid lands of the West is largely dependent upon the encouragement of the beet-sugar industry. All of the water that is easily and cheaply available has been appropriated. To secure good water rights for developing new land costs heavily, say from \$30 to \$50 an acre now, so that land cannot be brought under irrigation unless it can be put to some crop which yields big profits per acre. Extensive cultivation cannot be profitable on such expensive land and few or no crops that can be grown and marketed upon a large scale are equal to beets in meeting this situation.

This and the argument presented just previously contain a great deal of truth but their validity depends upon the assumption that the indirect benefits are worth the subsidies, or protective tariffs, necessary to maintain the industry and further, that similar benefits cannot be obtained in better ways. This is a very difficult matter to ascertain with scientific exactness and we lack a great deal of having learned all that could be learned about the matter if proper investigations were made. To make them is one of the problems of determining what legislation should be enacted.

### 3. SOME COMPARISONS AND CRITICISMS

It is very common to cite European statistics when the matter of possible improvements in American agri-

<sup>1</sup> See appendix for some data having reference to foreign laborers.

culture is broached, but in such cases there are usually factors which do not appear on the surface and, though we can get valuable suggestions from partial truths, we are apt to be misled.<sup>1</sup> This fact should be kept in mind in the following comparisons.

In the sugar year of 1909-10, the average yield in the United States was 9.71 short tons of beets per acre, with an extraction of 12.56 per cent of the weight of the beets, or 2439 pounds of granulated sugar per acre.<sup>2</sup> The same year for Germany, the yield per acre was 12.6 short tons (282 dz. per ha.), with an extraction of 15.11 per cent in terms of raw sugar, that is, 3612 pounds of raw sugar per acre (equivalent to about 3277.8 pounds of granulated).<sup>3</sup> The yield of beets per acre in France was 12.4 short tons, the extraction 11.75 per cent, or the yield per acre 2462 pounds of granulated sugar.<sup>4</sup> It will be seen from this that for the year 1909-10 the yields in terms of granulated sugar were practically the same in the United States and France, and Germany's yield was about 50 per cent greater.

The figures for the United States and France are only very slightly above the average for the past five years; those of Germany are about one-fifteenth lower than for a similar average, owing to about that reduction in tonnage per acre for the year 1909-10.<sup>5</sup> Thus we see that,

<sup>1</sup> Though some statements are meant to deceive, many mislead because the reader makes a different application than the one justified and the one the writer had in mind. By the nature of the case, it is never possible to present all the details in any matter.

<sup>2</sup> *Progress of U. S. Beet Sugar Industry*, 1909, U. S. Dept. of Agr., Report 92, p. 50.

<sup>3</sup> Quarterly of the German Imperial Statistical Office, 1910, Part IV, pp. 147 *et seq.*

<sup>4</sup> Supplement, *Journal des Fabricants de Sucre*, Feb. 8, 1911.

<sup>5</sup> This is the last year for which we have official data at this writing.

so far as averages go, we are about on a par with France, but excelled by Germany by about 50 to 60 per cent.<sup>1</sup>

Numerous people seem to take a great deal of pleasure in citing the superiority of Germany and other countries in the matter of agricultural yields and they make rather uncomplimentary remarks about the ability and methods of the American farmer. They may even lead some to infer that he is hardly as sensible and shrewd as his German cousin. It cannot be denied that there is some justification for some of their criticisms of the American agriculturist, but it may be asked which is the shrewder

<sup>1</sup> The following extract (including Table XXXIVa, p. 159) from a U. S. official publication is illustrative of the way in which comparisons are apt to be misleading to the lay reader.

#### THE BEET-SUGAR INDUSTRY OF EUROPE

“The following table [XXXIVa] shows the enormous proportions to which the beet-sugar industry has developed throughout central Europe and especially in Germany, Austria, and Russia. The figures for 1909 for the United States have been included for sake of comparison.”

The U. S. official publication makes no comments or explanations other than those given above. The following comments are those of the writer of this study.

It should be noted that in the European countries the yields of beets per acre are in terms of metric tons (2204.6 lbs. each), whereas, those in the U. S. are in terms of short tons (2000 lbs. each). Furthermore, the yield of sugar per acre is expressed in terms of granulated sugar for the U. S.; that is, to make the figures comparable the yield as expressed in percentages and as expressed in pounds per acre should be reduced by about 10% in the case of the European countries for it takes about 100 lbs. of their raw sugar to make 90 lbs. of granulated. In the third place, though these figures were published a year after the close of the season to which they refer, they do not agree with those given by the official reports. For example, the yield of sugar in per cent of the weight of beets is given in the Quarterly of the German Imperial Statistical office (Part IV, pp. 147 *et seq.*), not as 17.63% as above, but as 16.77%. Even this is much the highest average yield in the history of the German beet-sugar industry, the next nearest prior to 1909 being 14.97%, so that the official figures for this one year did not represent the average for a series of years.



TABLE XXXIVa. NUMBER OF FACTORIES, YIELD OF BEETS PER ACRE, AND YIELD OF SUGAR IN THE PRINCIPAL BEET-SUGAR COUNTRIES OF EUROPE IN 1908-9<sup>1</sup>  
 [F. O. Licht, Report, March 18, 1910]

Data.	Germany.	Austria.	France.	Russia.	Belgium.	Holland.	Sweden.	Denmark.	United States.
Acres in beets.....	1,071,000	816,000	528,000	1,371,000	141,200	119,800	77,000	37,500	420,262
Average tons to acre.....	10.99	9.75	10.91	6.14	12.00	11.29	11.10	11.98	9.71
Number of factories.....	358	204	251	277	81	27	21	7	65
Yield of sugar:									
Per 100 beets (per cent).....	17.63	17.52	13.35	14.97	15.14	15.67	15.13	14.98	12.56
Per acre (pounds).....	4,260	3,820	3,240	2,021	4,001	3,895	3,633	3,950	2,439

<sup>1</sup> U. S. Dept. of Agr., Farmers' Bul. 52, p. 47 (1910).

thing for the American to do: to spend \$25 for extra labor on an acre of ground already in cultivation, or \$5 for the rent of an extra acre upon which, by using \$10 worth of extra labor he can get the same increase of profits? It is principally a question of using available resources, consisting of land, labor and capital, to the best advantage. In Germany, it is labor that is relatively abundant as compared with land; in the United States, it is land instead of labor. If the yields are measured per unit of land, the comparisons are, and must be, favorable to Germany; if per unit of labor, to the United States. It seems to be generally admitted, by Americans at least, that our soil is superior to that of Germany. If it remains so, and if other conditions are equal, yields in the United States will surpass those of Germany when we reach the same intensive stage of economic conditions, though there will probably never be an exact parallel.

Though Germany gets more sugar per acre than the United States, this does not necessarily mean that the United States can, or should, endeavor to equal Germany in this, either immediately or in the future, unless the means are justifiable. No doubt it can be done if the American industry is subsidized sufficiently, but the question is whether or not it will pay to do it; or to be more exact, just what is the best method of utilizing all of our available resources, taking everything into consideration.

While German farmers produce about 50 per cent more sugar per acre than Americans, they do not surpass us so much in this crop as in other important crops, as the following table indicates.

This table shows what was mentioned above, namely that the German conditions are such as to force increased yields chiefly through more intensive cultivation,

TABLE XXXV. AVERAGE YIELD IN BUSHELS PER ACRE<sup>1</sup>

	Germany.				United States.			
	1884.	1909.	Increase.		1884.	1909.	Increase.	
Wheat .....	19.2	30.5	11.3	58.8%	13.0	15.8	2.8	21.5%
Rye .....	14.8	27.6	12.8	85.1%	12.2	16.1	3.9	21.2%
Barley .....	23.9	39.4	15.5	64.8%	23.5	24.3	.8	3.4%
Oats .....	33.3	59.1	25.8	77.4%	27.4	30.3	2.9	10.5%
Potatoes .....	126.1	208.9	82.8	65.6%	85.8	106.8	21.0	24.4%

	Germany.		United States.	
	1884.	1909.	1884.	1909.
Total acreage, 5 crops .	34,918,992	43,588,156	67,951,000	93,469,000
Total yields, 5 crops, bushels .....	1,622,192,944	3,060,277,002	1,376,878,000	2,323,602,000

while those in America have been brought about largely by increase of area devoted to the several crops. It will be noted that Germany's increases in yields per acre in the last twenty-five years are almost as great as the present American yields. The table suggests further, that, inasmuch as we are nearer the German standard in yield of sugar than in that of almost any other important crop, we ought not to expect so much further improvement in this product as we should if the compari-

<sup>1</sup> Compiled by T. G. Palmer from *Yearbook* of U. S. Dept. of Agriculture and *Yearbook* of German government, Hardwick Committee Hearings, July 31, 1911, pp. 2635-2636.

son were relatively less favorable. Possibly we have reached the limit justified by natural and present economic conditions. Some weight is added to the force of this suggestion when we consider that a relatively large proportion of the cost of producing beet sugar and sugar beets is taken up by comparatively unskilled hand labor of which Germany has a much greater relative supply than the United States. In calculations that have been referred to in previous parts of this study<sup>1</sup> it has been seen that the cost of the beets represents about 60 per cent in the total cost of granulated sugar in the United States and that a considerable part of the remaining 40 per cent is taken up by wages of factory employees, many of whom are relatively unskilled. It has also been pointed out that from 50 per cent to 85 per cent of the expenses of growing beets are unskilled labor costs. Hence, any country, such as Germany, with a greater abundance of cheap unskilled labor than the United States must have a big advantage in this respect. While it may be argued that, on account of greater efficiency, American skilled labor, using the best machinery, is really cheaper than European labor, such has not been shown to be the case as regards unskilled hand labor in agriculture where it uses only the simplest tools such as are employed in many operations in connection with raising beets.

In the case of the other important crops, such as the cereals,<sup>2</sup> where the proportion of hand labor is much less and the use of machinery more extensive, the American

<sup>1</sup> See Census reports for 1899, 1904, 1909. Also calculation by T. G. Palmer, *Hardwick Com. Hearings*, pp. 2630 *et seq.*

<sup>2</sup> For an excellent study of costs of cereal production see Bul. 73, Bureau of Statistics, U. S. Dept. of Agr. (1909). For one of German costs see *Die Produktionskosten unserer wichtigsten Feldfrüchte*, by W. H. Howard. (Berlin, 1908.)

with his comparatively cheap land is in a much better position to compete with his foreign competitor who has not these advantages.

However, the superiorities and advantages of Europe as regards richness of beets, tonnage per acre and lower labor costs suggest the points where great improvements can be made in this country. The advances already made indicate that we have some very superior advantages and that, in time, we may be able to excel our European competitors. But it has already been hinted that more serious competition may be met with elsewhere than from Europe. This matter will be taken up in the next chapter.

## CHAPTER VII. CANE-SUGAR COMPETITION

WE have considered some of the fundamental conditions and costs of producing beet sugar in the United States and, in doing so, we have made some comparisons with Europe, but relatively few, because our study has convinced us that even Germany, the largest and most advanced of European countries as regards sugar production, is not the source from which our domestic industry may expect its most important competition in the near future.

At present Cuba and the Philippines loom large on the horizon; at least, the expansion of their industries concerns the United States more immediately than developments in other countries. Hence the necessity of an estimate of their conditions and possibilities. After presenting some of the facts regarding these two large, but comparatively undeveloped, fields, we shall consider briefly a few of the countries where cane-sugar production has reached its highest stages in order to see what light they throw upon future developments in unexploited fields.<sup>1</sup>

### I. CUBA

#### a. *Recent Changes Significant*

When most of the producers in the European sugar-exporting nations, or in the United States, think of com-

<sup>1</sup> In this chapter, as in others, the reader desiring conclusions only, will save much time and tedium by skipping the presentation of details, many of which are necessarily of disputed value, and turning at once to the ends of the sections where conclusions are to be found.

petition to-day they think of Cuba.<sup>1</sup> No other large producing country has shown such great progress in the last decade and no other presents the same possibilities of large expansion within a short period. It may come about in the course of time that other countries of the world will surpass Cuba, but such development, if it occurs at all, does not seem probable in as near a future as it does in Cuba.

Nor is it to be understood that Cuba's development is not highly problematical. No recent comprehensive and authoritative study of Cuba's sugar industry and its future has been made, though enough information is available to indicate that it can be expanded very much if certain obstacles can be overcome. Furthermore, it is evident that the future of the United States beet-sugar industry is intimately involved in the future of Cuba's industry and of this government's treatment of her sugar exports.

Sugar cane is thought to have been introduced into Cuba shortly after Columbus' discovery of America,<sup>2</sup> but so long as Spain's principal interests in the New World were on the continent of North and South America, she paid comparatively little attention to the development of Cuba. Hence, the latter's sugar industry did not become

<sup>1</sup> As good illustrations of this see "The Deadly Parallel," "The Story of Cuban Distress," and other vigorous articles and testimony by T. G. Palmer and others in the various *Cuban Reciprocity and Revenue Hearings* and also in the tariff hearings. All of these hearings are full of the great dangers of Cuban and other tropical cane-sugar production to the American sugar industries, both beet and cane. *Der deutsch-amerikanische Handelsvertrag* by Dr. Julius Wolf, presents a phase of the matter from the German standpoint in a rather vigorous manner.

<sup>2</sup> *Industrial Cuba*, Robt. P. Porter.

*World's Production and Consumption of Sugar*, 1902, p. 1328.

*Commercial Cuba*, W. J. Clark, p. 208.

of very great importance much before the middle of the last century. The accompanying table shows the growth and fluctuations in the output since that time.

TABLE XXXVI. CUBAN PRODUCTION OF SUGAR (1850-1912) <sup>1</sup>

Year.	Raw sugar, long tons.	Year.	Raw sugar, long tons.	Year.	Raw sugar, long tons.	Year.	Raw sugar, long tons.
1850...	223,145	1866...	612,000	1882...	595,000	1898...	305,543
1851...	263,999	1867...	597,000	1883...	460,397	1899...	335,668
1852...	251,609	1868...	749,000	1884...	558,932	1900...	283,651
1853...	322,000	1869...	726,000	1885...	631,000	1901...	612,777
1854...	374,000	1870...	726,000	1886...	731,723	1902...	863,792
1855...	392,000	1871...	547,000	1887...	646,578	1903...	1,003,873
1856...	348,000	1872...	690,000	1888...	656,719	1904...	1,052,273
1857...	555,000	1873...	775,000	1889...	560,333	1905...	1,183,347
1858...	385,000	1874...	681,000	1890...	632,368	1906...	1 229,736
1859...	536,000	1875...	718,000	1891...	816,980	1907...	1,441,916
1860...	447,000	1876...	590,000	1892...	976,000	1908...	969,275
1861...	446,000	1877...	520,000	1893...	815,894	1909...	1,521,818
1862...	525,000	1878...	553,000	1894...	1,054,214	1910...	1,808,221
1863...	507,000	1879...	670,000	1895...	1,004,264	1911 <sup>2</sup> ..	1,483,451
1864...	575,000	1880...	530,000	1896...	225,221	1912 <sup>2</sup> ..	1,800,000
1865...	620,000	1881...	493,000	1897...	212,051		

It will be seen that in 1894 and 1895 Cuba had reached an annual production of over 1,000,000 long tons. This immediately fell to less than a quarter of a million in 1896, on account of the war. A rapid recovery followed the close of the war and the year 1910 shows a production nearly twice as great as the high point before the war. This increase has been due largely to more stable conditions and the practical assurance of an American protectorate, to the 20 per cent concession given by the United States to Cuban imports, to the entry of American and other capital, and to the gradual

<sup>1</sup> Compiled from the official *Estadística Azucarera*.

<sup>2</sup> Estimates by Willett & Gray.



putting of the industry upon a basis of modern large-scale and economic production. These are not all of the causes and they are partly effects as well as causes. The fundamental factors have been the acts and policies of the United States and they will continue to be so for an indefinite time according to present indications.

b. *Various Estimates of Cuban Possibilities*

Since there is no recent comprehensive and reliable study of Cuba's sugar industry, we shall have to deal largely with estimates and probabilities as regards the future progress, and even as regards many phases of the present industry.

Dr. Herman Paasche, in what is probably the best general work upon the present world's sugar industry,<sup>1</sup> does not think that Germany has any great cause to fear Cuba's competition. He says<sup>2</sup> that the expansion of the industry in the latter country is not a question of available area but one of economic consideration; that if Cuba were given free entry to the large protected market of the United States she could probably double her output, but he says that those who see a five or six-fold increase in Cuban production indulge in phantasies.<sup>3</sup> He wrote in 1905 and attributed the growth up to that time to a natural recovery from the war and considered a large part of the production as only temporary and due to the European shortage at that time. Had he seen the output increase more than 50 per cent above that high point within five more years, he would probably have made more allowance for possible expansion.

<sup>1</sup> *Die Zuckerindustrie der Welt*, pp. 162-179, particularly. Besides being a world authority on sugar, Dr. Paasche is, or was at the time this work was published (1905), vice-president of the German Reichstag and member of the Prussian Diet.

<sup>2</sup> *Ibid.*, p. 178.

<sup>3</sup> *Ibid.*, p. 164.

However, he admits that the production of Cuba, together with that of our insular possessions and domestic beet industry, may supply the entire consumption of the United States in the near future. As a matter of fact, that time has already arrived.

Mr. M. L. Jacobson<sup>1</sup> takes issue with Dr. Paasche, saying that the latter underrates the possibilities of tropical cane-sugar production and, especially, those of Cuba. Mr. Jacobson grants that the future of the Cuban sugar industry, as well as that of our insular possessions, depends chiefly upon a proper adjustment of the labor problem, and yet he submits that preferential legislation and other fiscal measures should not be underrated, and, further, that Cuban possibilities have been discounted by Europe at large.

But this statement of Mr. Jacobson is very conservative compared with the presentation of probable development in Cuba by Dr. Julius Wolf,<sup>2</sup> who calls it "the land of unlimited possibilities," and who cites scores of facts and authorities to prove his statement of the case. The main contention of his work is that the American tariff concession to Cuba is a violation of the most-favored-nation clause in the treaties of the United States and Germany and that it does great injury to Germany's sugar industry. He presents a rather strong case as regards Cuba's possibilities of expansion and her consequent injury to the German industry.

<sup>1</sup> *Pol. Sci. Quar.*, vol. 22 (1907), pp. 535-36. Mr. Jacobson is the sugar expert of the U. S. Dept. of Commerce and Labor, and is one of the best authorities in America upon the world's production and commercial movement of sugar.

<sup>2</sup> *Der deutsch-amerikanische Handelsvertrag* (Jena, 1906). Dr. Wolf is professor of political science in the University of Breslau and has written more or less extensively upon sugar and sugar taxes.

c. *Agricultural Conditions*

The accompanying table shows statistics of the estimated acreage devoted to cane, the production of cane and of sugar and the per cent of yield of sugar in the cane, for a series of years.

TABLE XXXVII. CUBAN SUGAR PRODUCTION<sup>1</sup>

Crop years.	Estimated acreage.	Cane ground, long tons.	Sugar output, long tons.	Yield of sugar.
				%
1902-03....	625,294	10,521,955	1,003,873	9.54
1903-04....	628,942	10,583,151	1,052,273	9.88
1904-05....	687,939	11,576,137	1,183,347	10.22
1905-06....	744,914	12,534,999	1,229,736	9.81
1906-07....	844,769	14,214,946	1,441,916	10.16
1907-08....	540,031	9,087,064	969,275	10.66
1908-09....	829,149	13,951,998	1,521,818	10.90
1909-10....	(no data)	16,396,885	1,808,221	11.03

The total area of Cuba is 45,883 sq. miles, or 29,365,120 acres<sup>2</sup> and it is seen from the above table that the highest acreage devoted to cane in any year of the past decade has been less than 3 per cent of the total area. Although agriculture is the principal industry of the island and sugar is king, yet this 3 per cent of the total area which is devoted to that crop represents about half<sup>3</sup>

<sup>1</sup> Compiled from the official *Estadística Azucarera*.

<sup>2</sup> *Cuba*, International Bureau of American Republics (1909), p. 3. This is 600 square miles more than the state of Pennsylvania and about two-fifths the size of Colorado. Population 2,048,980, equal to 44 per sq. mi. as compared with 23.2 for the U. S. as estimated at that date. See also, *Censo de la Republica de Cuba*, 1907, pp. 21-48, 189 *et seq.*, and 301 *et seq.*

<sup>3</sup> 47 per cent, according to the census of 1899. See "Labor Conditions in Cuba," by Dr. Victor S. Clark. Bul. 41, U. S. Bureau of Labor (1902), pp. 663 *et seq.* An admirable report by a recognized authority. See also, *Commercial Cuba in 1905*, U. S. Dept. of Com. and Labor.

of all the land under cultivation in the island in spite of the fact that Cuba is said to have a larger proportion of its surface suitable for cultivation than almost any American state.<sup>1</sup>

The report of the United States Department of Commerce & Labor<sup>2</sup> says that

without doubt at least 5,000,000 acres of the island might quickly and easily be turned into first class sugar plantations in addition to plantations already existing and in operation, and granting that these plantations be managed on the most approved modern systems, the imagination is dazzled by the contemplation of what Cuba would be capable of doing in the sugar-producing line in the near future.

The same report gives the cane yield as from 12 to 50 tons per acre with an average of about  $2\frac{1}{2}$  tons of sugar. According to the above table the average yield runs at about 16 to 17 tons of cane, or  $1\frac{3}{4}$  to  $1\frac{7}{8}$  tons of sugar per acre. It is to be noted that the richness of the cane is represented as having increased materially within the period covered by the table.<sup>3</sup>

Dr. W. D. Horne<sup>4</sup> gives the average yield as from 15 to 20 tons of cane per acre and says that the crops are usually allowed to ratoon for ten years and sometimes longer. He states, also, that Cuba does not suffer the ravages of cane diseases and insects as do some countries, but that there are many destructive fires and concludes

<sup>1</sup> U. S. Bureau of Labor, Bul. 41, p. 663.

<sup>2</sup> *Commercial Cuba in 1905*, p. 3903.

<sup>3</sup> The table is taken from the official *Estadística Azucarera*, but it is based upon estimates that are liable to considerable error. In fact, the average in the census reports is arrived at from the output through an assumed yield per acre. See *Censo de la República de Cuba, 1907*, pp. 38, 39.

<sup>4</sup> *Journal, Society of Chemical Industry*, vol. 25, pp. 161 et seq.

with the statement that a new era has begun with the advent of American capital and consequent improvements and that the pride of excelling runs high in the different plantations.

Mr. Alexander Gollan, British consul-general at Havana, is reported<sup>1</sup> as saying a few years ago that

Cuba in normal times may be said to be one of the most favored countries of the world for the economical production of sugar. [He gives as reasons:] First, the excellence of the climate and fertility of the soil, which allow large crops of good cane. The rainfall, about 50 inches, is so distributed that irrigation is not necessary, though it would, in many cases, be advisable. Second, the great movement toward centralization of the estates which took place in the early eighties, planters having understood the value of large sugar houses and overcome their difficulties in this way. Third, the proximity of the United States, affording as it does, a cash market for the sugar.

This was before the Cuban concession made by the United States in 1903 and before the recent entry of large amounts of American and European capital and the accompanying increased tendency towards modernization of the industry.

Mr. Robert P. Porter says:<sup>2</sup>

As a cane-sugar-producing country, nature has made Cuba superior to any country which may appear. . . . . With millions of acres of the richest and best cane land on the globe, yet untouched by the plough, with a climate unsurpassed for the growth and development of sugar cane, and with a prestige for Cuban sugar second to none in the markets of the world,

<sup>1</sup> *Commercial Cuba*, W. J. Clark, p. 212.

<sup>2</sup> Special Commissioner of the U. S. to Cuba and Porto Rico, in his work, *Industrial Cuba* (1899), pp. 281 *et seq.* See also, *Commercial Cuba*, by William J. Clark (1898), pp. 208-228.

the future of Cuba's sugar presents a possibility of wealth surpassing the riches of gold and silver which came to Columbus in the marvellous tales of the interior of the magnificent island which he had discovered.

d. *Cost Statements of Various Authorities*

Data of cost of production in Cuba are of much the same character as those for the United States, being estimates for the most part. In the *Cuban Reciprocity Hearings* of 1902,<sup>1</sup> Colonel Tasker H. Bliss, U. S. A., Collector of the port of Habana, presented tables of costs on twelve different plantations in various provinces of Cuba, of which the following is an example :

PLANTATION 60 KILOMETERS FROM CIENFUEGOS (CUBAN 96° SUGAR)	
Cost of cultivating 100 arrobas (2500 lbs.) cane. . . . .	\$0.82
Cutting, piling, and hauling to railroad . . . . .	1.30
Hauling by railroad to mill . . . . .	.12
	<hr/>
Cost, 100 arrobas (2500 lbs.) at mill . . . . .	\$2.24
Cost of manufacture (extraction 250 lbs.) . . . . .	2.22
	<hr/>
Cost, 250 lbs. sugar at mill . . . . .	\$4.46
	<hr/>
Cost per pound at mill . . . . .	.01784
Freight to port. . . . .	.00123
	<hr/>
Cost per lb. at port . . . . .	.01907
Cost at port, adding for up-keep (40c. per 2500 lbs. of cane). . . . .	.02068
Shipping charges. . . . .	.0023
Bags. . . . .	.000676
Cost per pound, f. o. b. :	
Spanish gold. . . . .	.023656
American currency. . . . .	.0225

We see that, according to the above figures, the cost f. o. b. for that plantation at that time was  $2\frac{1}{4}$  cents a pound. Similar statements are given for a number of other plantations with the following total cost figures per pound in American currency: \$0.02027; \$0.019126; \$0.02008.

<sup>1</sup> p. 402.

The following is an estimate by Mr. Lacoste, the Cuban Secretary of Agriculture :<sup>1</sup>

COST OF CUBAN SUGAR PRODUCTION (96°)

Cost of cultivating 100 arrobas (2500 lbs.) of cane . . . . .	\$1.12
Cost of cutting and hauling to mill . . . . .	1.50
Cost of conversion into sugar . . . . .	2.00
<hr/>	
Cost of 242 lbs. of sugar (on 9.68% extraction). . . . .	\$4.62
Cost per pound at mill . . . . .	.01910
Freight to port . . . . .	.02000
Shipping charges. . . . .	.0023
Bags. . . . .	.000676
Cost 1 lb., f. o. b., Spanish gold . . . . .	.024246
Cost 1 lb., f. o. b., American currency . . . . .	.02206

It will be seen that these calculations correspond very closely.

Mr. Edward P. Atkins<sup>2</sup> gave the following analysis of Cuban costs in 1908:

Cost of cane to produce 100 lbs. of 96° sugar. . . . .	\$1.37
Manufacturing cost. . . . .	.53
<hr/>	
Cost at factory . . . . .	\$1.90
Freight from factory to port. . . . .	.10
Shipping charges, including packages . . . . .	.20
<hr/>	
Cost f. o. b. Cuban port . . . . .	\$2.20
U. S. duty. . . . .	1.35
Refining . . . . .	.62
Freight [presumably to American port] . . . . .	.10
Freight (American port to Chicago) . . . . .	.28
<hr/>	
Cost of Cuban sugar in Chicago (includes depreciation, but no interest or profit to anyone) . . . . .	\$4.55

<sup>1</sup> *Cuban Reciprocity Hearings*, p. 404, and *Cuba at the Pan-American Exposition*, p. 104.

