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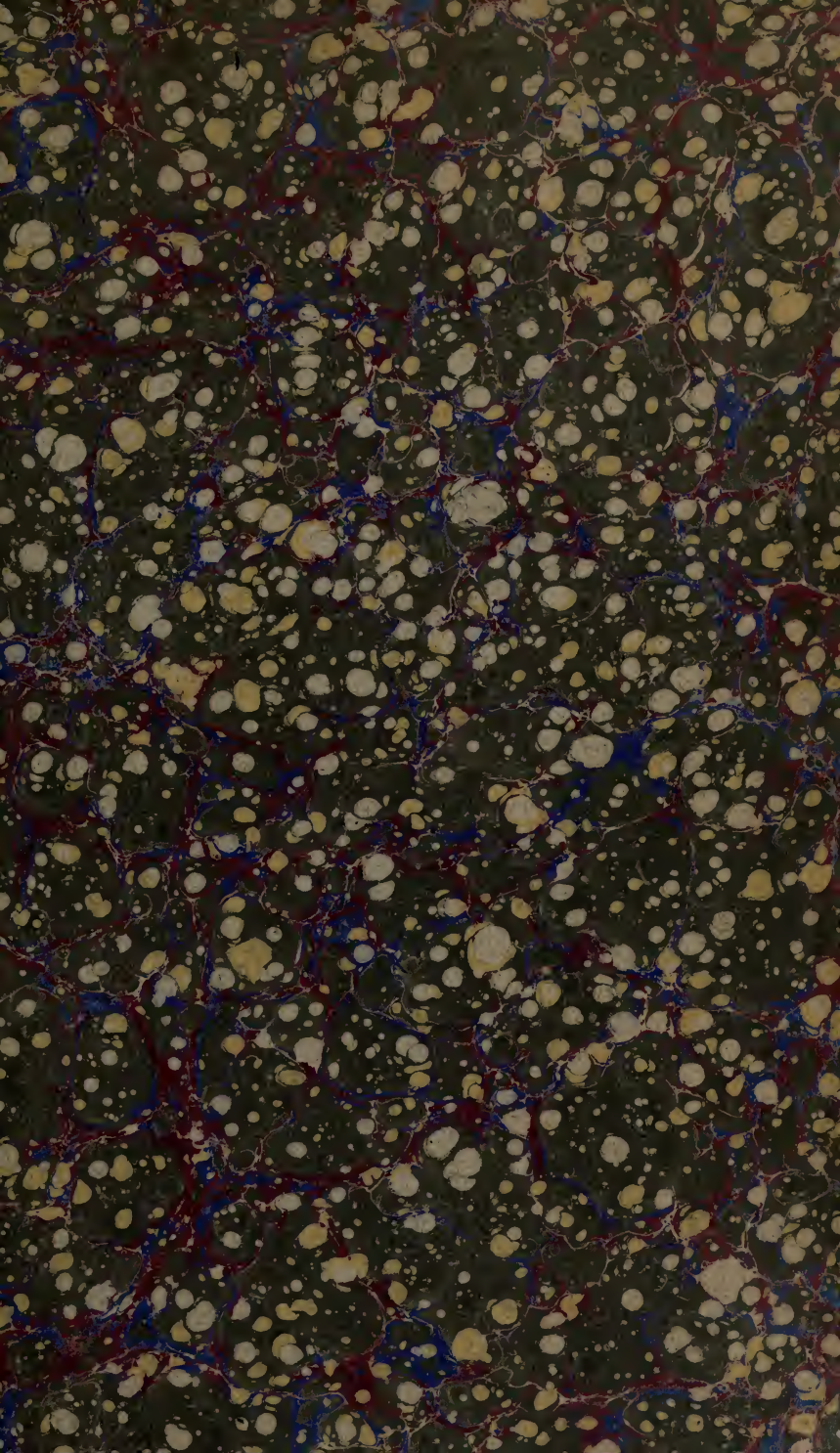
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THE TARIFF.

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SPEECH

OF

HON. CHARLES N. FELTON,  
OF CALIFORNIA,

IN THE

HOUSE OF REPRESENTATIVES,

THURSDAY, MAY 17, 1888.