<sup>2</sup> Mr. Atkins and his father before him have been interested in Cuban sugar plantations for many years. He is now acting president of the American Sugar Refining Co. (trust). This estimate is given in the 1908-09 *Tariff Hearings* before the Ways and Means Committee, p. 3358.

The report of the United States Department of Commerce and Labor<sup>1</sup> says :

The cost of raising a pound of sugar in Cuba may be said to be, speaking roughly, 1 cent, and the cost of manufacturing and transporting it to the seaboard under present conditions 1 cent more, so that the total cost of production of sugar in Cuba, from the planting to the shipment at Habana, is about 2 cents a pound—not less than that, and perhaps on the average a little more.

Many other statements of costs and conditions of costs have been made, some of which are probably close to the facts and others of which are very much colored by the interests of those giving them. Mr. T. G. Palmer<sup>2</sup> estimates the present (1911) average cost in Cuba at 1½ cents a pound; Mr. Horace Havemeyer,<sup>3</sup> 2 cents a pound including freight to New York; Mr. H. T. Oxnard,<sup>4</sup> 1½ cents to 2 cents a pound, and he has heard the cost put as low as 1 cent; Mr. Edw. F. Dyer<sup>5</sup> at \$3.1145 per ton of cane (equal to about 1¼ cents per pound of sugar); Mr. Joseph H. Post,<sup>6</sup> 1¼ cents for cane and ¾ cent for manufacturing, total 2 cents per pound, f. o. b.;

<sup>1</sup> *Commercial Cuba in 1905*, p. 3902.

<sup>2</sup> Representing the Assn. of American Beet Sugar Mfrs., *Hardwick Committee Hearings*, p. 2797.

<sup>3</sup> Mr. Havemeyer is interested not only in N. Y. refineries but also in Cuban sugar plantations and American beet-sugar factories. *Hardwick Committee Hearings*, p. 581. Says Porto Rican cost is higher, due to poorer and higher priced land for sugar.

<sup>4</sup> Of the American Beet Sugar Co. *Hardwick Committee Hearings*, pp. 412-416.

<sup>5</sup> Builder of beet-sugar factories. 1908-09 *Tariff Hearings*, pp. 3497, 3498.

<sup>6</sup> Pres. National Sugar Refining Co. of N. J. *Hardwick Committee Hearings*, p. 515. He gives these as costs for the Cuban-American Sugar Co., of which he is treasurer.



Mr. Moriz Weinrich,<sup>1</sup>  $1\frac{1}{8}$  cents under favorable conditions, and this might be "shaded" a little by utilizing molasses; Mr. R. B. Hawley,<sup>2</sup> about 2 cents this year (1902-03); Mr. D. P. Machado,<sup>3</sup> \$2.06 per 100 pounds, f. o. b. Cuban port; Mr. George R. Fowler,<sup>4</sup> \$2.13 f. o. b.; Mr. J. W. De Castro,<sup>5</sup> \$1.35 in 1895-96 and \$1.31 in 1900-01.

In the *Philippine Hearings*,<sup>6</sup> Mr. George Bronson Rea cites the testimony on Cuban costs in the *Cuban Reciprocity Hearings* as follows:

Mr. Edward Atkins, of Boston, owner of the Soledad Central, near Cienfuegos, testified that the cost was  $2\frac{1}{6}$  cents; Mr. Hugo Kelly, of the Central Teresa Co., at Manzanillo, said it was 2.16; Mr. Miguel Mendoza, of the Central Santa Gertrudis, at Banaguises, said it was  $2\frac{1}{4}$  cents; Mr. Armstrong said that, with modern methods, it should be 2 cents; Senator Hawley, of Texas, of the Chapparra Sugar Co., said it was about 2 cents; Mr. William Bass, of the Central Consuelo, in Santo Domingo, said that at  $3\frac{1}{2}$  cents in New York he was being put out of business.<sup>7</sup>

Mr. C. F. Saylor<sup>8</sup> gave the cost in Cuba at about  $1\frac{1}{2}$

<sup>1</sup> *Cuban Reciprocity Hearings*, p. 340. In a letter to Mr. H. T. Oxnard, presented to the committee by the latter.

<sup>2</sup> *Ibid.*, p. 366. Mr. Hawley represented Texas sugar interests.

<sup>3</sup> *Ibid.*, p. 446. Sugar planter of La Grande, Cuba.

<sup>4</sup> *Ibid.*, p. 461. Sugar planter of Santa Clara, Cuba.

<sup>5</sup> *Ibid.*, p. 653. In a letter to Mr. H. T. Oxnard and presented by the latter.

<sup>6</sup> 59th Cong., 1st Sess., p. 1030. Mr. Rea is editor of the *Far Eastern Review*, and favors Philippine Island interests.

<sup>7</sup> Mr. Rea also quotes other estimates which we have given and states that, after 13 years' residence in Cuba, he is of the opinion that 2.25 cents is about correct. Of course, he did not cite many of the low figures given by the beet-sugar advocates.

<sup>8</sup> 1908-9 *Tariff Hearings*, p. 3347. Mr. Saylor was the special agent

cents and stated that some French experts put it at  $1\frac{1}{4}$  cents.

Dr. H. Paasche<sup>1</sup> estimates the Cuban cost at \$1.73 to \$1.94 per 100 pounds (8 to 9 marks per zentner,). Dr. Julius Wolf<sup>2</sup> quotes Professor Herzfeld as saying that only in the small, old-style factories is the cost as great as \$1.94 (9 m. per ztr.) and Consul General Steinhart as putting the average at 2 cents a pound and, under especially favorable conditions, at  $1\frac{1}{4}$  to  $1\frac{5}{8}$  cents a pound.<sup>3</sup> The latter adds that, with the old methods and machinery, the extraction is from  $8\frac{1}{2}$  to 9 per cent and with modern, from  $10\frac{1}{2}$  to 11 per cent. The latter produce sugar (in 1903) at an average of  $1\frac{3}{8}$  cents and at a minimum of  $1\frac{1}{4}$  cents. At that time he stated that 88 per cent of the output was produced with the old methods and machinery and 12 per cent with the modern. The German consul general in Santiago reported one modern factory working under favorable conditions and transportation facilities that produced at a cost of \$1.0795 per 100 pounds (5 marks), f. o. b. Cuban port.

Another report from Santiago<sup>4</sup> gives an analysis of costs which amount to about  $1\frac{1}{2}$  cents a pound and, in the better factories,  $1\frac{1}{3}$  cents, though running up to  $1\frac{2}{3}$  to  $1\frac{3}{4}$  cents in those less favorably situated.

In his report on Cuban Reciprocity,<sup>5</sup> Mr. Sereno E.

of the U. S. Dept. of Agr. who wrote the annual reports, *The Progress of the U. S. Beet-Sugar Industry*. He died April, 1911, and no successor has been appointed.

<sup>1</sup> *Die Zuckerproduktion der Welt*, p. 175. See also pp. 168-175.

<sup>2</sup> *Der deutsche-amerikanische Handelsvertrag* (1906), pp. 15 *et seq.*

<sup>3</sup> *Second Supplemental Report* (1903).

<sup>4</sup> Published in *Zeitschrift des Vereins der Deutschen Zucker-Industrie*, 1905, pp. 341 *et seq.* Wolf, *Handelsvertrag*, p. 17.

<sup>5</sup> 57th Cong., 1st Sess., House Report no. 1276, pt. 1, p. 2.

Payne, of the Ways and Means Committee, stated that Cuban sugar cost over 2 cents to produce and, at the selling price of 1½ cents, the producer lost one-half cent a pound. Mr. George B. McClellan, in the minority report,<sup>1</sup> stated that the average of the costs of production as given by the witnesses before the committee, was exactly 2 cents, f. o. b. Habana.

As mentioned under Javan costs, Mr. H. C. Prinsen Geerligs estimates the present cost in Cuba at \$2.03 per 100 pounds (9.40 marks per 50 kilos),<sup>2</sup> and the *Produce Market Review of London*<sup>3</sup> says: "Cuba, with its great central factories, can also produce at a very low cost, probably from 6 shillings to 7 shillings per cwt. (\$1.31 to \$1.51 per 100 pounds)." Willett & Gray<sup>4</sup> think the latter estimate too low and say that

while large and small estates in Cuba vary in cost of production, the same as with beet factories, yet the lowest cost of the large estates is understood to be 1½ cents per pound up to 2 cents per pound for others. The average cost of production may fairly be estimated at 1.85 cents per pound, f. o. b. Cuba, or say 1.95 cents, cost and freight, New York (equal to 8s. 6d., f. o. b. Cuba, or 9s. 3d. per cwt., landed in United Kingdom).

It is scarcely necessary to quote further such estimates of costs and more reliable ones are not available. Admitting that we have no satisfactory basis for making an accurate estimate, it appears probable that Willett & Gray's

<sup>1</sup> 57th Cong., 1st Sess., House Report no. 1276, pt. 2, p. 2.

<sup>2</sup> *Amer. Sugar Industry and Beet Sugar Gazette*, July, 1911, p. 306. Java, \$1.59; Cuba, \$2.03; Hawaii, \$2.70.

<sup>3</sup> Cited in Sen. Doc. 55, 62d Cong., 1st Sess., June, 1911, p. 15. *Review*, issue of Oct. 22, 1910.

<sup>4</sup> *Ibid.*, p. 16.

estimates, quoted above, are sufficiently high. Average costs, and costs upon the best plantations with their modern mills and systems are two entirely different things and, no doubt, there are enough mills and plantations not thoroughly modern to bring the average far below that of the best. Always and everywhere, in every industry, some are producing at the margin, some even below it usually, and they are included in an average. While it is probable that the average cost, f. o. b. Cuban port, is near 2 cents, yet it is also probable that a few of the most favorably situated and best-managed plantations can average very close to  $1\frac{1}{4}$  cents and that, in a number of cases,  $1\frac{1}{2}$  cents is not exceeded.

#### e. *Labor and Wages*

Although the Cuban sugar industry has been making giant strides since the Spanish-American War, its development would be still more rapid were it not for the labor problems involved. Nearly every extensive work on Cuba mentions this matter, though perhaps the best and most comprehensive study of the subject is that of Dr. Victor S. Clark in 1902.<sup>1</sup> Unfortunately, we have no such reliable study of recent date from which we can quote satisfactory statistics concerning labor and wages, and it is understood that wages have increased somewhat since, though probably general conditions are much the same as then.

Dr. Clark gives the monthly field wages in Spanish gold in the Habana market during the crop season for each decade from 1860 to 1902 as \$28, \$28, \$25, \$20 and \$15,

<sup>1</sup> U. S. Bureau of Labor, Bul. 41 (1902). See *Industrial Cuba*, Robt. P. Porter, pp. 73-89; *Commercial Cuba in 1905*, V. S. Clark, pp. 3977-9; *Commercial Cuba*, W. J. Clark, pp. 22-42; *Amer. Sugar Industry and Beet Sugar Gazette*, June, 1911, p. 251; also many references in the *Cuban Reciprocity Hearings* and other congressional hearings already referred to.

respectively, in addition to board. His index numbers of the principal articles of food for each succeeding decade as compared with 1860 are 108, 204, 38, 84, respectively, showing that wages have fallen both absolutely and relatively.<sup>1</sup> He gives the field wages in three other provinces for the years 1900-02 as follows:<sup>2</sup>

Province.	Highest.	Lowest.	Usual.
Pinar del Rio . . . . .	\$3.10	\$0.60	\$1.00 to 1.50
Matanzas . . . . .	1.50	.60	.65
Santiago. . . . .	1.00	.50	.70

These prices are in American currency and do not include board. It is added that wages during the crop season of 1902 were affected by many special and unusual conditions, among them being low price of sugar, tariff agitation, use of three kinds of currency and unusual demand for railroad labor. Grades of skill are recognized among agricultural laborers and influence the scale of wages paid. Women receive the same rates as men in the cane fields.<sup>3</sup>

From the above it is seen that wages in Cuba are higher than in most important tropical cane-producing countries, and Dr. Clark quotes a number of authorities to show that inefficiency makes Cuban labor costs, in most lines of work, relatively higher than labor costs in the United States and other American countries, though he says that American supervision has been able to increase efficiency very much in some cases.<sup>4</sup>

Some effort has been made to secure outside labor, though relatively little as compared with Hawaii. The Spanish immigrants are said to be much more satisfactory than the natives, but Dr. Clark doubted if enough of them

<sup>1</sup> Bureau of Labor, Bul. 41, p. 682.

<sup>2</sup> *Ibid.*, p. 696.

<sup>3</sup> *Ibid.*, p. 697.

<sup>4</sup> *Ibid.*, pp. 712, 778.

could be secured to supply the demand.<sup>1</sup> In concluding, Dr. Clark says:

When the condition of the Cuban laborer compares unfavorably with the condition of the man of similar status in the United States, the cause of his disadvantage lies deeper than laws and treaties reach. It is to be found in qualities of habit and temperament that are modified only by a process of social evolution.<sup>2</sup>

#### f. *Conclusion*

Though we have not sufficient accurate and comprehensive data to present the exact situation in Cuba, we do have enough to know that Cuba's modern sugar plantations, including their mills and entire system of production and marketing, can, at present, produce sugar cheaper than Germany or any other important beet-growing country; further, that it can produce below the cost of any large cane-sugar-exporting country, unless it be Java.<sup>3</sup> Furthermore, although foreign capital has been improving conditions very rapidly for the past decade, still it seems almost certain that the possibilities of expansion and improvement—for example, as regards area that can be devoted to the industry, agricultural methods, transportation and marketing, and labor supply—have just begun on a large scale. True, the real and serious obstacles must not be disregarded, and political considerations are very important, but it cannot be successfully denied that “with a fair field and no favors” Cuba has great possibilities.<sup>4</sup>

<sup>1</sup> Bureau of Labor, Bul. 41, p. 788.

<sup>2</sup> *Ibid.*, p. 777.

<sup>3</sup> We do not include Formosa or other small countries which are comparatively small factors in the world's market at present.

<sup>4</sup> A great many points relative to sugar production in the West Indies are illuminated by the *Report* of the British Royal West India Commission, though there is little direct reference to Cuba. (*Sessional Papers*, 1898, vols. 50 and 51.)

## 2. PHILIPPINE ISLANDS

Though the extent and rapidity of the probable development of the sugar industry in Cuba is highly problematical, there is even more uncertainty as regards the Philippines. In some respects and under certain conditions, developments in these islands may affect the United States beet-sugar industry more than competition from any other country, not excepting Cuba.

As in the case of Cuba there has been no comprehensive study of the Philippine sugar industry as a whole, nor of any considerable portion of it covering a sufficient length of time to enable us to make accurate forecasts of future development. Nevertheless, we are fortunate in having the results of two or three studies of certain parts of the field which appear to be admirable. In addition to these, we have fairly reliable data on some points from a few other sources. If all of these are combined with the siftings from the *Tariff and Revenue Hearings* and other more or less controverted data, we have a sufficient basis to draw some fairly reliable general conclusions which will be helpful for purposes of this study.

a. *Area and Sugar Production*

The area of the Philippines is 29,791,734 hectares (73,000,000 acres) or two and one-half times that of Cuba, or of the state of Pennsylvania.<sup>1</sup> Of this, two-thirds, or 50,000,000 acres, are estimated to be covered with forests and only 9.5 per cent is classed as agricultural. A little less than half of the latter (45.9 per cent) was returned by the census of 1903 as being in cultivation,<sup>2</sup> that is, about three and one-half million acres.

<sup>1</sup> *Census of the Philippines*, 1903, vol. 4, pp. 181 *et seq.*

<sup>2</sup> *Ibid.* Also, Secretary (now President) Taft in *Philippine Revenue Hearings*, 1905-06, 59th Cong., 1st Sess., Sen. Doc., 277, pp. 453 *et seq.*

TABLE XXXVIII. AREA AND PRODUCT OF CHIEF CULTIVATED CROPS<sup>1</sup>

Crop.	Area cultivated, acres.	Product.
Rice.....	1,464,725	24,402,368 bushels.
Hemp.....	538,199	147,172,166 lbs.
Cocoanuts.....	366,313 <sup>2</sup>	94,434,707 lbs. <sup>3</sup>
Indian corn.....	266,821	3,391,776 bushels.
Sugar cane.....	177,628	397,311,047 lbs. sugar. <sup>4</sup>
Tobacco.....	77,631	37,499,043 lbs.
Cotton.....	7,544	2,914,769 lbs.
Coffee.....	2,469	164,431 quarts.

From this it is seen that the area devoted to sugar cane in 1902 was less than one-fourth of one per cent of the total area of the islands and only about 5 per cent of the cultivated area. Of the total area devoted to cane (71,885 hectares, or 177,628 acres), half (35,524 hectares) was in the Island of Luzon and two-fifths (28,994 hectares) in the Island of Negros. However, of the total yield, over half was produced in Negros (93,041 out of a total of 180,217 metric tons) and a little over a third (69,231 metric tons) was produced in Luzon; that is, the yield was about three and one-seventh metric tons of sugar per hectare in Negros but a little less than two metric tons in Luzon, the average for the archipelago being a little over two and one-half metric tons per hectare, or a trifle over one short ton per acre. This sugar is a low grade of muscovado, of about 84° quality and worth about one cent less than 96° sugar (*e. g.*, Cuban).

Accompanying is a table of Philippine sugar exports:

<sup>1</sup> *Philippine Census*, 1903, pp. 325-328. Converted into Amer. terms in Bul. no. 58 Dept. of Labor, vol. x, p. 743 (1905), V. S. Clark. See later data cited *infra*.

<sup>2</sup> Not including isolated trees and uncultivated groves.

<sup>3</sup> Not including 12,033,765 quarts tuba, 1,660,162 quarts oil and 2,323,148 nuts from the estimated annual product of cultivated trees.

<sup>4</sup> Unrefined sugar, not including 471,385 gals. molasses.



TABLE XXXIX. QUANTITY AND VALUE OF SUGAR EXPORTED FROM THE PHILIPPINES<sup>1</sup>

	Quantity, Metric tons.	Value, Dollars.	% of total exports.
1854	47,704	\$2,225,022	33.07
1855	35,570	1,725,630	26.83
1856	48,157	3,705,434	38.61
1857	36,645	4,576,531	36.19
1858	27,289	2,249,195	22.73
1860 <sup>d</sup>	49,800	4,136,296	40.93
1861	46,043	3,166,678	37.41
1862	61,935	3,561,289	37.00
1863	52,062	3,341,056	31.44
1864	45,036	3,513,603	31.20
1865	46,832	6,383,629	29.01
1866	41,288	6,039,096	25.88
1867	56,080	6,526,351	28.42
1873 <sup>d</sup>	85,210	13,970,243	58.24
1874	101,371	6,104,729	35.11
1875	128,112	9,028,775	48.88
1876	130,547	6,773,177	49.91
1877	122,994	8,309,585	53.77
1878	122,023	7,496,824	47.34
1879	131,859	6,846,510	41.21
1880	181,190	10,265,788	48.65
1881	208,806	11,035,833	50.47
1882	150,422	7,972,780	43.22
1883	196,835	10,546,185	45.83
1884	122,128	6,013,082	30.33
1885	204,222	8,646,735	42.18
1886	184,940	7,016,348	34.90
1887	171,752	6,153,511	31.66
1888	166,988	6,274,385	32.32
1889	228,469	9,098,548	35.45
1890	144,841	7,266,798	33.72
1891	138,218	5,698,949	27.29
1892	252,798	7,766,326	40.54
1893	261,522	10,370,574	46.03
1894	210,646	5,474,422	33.11
1895	341,469	6,068,485	32.22
1896	229,439(a)	(c)	(c)
1897	202,000(a)	(c)	(c)
1898	178,729(a)	(c)	(c)
1899	85,828	3,458,370	23.29
1900	65,191	2,397,144	10.43
1901	56,873	2,549,147	10.40
1902	98,596	3,342,473	11.66
1903	109,899(b)	3,955,568	(c)
1904	73,977(b)	2,668,507	(c)
1905	111,850(b)	4,977,026	(c)
1906	123,790(b)	4,863,865	(c)
1907	118,396(b)	3,934,460	(c)
1908	149,323(b)	5,664,666	(c)
1909	110,604(b)	4,373,338	(c)
1910	125,699(b)	7,046,690	(c)

(a) Long tons. (b) Long tons. (c) Not given. (d) Omissions of years thus in original.

<sup>1</sup> Figures up to 1902 inclusive from *Philippine Census*, 1903, vol. iv, 441]

Of the 180,217 metric tons produced the year covered by the census (1902), 98,596 metric tons were exported. From the table we see that, in 1895, exports reached their highest point, by far; also that they were very low for several years following the American acquisition. For several years previous to 1909 the greater part of these exports went to China and Hongkong, but the taking off of the import duty by the United States in 1909<sup>1</sup> resulted in over two-thirds of the 1910 exports coming to this country.

b. *Special Investigation of the Island of Negros*

So far as we have been able to discover, there are only two good recent, extensive and detailed studies bearing directly upon the sugar industry of the Philippines. These are the studies of the industry in the Island of Negros by Dr. H. S. Walker and the report on labor conditions by Dr. Victor S. Clark.<sup>2</sup> Dr. Walker took a portable labor-

p. 25, except those marked (a) which are in long tons (2,240 lbs.) from *Summary of Commerce and Finance* for Nov., 1902, U. S. Treas. Dept., p. 1348. Figures for 1903-1910 are from *Production and Commercial Movement of Sugar* (1906), Sen. Doc., 250, 59th Cong., 1st Sess., p. 97, and from forthcoming monograph of Bureau of Statistics, Dept. of Com. and Labor. Latter does not include refined sugar which is very small in amount.

<sup>1</sup> 61st Cong., 2d Sess., House Doc. 671, p. 773. 300,000 tons or less are to be allowed free entry at U. S. ports, the smaller shippers being favored in case there is an excess of this amount, which has not yet been approached.

<sup>2</sup> *Sugar Industry of the Island of Negros*, H. S. Walker, Div. of Chem., Govt. Sugar Laboratory at Iloilo, P. I. (1910, Manila). Most of the statements in the following pages are based upon this study; V. S. Clark's report of labor conditions, Bul. 58, Bureau of Labor, 1905; and the *Philippine Census* of 1903. However, numerous other works have been consulted also. We refer the investigator to these original sources, but in view of the importance of securing a proper background for some of our conclusions, we take the liberty of presenting herewith more liberal extracts from these authorities than would otherwise be justified in a study of this kind.

atory from the experiment station at Iloilo to the Island of Negros and spent the period of the sugar campaign investigating the industry. It is true that his study and observations were for a single campaign and the probabilities of error in drawing general conclusions from such a brief study must not be overlooked, yet his methods and results appear very much more satisfactory than those of most studies, or so-called investigations.

(1) *Area and Sugar Production of Negros*

Though Negros is one of the smaller of the large Philippine Islands, it produced over 50 per cent of the total sugar output in the year covered by the census (1902, 93,042 out of 180,217 metric tons),<sup>1</sup> and 40 per cent in 1907-8 (73,498 out of 180,000 metric tons).<sup>2</sup> The sugar belt is mostly in Occidental Negros as the mountains are too close to the East to leave a coastal plain. The rivers are short and navigable for short distances only and, as there is no deep water harbor, sugar for export has to be taken on small boats to Iloilo on another island. This is a great drawback. The rainfall is subject to great local variation and averages about 100 inches. Usually there is a favorable dry milling season.

STATISTICS OF BUREAU OF INTERNAL REVENUE FOR 1908<sup>3</sup>

	Negros, Occidental.	Negros, Oriental.
Number of growers. . . . .	450	34
Area of growers' land actually cultivated in sugar, hectares . . . . .	24,748	2,348
Area of growers' land adapted to sugar cane, not as yet planted, hectares . . . . .	37,004	1,501
Area of other land not planted, hectares . . . . .	14,414	2,490
Piculs of 63.25 kilos sugar. . . . .	1,053,927	107,509
Metric tons (2204.6 lbs.) . . . . .	66,661	6,801

<sup>1</sup> *Census of Philippines*, 1903, vol. iv, p. 328.

<sup>2</sup> Walker, *op. cit.*, p. 10.

<sup>3</sup> Walker, *op. cit.*, p. 18.

The yield throughout Negros is 42.9 piculs<sup>1</sup> per hectare (2.71 metric tons per hectare, or 2,430 pounds per acre). There is much variation, however, there being well authenticated cases of yields as low as 10 piculs per hectare (.63 metric tons per hectare, or 560 pounds per acre), and as high as 200 piculs per hectare (12.6 metric tons per hectare or 11,335 pounds per acre). The average yield of the island is greatly reduced by a comparatively large number of small growers who lack resources or ability to care for cane properly.

I may state from personal observation that on a well-managed plantation—and there are a few such in Negros—the yield per hectare, under normal conditions, of land actually planted in cane will rarely fall below 60 piculs (3.8 metric tons per hectare, or 3,400 lbs. per acre) and frequently comes nearer 70 piculs (4.4 metric tons per hectare or 3,970 lbs. per acre). This should hold true in the poorer as well as in the richer sections, as the difference in quality of soil is, in a measure, made up for by the fact that cane grown on the former is, as a rule, richer in sucrose and is replanted every year on fresh soil, whereas, in the latter, it is allowed to ratoon, until the yield becomes greatly diminished.<sup>3</sup>

### (2) *Comparison with Other Cane Countries*

Analyses of the soil of Negros when compared with those of Hawaii, Egypt, Louisiana, Demerara, Berbice and

<sup>1</sup> Picul equals one-sixteenth long ton, or 140 lbs. Metric ton equals 2,204.6 lbs. Hectare equals 2.47 acres. Short ton equals 2,000 lbs.: long ton, 2,240 lbs. Peso equals \$0.50, and a centavo equals one-half cent, or one one-hundredth of a peso.

<sup>2</sup> This is muscovado and is almost exactly the same weight as the average yield of granulated per acre as given for U. S. beet sugar for several years, namely, 2,461 lbs. U. S. Dept. of Agr., Report no. 92, p. 56.

<sup>3</sup> Walker, *op. cit.*, p. 18. Conversions into U. S. terms by the writer of this study.

Mauritius justify the conclusion that, although not pre-eminently rich in most constituents, it is among the better sugar lands of the world and, given proper care in cultivation, should be able to yield eventually as much sugar in proportion to area of ground planted as any other country depending on natural rainfall. Experience shows that culture is more important than soil if the latter is not "utterly deficient" in the necessary elements of nutrition.

The following from H. C. Prinsen Geerligs, the well-known and reliable Dutch and Javan sugar expert, has a direct bearing upon this point.

The 10-year average yield (1897-1906) for Hawaii was:

All Hawaiian Islands . . . . .	9.997	metric tons per hectare.
Irrigated section. . . . .	13.133	" " " "
Unirrigated section . . . . .	7.241	" " " "

The latter figure equals about 115 piculs (6,580 lbs. per acre), or nearly three times the average yield of Negros, but it is often exceeded on some of the better plantations of considerable size, both in richer and poorer sections of Negros.

Java, with much poorer soil than Negros, yields, on the average, fully as much sugar per hectare as the islands of Hawaii. Hawaii, which is largely dependent upon rainfall, has an average yield per acre about half that of Oahu, which is well irrigated, though the former has decidedly superior soil.

The soil of the Hawaiian Islands does not give such an enormously high yield of sugar as is commonly attributed to it by writers on the subject. The popular impression to the contrary comes from the fact that there are, in the neighborhood of Honolulu (on the Island of Oahu) a few estates of extra fertile land, especially well cultivated and provided with perfect irrigation plants, so that here extraordinarily large crops of cane and sugar are produced. As the majority of tourists do not get any further away than the outskirts of Honolulu, the conditions existing there are too readily gener-

alized and reports come out that in Hawaii they get 12 tons of sugar per acre, that is, 26.88 metric tons, or 430 piculs per hectare.<sup>1</sup>

Dr. Walker adds that Negroes can produce fully as much

TABLE XL. COMPARISON OF CANE OF DIFFERENT COUNTRIES<sup>2</sup>

	Average weight of cane.	In cane.		In juice.			
		Sucrose.	Fiber.	Brix.	Sucrose.	Purity.	Glucose.
	Kilos.	%	%	%	%	%	
Negros, native cane, average of principal districts .....	0.92	16.06	10.02	20.35	18.40	90.38	0.71
Egypt <sup>3</sup> .....	1.19	14.5	.....	19.2	16.88	87.9	.18
Java <sup>4</sup> .....	.....	12.30	12.01	.....	.....	83.74	.....
Louisiana <sup>5</sup> .....	.....	.....	.....	15.00	11.78	78.53	1.56
Antigua <sup>6</sup> .....	.....	14.39	15.07	.....	.....	.....	.....
British West Indies—							
First juice .....	.....	.....	.....	20.58	18.51	89.09	.93
"Whole juice" .....	.....	.....	.....	20.58	17.06	87.03	.88

<sup>1</sup> H. C. Prinsen Geerligs in "De Rietsuikerindustrie in de verschillende landen von Productie," *De Indische Mercur* (1909), 32, 897. Cited by Walker, *op. cit.*, pp. 72, 73. The quotation is loose and condensed in some parts.

<sup>2</sup> Walker, *op. cit.*, pp. 73 *et seq.*

<sup>3</sup> Tiemann, "Dynamic Viewpoint of Soils," *Jour. Ind. and Eng. Chem.* (1909), 810. Analysis for 1897, exceptionally good year. 12 per cent in cane given as former's average.

<sup>4</sup> Geerlig's average for 107 factories, 1908. *Int. Sugar Jour.* (1909), 11, 324.

<sup>5</sup> W. C. Stubbs, La. Exp. Station, 1902. Bull. no. 70.

<sup>6</sup> Watts, *West Indian Bulletin* (1908), 9, 91, for 1907 results.

per acre as Hawaii without irrigation, with the same cultivation and fertilization. The majority of planters in Negros pay no attention to fertilization.<sup>1</sup> Cane diseases and insect enemies are few and unimportant in the Philippines. Nearly all the cane in Negros is the variety called "caña morado," similar to the Louisiana purple. The accompanying table shows that in respect to richness and purity of juice it is equal to that of almost any other sugar-producing country of the world. In addition, it has a low fiber content and could hardly be improved upon as regards its adaptability to a thorough and economical extraction by milling. However, it might prove worth while to try to increase the yield per acre by experimenting with other varieties.

### (3) *Wasteful Methods*

Methods and means of cultivation, manufacture and transportation are very crude and wasteful for the most part. The crop is allowed to ratoon from one to seven times, the number depending upon the cost of labor and the amount of available cheap land. Following is an estimate of the average decrease in yield per hectare for successive crops without replanting, under native methods:

Plant cane . . . . .	100 piculs =	6.33 metric tons per hectare.				
1st ratoon . . . . .	80 "	5.06 "	"	"	"	"
2nd " . . . . .	70 "	4.43 "	"	"	"	"
3rd " . . . . .	60 "	3.80 "	"	"	"	"
4th " . . . . .	50 "	3.16 "	"	"	"	"

Cane yielding less than two metric tons of sugar per hectare is not considered worth cutting. The average number of ratoons may be put at about four (five years for one planting) so that about one-fourth of the sugar is produced from plant cane and three-fourths from ratoon cane.

<sup>1</sup> Walker, *op. cit.*, p. 73.

Owing to excessive rains, the crop cannot be allowed to grow eighteen months as in Hawaii but is in the ground from nine to fourteen months, the average being eleven to twelve months.<sup>1</sup>

The following will give an idea of the average loss of sucrose in cane in the process of sugar making as carried on in Negros, based on actual experiments and tests.<sup>2</sup>

In bagasse . . . . .	25.0%
In skimmings (where no filter press is used) . . . . .	5.0%
By inversion (including "apparent," or analytical losses). . . . .	2.5%
Burned, spilled, stolen and unaccounted for. . . . .	10.0%
Shrinkage en route to Iloilo (including tare) . . . . .	1.5%
Total. . . . .	<u>44.0%</u>

Average yield of raw sugar, about 10% of weight of cane.

The following statement of Dr. Clark,<sup>3</sup> relative to wastes in sugar production gives figures very similar to the estimates of Dr. Walker cited above:

The imperfect methods of manufacture employed in the Philippines are the occasion of great waste, and the product of cane per acre might be indefinitely increased by scientific fertilizing, stripping, irrigation, cane selection, and possibly by deeper plowing and more thorough cultivation. On a single plantation visited, the writer estimated that sugar to the value of \$45,000 American currency was being burned up in the bagasse through imperfect extraction alone, and the governor of the province estimated that the loss from this source averaged 45 per cent of the sugar content of the cane. Foreman gives the average juice extraction as 56.37 per cent of the full weight of the cane and the weight of the dry bagasse as 26.84 per cent. This would mean that slightly more than 70 per cent of the total juice was extracted, as

<sup>1</sup> Walker, *op. cit.*, pp. 75 *et seq.*

<sup>2</sup> *Ibid.*, pp. 122, 123.

<sup>3</sup> U. S. Bureau of Labor, Bul. 58, p. 753.



against 96½ per cent on the Ewa plantation in Hawaii; but it is very doubtful if there is more than 55 per cent to 60 per cent extracted in the majority of the Philippine mills.

(4) *Cost of Production—Labor and Wages*

COST OF SUGAR PRODUCTION.<sup>1</sup> (PHILIPPINE ISLAND CURRENCY.<sup>2</sup>)

	Per picul of sugar.	Per metric ton of sugar.
Plowing, planting, and cultivation . . . . .	\$0.60	\$9.49
Cutting . . . . .	.16	2.53
Carting cane to mill . . . . .	.16	2.53
Manufacturing . . . . .	.63	9.96
Cost at hacienda . . . . .	\$1.55	\$24.51
Shipping to Iloilo and marketing there . . .	.53	8.38
	<u>\$2.08</u>	<u>\$32.89</u>
Total fixed expenses, including 10% depreciation and 10% interest on capital invested .	2.07	32.72
	<u>\$4.15</u>	<u>\$65.61</u>

As regards wages and cost of producing sugar in the Philippines Dr. Clark says: <sup>3</sup>

The actual cash wages of a field laborer is the same or less for a week in the Philippines than for a day in the Hawaiian Islands. Though rations are provided in the former country and not in the latter, the Hawaiian planter has a far greater expense for importing labor, medical attendance and for quarters and other living conveniences than has his Filipino

<sup>1</sup> Walker, *op. cit.*, pp. 123-138. This is only a brief summary of details of the various items of cost in growing, manufacturing and exporting which are given in Dr. Walker's study. Details of estimate of fixed charges, *etc.*, are given on pages 125 *et seq.* of the same report. The above are supposed to represent the average and there are many variations. If no interest were included the cost would be \$51.86 per metric ton (\$1.176 American per 100 lbs.).

<sup>2</sup> Divide by two to get equivalent in American currency.

<sup>3</sup> U. S. Bureau of Labor, Bul. 58, p. 752.

rival, and he must pay interest on a much higher investment for each ton of sugar produced. The writer saw a nippa barrack capable of accommodating 50 Filipino plantation laborers that cost the planter between \$25 and \$30 American currency. The cost of producing a picul (one-sixteenth of a long ton) of muscovado sugar was given by the proprietors of two plantations in different locations and of different capacity at \$3 silver currency (\$1.26 American currency) per picul and the cost of marketing at Iloilo at fifty cents silver (twenty-one cents American currency) in each case. This would make the cost of sugar placed in the market about \$23.50 a ton in American currency, against an average cost for a somewhat higher grade of sugar<sup>1</sup> of over \$45 a ton in Hawaii and \$28 a ton in Java. The average selling price of sugar in Iloilo market in the autumn of 1903 was about \$32 American currency.

The people of Negros are Spanish, Spanish mestigos or native Visayans, Spanish being the universal language.<sup>2</sup> Labor is imported by contract for the season from the neighboring islands of Panay and Cebu,<sup>3</sup> all native Visayans. Average wages are 25 centavos<sup>4</sup> and board (costing 15 centavos) per day, or 50 centavos without board.

<sup>1</sup> There is usually enough difference in quality between the Philippine sugar and that of Hawaii, Java, or Cuba to make a difference of about a cent a pound in price, and besides, there are more refiners who cannot, or will not, handle the lower grade of Philippine Island sugar.

<sup>2</sup> Walker, *op. cit.*, p. 19.

<sup>3</sup> Dr. V. S. Clark says that the importation of labor is in no wise due to lack of resident labor, "for the road-side huts always contained one or two able-bodied men without employment but because the spur of necessity or some unreasoning habit of migration causes the Antique natives to seek work abroad while those of Negros refuse it at their doors." U. S. Bureau of Labor, Bul. 58, p. 750 (1905). For an excellent and comprehensive investigation of the Philippine labor situation see this Bulletin.

<sup>4</sup> A centavo is equal to one-half a cent.

There is universal complaint of the difficulty in getting sufficient labor as the demand is largely seasonal and there is much loss and abuse as regards advances of cash made in contracting labor. This is much the same as before American control.<sup>1</sup>

(5) *Conclusions as to Negros*

Dr. Walker concludes his study by making a detailed analysis of costs and profits of sugar production as now carried on in Negros upon most plantations and what they would be under modern scientific large-scale production, showing the handsome profits and great advantage of the latter, though he states that there are already a few well-managed plantations showing good profits. He says that the future of the industry depends largely upon good management of the first attempts to establish modern methods with outside capital. He estimates that under the present system we cannot expect the output to be more than trebled in fifteen years; this to be made possible through doubling the cane acreage and making improvements increasing the net yield per acre by 50 per cent. This trebling would mean a total production of 220,000 metric tons. With modern methods this could be increased to 500,000 metric tons, that is, for the Island of Negros, which now produces 40 per cent of the sugar of the Philippine Islands. This is 200,000 tons more than the maximum amount that would be allowed free entry to United States ports from all the Philippine Islands combined, if the present law is not changed.

c. *Statements of Various Authorities as to Philippine Conditions and Costs*

The little that may be gleaned from the masses of tes-

<sup>1</sup> Walker, *op. cit.*, pp. 20, 21.

timony in the *Philippine Revenue Hearings* and the *Tariff Hearings* on the sugar schedule adds a few, but not a great many, important points to these more comprehensive studies. This testimony shows the usual bias of such hearings, those having interests in the increase of Philippine sugar production endeavoring to get legislation in their favor, and those fearing that the increase would lessen the profits of the American beet-sugar industry trying to prevent the Philippine competition.

The gist of Secretary (now President) Taft's argument was that so much of the area of the islands is covered with forests and the expense of putting to sugar would be so prohibitive that we can expect no increase of production great enough to endanger the American market if it were allowed free entry. He estimated the cost of producing sugar at one and one-half cents per pound (84° sugar), not allowing anything for rent or profit and said this was equivalent to \$3.34, plus freight to New York, to compete with beet sugar at \$3.00 to \$3.50.<sup>1</sup> He discredits the statements concerning Philippine sugar production made before the committee by Mr. Hathaway, of the Michigan Sugar Co., and Major Gove, representing Colorado beet-sugar interests, both of whom visited the islands, and, also, the reports of Mr. Stewart given by Mr. Palmer, who represented the Association of American Beet Sugar Manufacturers.<sup>2</sup> The latter citation was to the effect that Philippine sugar could be produced for less than one cent per pound. Secretary Taft quotes Professor Knapp, the rice expert, to the effect that 20 cents for Filipino labor is more expensive than \$1.50 for American labor.<sup>3</sup>

<sup>1</sup> *Philippine Revenue Hearings* (1905-6), pp. 456-470. Cost of sugar \$1.50. 84° sugar worth one cent less than 96° sugar and cost of refining 96° sugar is put at \$.84.  $\$1.50 + \$1.00 + .84 = \$3.34$ .

<sup>2</sup> *Ibid.*, pp. 471-3, 1112, 1116, 1203.

<sup>3</sup> *Ibid.*, p. 467. Citation from *American Economist*, July 7, 1895.

W. C. Welborn, Chief of the Bureau of Agriculture, testified <sup>1</sup> that 40 per cent of the juice is lost in extraction, that no centrifugal sugar is produced, that no progress is possible with the carabao as a draft animal, that there is already as large a percentage of the land cultivated in the Philippines as in Florida and Texas and three-fourths as large a percentage as in Louisiana, and that the sand bars and shallow water around Negros put that island at a great disadvantage as compared with other countries.

Colonel J. D. Hill, sugar expert of New Orleans, who went with the Taft party to the Philippines, said that those islands have enough sugar-cane area to produce twice the sugar Cuba can ever produce.<sup>2</sup>

Mr. T. G. Palmer, representing the American Association of Beet-Sugar Manufacturers, presented a great deal of testimony, in part of which he cited Mr. Taft's statement before the Insular Commission (p. 265) to the effect that the Philippines can supply the world with sugar.<sup>3</sup> He also quoted General Luke E. Wright as saying that the Philippines are as good for sugar as Hawaii<sup>4</sup> and gives figures to show that the cost of production in the Philippines is \$0.62½ to \$0.95 per 100 pounds.<sup>5</sup> He also quoted H. C. Prinsen Geerligs, the Dutch sugar expert, as saying that at one and one-half cents per pound Java made 40 per cent profit and the Philippines could do better.<sup>6</sup>

<sup>1</sup> *Philippine Revenue Hearings* (1905-6), pp. 193, 254, 255, 1095.

<sup>2</sup> *Ibid.*, pp. 991 *et seq.*

<sup>3</sup> *Ibid.*, p. 590.

<sup>4</sup> *Ibid.*, p. 590.

<sup>5</sup> *Ibid.*, p. 592. Citation from *Hearings* before Senate Philippine Committee, pp. 2364, 2365.

<sup>6</sup> *Tariff Hearings*, 1908-09, p. 3473. He stated later (*Hardwick Committee Hearings*, p. 2744, Aug. 2, 1911), that Mr. Prinsen Geerligs had confirmed these figures afterwards, but they do not agree with the figures of Mr. Prinsen Geerligs, published in an article by him in the *American Sugar Industry and Beet Sugar Gazette*, July, 1911, p. 303 *et seq.*

Dr. Paasche says<sup>1</sup> that it can scarcely be doubted that the soil and climate of the Philippines are well adapted to sugar production. He suggests the difficulties connected with securing plenty of efficient labor but adds that the production is sure to increase and says that it is difficult to form a judgment of the future of so rich a field under the new American rule.

#### d. *Conclusion*

Without quoting further, it seems safe to say that, in any case, there are great difficulties to be overcome before the Philippines can reach the limits of their possibilities in sugar production. Though the extent and the rapidity of the probable developments are extremely uncertain, nevertheless, the possibilities of producing sugar very cheaply and in large quantities are extremely great, especially if the United States would permit unlimited free entry and preserve a highly protected market and if it would, at the same time, remove restrictions as to securing outside labor and as to land holdings by corporations. Economic conditions are not insurmountable; the political restrictions and uncertainties have been the main factors in delaying the entry of modern methods. But there are signs of change. Mr. Horace Havemeyer and associates are now erecting a modern mill and there are recent reports that Hawaiian interests have just entered the field with considerable capital.<sup>2</sup> If these enterprises are successful, there is little doubt that before long great pressure will be brought to bear in order to remove restrictions which prevent the rapid development of the Philippine sugar industry.

<sup>1</sup> *Die Zuckerproduktion der Welt*, pp. 127-129.

<sup>2</sup> See *New York Times*, June 22, 1911, p. 3. Also, testimony of Horace Havemeyer, Hardwick Committee Hearings, June 20, 1911, pp. 561, 562, and Willett & Gray's *Statistical Sugar Trade Journal*, July 6, 1911, p. 274.

## 3. OTHER CANE-SUGAR COUNTRIES

Though the conditions in no two countries are ever the same, nevertheless, the recent developments in such tropical cane-sugar countries as Java, Hawaii, and Porto Rico are pregnant with significance as to the possibilities of development in Cuba, the Philippines, and other unexploited fields.

a. *Java*

The history of the Javan sugar industry is largely a story of exploitation in which the Dutch East India Company, and later the Dutch government, sought to derive the greatest possible revenue from the island.<sup>1</sup> The rise of the industry to its present position dates from the crisis of 1884. A great fall in the price of sugar forced many factories into the hands of their creditors and caused others to suffer bitter losses.<sup>2</sup> To add to the disaster, a mysterious disease called "sereh" invaded the island and threatened to destroy the entire sugar industry. After fighting a hard, but losing, battle for a number of years, those interested in sugar production appealed to the mother country<sup>3</sup> (in 1891), and H. C. Prinsen Geerligs was selected to go to Java to try to save the industry and the people of the island. He established an experiment station and, after much effort, succeeded in combating the disease.

<sup>1</sup> See *Summary of Commerce and Finance* for Nov., 1902, U. S. Treas. Dept., Bureau of Statistics, pp. 1316-20. *Das Zuckerrohr und seine Kultur mit besonderer Berücksichtigung der Verhältnisse und Untersuchungen auf Java*, Wilhelm Krüger. (Magdeburg und Wien, 1899).

<sup>2</sup> See "Progress and Present Condition of the Cane-Sugar Industry," a lecture delivered before the 99th General Meeting of the Braunschweig-Hanover Section of the *Verein der Deutschen Zucker-Industrie* by H. C. Prinsen Geerligs, pub. in *American Sugar Industry and Beet Sugar Gazette*, Chicago, July, 1911, p. 303. This is an admirable brief account by one of the best of authorities.

<sup>3</sup> T. G. Palmer, 1908-09, *Tariff Hearings*, p. 3473.

But he did much more than this. He was imbued with the spirit which had built up the beet-sugar industry of Europe, and he undertook to make fundamental improvements which later doubled the output and which gave a great impulse to the cane-sugar industry of the whole world. "Experimental fields were laid out, new varieties and fertilizers tested, factory methods were improved, chemical control was introduced into the factory—in short, there were introduced into every department of the cane-sugar industry, research, study, testing and learning."<sup>1</sup>

The effects are reflected in the following table and to-day Java probably produces sugar cheaper than any other large exporting country.

TABLE XLI. ACREAGE AND PRODUCTION OF RAW SUGAR IN JAVA<sup>2</sup>

	Area under cane, acres.	Raw sugar, long tons.	Average per acre, lbs.	% yield of sugar from cane.
1893-1894....	192,541	522,572	6,079	10.36
1894-1895....	190,500	572,378	6,730	9.79
1895-1896....	182,840	529,945	6,443	10.55
1896-1897....	186,064	577,033	6,947	10.06
1897-1898....	198,516	713,572	8,052	10.21
1898-1899....	206,159	750,398	8,154	10.94
1899-1900....	224,309	732,495	7,315	9.57
1900-1901....	251,290	791,033	7,051	10.16
1901-1902....	257,401	882,952	7,684	10.77
1902-1903....	251,438	937,257	8,350	10.03
1903-1904....	254,609	1,038,370	9,135	10.74
1904-1905....	260,430	1,042,439	8,797	10.37
1905-1906....	273,673	1,050,923	8,602	10.04
1906-1907....	280,621	1,191,072	9,520	10.76
1907-1908....	285,600	1,222,259	9,574	10.00
1908-1909....	301,741	1,222,102	9,139	9.97
1909-1910....	312,643	1,260,067	9,216	10.33
1910-1911....	325,814			

<sup>1</sup> *Amer. Sugar Industry and Beet Sugar Gazette*, July, 1911, p. 304.

<sup>2</sup> From *Journal des Fabricants du Sucre*, May 10, 1911.



b. *Hawaii*

Perhaps no sugar-producing country in the world exemplifies in a more forcible way than Hawaii what can be done in cane-sugar production through scientific methods, large-scale production and modern capitalistic management, especially when favored with free entry to a large and protected sugar market.

The reciprocity treaty admitting Hawaiian sugar to the United States free of duty went into force in 1876 and it has enjoyed an uninterrupted period of free trade with the United States ever since, though the McKinley bill of 1890, which put raw sugar on the free list, temporarily removed Hawaii's special advantage as regards sugar in the United States markets.

The Hawaiian production of sugar in 1876 was scarcely over 13,000 short tons. In three years it had doubled, and in three more years it had doubled again, and the increase has continued almost without interruption up to the present time. In spite of the fact that, for the last decade or more, nearly every one referring to the matter says that the Hawaiian Islands have reached their limit, nevertheless the output continues to increase and within the past ten years has doubled. It is now about half a million long tons annually, or over forty times what it was when reciprocity began with the United States thirty-five years ago.

Those not familiar with Hawaiian conditions and the history of the growth of this industry may think that her remarkable increase in sugar production has been a matter of comparative ease to accomplish, that by virtue of her soil and climatic conditions sugar can be grown almost without effort. Those who hold such views err greatly. Few industries have shown a more prolonged and incessant struggle against fundamental and perplexing difficulties and few have been under more persevering and intelligent direction.

True, the sugar industry has been extremely profitable but this has only been a spur to redouble efforts towards expansion and the output has measured the limit of the powers of human brain and brawn. In proportion to area, this output has exceeded that of any country on the globe.

TABLE XLII. SUGAR YIELD PER ACRE IN VARIOUS COUNTRIES<sup>1</sup>

	Cane. Tons of sugar per acre.	Beets. Tons of sugar per acre.	
Hawaii .....	4.64	Germany .....	2.15
India.....	0.45	France .....	1.62
Java.....	4.00-4.46	Austria-Hungary.....	1.67
New South Wales.....	1.78	Russia .....	.92
Queensland .....	1.43	Belgium .....	2.08
Fiji .....	1.43	Holland .....	1.87
Mauritius . . . . .	2.23-2.68	Denmark .....	1.80
Reunion .....	1.34-1.56	United States .....	.89
Natal .....	.76-1.43		
Cuba .....	1.78-2.00		
Jamaica .....	.80		
British Guiana.....	1.61-1.78		
Trinidad .....	.98-1.34		
British Honduras.....	.38-.62		
Peru .....	2.68-3.12		
Ecuador .....	1.78-2.00		
Louisiana .....	1.34		

Since the rise of the sugar industry the ends of the earth have been scoured for laborers. Both the planters and the government have maintained employment agencies and have exerted the utmost efforts to secure desirable immigration. Considering the difficulties encountered, they have been fairly successful.

Nor has labor been the only big problem in the growth of the Hawaiian industry. The rise to the present status

<sup>1</sup> Beet crops are produced within a year; cane crops vary from 12 to 18 months. Compiled from H. Passche, *Die Zuckerproduktion der Welt* (Leipzig and Berlin, 1905), pp. 265-269. Cited in forthcoming *Commercial Hawaii*, U. S. Dept. of Commerce and Labor.

has meant the expenditure of vast sums for enormous irrigation systems. For example, Dr. Stubbs' report, mentioned above, states that the Ewa plantation had a system with eight pumps, costing \$1,750,000, and capable of supplying 75,000,000 gallons of water daily. This was for 5,000 acres in cane. The expenses for irrigation alone for the one year given (1898-9) were \$64.07 per acre, consisting of \$24.84 pumping expense, \$37.18 for expense of applying, and \$2.05 for ditches. Coal was imported from New Zealand and cost \$7.50 to \$10.00 per ton, besides paying a tariff.

The efforts as regards labor and irrigation, the establishment of experiment stations, the co-operation of the planters in all lines of endeavor, including those of marketing and refining their sugar—all are illustrative of the enterprise back of the Hawaiian industry and of what such enterprise can achieve in tropical cane-sugar production, even in the face of great obstacles.

*c. Porto Rico*

Since the advent of American rule,<sup>1</sup> the development of the Porto Rican sugar industry has been very rapid. The exports of sugar, practically all of which have been to the United States, have been as follows:<sup>2</sup>

	Long tons of 2240 lbs. each.		Long tons of 2240 lbs. each.
1900 . . . . .	26,462	1906 . . . . .	180,283
1901 . . . . .	61,526	1907 . . . . .	182,213
1902 . . . . .	82,064	1908 . . . . .	209,471
1903 . . . . .	100,989	1909 . . . . .	218,086
1904 . . . . .	115,756	1910 . . . . .	254,038
1905 . . . . .	121,127		

<sup>1</sup> Act of May 1, 1900 provided for a presidential proclamation of free trade which became effective July 25, 1901.

<sup>2</sup> *Production and Commercial Movement of Sugar*, U. S. Dept. of Commerce and Labor. (Forthcoming, exact title undetermined.)

These figures show a substantial increase for nearly every year and a total of nearly ten-fold in ten years. The increase is only partially accounted for by the increase in area devoted to the culture, though that has been considerable. For example, in 1905, the area devoted to cane was 137,733 acres and in 1910, 178,984 acres, an increase of 30 per cent, while the exports of sugar had increased over 100 per cent.<sup>1</sup>

The greatest factors in this increase of output have been free trade with the United States and the development which it has caused. With this great advantage as against the other sugar-producing countries of the world, American capital, science and enterprise have been induced to go into the island, which had an abundance of cheap labor, and excellent soil and climatic conditions. Before the Spanish-American war, many sugar estates and mills had been abandoned, owing to unprofitable production under continuous cultivation with crude agricultural implements and, also, owing to obsolete machinery and methods in manufacturing.

The Foraker Act of 1900 provided that no company should acquire possession of over 500 acres of land in Porto Rico, and that no stockholder in an agricultural company should have any interest in any other corporation or company of the island. This was meant to prevent the exploitation of the island and its people by outside capitalists and it tended to prevent the rapid development of the industry, which needed modern capitalistic and economic production more than anything else if it were to reach the fullness of its possibilities.<sup>2</sup>

<sup>1</sup> *Commercial Porto Rico*, U. S. Dept. of Com. and Labor (forthcoming).

<sup>2</sup> Not considering social effects for the present. See article by H. C. Prinsen Geerligs, *Amer. Sug. Ind. and Beet Sugar Gaz.*, June, 1911, p. 251.

But this law was changed somewhat later. Americans, French and English have made considerable investments in the islands and the old régime is giving way to a more modern one. The United States government has established an agricultural experiment station and this has kept up continuous experiments with varieties of cane and fertilizers. Lands which are too wet are being drained; those on the south side of the island which are too dry are being put under irrigation; deep plowing is taking the place of skimming the surface; steam plows are being used on the larger estates and, on both the agricultural and manufacturing sides of the industry, modern methods and machinery are taking the place of obsolete ones.

It is not to be assumed that this revolution is complete by any means, or that the industry is not confronted with many problems, but the development of the last decade indicates something of what we may expect for the future in view of the economic conditions and in view of what has been accomplished in Java and Hawaii.

These three countries are merely leading examples of the recent rise of the tropical cane-sugar industry all over the world. Others which might be mentioned are Formosa, Australia, Mauritius, Peru, Argentina and Mexico. The very rapid development in Formosa, which has been purposely promoted by Japanese political measures, is particularly instructive as regards the part such measures can play in this movement.

#### 4. CONCLUSION

On the whole, the economic conditions in Cuba and the Philippines and the recent progress in cane-sugar countries indicate that the United States beet-sugar industry will have to face serious competition from these quarters if

their possibilities are exploited. An important factor in determining the extent of the development of these economic possibilities will be the political measures of the United States. Of these political measures, the tariff is the most important, and in the next chapter we shall consider some of its effects.

## CHAPTER VIII. TARIFFS AND PRICES

IN view of the prominent part which legislation has played in the past and promises to play in the future, as regards the development of the sugar industries of the various countries of the world, it seems desirable to study somewhat more closely the effects of such legislation in the United States, particularly the effects of tariffs upon prices. This seems the more necessary when we think of the controversies over such questions as the following: How much more do the American people have to pay for their sugar than if there were no tariff? If the tariff were lowered, would the price of sugar fall by the full amount of the reduction, or by only a small part of it? To whom have the benefits of the Cuban concession gone, to the Cuban producer, the American consumer, or the sugar trust? Besides the direct effect of tariffs upon prices, what are the indirect effects upon supply? If the present duties were lowered, would not the domestic industries be crippled or destroyed and would not the American consumer ultimately have to pay more for his sugar on account of this reduction?

Though it is impossible to answer all of these questions fully and definitely, nevertheless we shall present briefly a few considerations bearing upon them. First, after stating the essential features of present and recent sugar tariffs, we shall present an analysis by Professor Taussig wherein he calculates the taxes paid by American consumers and the amounts of the same as distributed to the federal government and to the various sugar interests by

virtue of these duties. Next we shall present the *ex parte* statements of various sugar producers as to the cost of the tariff to the American consumer. Then we shall present our own analysis of United States sugar prices for the last three decades, attempting to separate influences of tariffs upon prices from those of world's supply and refiners' combinations, and endeavoring to show the effect of each. Following this, we shall consider the effect of the Cuban concession, reserving for the conclusion of the study a further statement of the bearings of tariff legislation upon the domestic beet-sugar industry.

#### I. UNITED STATES SUGAR-TARIFF RATES

Briefly stated, the sugar tariffs of the Payne-Aldrich bill of August 5, 1909, which are now in force, are as follows:

	Per 100 pounds.
Sugars not above No. 16 Dutch Standard <sup>1</sup> in color, and not above 75° polarization . . . . .	\$0.95
For each additional degree in polarization, \$0.035	
This makes the duty upon 89° mucovado . . .	1.44
Upon 96° centrifugals . . . . .	1.685
Sugar above No. 16 Dutch Standard in color, and all that has gone through a process of refining . .	1.90

<sup>1</sup> Formerly, the quality of sugar was judged by its color; the whiter the color, the purer the sugar was supposed to be. This was found to be very inaccurate and many manufacturers and importers of sugar colored it artificially in order to evade part, or all, of the import duties. The polariscope is an instrument to determine the purity of sugar by the reflection of rays of light passing through it. It is much more accurate than the color test and the use of the Dutch Standard has been discarded by practically all civilized countries, though the United States, Canada, and a few others retain it in connection with the polariscope test. Pure sugar has a polarization of 100°; No. 16 D. S. sugar normally has a polarization of about 96°, though it varies considerably. For a discussion of these standards, see H. W. Wiley, *Forum*, vol. 23, pp. 591, *et seq.*; speech of Senator J. L. Bristow, *Cong. Record*, July 13 and 14, 1911; D. A. Wells, *Sugar*



By an act of the same date, free entry is given to 300,000 gross tons of Philippine sugar annually, the smaller producers to be favored in case imports exceed this amount. Prior to that time (from March 8, 1902) Philippine sugars paid 75 per cent of the regular duties. By a reciprocity act which went into effect December 27, 1903, Cuban sugars are given a concession of 20 per cent of the regular duties. Porto Rican sugars have had free entry to the United States since July 25, 1901, and Hawaiian sugars since August 15, 1876.

The duties on sugar in the Dingley bill of July 24, 1897 were the same as those of the Payne-Aldrich bill except that the rate on refined was \$1.95 instead of \$1.90; that is, rates on sugar have remained practically unchanged since 1897, except for concessions to Cuba, Porto Rico and the Philippines.<sup>1</sup> Under the Wilson bill of August 27, 1894, the duty upon all sugar, both raw and refined, was 40 per cent *ad valorem*, plus one-eighth of a cent per pound upon refined. Under the McKinley Bill of October 1, 1890, raws were made free, refined paid only one-half cent, and the domestic beet and cane-sugar industries were given the encouragement and protection of a bounty of two cents per pound which was to run fourteen years, but this entire law was repealed by the Wilson Bill, except that the flat countervailing duty of one-tenth of a cent per pound upon the importations of bountied foreign sugar was retained. Previous to the McKinley Bill,<sup>2</sup> 96° raw sugar paid \$2.24,

*Industry of the U. S. and the Tariff*, pp. 23 *et seq.* Various references are also found in the different congressional *Hearings* upon sugar. Among the latest discussions are those by H. W. Wiley and W. L. Bass in the Hardwick Committee *Hearings*, pp. 3424-3456 and 3923-3952 (1912).

<sup>1</sup> All these tariffs are found collected and indexed in House Doc. no. 671, 61st Cong., 2d Sess. (1909).

<sup>2</sup> That is, beginning with the bill of 1883 in effect June 1, 1883.

if not above No. 13 Dutch Standard in color, and \$2.75, if between Nos. 13 and 16, and \$3.00, if between Nos. 16 and 20, and \$3.50, if No. 20 or over, so that the bill of

TABLE XLIII. UNITED STATES GOVERNMENT IN ACCOUNT WITH UNITED STATES SUGAR CONSUMERS <sup>1</sup>

(for the year 1906.)

Dr.		Cr.	Received by U. S. Treasury.	Received by the sugar pro- ducers.
Taxes paid on total con- sumption of 6370 million pounds.		On 1128 million pounds full-duty sugar .....	\$19,100,000	
		On 2782 million pounds Cuba sugar .....	32,800,000	\$9,200,000
		On 69 million pounds Philippine sugar.....	500,000	200,000
	\$101,000,000	On 712 million pounds Hawaii sugar .....		11,700,000
		On 410 million pounds Porto Rico sugar .....		6,800,000
		On 594 million pounds Louisiana sugar .....		9,600,000
		On 672 million pounds domestic beet sugar...		11,100,000
Total ....	\$101,000,000	Total .....	\$52,400,000	\$48,600,000
			\$101,000,000	

1890 was a lowering of the tariff by \$2.24 on most raw sugar and \$3.00 on refined. The Dingley Act of 1897 changed the countervailing duty from the flat, or uniform, rate of one-tenth of a cent to an amount to be determined for each country as occasion should arise, the aim being to make it exactly equivalent to the amount of the foreign

<sup>1</sup> F. W. Taussig, *Atlantic Monthly*, vol. 101, p. 342. According to this table the tax paid by the U. S. consumers averaged \$1.58555 per 100 lbs. upon all consumed, whether it was produced at home or imported. This is approximately the duty upon 93° sugar.

bounty. This feature was retained in the Payne-Aldrich Bill of 1909, and is still in force.<sup>1</sup>

## 2. PROFESSOR TAUSSIG'S ANALYSIS

Though not many deny that our tariff upon sugar subsidizes our domestic cane and beet-sugar industries and raises the cost to consumers by millions of dollars annually, yet few agree on the amount of the net cost to the people at large, or even upon the extent of the benefit to the protected industries. Professor Taussig presents the accompanying table (No. XLIII) as his approximate estimate of the costs of our sugar tariff and the amounts of the proceeds going to various interests. The duties upon imports going into the United States Treasury and the amounts received by the various producers on account of the tariff in 1906 as estimated in the above table by Professor Taussig are shown in table No. XLIV.

TABLE XLIV. DISTRIBUTION OF TARIFF BENEFITS

	Received by U. S. Treasury per 100 pounds sugar.	Received by sugar producers per 100 pounds sugar.
Full-duty sugar .....	1.6932	.00
Cuba sugar.....	1.1790	3306
Philippine sugar .....	.7246	.2898
Hawaii sugar.....	.00	1.6432
Porto Rico sugar .....	.00	1.6585
Louisiana sugar.....	.00	1.6161
Domestic beet sugar.....	.00	1.6517
Average .....	.8226	.7629

Table XLV for 1910 is calculated at the same rates as

<sup>1</sup> For present tariffs of foreign countries see Hardwick Committee Hearings, pp. 3775-3862.

TABLE XLV. PARALLEL OF TABLE XLIII FOR 1910

Dr.		Cr.	Received by the United States Treasury.	Received by the sugar producers.
Taxes paid on total consumption of 7,470,747,200 pounds (not including maple and molasses sugar) at \$1,585 per 100 pounds as above .....	\$118,452,432.23	On 162,160,320 pounds full-duty sugar .....	\$2,745,698.54	\$12,146,269.39
		On 3,674,007,680 pounds Cuba sugar .....	43,316,550.55	2,196,317.20
		On 216,513,920 pounds Philippine sugar .....	.....	16,899,430.50
		On 1,028,446,720 pounds Hawaii sugar .....	.....	10,282,784.92
		On 620,005,120 pounds Porto Rico sugar .....	.....	12,055,030.32
		On 745,933,440 pounds Louisiana and Texas sugar ..	.....	16,908,122.56
		On 1,023,680,000 pounds domestic beet-sugar .....	.....	
Totals .....	\$118,452,432.23	7,470,747,200	\$46,062,249.09	\$70,487,960.89
		Lacks of balancing .....	\$116,550,209.98	1,902,222.25
		Average rates per 100 pounds .....	\$0.6165	\$0.9435

that of Professor Taussig, except that the entire amount for the Philippines is put in one column, as this sugar has had free entry since August 5, 1909.<sup>1</sup>

It will be seen that rates have changed a little since Professor Taussig wrote, or that his estimates were not quite correct, for the table for 1910, calculated at the same rates, lacks \$1,902,222.25 of balancing and the amount shown as going to the United States Treasury lacks about \$6,000,000 of corresponding with the facts. On the basis of these calculations, the consumers paid an average of \$1.585 per 100 pounds of sugar on account of the tariff in 1906. This equaled 35 per cent of the New York wholesale price of granulated, or 68 per cent of the New York price of 96° centrifugals, without duty. Of this amount, an average of \$0.82, or a trifle over half, went into the United States Treasury and \$0.76 into the pockets of the producers, among whom were Cubans, Hawaiians, Porto Ricans, Filipinos, and domestic beet and cane-sugar producers.

Assuming for the present that these rates held for 1910, the consumers paid \$1.56 per 100 pounds on account of the tariff; that is, 31 per cent of the New York wholesale price of granulated, or 55 per cent of that of 96° centrifugals. Of this amount, the United States Treasury received \$0.62, or two-fifths, and the producers \$0.94, or three-fifths. Whether the estimates of Professor Taussig are correct or not,<sup>2</sup> it is evident that the amount received by the government has remained about the same for the two years, though the consumption increased 20 per cent.

<sup>1</sup> Professor Taussig's table does not claim to be other than an approximation. This fact must be kept in mind; also, the further fact that various circumstances may have modified the actual rates for ensuing years, hence a comparison based upon this table must not be pressed too far.

<sup>2</sup> What the writer deems to be the facts will appear as we proceed.

## 3. EX PARTE STATEMENTS OF TARIFF COSTS

The *ex parte* statements of tariff costs by sugar producers are as various as their interests, as the following will illustrate. Mr. Claus A. Spreckels said that the tariff causes the American consumers to pay extra by two cents a pound, or, \$134,000,000 annually;<sup>1</sup> Mr. E. F. Atkins said the cost to the consumer is raised by the full amount of the tariff except in a few instances;<sup>2</sup> Mr. H. O. Havemeyer said, "It represents a charge upon consumption of nearly two cents a pound";<sup>3</sup> Mr. Frank C. Lowry says: "it increases in-bond values to the extent of the duty."<sup>4</sup>

According to these gentlemen, and others who maintain that the price of sugar is raised by the full amount of the duty on refined sugar, the tax upon the consumers in 1910 was about \$140,000,000. According to Mr. T. G. Palmer,<sup>5</sup> representing the beet-sugar interests, it amounted to only \$74,030,251 (\$1.007 per 100 pounds), of which only \$22,259,109 was chargeable to protection. According to Mr. J. E. Burguières,<sup>6</sup> a Louisiana sugar planter, the present protection amounts to about \$1.09 per 100 pounds; that is, his figures are a little higher than those of Mr. Palmer. Mr. Charles B. Warren,<sup>7</sup> president of the Michigan Sugar Co., said that a reduction of the tariff upon 96°

<sup>1</sup> *Tariff Hearings*, 1908-09, p. 3443. Hardwick Committee *Hearings*, p. 2246.

<sup>2</sup> *Tariff Hearings*, 1908-09, p. 3379. Hardwick Committee *Hearings*, pp. 171 *et seq.*

<sup>3</sup> Hardwick Committee *Hearings*, p. 2048. From minutes of stockholders' meeting of 1902.

<sup>4</sup> *Ibid.*, pp. 1665 *et seq.* (1911). Similar testimony by W. P. Willett, *ibid.*, p. 3547.

<sup>5</sup> *Ibid.*, pp. 2651-2.

<sup>6</sup> *Ibid.*, p. 1880.

<sup>7</sup> *Ibid.*, p. 721.

sugar from \$1.685 to \$1.345 (Cuban duty) probably would not affect the price.

#### 4. ANALYSIS OF THE EFFECTS OF TARIFFS AND OTHER FACTORS GOVERNING PRICE

In the accompanying table and following explanations we present a summary of our own analysis of the principal influences affecting United States sugar prices, trying to separate those of the tariff from those of world supply and those of refiners' combinations.<sup>1</sup>

##### a. *Effect of World's Supply on Prices of Raws*

First, if we compare columns 2 and 3 showing the world's production and the world's price as given at Hamburg, we notice that there is a very close connection between them. On the whole it is noticeable that there has been a great increase in production and a similar decrease in world prices for these three decades.<sup>2</sup> In most cases, wherever there is a large increase in production there is a still greater decrease in price and *vice versa*. When production remains at a standstill there is usually a tendency for prices to rise unless there have been several big preceding crops which have left stocks on hand. This is probably because of a constant increase of population and at the same time a tendency towards greater per capita consumption. Among the more notable instances showing this relation between the fluctuations in world's production and

<sup>1</sup> Since this was written, the 4th volume of the Hardwick Committee *Hearings* has been published. In them appear very detailed analyses of the effects of U. S. sugar tariffs by Mr. W. P. Willett. See pp. 3063-3165, 3541-3616, 3739-3775, 3976-3978; particularly, pp. 3548-3555, 3608, 3977. For an extensive presentation of foreign prices and duties, see pp. 3775-3862; also, for prices, Sen. Doc. no. 55, 62d Cong., 1st Sess. See, also, *Report* of Hardwick Committee, 62d Cong., 2d Sess., H. R. no. 331, pp. 16-18, 22.

<sup>2</sup> And this is true of the entire last century.

world's prices, we may cite the periods immediately preceding and following the years 1887, 1893, 1897, 1902, 1906 and 1911. The years 1900 and 1904 are only apparent exceptions to the rule, due to the fact that the price figures are for calendar years and the production figures for the crop of the preceding year, most of which is put on the market the first half of the year for which the price is given. That is, prices reflect crop conditions of the same year, especially the latter half of the year, though comparatively little of the sugar of that crop gets on the market before the following year.

b. *Effect of United States Duties on New York Prices of Raw and Granulated*

It is often disputed whether or not a change in the tariff affects the price to the American consumer by the amount of the change in the duty. Too many who argue this question assume that they can take the price of granulated sugar as a simple price affected by the tariff only, whereas, as shown above, this price is a resultant of at least three very important forces, or independent variables, not to mention minor factors. Furthermore, it is common to take averages of yearly prices which do not make due allowances for changes within the year, and as most tariff changes are within the year, considerable error arises from this fact. The two accompanying tables are made up to correspond more exactly with tariff changes.

From what has been said, it is evident that column 5 (both tables) showing the difference between the Hamburg and New York prices of centrifugals has the closest relation of any to tariff changes.<sup>1</sup> For instance, the average

<sup>1</sup> According to Willett & Gray, about 35 cents, plus the duty, should be added to the Hamburg price to ascertain the New York parity. This, as is seen from their calculation, is to cover freight, insurance,



TABLE XLVII. PRICES GROUPED ACCORDING TO UNITED STATES TARIFF CHANGES<sup>1</sup>  
(Per 100 pounds.)

From	To.	U. S. Import Duties.	88 per cent, f. o. b. Hamburg.	Difference between 88 per cent, Hamburg, and 96° New York.	96° New York.	Difference between 96° and granulated, New York.	Granulated, New York.
Jan. 1, 1882	June 1, 1883	No. 7-10 D. S., \$2.50. No. 10-13 D. S., \$2.81. No. 13-16 D. S., \$3.43. Refined, \$5.00.	\$4.668	\$3.236	\$7.904	\$1.232	\$9.136
June 1, 1883	Apr. 1, 1891	96° if not above No. 13 D. S., \$2.24 96° if above No. 13 and not above No. 16, \$2.75. Refined, \$3 50.	3.062	2.881	5.943	.877	6.820
Apr. 1, 1891	Aug. 27, 1894	Raw sugar free. Above No. 16 D. S., \$0.50. Bountied sugar extra, \$0.10.	3.011	.375	3.386	1.021	4.407
Aug. 27, 1894	July 24, 1897	All sugars 40 per cent ad valorem. Sugars above 16 D. S., additional duty, \$0.125. Countervailing duty on bountied sugar, \$0.10.	2.160	1.265	3.425	.881	4.306
July 24, 1897	Dec. 27, 1903	Sugars not above No. 16 D. S. and 75° polarization, \$0.95. Every additional degree, \$0.035. Equal to \$1.685 for 96°. Over 16 D. S. and refined, \$1.95. Countervailing duty equal to bounty, equal to 27c on German raw sugar.	1.927	2.148	4.075	.823	4.898
Dec. 27, 1903	Dec. 31, 1910	Dec. 27, 1903, Cuba given 20 per cent. concession. Aug. 5, 1909, P. I. given 300,000 tons free entry. Duty on refined reduced to \$1.90.	2.291	1.704	3.995	.846	4.841

<sup>1</sup> Averages of weekly New York prices and averages of monthly Hamburg prices. Compiled from Willett & Gray's *Weekly Statistical Sugar Trade Journal*.

commission, loss of weight and a difference in quality, arbitrarily assumed to be 19 cents per 100 lbs. A larger tariff than the present one would make a slightly greater difference in value, due to the paying of a larger duty on what is lost in refining. It will be noticed that during the two whole years (1892 and 1893) under free raw sugar, the average differences in prices were 37.3 cents and 33.5 cents, re-

difference between 88 per cent Hamburg and 96° New York in the first period is \$3.236 per 100 pounds. In that period, the duty on No. 13 D. S. is \$2.81. The next period, the average difference between Hamburg and New York is \$2.881, a fall of \$0.355; the duty on 96°, if not

spectively, so that the estimate of 35 cents, plus the duty, must have been very nearly correct at that time.

*Willett & Gray's Calculation.*

Parity of 88% analysis beet and 96° polarization cane sugar, duty paid, and Cuban sugar, cost and freight (without bounty and countervailing duty. Exchange at \$4.88).

Beet at 16s. per cwt. (112 lbs.), f. o. b. Hamburg, add 4½d. for freight and lighterage to refinery, say 16s. 4½d. net per cwt.

c. i. f. to New York .....	3.570c
Insurance—Bk. Com.—Loss weight, together 1½% .....	.055
Duty (88 anal. out-turn, 94° polarization) .....	1.615
Difference in value to refiners between beet and cane .....	.19

5.430c

88% beet, f. o. b. Hamburg.

	Equals to 96° centrif. at N. Y. duty-paid.	Equals to 96° Cuba centrif. c&f N. Y., without duty.
s. d.		
14 0	\$4.99	\$3.63
15 0	5.21	3.85
16 3	5.50	4.14
17 5¼	5.75	4.38
18 7½	6.01	4.65

To ascertain c. & f. parity of centrifugals paying full duty, deduct 34 cents from parity of Cubas, c. & f.—Willett & Gray's *Weekly Statistical Sugar Trade Journal*, Sept. 7, 1911.

The bounty on German raws, from 1896 to Aug. 31, 1903, amounted to 27 cents per 100 lbs., according to Mr. F. R. Rutter (Bul. 30, p. 27, Bureau of Statistics, U. S. Dept. of Agr.), and the Dingley Bill, which went into effect July 24, 1897, made the countervailing duty equal to the full amount of the bounty, instead of 10 cents per 100 lbs. as previously.

The Dutch Standard was used up to 1883 when the polariscope test was added. Before that time the duty on sugar from Nos. 13 to 16 was \$3.43; on sugar from Nos. 10 to 13, \$2.81; and on sugar from Nos. 7 to 10, \$2.50. It is probable that most of what was imported

above No. 13 D. S., was then \$2.24, and if above No. 13, it was \$2.75, a fall of \$0.57 in duty on most of the sugar and of \$0.06 on a small part; that is, a fall in the duty of about \$0.57 was accompanied by a fall of \$0.355 in the difference between Hamburg and New York, or something less than the amount of the change in duty, though it is difficult to estimate the exact change, because standards by which the tests were applied were different in the two periods.

In the next period in which we had free raw sugar (April 1, 1891-August 27, 1894), the duty on raws fell \$2.24 (\$2.75 on a small part of the imports) and the difference between New York and Hamburg fell \$2.506, that is, by something more than the amount of the fall in the duty. The next tariff imposed *ad valorem* rates which would amount to about \$0.86 on the average Hamburg price and, if these sugars were colored, \$0.125 might be added. The increase in the difference in prices between New York and Hamburg was \$0.89, or approximately the same as the change in duty.

The Dingley bill went back to the specific duty, which amounted to very nearly the same as the increase in the difference in price between the two places, *viz.*, \$0.883. Near the close of the year 1903, the Cuban reciprocity bill lowered the duty on her imports of 96° centrifugals by

paid the latter amount, though the writer has not sufficient data at hand to determine exactly. However, in 1877, about half of the duties collected on sugar came from those not above No. 7 and nearly as much from sugars above No. 7, and not above No. 10, leaving very little from sugars above No. 10 D. S. (See D. A. Wells, *Sugar Industry of the U. S. and the Tariff*, p. 23.) From the Act of 1883 to that of 1890, the duty on sugar not over No. 13 was \$1.40 for 75° polarization with an increase of \$0.04 for every degree of purity, equal to \$2.24 for 96° sugar, and this is usually assumed to be the duty, as few importers would allow the color to go above No. 13, and thus have to pay \$2.75 duty.

\$0.337 and since that date the average difference between New York and Hamburg prices has fallen by \$0.444.

To sum up, it can be said that prices of raw sugar have been affected approximately by the amount of change in the tariff. Generally speaking, the difference between the Hamburg price of 88 per cent beet and the New York price of 96° centrifugal approximated fairly closely the difference of 35 cents plus the duty (including the countervailing duty)<sup>1</sup> up to 1901. It is true that sometimes the average price of 96° centrifugal was a little above, or a little below, the Hamburg parity (more often above), but for several years back, this disparity had not been great. But beginning with 1901, 96° centrifugals have always been below the Hamburg parity and increasingly so.<sup>2</sup>

The prices of granulated have also been affected in the same direction, but this effect has often been accentuated or neutralized in part by other factors and it is manifestly unscientific to try to explain changes in prices of granulated by changes in tariff only. For example, in the above table, the average price of granulated before June 1, 1883, was \$9.136 and, after that time, with a lowering of the duty by about \$0.57 on raws and \$1.50 on refined, there was a fall in the average price of \$2.316, making it \$6.82. The greater part of this fall in the price of granulated was accounted for by the fall of \$1.606 in the world price of raws at Hamburg and a very much smaller proportion by the change in the tariff, though neither factor alone offers a complete explanation.

<sup>1</sup> The countervailing duty on Hamburg sugar was \$0.10 per 100 lbs. from April 1, 1891 (McKinley bill) to July 24, 1897 (Dingley bill). From that date to Sept. 1, 1903 (Brussels Convention in effect) it was equivalent to the full amount of the bounty, or \$0.27 per 100 lbs.

<sup>2</sup> This naturally brings up the matter of the Cuban concession, a short discussion of which will be given a little later.

Again, under the Wilson bill, there was an increase of nearly a cent a pound in the duty on raw sugar but the average price of granulated was a little lower under the higher duty because the world's price of raws had fallen almost exactly enough to counterbalance the increase of duty. The price of granulated was not increased by the full increase of the duty under the Dingley bill, because of a further lowering of the world's price in consequence of increased production. In all cases, allowances should be made for fluctuations in refiners' margins, the causes of which will be considered next.

c. *Effect of Refiners' Competition on the Margin between Raw and Granulated*

We have been considering the prices of raw sugar, for the most part, up to this point. Though all the factors influencing these prices are carried forward in the prices of granulated, still, in the latter, there is the further addition of the refiners' margin, the fluctuations in which are most affected by another factor. This margin between the price of raw and granulated goes to the refiner for cost of refining and profits. It is pretty generally declared by refiners that the cost of converting 96° sugar into granulated is about 60 or 65 cents per 100 pounds, 62½ cents being the most common figure given, when the tariff is at the present rate and with granulated sugar selling at about \$5.00.<sup>1</sup> It is reasonable to suppose that it is no more than this, and there are indications that it is probably as low as 50 cents sometimes.<sup>2</sup>

<sup>1</sup> In the process of refining a few pounds of impurities and low grade sugar are lost, wholly or in part. The greater the tariff on raw sugar, the greater the loss thus sustained; hence, the higher the tariff, or the higher the price of raw sugar, the greater the cost of refining.

<sup>2</sup> For an analysis of cost of refining by J. H. Post, see *Report of In-*

As is natural to suppose, the difference between the prices of raw and refined sugars will seldom go below the actual cost of refining and only in one year (1899) has this difference averaged as low as 50 cents.<sup>1</sup>

A study of the table presented a few pages above bears out, in a most convincing way, the theory that our import duties upon sugar have been so high and so arranged that the tariff has set only the maximum limit to the

*dustrial Commission*, vol. i, pp. 150-151. Also, D. D. Colcock, *Tariff Hearings*, 1908-09, vol. iii, pp. 3257 *et seq.* Following are typical statements relative to the cost of refining: Americans can refine nearly as cheaply as any in the world. Washington B. Thomas, Hardwick Committee *Hearings*, p. 1985. Cost is less than 30 cents, from the standpoint of manufacturing, but 65 cents including loss. Beet and cane the same. Less in the United States than in foreign countries. C. A. Spreckels, Hardwick Committee *Hearings*, pp. 2060-2065. Cost of refining in the United States less than  $\frac{1}{2}$  cent. J. E. Burguieres, *ibid.*, p. 1866. Cost of refining,  $\frac{5}{8}$  cents. E. F. Atkins, *ibid.*, p. 140.  $\frac{1}{2}$  cent for refining and freight on Cuban sugar. H. T. Oxnard, *ibid.*, p. 416. 60 cents. J. H. Post, *ibid.*, p. 541. 60 to 65 cents. W. G. Gilmore, *ibid.*, June 28, 1911. £1 10s. in London (equals  $32\frac{1}{2}$  cents per 100 lbs.). Charles Lyle, London refiner, in *Report of Tariff Commission of Great Britain*, vol. 7, witness no. 117. Quoted by T. G. Palmer, Hardwick Committee *Hearings*, p. 2606. About  $\frac{1}{2}$  cent, varies according to factory between 50 and 60 cents, including waste. About .3 cent to .5 cent not counting waste. H. T. Oxnard, *Cuban Reciprocity Hearings*, 1902, p. 157. 30 cents for cane, not including loss. Edw. F. Dyer, *Tariff Hearings*, 1908-09, p. 3489. Refining cost, 65 cents. F. C. Lowry, Hardwick Committee *Hearings*, p. 1696. Refining cost in the United States less than elsewhere in the world, and will continue to be so. Labor cost of refining (1890) Germany, 43 cents; France, 38 cents; England, 34 cents; United States, 14 cents. Sugar refining costs 10 cents to 15 cents less here than anywhere else in the world. John de Witt Warner, Byron W. Holt and L. C. Root, Sen. Rept. 452, p. 80, 53d Congress, 2d Session. Our refiners can beat the world without any differential. H. W. Wiley, Hardwick Committee *Hearings*, p. 3446 (1912). Many other similar statements are scattered throughout the various congressional hearings relating to sugar.

<sup>1</sup> At the time of the Trust-Arbuckles fight.

amount of the refiners' addition to the price, and that the actual determinants have been the factors of trust control and competition by independents.

According to detailed figures of Willett & Gray,<sup>1</sup> the average difference between the prices of centrifugal and granulated for the nine years preceding the formation of the trust was \$1.098 and the average for the eleven years succeeding was \$0.958. But the more striking and significant facts regarding the effects of trust control and competition are not shown by such averages because the extreme variations within such periods counterbalance each other. If one follows the column showing the refiners' margin for each year (column 7, table XLVI), and each part of a year, preceding and following the important turning points in the trust's control of output, he can easily see how this difference has been a barometer of the pressure of competition. In other words, the tariff has been high enough to prevent effective foreign competition with American refiners and the tendency of the refiners has been to combine and put up prices, but this has always been a cause of domestic competition and a lowered margin. This cycle has been repeated again and again but, since the close of the warfare with the Arbuckles and the organization of the National in 1900, it appears that the policy has been to refrain from former excesses as regards margins and to maintain a fairly steady good margin rather than invite too much competition through very large profits.<sup>2</sup>

<sup>1</sup> *Weekly Journal*, May 11, 1899, p. 8.

<sup>2</sup> For a treatment of the causes of growth of the American sugar refining industry and the effect of the tariff upon it see *The Sugar Refining Industry in the United States*, by Paul L. Vogt, particularly chapters II and III, and page 33. Part of the latter is quoted later in this study in connection with the consideration of the sugar trust.

d. *The Cuban Concession*

It has already been mentioned that since 1901, and particularly since 1903, the New York price of 96° centrifugals has been below the Hamburg parity and there has been much discussion as to who gets the benefit of the 20 per cent concession (\$0.337 on 96° sugar) to the Cubans. Some have argued that the Cubans get the benefit of it, others that the United States consumers get it, others that the trust appropriates it. Professor Taussig's estimate, given at the beginning of this chapter, calculates that the Cuban producer got nearly all of it in 1906 and, presumably, in other years. Following is an analysis by Messrs. Willett & Gray:<sup>1</sup>

## EFFECT OF REDUCTION OF 20% RECIPROCITY WITH CUBA UNDER DINGLEY LAW.

The full duty on 96° test centrifugals .....	\$1.685 per 100 lbs.
20% less allowed to Cuba .....	1.348

The reduction in duty .....	\$0.337 per 100 lbs.
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The full duty on 107 lbs. raws to make 100 lbs. refined granulated was .....	\$1.803
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The 20% less duty on 107 lbs. raws to make 100 lbs. refined granulated was .....	1.442
--	-------

The reduction in duty on 100 lbs. refined was .....	\$0.361
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The period of the Dingley Law without reciprocity was from July 24, 1897, to Dec. 27, 1903—340 weeks.

The period of the Dingley Law with reciprocity was from Dec. 27, 1903, to Aug. 6, 1909 (date of the Payne bill), comprising 298 weeks.

The average price of 96° centrifugals for 340 weeks without reciprocity was .....	\$4.075 per 100 lbs.
And for 298 weeks with reciprocity .....	3.940 per 100 lbs.

Reduction in raw quotations .....	0.135 per 100 lbs
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<sup>1</sup> Hardwick Committee *Hearings*, pp. 3549-3551.



It requires 107 lbs. of centrifugals of 96° test to make 100 lbs. of refined of 100 test.

Without reciprocity, raws at \$4.075 per 100 lbs. cost re-	
finers .....	\$4.360 per 107
With reciprocity, raws at \$3.940 per 100 lbs. cost re-	
finers .....	4.209 per 107

With reciprocity, refiners paid less price for raws ....	\$0.151 per 107
--	-----------------

Without reciprocity, refined granulated sold by re-	
finers at .....	\$4.897 per 100
With reciprocity, refined granulated sold by refiners at..	4.809 per 100

With reciprocity, refiners sold less price for gran-	
ulated .....	\$0.088 per 100

Result—refiners saved in price of raws .....	\$0.151 per 107
Refiners lost in price of refined .....	0.088 per 100

Net gain of refiners by Cuban reciprocity .....	\$0.063 per 100
---	-----------------

Amount of duty taken off 100 lbs. granulated .....	\$0.361
Of which refiners kept .....	0.063

Leaving for division between Cuba and U. S. consumers ..	\$0.298
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In order to obtain the correct division of the \$0.292 per 100 lbs. gained by Cuba and United States consumers separately, the following analysis must be made.

The average difference [per 100 lbs.] between centrifugal sugars of 96° polariscope in New York and raw beet sugar, 88 analysis, f. o. b. Hamburg, reduced to the parity of 96° centrifugals in New York, for six years under the Dingley Bill preceding reciprocity, compared with eight years of reciprocity, is shown in the table. [Table XLVIII, page 224.]

These tables show that during the six years of Dingley Law, preceding reciprocity, Cuba sold her crop within \$0.044 per 100 lbs. of the world's price as fixed by the Hamburg market, notwithstanding it included countervailing duty of \$0.27 assessed by the United States, while during the eight years of reciprocity, Cuba has sold her crop at an average per year of \$0.240 per 100 lbs. below the world's price.

The reciprocity duty allowance to Cuba is .....	\$0.337 per 100 lbs.
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Of which amount Cuba received .....	\$0.097 per 100 lbs.
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Our first analysis shows that refiners received of  
the \$0.337 allowance ..... \$0.063 per 100 lbs.

\$0.160

Leaving the gain to consumers by reciprocity .... \$0.177 per 100 lbs.

Cuban [producer] received ..... \$0.097 per 100 lbs.

[American] consumer received ..... 0.177 per 100 lbs.

Cuba and consumer received ..... \$0.274 per 100 lbs.

which virtually confirms our first table that Cuba and consumer received, together, \$0.298 per 100 lbs.

TABLE XLVIII. EFFECT OF CUBAN RECIPROCIDY

Year. <sup>1</sup>	Beets at N. Y. duty paid.	Centrif. at N. Y. duty paid.	Centrif. higher.	Centrif. lower.
1898.....	\$4.271	\$4.235	....	\$0.036
1899.....	4.393	4.419	\$0.026	
1900.....	4.454	4.566	0.112	
1901.....	4.088	4.047	....	0.041
1902.....	3.645	3.542	....	0.103
1903.....	3.940	3.720	....	0.220
Average.....	\$4.132	\$4.088	\$0.138	\$0.400 .138
				6)\$.262
For 6 years preceding reciprocity, centrifugals lower.....				\$0.044
1904.....	4.141	\$3.974	....	\$0.167
1905.....	4.420	4.278	. .	0.142
1906.....	3.800	3.686	....	0.114
1907.....	3.990	3.756	....	0.234
1908.....	4.208	4.073	....	0.135
1909.....	4.311	4.007	....	0.304
1910.....	4.722	4.188	....	0.534
1911.....	4.749	4.453	....	0.295
Average.....	\$4.291	\$4.051	....	\$0.240

[For the four years preceding 1898, that is, under the Wilson bill, centrifugals were above parity every year except 1895. The respective averages were: 1894, + \$0.06; 1895, - \$0.067; 1896, + \$0.023; 1897, + \$0.043.—R. G. B.]

It seems also that there have been numerous indirect benefits in connection with Cuban reciprocity, though it is impossible to measure their extent. The Cuban producer has been favored against full-dutied sugar and has preferred to increase his output, selling it somewhat under the world's market as he was thus enabled to do. Perhaps it has not been so much a matter of preference with him as it has been an inevitable consequence of the competition among producers but, at any rate, this concession has enabled him to sell a greater output below the world's market to an extent that he could not have done without the concession.

The refiners have gotten the indirect benefit that comes with lower-cost sugar which is two-fold, first, in the lessening of the cost of refining, second, in the effect upon consumption. Furthermore, refinery stockholders who are interested in Cuban production have had the opportunity of sharing in any benefits to the Cuban producer. Still further, the refiners indirectly, and the consumers of the United States more directly, have been able to benefit increasingly by the depression of Cuban prices consequent upon greater output. Of course, their gain has been the Cuban's loss as regards this particular feature. This appears to be an indirect, rather than a direct, result of the Cuban concession, and this concession has been only one of a number of causes of depressed prices.

In 1890, the United States put a countervailing bounty of \$0.10 upon bountied sugars above No. 16 Dutch Standard. In 1897, the countervailing duty was made equal to the entire amount of the foreign bounty.<sup>1</sup> This put Cuba upon a parity with European countries in the United States

<sup>1</sup> 27c. per 100 lbs. on German raw sugar from this time till August 31, 1903, according to Rutter, *op. cit.*, p. 27.

market, but not in other markets, particularly in the British market. With the taking effect of the Brussels Convention, September 1, 1903, Cuba was on a par with all important sugar-producing countries in both of the large importing markets and, a little later in the same year, came the treaty with the United States, which gave her a preference of \$0.337 as has been mentioned above. During these years she has been recovering from the effects of the war; her plantations and mills are being modernized; new areas are being brought under cultivation, and new mills constructed. In a word, a variety of powerful forces have been working together to increase the Cuban output and it has come about that she now supplies practically all the dutied sugar that the United States consumes.

So long as it was necessary for United States refiners to buy any large proportion of full-dutied European sugar, there was more competition in buying the lower-dutied Cuban sugars than there is now when Cuba can furnish all we need. That is, Cuban sellers could come nearer commanding world prices. But with the great increase of Cuban production, the depression of prices at the height of the milling season is naturally greater than formerly and the period of distribution is greatly extended, thus tending to prolong the depression. United States buyers have thus become less dependent upon European sugar and, instead of having to add the cost of transportation to the cost of European sugar as the price for Cuban sugar, they subtract the excess cost of sending Cuban sugar to Europe. In other words, for the greater part of the year, the pressure upon the Cuban to sell is greater than the pressure upon the United States refiner to buy; hence instead of its being a question to the American buyer of European or Cuban price, plus transportation to New York, it is now more of a question to the Cuban seller of

taking the American tariff favor of \$0.337 and a delivery cost of about \$0.09, as opposed to a delivery cost to the United Kingdom of about 15 cents with no favors; that is, the Cuban can afford to sell in New York for about 40 cents less than in London.

But even this does not explain everything. Taking the average for 1910, the Cuban price was depressed about 53 cents below the Hamburg parity, or 13 cents in excess of the difference explained above. This 53 cents is arrived at by taking the average of weekly prices without regard to the amount of sugar imported any one week. But the difference is really much greater than this for the reason that the depression is greatest when the most sugar is coming in and the least when there are no imports from Cuba. For example, if instead of the simple average, the weekly prices for 1910 are weighted according to the amount of Cuban imports received at the four principal United States ports,<sup>1</sup> the average depression of Cuban prices for the year 1910 was 73 cents instead of 53 cents.

It is very noticeable that, in the latter part of the year, when Cuba had practically no sugars on the market and United States buyers had to go elsewhere for their supplies, Cuban prices were not depressed, but were above the Hamburg parity. It is also noticeable that, in 1908, when Cuba had a much smaller crop than in the preceding or in the following year, the depression was much less than in these other two years; also, that with her largest crop of 1910, the depression was the greatest. The 1911 crop was somewhat smaller again, there was also a European shortage, and the disparity of Cuban prices was less than in 1910.

However, the writer has never been able to obtain an

<sup>1</sup> New York, Boston, Philadelphia and Baltimore. According to the statistics of Willett & Gray's *Journal*.

entirely satisfactory explanation of why the Cuban prices can run 60, 70 and 90 cents below the Hamburg parity for week after week. It seems that in the face of a disadvantage of only 40 cents the Cuban sellers would enter the English market and not allow the difference to remain 70 to 90 cents for months at a time. It is true that they did ship a considerable quantity of sugar to England, and even to the Continent, in 1910 and 1911, but not enough to bring their price to a parity. Among other explanations that have been offered the writer by various buyers, refiners' agents and others who should know the facts are the following: The English and other European refineries are prepared to handle European beet sugar, but not Cuban cane sugar, hence they do not care to put it through their plants and thus lessen their daily output, just as American refiners do not like to put low-grade Philippine sugar through their plants which are intended primarily for high-grade centrifugals. A second point is that many of the sugars are bought on contract and do not bring the price quoted the day of arrival in port. Another explanation is that the Cuban sellers are not well organized, as are those of Hawaii, and that they dislike to sell to independent European buyers for fear that the American buyers will retaliate as it is claimed by the Louisiana planters that the trust did when they sold a part of a cargo to the Federal Refinery a few years ago.

While the explanations do not appear complete, nor entirely satisfactory, they do help to lessen the discrepancies. The writer is of the opinion that if the producers of Cuba had the financial means and organization to hold and distribute their sugars throughout the year, they could obtain approximately the full world price, plus the United States tariff concession so long as the United States had to buy any considerable amount of full-dutied sugars,

and that their prices need not be depressed more than about 40 cents below the United Kingdom price when they produce a surplus above what the United States can take.<sup>1</sup> But without such financial means and co-operative distribution, the competition among sellers continues to depress the market more and more as Cuban production increases and as the quantity of full-dutied sugar which the United States has to buy becomes smaller.

In the main, the effect of the Cuban concession was to raise Cuban prices temporarily, to increase production,<sup>2</sup> and thus lead to a gradual depression of prices which enabled the American consumers to benefit by a large part of the tariff concession and, at the same time, allowed the Cuban all the benefits of the increased production. This concession was also one of the causes inviting the participation of American capital and the modernization of the industry, with all of its manifold and far-reaching consequences.

#### e. *Summary*

In summing up this part of our study of the more direct effect of the tariff upon prices, it may be said that the New York wholesale price of granulated sugar, which is the basis of all prices of granulated in the United States, is made up of at least three distinct parts, all of which are affected by tariffs, but only one of which is directly affected in this manner. First is the world price, the fluctuations in which are influenced most largely by world supply; second is the New York price of raws, plus the import duty and cost of delivery; that is, the United States tariff has entered directly into this part of the price. Third is the price of granulated, whose fluctuations above the price of

<sup>1</sup> This is on the basis of present tariffs.

<sup>2</sup> Several other causes were making for this same result.

raws have been influenced mostly by competition, or lack of competition, among refiners.<sup>1</sup>

<sup>1</sup> A discussion of retail prices would hardly be justifiable in this study. It is generally considered that sugar is sold on a smaller margin by both jobbers and retailers than almost any other commodity. See Hardwick Committee *Hearings*, tables of T. G. Palmer, pp. 2655, 2657; *Eighth Annual Report*, United States Commissioner of Labor (1903), pp. 820-830; U. S. Bureau of Labor, Bulletin no. 59 (1904), p. 282, Bul. no. 71 (1905-06), p. 306; Bul. no. 77 (1906-07), pp. 200 and 310.

Changes in prices of sugar, as compared with prices of other commodities, are strikingly illustrated by the accompanying table:

TABLE XLVIIIa. DIFFERENTIATION OF SUGAR PRICES FROM THOSE OF OTHER COMMODITIES<sup>2</sup>

(Comparison of English and American price-index numbers, average for 1891-1900 = 100.—From the London *Economist* of Dec, 23, 1911.)

Articles.	United Kingdom.			United States.		
	1894-1898	1906-1910	Percentage, increase or decrease.	1894-1898	1906-1910	Percentage, increase or decrease.
<b>Food:</b>						
Wheat .....	94.8	110.9	+ 13½	95.8	132.8	+ 38
Oats .....	93.0	103.8	+ 11	86.1	160.3	+ 86
Maize .....	89.4	127.8	+ 31½	87.0	153.7	+ 77
Potatoes ....	98.6	103.4	+ 5	83.3	114.8	+ 38
Beef .....	96.2	117.4	+ 22	98.8	129.4	+ 31
<b>Sugar</b> .....	<b>87.8</b>	<b>84.0</b>	<b>- 4</b>	<b>94.2</b>	<b>102.0</b>	<b>+ 8</b>
Pork .....	94.6	113.6	+ 20	90.1	156.9	+ 74
Butter .....	95.6	111.6	+ 16½	89.9	126.8	+ 41
<b>Materials:</b>						
Coal .....	91.0	102.6	+ 13	91.5	126.8	+ 38
Iron .....	96.0	123.0	+ 28	85.0	132.0	+ 55
Copper .....	92.4	140.4	+ 52	86.1	127.2	+ 48
Tin .....	80.2	191.2	+139	81.2	186.5	+130
Cotton .....	90.8	154.0	+ 70	91.1	156.1	+ 71½
Wool .....	103.8	106.2	+ 2½	83.4	120.6	+ 44½
Flax .....	97.0	109.2	+ 12½	....	....	....
Petroleum...	97.8	124.0	+ 26½	111.15	178.4	+ 60

<sup>2</sup> Report, Hardwick Committee, 62d Cong., 2d Sess., H. Report no. 331, p. 22 (Feb. 17, 1912).



The first part, or the world price, has undoubtedly been influenced indirectly by tariffs, bounties and other legal restrictions and encouragements which have affected the supply and demand. As regards the second part, that is, the excess of the New York price of raws over the world price of raws, we have seen that a change in United States import duties has usually affected it by approximately the amount of the change, other factors remaining constant. But a concession to a country like Hawaii producing a relatively small proportion of the sugar needed by the United States had no direct benefit for American consumers but was almost a complete subsidy to the producers because of the great amount of full-dutied sugar which it was necessary to import. On the other hand, a concession to a country like Cuba—a country capable of producing cheap sugar to a far greater extent than formerly and thus supplying all the needs of the United States so that very little full-dutied sugar is necessary—has had the ultimate result of lowering prices by most of the amount of the concession. Of course, this lowering of prices has affected, by the full amount of the decrease, the prices obtained by domestic sugar producers as well as those of Hawaii and all other countries selling sugar in the United States markets.

The third part of the price, or the refiner's addition to the price of raw, has been the cost of refining plus a profit which has been determined by the ability of the trust to hold it as high as possible or, in later years, as high as most profitable. The excess of the protection to refined over that to raw has sufficed to keep out nearly all foreign refined sugar and the problem of the trust has been to keep profits at a good margin, but not so high as to invite independents to enter the business. In this it has been only partially successful.

Thus we see that the United States tariff on sugar has a very direct effect upon the price of raws, an important, but indirect, effect upon the refiners' differential, but relatively little effect upon the world price of raws.<sup>1</sup>

<sup>1</sup> Since the above was written, the following statement has been published: "All the analyses of changing from duty to free sugar show that whenever duty is taken off, the cost of refining decreases and when duty is added the cost of refining increases, but these analyses also show that whenever duty is taken off the consumer gets the full benefit of the amount of the duty taken off and also a part of the lower cost of refining, and whenever the duty is increased the refiners bear a certain portion of the increase and the consumer does not pay the full addition of the duty."—W. P. Willett, *Hardwick Committee Hearings*, p. 3547 (1912).

## CHAPTER IX. THE SUGAR TRUST<sup>1</sup>

AN extended treatment of the problems affecting the future of the United States beet-sugar industry would require a consideration of several matters which we must omit but, in order to see the whole subject in its proper setting, there are two factors, some phases of which have already been mentioned, that demand at least passing notice, even in this outline study, namely, trust operations and freight rates in their bearings upon the domestic beet-sugar industry. These problems, particularly the first, have been, or are being, investigated extensively by others,<sup>2</sup>

<sup>1</sup> In his study, *The Sugar Refining Industry in the United States* (p. 33), Mr. Vogt makes the following brief summary: "In summarizing the results of the inquiry into the causes of the growth of the refining industry, it may be said that from the earliest times to the Civil War the tariff was a very important factor; that during the Civil War this influence, while doubtless real, is merged with a number of other causes, such as the destruction of the Louisiana sugar industry, the stimulus of increased prices, and the influence of the drawback. It has been shown, further, that the influence of the internal revenue tax tended to neutralize the effect of the increased tariff, but that this influence probably was of minor importance. It seems, too, that neither the tariff nor the panic of 1873 had any great direct effect in hastening the failures of refining companies during the seventies. The tariff of 1883 may have hastened the final combination. The effect of the tariff was the indirect one of being a factor in stimulating the industry to the point of over-production during the years preceding 1870. It may be concluded, then, that the transition that took place leading up to the formation of the Sugar Trust was the natural result of over-production due to excessive movement of capital into this industrial group at a time when capacity for production was being greatly increased by remarkable improvements in methods of refining."

<sup>2</sup> See *Hearings* of the special (Hardwick) committee on the inves-

hence we shall attempt only to indicate the importance of their relation to the main subject of our study. In the case of each we shall cite, first, a few facts having indirect bearing upon the beet-sugar industry and then others affecting it more directly.

#### I. SUGAR-TRUST METHODS

The methods of the sugar trust have been typical. After having formed its combination with a highly-inflated capitalization, it has fought competitors vigorously. In cases where it has failed to overcome them, it has either absorbed them or made truce upon terms profitable to both parties. It has shut down a large number of the factories acquired and run the others on full capacity, and it has been enabled to use the ones where production was the most economical and to introduce into all of its plants the best methods of refining. Doubtless it has also been able to eliminate former wastes of marketing and, by virtue of its advantages, has been able to extend its control of prices, both of raw and of refined sugar, further than in the reduction of mere economic wastes. It has been able to deduct the freight from Louisiana to New York from the price of Louisiana sugars, although it paid no freight on them, but refined them in Louisiana; it has been able to buy Hawaiian sugars at a certain fixed rate under the market; it has had the advantage of a large buyer in the Cuban, Porto Rican and other markets; it has had the advantage

tigation of the American Sugar Refining Co. and others (1911-12); *Original Petition and Answer* in the case of the United States of America *v.* American Sugar Refining Co. *et al.*, in the United States Circuit Court, Southern Dist. of New York; proceedings of the Federal Sugar Refining Co. before the Interstate Commerce Commission and appeal of railroads to Commerce Court with reference to New York lighterage charge (still pending). See Hardwick Committee *Hearings*, p. 2238; *The Sugar Refining Industry in the United States*, by Paul L. Vogt, Publications of University of Pennsylvania (1908).

of a large seller with several distributing points for disposing of its finished product. The selling price has not been based upon cost plus transportation, except as its lower limit, but rather it has been based upon the cost plus transportation of its competitors. For example, although it could get raw sugar from Hawaii and turn out the finished product in San Francisco as cheaply as in New York, it had no effective competition in that territory for a long time, hence the San Francisco selling price was approximately the New York price plus the freight from the Atlantic seaboard, where its competitors were located. If it shipped San Francisco sugars to the Missouri River and paid an extra freight rate on them, still it sold them for less than in San Francisco, because its competitors could sell for less at the Missouri River than in San Francisco. There is nothing strange or unnatural about this policy which is the one that is followed practically everywhere, not only as regards sugar but as regards almost everything.

The trust has acquired and used many agencies and methods to serve its ends. It has engaged in the coffee business to fight rivals; it has obtained large interests in the glucose industry; it has acquired complete or partial ownership and control of cooerage, transportation and terminal companies; it has secured railroad rebates, direct and indirect; it has made contributions to both political parties; it has been involved in scandalous customs frauds and other practices equally culpable; in short, it has been what the popular mind conceives of as a typical trust.

## 2. THE TRUST'S RELATIONS TO THE BEET-SUGAR INDUSTRY

Few of the interests of the trust have been more important, and none have more direct relation to the study in hand, than its interest in the beet-sugar industry.<sup>1</sup> As will

<sup>1</sup> See particularly *Original Petition, U. S. v. American Sugar Refining*

be remembered, the beet-sugar industry began its rapid growth with the passage of the Dingley Bill in 1897, there being 34 factories erected in the years 1897 to 1901. It was in this latter year that the trust began active operations to acquire large interests in the new and rapidly-growing industry.

According to the allegations of the United States in a suit now pending,<sup>1</sup>

in the summer of 1901 the American Sugar Refining Co., intending to destroy the competition of the beet-sugar companies with which it was confronted, manufactured an enormous quantity of refined sugar, which was in amount far in excess of any previous production by it in any similar period, for the purpose of selling and delivering it in the territories where the beet-sugar companies usually marketed their product, and intended to sell the same at prices with which they could not compete, and, if necessary, at prices below the actual cost of production; and about the same time, in order to secure still further advantages, Henry O. Havemeyer and Lowell M. Palmer entered into unlawful agreements with various railroad companies operating lines of railway out of the cities of Boston, New York, Jersey City, Philadelphia and New Orleans, and other large cities, for the transportation of large quantities of refined sugar for the American Sugar Refining Co., the American Sugar Refining Co., of New York, the Franklin Sugar Refining Co., and Spreckels Sugar Refining Co. to the territories where the beet-sugar companies marketed their products, and for free storage of such sugar in the warehouses of the respective railroads, and for the transportation of such sugars at rates far below the lawful

Co., *et al.* (1910), pp. 92-132; Hardwick Committee *Hearings*, pp. 179 *et seq.*, 2118 *et seq.*, 2951 *et seq.*; Vogt, *op. cit.*, pp. 58-65. Answer to above petition filed Feb. 5, 1912. Trial began Mar. 12, 1912, as this study was going to press. Later, jury failed to agree.

<sup>1</sup> *Original Petition*, pp. 98 *et seq.* Cited *supra*.

published rates of such railroads, and for the payment by the railroad companies to the American Sugar Refining Co. of large sums of money by way of unlawful rebates thereon. Under these agreements, these railroad companies in 1901 to 1904, inclusive, transported, for these sugar companies many million pounds of refined sugar and stored the same in their warehouses in the beet-sugar territories for months at a time, for which storage they made no charge and collected no compensation, and also paid the American Sugar Refining Co. unlawful rebates aggregating upward of \$500,000.

In 1901 and 1902, the American Sugar Refining Co. reduced the selling price of refined sugar below cost of production in available markets of the competing beet-sugar concerns, and thus rendered it impossible for the latter profitably to operate. In this and other ways the beet-sugar concerns were harassed and a state of affairs brought about which, if continued, meant their financial destruction. The owners of the beet-sugar concerns were thus compelled either to face almost inevitable ruin or to sell out to the American Sugar Refining Co. Therefore the American Sugar Refining Co. commenced and continued to secure control of the beet-sugar concerns, to destroy the former competition, restrain the trade, and strengthen its monopoly in such ways as appeared feasible, among others those now specified, and in December, 1901, for this express purpose its Board of Directors held a meeting and appointed Henry O. Havemeyer, Washington B. Thomas, Lowell M. Palmer and Arthur Donner as a committee with power and authority to purchase and acquire for it a controlling interest in all beet-sugar companies that might then or thereafter engage in business in the United States, and to take charge of the management of such companies as to when the control thereof should be acquired.<sup>1</sup>

<sup>1</sup> It is to be remembered that not all of the government's allegations have been proved in open court, though many of the facts which are not in dispute tend to confirm one's opinion of the truth of the main allegations. There is very much testimony throughout the *Hardwick Hearings* on these matters. See also House Report no. 331, pp. 5, 6, 11, 62d Cong., 2d Sess.

The petition of the government then goes on to set forth in more detail how the trust acquired its holdings in each of the various fields and how prospective competitors were forestalled, if possible, wherever they appeared. The minutes of the board of directors and of the executive committee of the American Sugar Refining Co., throughout all the years since 1901, contain numerous and frequent references to the acquiring of the beet-sugar interests, the building of new factories and the making of loans to the various companies.<sup>1</sup> Mr. Vogt estimates that by 1905 the trust controlled 68.7 per cent of the beet sugar produced in this country.<sup>2</sup>

Accompanying is a statement of the trust holdings made by its acting president, Mr. E. F. Atkins, June 12, 1911. According to this statement, the trust's holdings were about 41 per cent of the stock of the companies in which it was interested. The capitalization of these companies, *viz.*, \$56,883,617, was considerably less than half the total capitalization of beet-sugar companies in 1909, as reported by the last census, *viz.*, \$129,629,000. The output of these factories for 1910-1911 was 546,049,181 pounds, or a little over half the total output for that year, which was 1,020,344,000 pounds.<sup>3</sup> In other words, according to the statement, the trust really owned less than one-fifth of the capitalization and a little over one-fifth of the output of the United States beet-sugar factories, May 23, 1911, and, according to further statements of Mr. Atkins, it had disposed of a considerable part of its beet-sugar holdings since the death of Mr. Havemeyer and wished to dispose of more. Since that time the papers have reported some

<sup>1</sup> See extracts from these minutes in *Hardwick Committee Hearings*, pp. 2904-3062.

<sup>2</sup> Vogt, *op. cit.*, p. 63.

<sup>3</sup> *Crop Reporter*, October, 1911.



TABLE XLIX. THE AMERICAN SUGAR REFINING COMPANY'S INTEREST IN BEET-SUGAR COMPANIES, MAY 23, 1911<sup>1</sup>

Names of Companies.	Kind of stock.	Par value of shares.	Capital stock.			Production, campaign 1910-11.	American Sugar Refining Co.'s interest per stock-holdings.
			Total issued.	Owned by American Sugar Refining Co.	Per cent owned.		
						<i>Pounds.</i>	<i>Pounds.</i>
Alameda Sugar Co ...	Common..	\$25.00	\$745,825	\$371,250	+49	12,482,400	6,116,375
Spreckels Sugar Co ..	... do ...	100.00	5,000,000	2,500,000	50	68,452,800	34,226,400
Utah-Idaho Sugar Co.	{ Preferred.	10.00	9,449,090	4,650,500	+49	70,965,800	34,773,242
	{ Common..	10.00	1,470	.....	.....	.....	.....
Amalgamated Sugar Co.....	Preferred	100.00	2,551,400	1,275,700	50	25,801,300	12,900,650
Lewiston Sugar Co....	Common..	10.00	606,430	225,000	+37	10,619,300	3,929,564
Great Western Sugar Co., including Billings Sugar Co., and Scottsbluff.....	{ .. do ....	100.00	10,544,000	2,735,500	26	} 191,810,800	63,297,564
	{ Preferred	100.00	13,630,000	5,159,200	38		
Michigan Sugar Co....	{ Common..	100.00	7,471,107	2,607,400	35	} 123,130,991	51,715,016
	{ Preferred	100.00	3,703,500	2,043,800	55		
Iowa Sugar Co .....	Common..	100.00	550,000	410,500	+75	7,486,330	5,614,747
Carver County Sugar Co.....	... do ...	100.00	600,000	483,700	+80	5,003,696	4,002,957
Menominee River Sugar Co.....	... do ....	10.00	825,000	300,000	+36	6,135,588	2,208,812
Continental Sugar Co.	... do ....	100.00	1,200,000	415,440	-35	24,160,176	8,456,062
			56,883,617	23,183,990	-41	546,049,181	227,240,967

further dispositions of beet-sugar interests and also the dissolving of connections with the Spreckels in California. The latter are also engaged in both the cane and beet-sugar industries.<sup>2</sup>

It should be mentioned in this connection that Mr. Havemeyer secured considerable personal interests in some of the beet-sugar companies and that, in some cases in which the trust alone did not have the control, the interests of himself and the trust combined were sufficient to control. These appear to have given him and his heirs the whip

<sup>1</sup> Hardwick Committee *Hearings* (1911), p. 100. Statements for Oct. 1, 1911, are given in the *Report* of the Hardwick Committee, 62d Cong., 2d Sess., House Report no. 331, pp. 12-14.

<sup>2</sup> Willett & Gray, *op. cit.*, Dec. 7, 1911, p. 488; House Report, no. 331, 62d Cong., 2d Sess., pp. 6, 7. See also pp. 12-14.

hand in the event of a disagreement in policy and this would be a matter of some importance if there is as much friction between his heirs and the present management of the trust as some of the witnesses appeared to try to make the Hardwick Committee believe. The appraisement of Mr. Havemeyer's estate<sup>1</sup> showed larger holdings in beet-sugar concerns, in Mexican, Cuban, Hawaiian and other sugar interests, than in the trust, but his beet-sugar interests, as shown by this appraisement, do not seem large enough to have given him any great control in any group of factories except those of the Great Western Sugar Co., whose plants are located in Colorado, Nebraska, and Montana. However, there is no way of knowing just what were, and are, the interests of friends of Mr. Havemeyer, of trust stockholders and of others.

It is impossible to tell just what were the motives and results of the trust's acquisitions of its beet interests. The acting president, Mr. Atkins, states that there is a disagreement between himself and other members of the board of directors as to what is the best policy for the trust regarding them. Before its acquisitions in the beet-sugar industry, the officers in the trust favored free sugar or lower duties. During the Cuban Reciprocity hearings, the beet-sugar interests were lobbying vigorously against concessions, but suddenly ceased their opposition about the time that the trust took a large block of their stock. Since securing these holdings, noticeably in 1908 and 1909, the trust has ceased to argue so strenuously for free sugar before the Ways and Means Committee and seems to have been consoled by prospective advantages to its beet-sugar and other interests. Mr. Atkins' Cuban holdings are an additional reason for his favoring concessions to Cuba, but

<sup>1</sup> See Hardwick Committee *Hearings*, pp. 2510 *et seq.*

with his entry into the active management of the trust, his arguments for lower duties have become less emphatic; in fact, he seems rather doubtful as to the best policy to pursue.

A study of the available material does not seem to show that the control of the beet-sugar factories by the trust has been sufficient to prevent each selling sugar in the other's territory, though the trust did have a contract with the American Beet Sugar Co. to dispose of its output and there are indications that a community of interests has had some harmonizing influences upon sales, if not absolute direction of them. In no case that we have been able to ascertain have the consumers gotten the benefit of competition in the sense that local manufacturers have sold to them upon the basis of cost of production and delivery. The factories and refineries, even if they were not in the combine, have taken advantage of the opportunity to dispose of their product at approximately the prices maintained by the combine, or, in common parlance, they have "stood under the umbrella" held by the trust. Of course, consumers would get sugar at lower prices if efficient factories operated and entered no agreements as to sales, but such has not been the general practice in any industry, whether there has been one big combine or many smaller ones. There seems to be little reason to think that the price paid the farmer for his beets is much affected by the trust in any direct way. In any case, the factory owners pay only so much as is necessary to get sufficient tonnage to run their factories and the price they must pay is largely determined by profits which the farmer can make by devoting his resources to other lines.<sup>1</sup>

<sup>1</sup> This is closely related to a matter which would make the subject of an interesting, though involved, investigation, namely, an inquiry into the inter-relations and reactions of trust control of what a farmer sells

The extent of the trust's influence upon the beet-sugar industry through the forestalling of competition, selling contracts and combinations of former competitors, together with other common trust practices, can be judged better after the government has pressed its suit now pending, and will not be dwelt upon here.<sup>1</sup>

On the whole, it appears that the trust's relation to the beet-sugar companies has tended to harmonize and promote the interests of both, even if it has not prevented all competition. Under such a relation, the trust could have considerable control and direction of any development of the domestic beet-sugar industry and, through the protection to the latter, could recoup the losses to its refining industry caused by the same high duties. The beet-sugar industry gives promise of growing to large proportions if sufficient protection is afforded and would become an increasingly vexatious thorn in the side of the cane-sugar refiners, of which the trust is by far the largest, unless measures were taken to turn the prospective advantages of the beet-sugar producers into the coffers of the trust. Apparently, this is what the trust undertook to do. Just how far the future policy of the trust will follow that of the past, and just what will be the effect upon the beet-sugar industry, is a matter of some difference of opinion. The majority of the stock of the trust has been owned in New England for some time and, since Mr. Havemeyer's death in 1907, the active management has been taken from New York and

and buys upon the comparative profits of his different products and the consequent effect upon his operations. Also the more ultimate effects upon society at large.

<sup>1</sup> That this influence has been considerable has been indicated in the Hardwick Committee *Hearings*, but the material available at this writing does not appear to the writer to justify an extended study of this matter by a private investigator in view of the government's suit and the facts it should bring out.

put into the hands of Boston men. This new régime has evidently tried to give the impression that it turned over a new leaf and expects to be a "good trust" in the future. It has ceased to refrain from all publicity, it has been disposing of some of its beet-sugar holdings and is reported to have dissolved its connection with the Spreckels of California. It is significant that this change of policy, real or apparent, has been subsequent, not only to the death of Mr. Havemeyer and the entry of a new management, but also, to some very malodorous revelations relative to New York customs frauds and flagrant transactions with Philadelphia parties, and that it is at a time of great agitation as to trust methods, dissolution, regulation and control. There is no doubt that great economies can be effected and great benefits obtained through co-operation and combination, and it is just as evident that the opportunities thus afforded are often abused. To whom the benefits will go and whether or not there will be grave abuses will depend on the methods that are pursued. How to obtain the maximum of benefits and the minimum of abuses is one of the most important and immediate problems now confronting the American government.

## CHAPTER X. FREIGHT RATES

FREIGHT rates have already been mentioned incidentally a number of times because of their intimate connection with the matters of markets, prices and trust control. Both ocean and inland rates vitally affect the beet-sugar industry of this country because they largely determine the competition it must meet. We shall present this matter in the next few pages only to the extent of illustrating by a few facts and examples.<sup>1</sup>

### I. OCEAN RATES

Ocean rates are comparatively low, so that foreign sugar can be delivered to many parts of the United States, perhaps to the majority of the people of the United States, cheaper than can home-grown beet sugar. Following are some of the approximate ocean rates according to various authorities: Hamburg to New York, 8 to 10 cents per 100 pounds;<sup>2</sup> Havana to New York, practically the same;<sup>3</sup> New Orleans to New York, 15 cents;<sup>4</sup> Hawaii to New York or Philadelphia, 32 to 36 cents;<sup>5</sup> Java to New York, Boston or Philadelphia, 25 cents.<sup>6</sup>

<sup>1</sup> See chapter x, paragraphs 1 and 2, *supra*. Mr. Robt. M. Parker, traffic manager of the A. S. R. Co. (trust), estimates that one-third of the long-haul freight that goes out of New York (freight that goes west of Buffalo) is sugar. "Of the total freight, I do not suppose it is over 10%." *Hardwick Committee Hearings*, p. 1413.

<sup>2</sup> F. R. Hathaway, *Tariff Hearings* (1908-09), vol. 3, p. 3294; E. F. Atkins, *Hardwick Committee Hearings* (1911), p. 137; T. R. Cutler, *ibid.*, p. 808.

<sup>3</sup> J. H. Post, *ibid.*, p. 517; Robert M. Parker, *ibid.*, p. 1468.

<sup>4</sup> E. F. Atkins, *ibid.*, p. 133.

<sup>5</sup> J. H. Post, *ibid.*, p. 518.

<sup>6</sup> Frank L. Neall, *ibid.*, p. 1478.

## 2. RATES AFFECTING CANE-SUGAR DISTRIBUTION PRIMARILY

Within the United States, the freight rates depend largely upon whether or not there is water competition, all or part of the way, as the accompanying table indicates.

TABLE L. FREIGHT RATES ON SUGAR IN CAR LOTS<sup>1</sup>

	Water-and-rail.		All-rail.		Rail-and-lake.	
	New York.	Phila- delphia.	New York.	Phila- delphia.	New York.	Phila- delphia.
Chicago .....	24	22	26	24	23	21
Cincinnati .....	20	18	22	20	..	..
Terre Haute.....	24	22	26	24	24	22
Detroit .....	18	<sup>2</sup> 16	20	18	..	..
St. Louis .....	23	21	25	23	23	21
Pittsburgh .....	..	..	16	14	..	..
St. Paul.....	31	29	33	31	30	28
Wheeling.....	..	..	16	14	..	..

NOTE.—Where rate is omitted, no rate is published.

As further illustrations, the following may be cited. The freight rate from New York to Philadelphia (90 miles), to Baltimore (184 miles), to Washington (224 miles), and to Alexandria (232 miles) is the same, namely, 8½ cents, while the rate from Philadelphia to Baltimore is 6 cents, and to Washington, 8½ cents.<sup>3</sup> The rate from New York to Buffalo is 10 cents by canal and 14 cents by rail; to Rochester, Utica and Syracuse, 8½ cents by canal and 13 cents by rail.<sup>4</sup>

<sup>1</sup> Hardwick Committee *Hearings*, p. 1556. Table presented by Mr. F. C. Lowry, salesman of the Federal Refining Co. (July 12, 1911).

<sup>2</sup> Rate will be canceled July 17, 1911.

<sup>3</sup> H. E. Bellis, Hardwick Committee *Hearings*, p. 2842. F. L. Neall, *ibid.*, p. 1483.

<sup>4</sup> Neall, *ibid.*, p. 1466.

The rate on sugar from New York to San Francisco in hundred-ton lots has been as low as 45 cents per hundred-weight, uninsured, *via* the Panama route. . . . We are advised that the rate on sugar in any quantity from San Francisco to New York and Philadelphia is 40 cents per hundred-weight, uninsured, and 45 cents per hundredweight to New Orleans *via* Panama route. The insurance costs 4 to 5 cents more. The overland rate from New York to San Francisco combines on St. Louis and, on verifying from the tariffs, I find it to be \$1.08 per hundredweight from New York to San Francisco. Whatever sugar we may ship has gone *via* Tehuantepec by reason of the high overland rates.<sup>1</sup>

There is much complaint on the part of Philadelphia and New York refiners who do not operate terminal stations that the American Sugar Refining Co. and the Arbuckles Co. get virtual rebates by means of terminal charges. The Havemeyer family and the Arbuckles Company have operated terminal stations for a number of years and have charged the railroads three cents lighterage on short haul shipments, four and one-fifth cents on long haul shipments, and one and four-fifth cents for returning empty cars.<sup>2</sup> It is alleged that the lighterage service for which these terminal companies receive three and four and one-fifth cents does not cost more than two cents, and that the railroads are forced to accept it and pay for it, even though much of the service is unnecessary; in other words, it is claimed that it is an indirect rebate, nullifying the Philadelphia differential rate to Chicago and the West and also giving great advantage to the refineries owning and controlling the terminals.

<sup>1</sup> Robt. M. Parker, Traffic Mgr., A. S. R. Co., Hardwick Committee Hearings, pp. 2514-15. Mr. F. C. Lowry, of the Federal Sugar Refining Co., gives the rail rate at the same (\$1.08), but the water rate at 75 cents. See Table LII, *infra*.

<sup>2</sup> Hardwick Committee Hearings, pp. 1488 *et seq.*, 2238 *et seq.*



3. RATES AFFECTING MORE DIRECTLY THE DISTRIBUTION OF  
BEET SUGAR IN ITS COMPETITION WITH CANE SUGAR

The facts mentioned above have only an indirect bearing upon the beet-sugar industry, but the rates in the accompanying and following tables have more direct reference to the beet-sugar industry and to the competition with

TABLE LI. FREIGHT RATES ON SUGAR, CAR LOTS<sup>1</sup>

From—	Miles.	To—	All rail.	Rail-lake.
			Cents.	Cents.
New York. ....	}	Cincinnati .....	21	19
Philadelphia. ....			19	17
Baltimore .....			18	..
New Orleans. ....			18 <sup>1</sup> / <sub>2</sub>	..
Owosso .....	331	do .....	13	..
Alma .....	369		13	..
New York .....	818	Indianapolis. ....	24	22
Philadelphia. ....	728		22	20
Baltimore .....	523		21	..
New Orleans (approximate). ..	800		23	..
Owosso .....	}	do .....	14	..
Alma .....			14	..
New York. ....	1,059	St. Louis .....	20	18
Philadelphia .....	969		18	16
Baltimore .....	936		17	15
New Orleans. ....	710	do .....	17	..
Owosso .....	457		16	..
Alma .....	495	Pittsburgh .....	16	..
New York. ....	438		14	..
Philadelphia .....	359		14	..
Baltimore .....	342		13	..
New Orleans. ....	....	do .....	30	..
Owosso .....	362		15	..
Alma .....	400		15	..

cane sugar which it must meet. A study of these tables, in connection with the statements of the distribution<sup>2</sup> made

<sup>1</sup> Hardwick Committee *Hearings*, p. 2839. Table presented by Mr. Harry E. Bellis, of Philadelphia, freight-rate expert.

<sup>2</sup> For statements of distribution, see Hardwick Committee *Hearings*, pp. 649, 704, 705, 800, 895, 2881, 3970-3973.

by the various beet-sugar manufacturers, not only shows where the sugar goes but also indicates the reasons for the direction of the movements.

As is natural to expect, all of these beet-sugar companies sell most of their output in the states immediately surrounding their factories, though it may be a little surprising to some to learn what a large proportion they ship further, and how much of their own natural territory is supplied by others. For example, the Michigan Sugar Co., operating six factories distributed 21,193,882 pounds of sugar in Michigan in 1910, which is estimated to be less than 10 per cent of the total amount consumed in that state and the president estimated that this company supplied only 5.3 per cent of the sugar consumed in the territory of its distribution.<sup>1</sup> This company sells even more of its output in Ohio than in Michigan.<sup>2</sup> In both of these states and in Chicago, it has the advantage of cheaper freight rates than its eastern, western or southern competitors, many of which, including itself, are subsidiaries of the trust. The rate from its factories to Pittsburgh is 15 cents as compared with a 14-cent rate from New York and Philadelphia and 13 cents from Baltimore so that it has to absorb one cent on its large shipments to that city. For similar reasons, it can get into western New York to dispose of large surplus quantities which it can not distribute in its more favored territory. Its rates to St. Louis, Mo. are 16 cents as compared with 17 cents from New Orleans, which is the next lowest rate; hence, it can deliver to an advantage in eastern Missouri.

Naturally the factories of the Northwest-Territory states have a better rate to Chicago than those of any other section, it being 11 cents from the Michigan factories, 23

<sup>1</sup> Hardwick Committee *Hearings*, p. 705.

<sup>2</sup> *Ibid.*, pp. 649, 704, 705.

FREIGHT RATES

TABLE LII. FREIGHT RATES ON GRANULATED SUGAR (CARLOADS)<sup>1</sup>

From—	Louisville, Ky.	Detroit, Mich.	Buffalo, N. Y.	Pittsburgh, Pa.	Chicago, Ill.	St. Louis, Mo.	Missouri River points.	Denver, Colo.	Salt Lake City, Utah.	Spokane, Wash.	Billings, Mont.	Phoenix, Ariz.	Portland, Oreg.	San Francisco, Cal.
Caro, Mich.	\$0.16	\$0.00½	\$0.15	\$0.15	\$0.11	\$0.11	\$0.38	\$0.78	1.44					
Carrollton, Mich.	.16	.10	.15	.15	.11	.16	.38	.78	1.44					
Bay City, Mich.	.16	.10	.15	.15	.11	.16	.38	.78	1.44					
Anna, Mich.	.16	.10	.15	.15	.11	.16	.38	.78	1.44					
Crosswell, Mich.	.16	.10	.15	.15	.11	.16	.38	.78	1.44					
Holland, Mich.	.16	.10	.15½	.15½	.11	.16	.38	.78	1.44					
St. Louis, Mich.	.16	.10	.15	.15	.11	.16	.38	.78	1.44					
Charlevoix, Mich.	.25	.15½	.18	.25	.11	.26	.38	.78	1.44					
Swink, Colo.	{ 2.48	{ 3.38	{ 3.25	{ 3.52½	{ 2.35	{ 2.30	{ .25	{ .15	{ .94½	{ 1.35	{ 1.05	{ 1.12	{ 1.60	{ 1.85
	{ 3.38	{ 3.48	{ 3.25	{ 3.43	{ 2.35	{ 2.30	{ .25	{ .15	{ .94½	{ 1.35	{ 1.05	{ 1.12	{ 1.60	{ .85
	{ 3.38	{ 3.48	{ 3.25	{ 3.43	{ 2.35	{ 2.30	{ .25	{ .10	{ .79½	{ 1.20	{ .90	{ 1.24	{ 1.60	{ .85
Rocky Ford, Colo.														
Loveland, Colo.														
Longmont, Colo.														
Logan, Utah					{ 2.35	{ 2.20	{ .25	{ .10	{ .79½	{ 1.20	{ .90	{ 1.24	{ 1.60	{ .85
Ogden, Utah		{ 2.73		{ 2.78	{ 2.60	{ 2.55	{ .55	{ .55	{ 2.15	{ 1.09	{ 1.24	{ 1.69½	{ .94	{ .79½
		{ 3.63		{ 3.68	{ 3.50	{ 3.50	{ .50	{ .50	{ 2.15	{ 1.10	{ 1.24	{ 1.84½	{ 1.10	{ .97½
Garland, Utah														
Alvarado, Cal.														
Betteravia, Cal.														
Oxnard, Cal.		.65			2.65	2.65	2.60	2.60	2.60	1.02½	2.03	.96	.47½	.25
Speckels, Cal.		.55			3.55	3.55	3.55	3.55	3.55	.85½	3.85	1.00	.27½	.07
San Francisco, Cal.														
New York, N. Y.	.21	.18	.14	.16	.23	.23	.38	.71	1.27	1.64	1.20	1.67	1.88	{ 1.08
Philadelphia, Pa.	.19	.16	.14	.14	.21	.21	.36	.71	1.27	1.62	1.27	1.67	1.86	{ .75
New Orleans, La.	.17	.23			.23	.17	.32	.62	1.45	1.63		1.43	1.65	.85

<sup>1</sup> Hardwick Committee Hearings, p. 3391, Dec. 9, 1911. This table was originally prepared through the courtesy of Mr. F. C. Lowry at the request of the present writer. <sup>2</sup> 33,000 pounds. <sup>3</sup> 60,000 pounds. <sup>4</sup> Rail. <sup>5</sup> Water.

cents from New York and New Orleans, 21 cents from Philadelphia, and 25 cents from Colorado. The rates of the Colorado factories are the same whether the sugar goes to Missouri River points, St. Louis or Chicago. New Orleans has a rate of 17 cents to St. Louis and 32 cents to Kansas City. The New York and Philadelphia rates to the Missouri River are 38 cents and 36 cents respectively.

Mr. Lowry's table gives the rate from Spreckels, California, to Salt Lake City, Denver, Missouri River points, St. Louis and Chicago, as 55 cents (on 60,000-pound carloads) and the rates from Ogden, Utah, to all these points (exclusive of Salt Lake City) are only 5 cents less.<sup>1</sup> The rates from other California and Utah points are slightly higher but in about the same proportion; that is, the California, Utah and Colorado groups of factories have practically blanket rates to this wide belt of territory, though the further west the factory is located, the wider its belt, and this gives it a comparatively greater advantage over its competitors. California factories can ship to Colorado for 55 cents, but Colorado factories have to pay 85 cents to get to California.<sup>2</sup> Similarly, the rate from California to Utah is less than the rate in the opposite direction,<sup>3</sup> and the rate from Utah to Colorado less than from Colorado to Utah.

The overland rate, New York to San Francisco, is \$1.08, but for the shorter distance from New York to Salt Lake it is \$1.27, from Michigan to Salt Lake, \$1.44, and from New Orleans to Salt Lake, \$1.45. However, these latter rates are nominal rather than real. From this arrange-

<sup>1</sup> See freight-rate table and statements furnished later by the Great Western Sugar Co. and others. Hardwick Committee *Hearings*, pp. 3723, 3970-3973.

<sup>2</sup> The San Francisco Betteravia and Alvarado rates to Denver and Chicago are not given, but their rates to Salt Lake City are much higher than those of the other California factories given.

<sup>3</sup> With the exception of the Ogden rate.

ment of rates it is evident that the Atlantic refineries would naturally supply the bulk of the sugar consumed in the populous eastern states, the New Orleans refineries those of the Mississippi Valley, except those northernmost, and the California refineries and beet-sugar factories the western states. The eastern sugar meets the northern beet sugar upon fairly even terms at Pittsburgh and in western New York and, by virtue of the comparatively small amount of the beet-sugar output and the established trade in cane sugar, the latter is able to extend its field of distribution to the Mississippi River and beyond, though Chicago is the largest point of distribution where cane and beet sugar meet. The cane sugar from New Orleans meets its sharpest competition with beet sugar at Kansas City. The freight rates, both in the East and in the West, favor the inland movement of sugar and thus put the coast producers on better bases to compete with the inland producers than *vice versa*. This, together with the extensive blanket rates from the various western beet-sugar centers to the western half of the Mississippi Valley, including Chicago, make this territory the great dumping ground for distributing sugars that cannot be marketed in the localities near the respective factories.

Thus, Mr. Morey's table<sup>1</sup> shows that the Great Western Sugar Co. (in 1909-10) sold more sugar in Missouri than in its home state of Colorado and nearly as much in Illinois, Iowa and Kansas, and about half as much in Nebraska, Kansas and Minnesota, but none in California, Utah or Michigan, the centers of the other beet-sugar groups. Mr. John D. Spreckels' table<sup>2</sup> shows not only the

<sup>1</sup> Hardwick Committee *Hearings*, p. 895.

<sup>2</sup> *Ibid.*, p. 2881. Michigan Sugar Co.'s shipments, *ibid.*, pp. 649, 704, 705. Also, *Minority Report*, Ways and Means Committee, 62d Cong., 2d Sess., House Report no. 391, pt. 2, p. 19 (Mar. 7, 1912).

largest shipments to the Pacific states from his California plants, but also considerable shipments to Idaho, Utah, Colorado, Montana, Minnesota, Missouri, Iowa and Oklahoma, some of which would not generally be deemed the natural territory for large distributions from California.

A voluminous treatise would not exhaust the problems regarding freight rates on sugar, but the principles involved are not peculiar to the subject of our study. The few points cited in the preceding pages are merely to illustrate the importance of this factor and its effects upon the beet-sugar industry. Rates can be fixed so as to accentuate, or to neutralize, natural advantages, trust control and tariffs; hence, an adequate regulation of one factor involves careful attention to the others.

## CHAPTER XI. CONCLUSION

ONE who has studied the development of the sugar industry in the various countries of the world can not help being impressed with the rapidity of this development in modern times, and particularly, within the last century; nor can one fail to note the important part which legislation has had in shaping this growth. While it is true that agricultural and industrial factors have been of fundamental importance in every case, yet favorable conditions of these kinds have been so widespread, comparatively, that political considerations and legislation have been the factors which have determined, largely, the direction and the rapidity of this development in nearly every important sugar-producing country. As regards the industry of any particular nation, not only the policies of the home government, but also those of foreign nations are often of vital importance. Striking examples of these facts have been shown in the remarkable rise and great vicissitudes of the European beet-sugar industry, and, also, in the recent extraordinary revival of the tropical cane-sugar industry. The same has been shown to be emphatically true of the growth of the domestic beet-sugar industry and there is scarcely any doubt that the United States can, by following certain political policies and adopting certain forms of legislation, either develop the home beet-sugar industry so as to supply our entire consumption or, on the other hand, bring it about that our entire needs will be supplied through importations.

So far as this particular study is concerned, the question

of primary importance is: What legislation affecting the United States beet-sugar industry will be to the best interests of the people as a whole, taking a broad view and looking far ahead? It has been shown, so far as the limitations of this study have permitted, that before this question can be answered satisfactorily, there are certain problems which should be worked out more thoroughly than is possible upon the basis of available data. It has been indicated, also, how some of the more important of these problems may be approached and, furthermore, that the facts which are known are sufficient to justify the adoption of a tentative policy while these problems are being worked out. It is almost certain that the immediate and permanent removal of all sugar duties would result in the speedy destruction of most of the sugar factories in the United States, both beet and cane.<sup>1</sup> On the other hand, sufficiently high tariff rates will encourage the domestic beet-sugar industry, and it seems capable of great improvements and indirect advantages that may offset the cost of its protection.

On the whole, the domestic industry has shown, not only rapid growth, but considerable improvements in quality of beets, in invention and use of machinery, and in adaptation as regards localization. In some sections, notably in California, many features of our results compare favorably with the best of Europe, but the average, both as regards quality and tonnage of beets, is considerably lower than that of Germany. However, the United States Agricultural Department and many state experiment stations are co-operating with the sugar companies and the growers to increase the improvements that have been begun. These improvements should be promoted still further by the growing practice of paying for beets on a sliding scale ac-

<sup>1</sup> Not including refineries.



ording to quality, instead of by weight alone, as has been the prevailing method heretofore.

But, in spite of increasing use of machinery, the nature of the work necessary to produce sugar beets is such that a large proportion of it will probably be done by unskilled hand labor for a long time to come. Hence, the disadvantage of the United States on account of its high wages will be an important factor retarding the improvement of beets and the lowering of their cost of production. Directly connected with this is the problem of undesirable foreign labor in beet raising. Careful statistics should be secured so as to determine just what this phase of the problem is. While the matter has been both exaggerated and minimized by the opposing interests appearing before congressional committees, yet it is probable that the proportion of such foreign labor is somewhat smaller than is generally supposed. However, the seriousness of it has not been sufficiently recognized and the experience of the United States should make us more careful to prevent future race and social problems, rather than let them take their own course and thus force us to suffer the consequences later.

Probably the most important point upon which we have the least definite information is that of the indirect advantages of beet-sugar production, particularly as regards the effect of beet culture upon yields of other crops. The studies that have been made in Europe and the few data we have for this country indicate that these advantages alone are sufficiently great to counterbalance large direct losses. This is one of the foremost matters in which the United States Department of Agriculture, the many state experiment stations, the beet-sugar companies and the growers should co-operate to secure accurate data covering the entire country for a series of years. The matter of

agricultural costs should be thoroughly investigated at the same time. These facts should be ascertained, not only as regards beets, but also as regards other crops; that is, the investigation should be a comprehensive agricultural survey. To make this properly is a large undertaking, but it can be done, and it would be of incalculable value. Though we have a few isolated studies, we have not begun to develop the possibilities in this field.<sup>1</sup>

While we do not possess the data for accurate determination of comparative costs, or even of absolute costs, as regards the United States and other countries, we do have a little better information regarding the latter class, and this must always serve as one of the bases for estimating comparative advantages. With respect to absolute costs of production, there is no doubt that the most advanced European countries can turn out sugar more cheaply than do the average beet-sugar manufacturers of the United States, probably by approximately three-fourths of a cent per pound of granulated. Furthermore, their outputs are capable of considerable expansion if exportations could be increased without depressing prices. The producers of Java, Cuba and the Philippines probably have even slightly greater advantages over the United States producers as regards costs of production and the last two are capable of greatly expanded outputs. Not many other large producers give promise of immediate important increases in exporta-

<sup>1</sup> We can never make a very accurate estimate of either absolute or relative costs and profits until we have much better data. While comparative costs are ultimately more important than absolute costs in determining what any country can produce most advantageously, and while the former automatically control in a rough way, even in the absence of very accurate comprehensive data, nevertheless much friction and loss could be avoided by substituting scientific for haphazard methods. The uses to which such methods and the data acquired could be put are by no means limited to questions involved in this study.

tions, even if markets are developed faster than seems probable.

Our study of the tariff and prices has indicated that, on the whole, the United States prices fluctuate above world prices by approximately the amount of tariff on raws, plus such a part of the differential on refined as is determined by competition between American refiners.<sup>1</sup> This proposition has several corollaries. One is that immediate free sugar would wipe out most, if not all, of the present domestic beet-sugar industry. Another is that, if duties were lowered, the consumers of the United States would ultimately benefit in the matter of lower prices by approximately the full reduction. Of course, it is true, that the elimination of the United States industries might lessen the world supply and, hence, raise the world price but, in view of the comparatively small amount of the United States production, and the great possibilities of expansion in other countries, it seems that this would be only temporary and would probably be more than offset within two or three years, particularly if certain legislation were adopted so as to promote this end.<sup>2</sup>

If this is a correct estimate, and if the United States consumers have paid extra for their sugar by the amount of the duty on Cuban raws in the past few years, by virtue of the tariff, as the writer believes is approximately the case, they have paid about \$100,000,000 extra annually on ac-

<sup>1</sup> Of course, this is a very broad general statement having many exceptions. See chapter viii, *supra*, on this phase of the question.

<sup>2</sup> Much has been made of this possible decrease of world's supply, and consequent higher prices, if the domestic industries are checked. While it is impossible to estimate how much the United States or any other country will, or would, produce under certain circumstances, there has probably been much exaggeration as regards this matter. The continental United States production of both cane and beet is less than half of Europe's shortage in 1911 or of Cuba's output in 1910.

count of import duties. About half of this has gone into the United States treasury and the rest has gone for protection to sugar, the beet-sugar industry getting a little less than a sixth of the total, or say, \$15,000,000, in round numbers. This is about one-third of the total value of the output and about one-eighth of the total book-value capital invested in this industry, according to the census report for the year 1909.<sup>1</sup> This protection has gone to the manufacturers primarily, and not to the growers of beets because the price of beets has been fixed by competition with other crops. However, there have probably been some indirect reactions affecting such prices.

Just before this chapter went to press, the Ways and Means Committee reported a bill placing sugar on the free list, and, coupled with it, an income-tax bill to offset the loss of \$50,000,000 which will be occasioned to the federal revenues if the former becomes law.<sup>2</sup> The important effects which would follow such a change have already been indicated. However, it is very doubtful if such a bill can receive the approval of the Senate and the President and there is considerable talk of some compromise measure, as for example, a reduction to the present Cuban rate (\$1.348 on 96°), or to a cent a pound, with the accompanying removal of the refiner's differential and the Dutch Standard color

<sup>1</sup> Both output and prices are greater now, though we have no exact figures. See tables given in previous chapters on prices and on problems of the United States industry. Available evidence indicates that a good deal of this capital is fictitious.

<sup>2</sup> Free Sugar Bill, H. R. 21213; Report of the Ways and Means Committee, House Report no. 391, 2 parts, 62d Cong., 2d Sess. (March 5 and 7, 1912). This bill passed the House by a vote of 198 to 103, March 15, 1912. Willett & Gray say that it will probably never be heard of again, except politically, but that the Senate may pass a compromise measure, as for example, \$0.80 on 96° Cuban centrifugals. *Weekly Journal*, March 14, 1912, p. 106.

test, but the retention of the present 20 per cent concession to Cuba.

An immediate reduction of the duty on refined to the Cuban rate mentioned above would be partly nominal but would probably reduce actual duties by 25 per cent or 30 per cent, making the rate on Cuban centrifugals near \$1.00 per 100 pounds, or about 50 per cent of their value. Our study indicates that this is about the difference in absolute costs between Cuban and domestic sugars, but the latter would have the protection of transportation charges. If this were not considered a sufficient reduction, a further lowering of duties could be brought about by a provision scaling them down each year, say by one-fifteenth or one-twentieth of their respective amounts. The initial and subsequent small reductions would not be so great but that factories now on fairly economic bases could adapt themselves to the changes. Of those now on the margin, some would probably be stimulated to make improvements and better adaptations; others on less substantial bases would be forced out of this industry into something else promising more profit.

An immediate reduction to \$1.00 on refined and the retention of the concession to Cuba, if both were made permanent, would probably put the Cuban and American producers upon very even terms of competition and give Cuba the advantage in the long run because of her greater possibilities of rapid development in the large-scale production of cheap sugar. It would probably soon come about that the domestic beet-sugar producers could sell their sugars only in markets protected by substantial advantages in freight rates, and these would be rather limited. The lower the reduction of duties, the greater the advantage of Cuba in United States markets as compared with domestic producers, but the less her advantage as compared with other

foreign exporters, provided the 20 per cent concession is retained. With free sugar, the concession would amount to nothing.

The removal of the Dutch Standard would simplify matters and eliminate it as a possible "joker," though it is comparatively unimportant now. The removal of the differential protection to American refiners would not embarrass them as they can compete upon even terms with those of any country. The Cuban industry is so undeveloped as compared with its possibilities that the retention of the present concession to her imports would probably continue to stimulate increased production to the advantage of both Cuban producers and United States consumers.

But our study has shown that whatever sugar-tariff legislation may be passed at present must be passed upon the basis of a very inexact knowledge of its ultimate effects or, at any rate, upon the basis of very inadequate information as to just what continuous policy of legislation would be to the best interests of the people as a whole, considering the direct and indirect effects, not only upon the sugar industries, but also upon the other important matters which would be affected by such legislation. There is no question that the general welfare is promoted by the legislative encouragement of some nascent industries. There is also little doubt that the public suffers in most instances if it continues to grant them large subsidies indefinitely. In the case of some other industries, it may be very doubtful whether or not protection would be beneficial at any stage of their development. Each should be judged upon its own merits. Heretofore, we have been deciding between them by a crude rule-of-thumb. As a practical fact, the manufacturers have been enabled to control legislators and to mislead the public to such an extent that they have been able to carry out long-continued policies of protection that

would not have been tolerated by an electorate fully informed as to the facts.

It is to the advantage of certain interests to make it appear that certain rates will be to the advantage of the public; it is to the interest of the public, and of the Congress which represents it, to have the best possible means of determining whether or not such is the case. Neither ordinary private citizens, nor members of Congress, with their multitudinous duties, can have the time to investigate adequately the complex and ever-changing economic and industrial problems involved in tariff making. Probably no agency more feasible than a permanent board of experts can perform this highly desirable service.

Those who do not believe in any protective tariff might consistently favor a fair and competent expert commission on the grounds of policy alone. A great part of our industries have been built and now rest upon a protective basis. Both our foreign and our home markets and all industries interested in them, are directly or indirectly dependent upon domestic and foreign tariffs. However far from right these may be, we cannot change the latter directly, and, in many cases, we cannot change the former rapidly without entailing greater losses than even most free-traders would favor. An expert board could enable Congress and the public to tell where and how fast various changes could be made and, if it were the desire of the people of the United States to go over to a policy of free trade, this could be brought about gradually with a minimum of loss.

As a matter of party policy, the Democrats could afford to favor a board of experts so as to enable them to ascertain how to make changes that would not be so radical as to cause a reaction. The Republicans could afford to favor it as a means of preventing them from going too far in the

other direction. This would necessitate no change whatever as regards fundamental principles or policies of either party, but would provide a proper basis for working out these policies. Only interests wanting unfair advantages can have real objections to the obtaining of the most complete and accurate information which can be secured. Such information can be furnished to the public and its representatives only by experts. It is true that the establishment and continuance of a competent board involves great practical difficulties; also, that our experience to date as regards the boards we have had has not been altogether satisfactory, but the overcoming of such difficulties should not be allowed to stand in the way of positive steps in the right direction.<sup>1</sup>

<sup>1</sup> The writer is aware of some of the difficulties involved in the securing of a properly constituted and properly empowered tariff commission, but an adequate discussion of this phase of the subject would take us beyond the limitations of this study. One great difficulty is in getting a competent and fair board whose findings will be above suspicion, both as regards accuracy and fairness. The tasks involved are so numerous that selection must be made as regards just what is to be investigated and how it shall be done; also, as regards matters of presentation. In the case of such a partisan matter as the tariff, bias can hardly be eliminated. The tariff boards which we have had illustrate this fact, but they could never have been directed as they have been had it not been that the interests of party and also of "big business" were unduly influential in their creation and constitution. Hence they are not adequate arguments against the right kind of a board, constituted primarily in the interests of the public. In a government like that of England, where the cabinet determines policies and takes the initiative in legislation, the tariff commission should work under its general direction. In the United States, where Congress determines policies and theoretically takes the initiative, it should direct the tariff commission, yet the constitution of the board and its line of action should be so fixed as to provide for efficiency and fairness. This would require more or less continuity of membership, of purpose and of action, and more or less harmony and co-operation between the legislative and administrative departments of the government.

It is often objected that investigations of costs of production and



But even if this step shall be taken, we cannot expect too rapid improvement. Most frequently "practical" considerations will carry the day. The best theoretical and scien-

other matters affecting tariff legislation are of no use because of the impossibility of securing complete and accurate data and also because the facts are as various as the individual matters investigated. It would be just as logical to argue against the fixing of railroad rates by a state as to contend for this. Again, if business men or a corporation contemplating engaging in some line of manufacture went upon the theory that they could not form any workable estimate of the cost of production of their own plants or of those of their competitors, and on that account refused to do anything, they would never get anywhere. If any information is necessary for certain action, the best obtainable is desirable. In any matter involving such complex forces, much judgment and considerable guessing are often necessary; but the less the guessing and the more exact the information, the greater the probability of a successful undertaking.

Again, it may very properly be objected that, under our system of government, no continuous policy can be carried out. This contention has much practical force, but the same argument is applicable to all legislation. Generally, in the long run, the best thought-out and really most scientific legislation in the interest of the general welfare should have the best chance of being adopted as a continuous policy in a representative nation with an intelligent electorate. (Though recognizing the existence of many exceptions, lack of space forbids their discussion.) On the whole, it is probable that the uncertainty regarding tariff changes is as disastrous to business and, ultimately, to the public, as are actual changes. This becomes more and more true with the increase in investments of fixed capital. Hence the desirability of a fairly continuous policy.

All arguments for an expert and honest tariff board are upon the assumption that legislators are willing to work in the open and in the interest of the general welfare. The real reason we have not had more scientific legislation heretofore and that we shall probably have a difficult and tedious time yet before we get it is just because the most powerful interests shaping legislation have not been willing that the public should know just what special privileges they were getting through government subsidies. The public and the corporations have made considerable advances in recent years regarding recognition of the quasi-public nature of the operations of many of the latter, and of the consequent desirability of publicity, and even of government inspection and regulation in some cases. A similar step, which we have

tific plan of action will be that which fits in with "practical" considerations in such a way as to bring about substantial reforms gradually instead of defeating its own ends by over-zealous and over-radical changes. It has been pointed out<sup>1</sup> that the tariff policies of most countries have been dominated by the producers and not by the consumers, the reasons for which are very evident. The excesses to which such interests carry their measures are limited by the opposition of producers with antagonistic interests and the greatest changes will take place when there are greatest changes in the interests of the opposing producers. For example, the English policy of free trade has provided cheap food for laborers and cheap raw materials for manufacturing, thus allowing the English producers to manufacture at low cost and to compete in the markets of the world; whereas, in the United States and Germany, where there has been a greater abundance of food and raw material, the manufacturing and commercial interests have favored a protective policy which would shut out foreign competition. During the past century, the foreign market has been the important one determining English commercial policy and during the same time the home market has been more important for the United States and German producers. With the relative decrease in food supplies and raw materials and the increase of manufactures in the United States and the consequent growing importance of

not made, should be taken in the case of protected industries. Every interest desiring to retain or receive a public subsidy, in the form of a protective tariff or otherwise, should be made to accept the burden of proof in showing that such legislation is in the public interest. Its books should be open to properly authorized government agents, as in the case of national banks and railroads, and its claims should be investigated and reported upon by the tariff commission and passed upon by a Congress adequately informed.

<sup>1</sup> By Prof. E. R. A. Seligman and others.

the foreign market, our tariff policy has just begun to experience fundamental reactions which are bound to grow with further developments. Not that these economic changes will be revolutionary and rapid in the near future, but they seem destined to be certain and cumulative.

In conclusion, it may be said that the domestic beet-sugar industry is not a simple, isolated, economic problem but that it is involved with others that are economic, social or political in their primary aspects. There are phases of this problem which cannot be settled properly if no attention is paid to trust operations and railroad rates. There are other phases which are intimately involved with questions of immigration and racial amalgamation or stratification. There are others which are involved with policies of foreign trade, colonial development and administration; there are others of great fiscal importance and there are still others of practical politics and party advantage. The proper solution of questions regarding the domestic beet-sugar industry, therefore, involves the contemporaneous solution of these related problems, the intricacies of which are exceedingly great.

The crux of the immediate problem of producing beet-sugar in the United States is in the agricultural labor cost. The difference in stages of development between the United States and Europe, and differences due to climate, as regards the tropics, are such that there is no probability that the United States can, in the near future, entirely overcome its disadvantages in this particular if our direct costs of producing domestic sugar are to be compared with our direct costs of buying the imported product. However, the probable improvements and indirect advantages which a thorough investigation might establish would very probably show a net gain in producing beet-sugar in this country. On the other hand, it does not appear to be to the

interests of the people as a whole, considered both as consumers and as producers, to continue indefinitely the present high rate of protection to the domestic sugar industries.

Finally, it may be said that the United States beet-sugar industry is an excellent example of both the advantages and disadvantages of legislative encouragement. It illustrates the intricate problems involved in such legislation and shows the small amount of progress which we have made in arriving at adequate solutions. We shall probably deal more scientifically with such matters in the future as we are forced to do so by the development of economic and industrial conditions. We have already reached a stage such as to justify a step forward at this time.<sup>1</sup>

<sup>1</sup> After practically all of this study, including the conclusion, had been written, there appeared in the *Quarterly Journal of Economics* (Feb. 1912, pp. 189-214) an article by Professor F. W. Taussig on "Beet Sugar and the Tariff." His main conclusions are very similar to those of the present writer, though he appears to advocate somewhat more immediate radical reductions in duties than the facts seem to justify. Of several minor errors of fact and emphasis in his article, the most serious is the statement that, up to 1890, high protection had resulted in no beet-sugar production in the United States, "while yet on the continent of Europe the beet-sugar industry had long held its own against cane sugar *without any protection whatever*" (p. 190. Italics mine). See pp. 20-31, *supra*.

## APPENDIX I—AGRICULTURAL COSTS

IN the following pages we present some additional data and references relative to the costs of growing beets, which are illustrative of the material upon which we have based our statements in the main part of the study. First, we present some further details and explanations relative to the costs coming more directly under the management of the writer.<sup>1</sup> The remainder of the data are from published sources.

In the cases of the crops grown by the writer on a farm near Fowler, Colorado, the wages of hands, boys and teams, have been put as nearly as possible at exact cost. The wages of home forces have been put at the same as those of hired hands, a record of which was kept. In the case of boys, they have been put at what the writer estimates their due proportion according to work done. In the case of horses, they have been based upon a careful estimate of costs, the amount and price of feed being actually recorded for a considerable part of the items, though by nature of the facts, estimates have to be used considerably in separating items of joint costs. The wages used in this calculation of costs correspond very closely to those reported by the U. S. Department of Agriculture, cited elsewhere,<sup>2</sup> though they were so used before the latter were available.

<sup>1</sup> See pp. 123-129, *supra*.  
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<sup>2</sup> Table XXVII, p. 132, *supra*.  
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TABLE LIII. LABOR COST OF GROWING BEETS, FOWLER, COLORADO  
(1905 crop, 6 acres planted, 4½ acres harvested.)

	Man.		Boy.		Sum of two previous.	Team.		Totals of labor cost for 6 acres.	Average labor cost per acre.
	Days.	Cost at \$1.90 per day.	Days.	Cost at 75 cents per day.		Days.	Cost at \$1.40 per day.		
Preparatory to plowing	3¼	\$6.17	..	....	\$6.17	3	\$4.20	\$10.37	\$1.73
Plowing	3½	6.65	..	....	6.65	4½	6.30	12.95	2.16
Leveling and harrowing	3	5.70	..	....	5.70	4	5.60	11.30	1.88
Drilling	1½	2.85	..	....	2.85	1½	2.10	4.95	.83
Cultivating	8¼	16.63	4	\$3.00	19.63	4½	6.30	25.93	4.32
Thinning (regular labor)	13	24.70	6	4.50	29.20	..	....	44.20	7.37
" (contract labor, Mexican)	..	....	..	....	15.00	..	....	19.15	3.19
Hoing	1	1.90	23	17.25	19.15	..	....	14.75	2.46
Irrigating and preparing for same	7	13.30	1	.75	14.05	1½	.70	13.40	2.23
Pulling	3	5.70	..	....	5.70	5½	7.70	42.65	7.11
Topping (regular labor)	13½	25.65	..	....	25.65	..	....	1.90	.31
Topping (contract labor, Mexican)	..	....	..	....	17.00	..	....	50.60	8.43
Siloing	1	1.90	..	....	1.90	18½	25.90	\$252.15	\$42.02
Hauling	13	24.70	..	....	24.70	..	....		
Totals	71½	\$135.85	34	\$25.50	\$193.35	42	\$58.80		

EXPENSES OTHER THAN LABOR. (1905 CROP.)

	6 acres.	Average per acre.	Estimated expenses—
Implement hire—			Implement depreciation .....
Drill	\$1.50	\$0.25	Interest, crop investment.....
Disc	2.00	.33	8.00
Paid to Sugar Co.—			Total.....
100 lbs. seed at 10 cents	10.00	1.67	\$47.88
Use of dump at 5 cents a ton	3.58	.60	Labor costs .....
Blacksmithing and repairs	2.80	.47	252.15
			Total costs .....
			\$300.03
			\$53.33
			1.33
			\$7.98
			42.02
			\$50.00

TABLE LIV. FURTHER ANALYSIS OF LABOR COSTS

(1905 crop.)

	Hand labor, without team.		Hand labor, with team. <sup>1</sup>		Team.		Sum of previous, per cent.
	Cost in dollars.	Per cent of whole cost.	Cost in dollars.	Per cent of whole cost.	Cost in dollars.	Per cent of whole cost.	
Preparatory to plowing.....			\$6.17	2.06	\$4.20	1.40	3.46
Plowing.....			6.65	2.22	6.30	2.10	4.32
Leveling and harrowing..			5.70	1.90	5.60	1.87	3.77
Drilling.....			2.85	.95	2.10	.70	1.65
Cultivating.....			19.63	6.54	6.30	2.10	8.64
Thinning (regular labor).	\$29.20	9.73					9.73
Thinning (Mexican labor).	15.00	5.00					5.00
Hoeing.....	19.15	6.38					6.38
Irrigating.....	12.15	4.05	1.90	.63	.70	.23	4.91
Pulling.....			5.70	1.90	7.70	2.57	4.47
Topping (regular labor).	25.65	8.55					8.55
Topping (Mexican labor).	17.00	5.67					5.67
Siloing.....	1.90	.63					.63
Hauling.....			18.05	6.02	25.90	8.63	14.65
Loading <sup>2</sup> .....	6.65	2.22					2.22
Totals.....	\$126.70	42.23	\$66.65	22.22	\$58.80	19.60	84.05

<sup>1</sup> But not counting expense of team work which is an additional cost shown in the next pair of columns.

<sup>2</sup> Wages of extra hand, only. Division from hauling expense estimated.

TABLE LV. LABOR COSTS OF GROWING BEETS, FOWLER, COLORADO<sup>1</sup>  
(1907 Crop, 61 Acres)

	Man.		Boy.		Totals.	Team.		Total labor cost, 61 acres.	Average labor cost per acre.
	Days.	Cost at \$1.90 per day.	Days.	Cost at 75 cents per day.		Days.	Cost at \$1.40 per day.		
Plowing.....	51	\$96.90	..	.....	\$96.90	79	\$110.60	\$207.50	\$3.40
Hauling manure.....	10	19.00	..	.....	19.00	10	14.00	33.00	.54
Harrowing.....	28½	54.15	4	\$3.00	57.15	46	64.40	121.55	1.99
Dragging and leveling.....	12½	23.75	..	.....	23.75	23	32.20	55.95	.92
Seeding.....	8	15.20	..	.....	15.20	7	9.80	25.00	.41
Cultivating.....	59½	113.05	11½	8.63	121.68	59½	83.30	204.98	3.36
Irrigating.....	89½	170.05	..	.....	170.05	8	11.20	181.25	2.97
Thinning (contract labor, white).....	..	.....	..	.....	12.00	..	.....	443.96	7.28
" " (Japanese).....	..	.....	..	.....	359.25	..	.....		
" " (Mexican).....	..	.....	..	.....	72.71	..	.....		
Hoeing (regular labor).....	16½	31.35	12	9.00	40.35	..	.....	203.60	3.34
" (contract labor, Japanese).....	..	.....	..	.....	23.25	..	.....		
" (contract labor, Mexican).....	..	.....	..	.....	90.00	..	.....		
" (contract labor, Indian).....	..	.....	..	.....	50.00	..	.....		
Topping (preparation and miscellaneous).....	3	5.70	..	.....	5.70	2½	3.50	593.30	9.73
" (contract labor, Mexican).....	..	.....	..	.....	58.40	..	.....		
Pulling.....	32	60.80	..	.....	60.80	61½	86.10	146.90	2.41
Hauling (regular labor).....	106½	202.35	7½	5.62	207.97	127½	178.50	479.97	7.87
" (contract labor, white, div. est.).....	..	.....	..	.....	40.00	..	53.50		
Siloing (regular labor, finishing).....	1	1.90	..	.....	1.90	..	.....	136.90	2.24
" (contract labor, white).....	..	.....	..	.....	135.00	..	.....		
Supervision (special, only).....	18	34.20	1	.75	34.95	..	.....	34.95	.57
	436	\$828.40	36	\$27.00	\$2221.71	424	\$647.10	\$2868.81	\$47.03



NOTES TO TABLE LV  
OTHER EXPENSES (1907 CROP)

	61 acres.	Average per acre.
Paid to Sugar Co.—		
1423 lbs. seed at 10 cents (13 lbs. for \$1.50).....	\$142.50	\$2.34
Use of dump at 5 cents a ton.....	47.69	.78
Blacksmithing and repairs—		
Remodeling 2 beet beds <sup>1</sup> .....	42.50	.69
Wagon tongues .....	24.75	.41
Shoeing horses .....	8.50	.14
Miscellaneous repairs .....	38.20	.63
Hire of roller .....	9.55	.16
Miscellaneous expenses .....	15.70	.25
Estimated expenses—		
Implement depreciation .....	100.00	1.64
Interest, crop investment .....	80.00	1.31
Totals .....	\$509.39	\$8.35
Labor costs .....	2868.81	47.03
Total cost .....	\$3378.20	\$55.38

<sup>1</sup> To adapt to new style of dump erected by company.

TABLE LVI. FURTHER ANALYSIS OF LABOR COSTS (1907 CROP)

	Hand labor.				Team.		Totals.
	Without team.		With team.		Cost, dollars.	% of whole cost.	% of whole cost.
	Cost, dollars.	% of whole.	Cost, dollars.	% of whole.			
Plowing .....	....	%	\$96.90	2.87	\$110.60	3.28	6.15
Hauling manure (loading and unloading by hand).....	\$19.00	.57	....	..	14.00	.42	.99
Harrowing .....	....	..	57.15	1.69	64.40	1.91	3.60
Dragging and leveling .....	....	..	23.75	.70	32.20	.95	1.65
Seeding .....	....	..	15.20	.45	9.80	.29	.74
Cultivating .....	....	..	121.68	3.60	83.30	2.47	6.08
Irrigating .....	154.85	4.59	15.20	.45	11.20	.33	5.36
Thinning (contract labor, white) ..	12.00	.36	....	..	....	..	.36
“ “ “ Japanese) ..	359.25	10.64	....	..	....	..	10.64
“ “ “ Mexican) ..	72.71	2.15	....	..	....	..	2.15
Hoeing (regular labor).....	40.35	1.19	....	..	....	..	1.19
“ (contract “ Japanese). ..	23.25	.69	....	..	....	..	.69
“ “ “ Mexican) ..	90.00	2.63	....	..	....	..	2.63
“ “ “ Indian) ..	50.00	1.48	....	..	....	..	1.48
Topping (miscellaneous).....	....	..	5.70	.17	3.50	.10	.27
“ (contract labor, Mexican) ..	584.10	17.30	....	..	....	..	17.30
Pulling .....	....	..	60.80	1.80	86.10	2.55	4.35
Hauling (regular labor).....	....	..	137.97	4.08	178.50	5.27	9.35
“ Loading (div. est.).....	70.00	2.07	....	..	....	..	2.07
“ (contract labor, white) ..	....	..	26.00	.77	53.50	1.58	2.35
“ Loading (div. est.).....	14.00	.42	....	..	....	..	.42
Siloing <sup>1</sup> (contract, white) .....	136.90	4.05	....	..	....	..	4.05
Totals.....	\$1626.41	48.14	\$560.35	16.58	\$647.10	19.15	83.87
* Supervision, \$34.95							1.03
							84.90

<sup>1</sup> Includes 1 day at \$1.90 not contract.

\* Hardly comes under either class of labor. Only part of such cost.

TABLE LVII. COST OF GROWING SUGAR BEETS,  
COMPARISON OF THREE CROPS, FOWLER, COLO.

(Average costs per acre of various items expressed as % of whole cost per acre)

	1905 (6 acres).	1906 (37 acres).	1907 (61 acres).	Average of 3 previous columns.
<b>Labor costs.</b>	%	%	%	%
Preparatory to plowing. ....	3.46	....	.98	} 7.71
Plowing. ....	4.32	8.23	6.15	
Harrowing. ....	} 3.77	4.24	3.60	} 5.18
Leveling and dragging. ....		1.37	1.65	
Removing alfalfa roots. ....	....	.93	....	
Seeding. ....	1.65	.90	.74	1.10
Cultivating. ....	8.64	6.13	6.07	6.95
Irrigating. ....	4.91	3.48	5.36	4.58
Spraying. ....	....	1.22	....	.41
Thinning. ....	14.73	14.40	13.14	14.09
Hoeing. ....	6.38	4.48	5.99	5.62
Topping. ....	14.22	17.57	17.57	16.45
Pulling. ....	4.47	3.50	4.35	4.11
Hauling. ....	16.87	16.92	14.19	15.99
Siloing. ....	.63	1.70	4.05	2.16
Special supervision. ....	....	....	1.03	.34
Subtotals. ....	(84.05)	(85.08)	(84.90)	(84.68)
<b>Other costs.</b>				
Seed. ....	3.33	3.05	4.23	3.54
Dump. ....	1.20	1.76	1.41	1.46
Blacksmithing and repairs. ..	.94	2.10	3.38	2.14
Miscellaneous expenses. ....	1.16	.32	.74	.74
Implement depreciation. ....	6.66	5.12	2.96	4.91
Interest, crop investment. ....	2.66	2.56	2.37	2.53
Subtotals. ....	(15.95)	(14.92)	(15.10)	(15.32)
<b>Totals. ....</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

TABLE LVIII. COSTS OF GROWING BEETS, ACTUAL AND ESTIMATED

	1905-07. Actual crops, 3-year average.	Estimated normal average after this experience.
Labor costs.		
Plowing and preparation for same. ....	\$4.06	\$4.00
Harrowing, leveling, etc.....	2.75	2.50
Seeding .....	.57	.45
Cultivating.....	3.64	3.25
Irrigating.....	2.42	2.25
Spraying .....	.22	....
Thinning .....	7.42	7.25
Hoing .....	2.96	2.85
Topping .....	8.70	8.00
Pulling .....	2.16	2.00
Hauling .....	8.41	7.50
Siloing .....	1.15	1.00
Other costs.		
Seed .....	1.87	1.85
Dump.....	.77	.75
Blacksmithing and repairs.....	1.15	1.00
Miscellaneous expenses .....	.39	.50
Implement depreciation (estimated). ....	2.56	2.00
Interest, crop investment " .....	1.33	1.30
Subtotals.....	(52.53)	(48.45)
Water rates .....	1.40	1.40
Management and supervision (estimated) ..	3.19	2.50
Totals <sup>1</sup> .....	\$57.12	\$52.35

<sup>1</sup>Does not include rent, interest on money invested in land, or taxes. However, this would produce more than the normal yield for the country.

The following are two detailed statements of some farming operations conducted by the Great Western Sugar Co., as reported by this company.<sup>2</sup>

<sup>2</sup>Hardwick Committee *Hearings*, p. 3724. These statements were published after most of this study was written. The results are considerably above the average. There is no explanation in the testimony regarding the tables, and No. LIX is not clear as regards the last two columns. (Tables LIX and LX).

TABLE LIX. REPORT OF COMPANY FARMING OPERATIONS FOR YEAR ENDING  
FEBRUARY 28, 1912 (SECOR FARM)

[The Great Western Sugar Co., Longmont, Colorado factory]

Beet crop (185.8 acres).	Amount.	Cost per acre.	
Extra water .....	.....	.....	\$6.66
Fertilizing .....	\$993.37	\$5.346	.....
Plowing .....	440.14	2.369	2.50
Harrowing and leveling .....	318.51	1.714	1.30
Seed, 3,957 pounds, at 10 cents .....	395.70	2.130	1.70
Planting .....	103.32	.556	.50
Thinning, first and second hoeing .....	1,858.00	10.000	.....
Cultivating .....	321.85	1.732	2.60
Furrowing out and irrigating .....	232.70	1.252	5.70
Plowing out .....	311.69	1.678	2.50
Pulling, topping, etc. ....	1,858.00	10.000	20.00
Hauling .....	1,141.51	6.144	6.37
Miscellaneous expenses .....	40.00	.215	.....
Superintendence .....	459.30	2.472	.....
Land rental .....	1,858.00	10.000	20.00
Maintenance:			
Tools, implements .....	107.58	.579	.....
Buildings and fences .....	100.70	.542	.....
Ditches, etc. ....	97.36	.524	.....
Harness and wagons .....	16.80	.091	.....
Miscellaneous expense .....	95.13	.512	.....
Total .....	\$10,749.66	\$57.856	\$69.83
Add for hauling 3.54 tons, at 50 cents .....	.....	.....	1.77
			\$71.60
Difference .....	.....	\$13.74	.....
Credits:			
3,028.1335 tons beets, at \$5.55 .....	\$16,450.23	\$88.54	.....
173 acres beet tops, at \$2 .....	346.00	1.86	.....
Total credits .....	\$16,796.23	\$90.40	.....
Net profits .....	\$6,046.57	\$32.54	.....

On the next page is another statement showing operations of the same farm for a period of six years:

TABLE LX. CONDENSED REPORT OF BEET-FARMING OPERATIONS ON THE SECOR FARM

[The Great Western Sugar Co., Longmont, Colorado factory]

	1906.	1907.	1908.	1909.	1910.	1911.
Number of acres...	314	374	325	325	158	185.8
Yield per acre, tons.	17.42	14.95	11.53	13.71	16.45	16.29
Total cost .....	\$19,110.66	\$21,268.92	\$17,844.87	\$15,206.43	\$8,879.96	\$8,891.66
Cost per acre.....	60.86	56.86	54.91	46.79	56.20	47.86
Total revenue .....	29,346.60	29,053.56	19,410.90	23,128.82	14,734.15	16,796.23
Revenue per acre..	93.46	77.68	59.73	71.17	93.25	90.40
Cost per ton .....	3.49	3.80	4.75	3.41	3.42	2.94
Revenue per ton...	5.36	5.19	5.17	5.19	5.67	5.55
Profit .....	1.87	1.39	<i>\$0.42</i>	<i>1.78</i>	<i>2.25</i>	<i>2.61</i>
Total profit .....	<i>10,235.94</i>	<i>7,784.64</i>	<i>1,566.03</i>	<i>7,922.39</i>	<i>5,854.19</i>	<i>7,904.57</i>
Profit per acre. ...	<i>32.59</i>	<i>20.82</i>	<i>4.82</i>	<i>24.38</i>	<i>37.05</i>	<i>42.54</i>
Land rental per acre not included in above amounts ..	10.00	10.00	10.00	10.00	10.00	10.00

Profit shown in italics.

Each year from 90 to 175 acres were manured at an expense of \$15 per acre, cost of which is included in total cost.

Irrigated in 1911, 3 times; cultivated in 1911, 5 times; ditched in 1911, 1 time.

Following is a partial list of references to costs, not cited heretofore, which have been consulted as a basis for statements made in the text regarding agricultural costs:

## Arizona:

Ariz. Agricultural Experiment Station, Bulletin no. 30, p. 214 (1898).

## California:

Ore. Agr. Exp. Sta., Bul. no. 44, p. 29 (1897).

*American Sugar Industry*, Jan. 1912, pp. 34, 35.

## Colorado:

U. S. Dept. of Agr., manuscript report of L. A. Morehouse, Table 5, p. 33 (1911).

Colo. A. E. S., Bul. 63, p. 12 (1901).

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Pamphlet by C. S. Faurot, *Practical Talk to Practical Farmers* (1903).

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3540, 3616-3724, 3863-3923. (Most of these costs are for Colo-  
rado, Michigan and California.)

## APPENDIX 2—FOREIGN LABOR

THE great amount of disagreeable hand labor required in beet growing and the difficulty of getting native Americans to perform it is a matter worthy of more consideration than available statistics enable us to give it. This is particularly true in view of the fact that Asiatics and other foreign laborers have been brought into numerous sections by the sugar companies.

We have no complete statistics of wages and laborers in the beet-sugar industry, nor of foreign laborers engaged in it. The accompanying statement is the most comprehensive regarding this matter that we have been able to get, but it is partial as it includes only part of the factories and does not include such foreign labor as Mexicans and Russians. It is compiled by a representative of the beet-sugar interests.

Though it is not known what proportion of the total the foreign labor forms in any locality, the Asiatics are most numerous in California and a considerable number have worked in the Rocky Mountain states in various years. However, the most numerous foreign element in Arizona and Southern Colorado is the Mexican,<sup>1</sup> while in Northern Colorado and Nebraska, the Russians form probably the larger part of the foreign laborers. A considerable number of Russians, Belgians and other foreigners work in the beet fields of Michigan.

There are many Germans and Scandinavians who grow beets in some sections, but they are usually proprietors or renters and are not considered as foreigners in the sense that

<sup>1</sup> See "Mexican Labor in the United States," V. S. Clark, U. S. Bureau of Labor, Bul. 78, pp. 466-522, particularly pp. 482, 483, 496-506, 519 (1908).

TABLE LXI. WHITE AND ASIATIC LABOR AND WAGE RATES IN WESTERN BEET-SUGAR TERRITORY <sup>1</sup>

Names of companies or locations of factories.	Number of factories.	Number of laborers employed in factories.		Average wage paid to common labor.				Laborers supplied to farmers.	
		White.	Asiatic.	White.		Asiatic.		White.	Asiatic.
				Per day.	Per hour.	Per day.	Per hour.		
Alameda, Cal. ....	1	200	None.	\$2.25	.....	.....	.....	None.	None.
Betteravia, Cal. ....	1	<sup>3</sup> 170	<sup>30</sup>	2.50	.....	\$2.10	.....	None.	None.
Oxnard, Cal. ....	1	700	None.	2.40	.....	.....	.....	None.	None.
Chino, Cal. ....	1	300	None.	2.50	.....	.....	.....	None.	None.
Spreckels, Cal. ....	1	300	<sup>16</sup>	.....	\$0.25	.....	\$0.16-\$0.25	None.	None.
Los Alamitos, Cal. ....	1	200	None.	.....	.20	.....	.....	None.	None.
Hamilton, Cal. ....	1	300	<sup>12</sup>	2.75	.....	2.40	.....	<sup>20</sup>	<sup>140</sup>
Santa Ana, Cal. ....	1	200	None.	2.00	.....	.....	.....	None.	None.
Total .....		2,300	58	.....	.....	.....	.....	.....	.....
Amalgamated, Ogden, Utah .....	4	900	None.	\$2.50	.....	.....	.....	.....	200
Utah-Idaho, Salt Lake, Utah .....	6	<sup>4</sup> 1,800	None.	.....	.....	.....	.....	.....	500
Great Western, Colo. ....	11	3,300	( <sup>6</sup> )	2.50	.....	\$2.50	.....	.....	34
Holly, Colo. ....	2	500	<sup>20</sup>	.....	\$0.20	.....	\$0.20	350	50
Grand Junction, Colo. ....	1	250	None.	2.75	.....	.....	.....	100	.....
Sugar City, Colo. ....	1	350	None.	.....	.18	.....	.....	None.	None.
Garden City, Kans. ....	1	400	None.	.....	.30	.....	.....	1,500	None.
Total .....	34	7,800	78	.....	.....	.....	.....	1,970	924

Names of companies or locations of factories.	Asiatic labor employed in vicinity.		Average wage paid for field work.	
	Proportion to white.	Number.	White.	Asiatic.
Alameda, Cal. ....	33 per cent. ....	200	\$1.65 to \$2	\$1.65 to \$2.
Betteravia, Cal. ....	.....	350	\$1.90 to \$2.50	\$1.90 to \$2.50.
Oxnard, Cal. ....	Japanese, 81 per cent.; Hindus, 9 per cent.	600	Piece work; make \$3.	Piece work; make \$3.
Chino, Cal. ....	25 per cent. ....	250	\$1.75 to \$2	\$1.75 to \$2.50.
Spreckels, Cal. ....	20 per cent. ....	500-1,200	\$40 to \$45 per month.	16 to 25 cents per hour.
Los Alamitos, Cal. ....	Practically none	20	.....	.....
Hamilton, Cal. ....	25 per cent. ....	140	\$2.25	\$2.40.
Santa Ana, Cal. ....	Small .....	.....	Paid by the acre	Paid by the acre.
Amalgamated, Ogden, Utah .....	( <sup>6</sup> ) .....	.....	\$2 <sup>7</sup>	.....
Utah-Idaho, Salt Lake, Utah .....	.....	.....	\$2 to \$2.50	.....
Great Western, Colo. ....	5.2 per cent. ....	1,226	( <sup>8</sup> )	( <sup>6</sup> ).
Holly, Colo. ....	1 per cent. ....	.....	\$1	\$1.
Grand Junction, Colo. ....	25 out of 500	.....	( <sup>9</sup> )	( <sup>9</sup> ).
Sugar City, Colo. ....	( <sup>10</sup> ) .....	.....	.....	.....
Garden City, Kans. ....	None .....	.....	25 cents per hour	None.

<sup>1</sup> Hardwick Com. Hearings, pp. 2677, 2678. [Notes by T. G. P.] Compiled by Truman G. Palmer, from reports received direct from sugar companies. <sup>2</sup> 35 during idle season. <sup>3</sup> Idle season: 55 white, 5 Japanese. <sup>4</sup> Estimated by Truman G. Palmer (since confirmed by wire). <sup>5</sup> Practically none. <sup>6</sup> At Logan,  $\frac{1}{3}$ ; Lewiston,  $\frac{2}{3}$ ; La Grande,  $\frac{1}{2}$ ; Ogden, none. <sup>7</sup> Contract work, \$17.50 per acre. <sup>8</sup> Contract work, \$20 per acre. <sup>9</sup> Contract work. <sup>10</sup> There are 25 to 30 Japanese distributed amongst 60,000 acres of agricultural lands on our side of the Arkansas Valley.



TABLE LXII. WHITE AND ASIATIC LABOR AND WAGE RATES, ETC.—*Continued*

Names of companies or locations of factories.	What furnished in addition to wage.	
	White.	Asiatic.
Alameda, Cal. ....	Sleeping accommodations.	Sleeping accommodations.
Betteravia, Cal. ....	Sleeping accommodations.	Sleeping accommodations.
Oxnard, Cal. ....	Firewood .....	Firewood.
Chino, Cal. ....	Nothing .....	Nothing.
Spreckels, Cal. ....	Board and lodging.....	Sleeping accommodations.
Los Alamitos, Cal. ....	Nothing .....	
Hamilton, Cal. ....	\$2.25 covers board at 60 cents per day .....	No board.
Santa Ana, Cal. ....	.....	
Amalgamated, Ogden, Utah .....	House rent and fuel ....	Camping place and fuel.
Utah-Idaho, Salt Lake, Utah .....	.....	
Great Western, Colo. ....	House and water.....	House and water.
Holly, Colo. ....	Board .....	Board.
Grand Junction, Colo. ....	.....	
Sugar City, Colo. ....	.....	
Garden City, Kans. ....	Labor houses to live in...	

the others are. However, there are a number of Indians who work in Colorado who are considered foreigners, much the same as Mexicans.

As a rule the small farmers employ a smaller proportion of labor, and hence of foreign labor, than the larger ones. The proportion of foreign labor producing beets in the states east of the Missouri River is relatively small and the writer doubts if foreigners perform half of the total labor employed in raising beets west of that boundary.

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<sup>1</sup> This bibliography is selected from the works which the writer has found most helpful and which appear most likely to be of aid to those wanting to use such a list. In some cases, a work listed in one group is also one of the best authorities upon another phase of the subject. As regards several phases, it is impossible to make separate groups without repeating practically every title, but, wherever possible, there has been a rough grouping within the group upon the basis of primary subject treated. However, in a few cases, the importance of an authority in more than one field has demanded its repetition under more than one head. Works in English have been put first, though in matters regarding European phases and indirect agricultural effects, the German and French authorities are much superior. Generally speaking, the more helpful works have been put among the first in each group and sub-group. No investigator should fail to get a copy of Meyer's bibliography; it makes an extensive one here superfluous.

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<sup>1</sup> Most of the data concerning these phases of the study, both as regards the United States, Europe and all other countries, are scattered throughout the works, hearings and reports cited under other heads.

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<sup>1</sup> The writer has not seen this and the following publication, but they are listed in the *American Sug. Ind.*, Feb. 1912, p. 75. They should be the best authorities yet published, the former especially.

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<sup>1</sup> All of these matters are so interrelated and so frequently discussed in the same connection that most of the materials regarding one contain data regarding the others. All of the *Hearings* cited are U. S. Congressional hearings, with one exception, which is noted. The Hardwick *Hearings* are the latest and cover more phases of the subject than any other. The *Hearings* of the Senate Finance Committee are in progress but are not available as we go to press.

<sup>2</sup> Trial in progress as this goes to press.

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<sup>1</sup> See Willett & Gray's *Journal* under "Sugar Periodicals," *infra*.

<sup>2</sup> Through the courtesy of Mr. M. L. Jacobson, the writer obtained much information from the manuscript of a similar work in preparation in 1911. Part of this work is set up but the matter of publication is undecided as we go to press.



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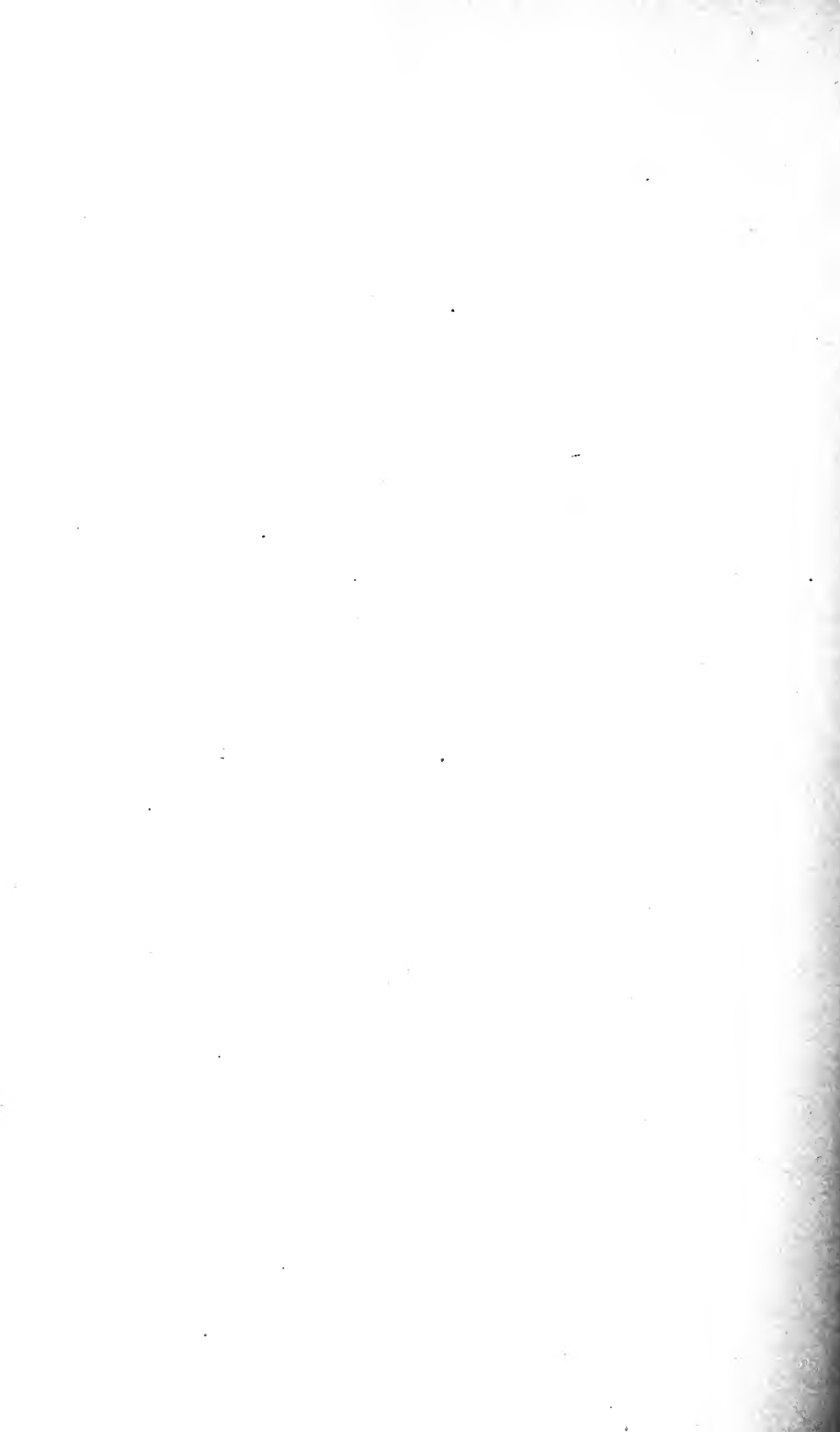


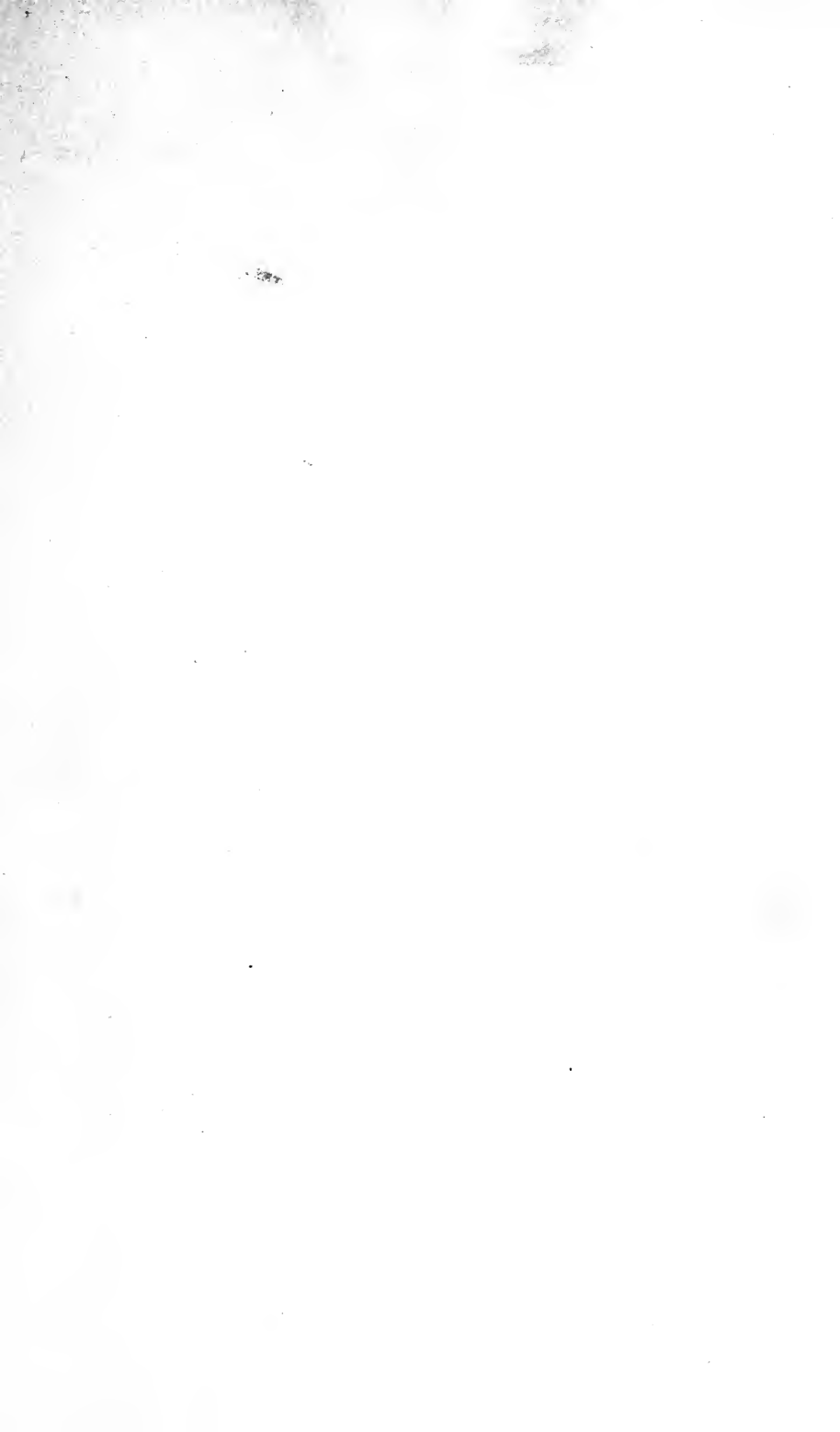












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