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WASHINGTON, D. C.  
1888.







## The Tariff.

### SPEECH

OF

## HON. CHARLES N. FELTON.

The House being in Committee of the Whole House on the state of the Union, and having under consideration the bill (H. R. 9051) to reduce taxation and simplify the laws in relation to the collection of the revenue—

Mr. FELTON said:

Mr. CHAIRMAN: I shall not attempt to discuss this great economic question as a whole or as to the relative merits of the principle of protection versus free trade, it having been ably, and I may say exhaustively, discussed during the long period that has been consumed in its consideration, but will confine my remarks to one item of the free-list schedule in the bill now under consideration, which not only interests the people of the United States, but especially those of the State which I have the honor in part to represent.

Sir, I am opposed to the putting of quicksilver on the free-list, being of the opinion that such action will in nowise conduce to the benefit of the consumer or add to the nation's wealth, but, on the contrary, will enhance its value, cause the removal of the millions of dollars now annually received for this product from our coffers to those of other nations, and force those now engaged and employed in its production in this country to other avenues of industry, there to compete with those now engaged and laboring in them, as such action will effectually paralyze this home industry.

Mr. SPRINGER. May I ask the gentleman from California a question?

Mr. FELTON. Certainly.

Mr. SPRINGER. Do I understand the gentlemen to say that if the tariff is taken off quicksilver, as proposed in the pending bill, the quicksilver mines of California will be closed? Will it not pay to work them if the duty is removed?

Mr. FELTON. In my opinion that would be the effect. If the gentleman will kindly favor me with his attention, I think he will concur with me.

Mr. Chairman, it is necessary to a correct understanding of and conclusion on this subject that we review the history of the production of this metal and ascertain the facts in connection therewith as well as the present situation; it should be instructing, it may not be uninteresting.

The sources of the production of quicksilver in all the past and at the present time are practically but four—Spain, Austria, Italy, and California, in the United States.

The great Almaden mine in Spain was discovered over four hundred

years before Christ. For twenty-two centuries it has been in course of development, always paying a profit, though its production previous to the fifteenth century was comparatively small (it being principally used for the making of vermilion), when in 1557 its amalgamating qualities with the precious metals was discovered, thus creating a large and increasing demand. It is the most perfect metallic deposit ever discovered of cinnabar, or perhaps of any other metal; consisting of three parallel veins or fissures, about 100 feet equidistant, penetrating the earth almost perpendicularly, they varying in no place over 10 degrees, growing richer and wider in metal each foot penetrated until a little over 1,000 feet is reached, where the bottom is richer than at any point above. There are immense reserves of ore in its lodes above the lower level, which are thought to contain sufficient metal to supply the world's demand for the next half century; for the last twelve years the average percentage of metal per ton of ore was 9 per cent.; for the last two years 10.50 per cent.; wonderful and fabulous as it may seem. Its product since 1850 is about equal to the entire production of the eighteenth century.

The Idria mine, in South Austria, was discovered at the close of the fifteenth century. Next to the Almaden this is the richest mine, the bottom of the lode showing no diminution either in the quantity or quality of its ores; for sixty-three years ending in 1880, its average yearly profits were \$164,000. Its reserves of ore are estimated to contain 900,000 flasks of  $76\frac{1}{2}$  pounds.

It will be here noted that these two mines are respectively owned and controlled by the Spanish and Austrian Governments, and worked for their account; their policy always having been wise and conservative in producing only sufficient to supply the demand at good prices, having large reserves and invariably holding its surplus products for a good market.

Of the Italian mines I have been unable to obtain any reliable history or facts of its production other than that their yearly product amounts to a sum of between two and five thousand flasks, an amount too insignificant to affect the commercial value of the metal.

Cinnabar was discovered in California during this century, and its development commenced in 1850, cotemporary with that of the discovery and working of its gold mines, from which time it has steadily been prosecuted with varying results as to amount produced and profits realized. In 1850 the ruling price was \$114.50 per flask of  $76\frac{1}{2}$  pounds, or \$1.50 per pound; it now is \$37 per flask, or 48.32 cents per pound; though great fluctuations in price have occurred during the thirty-seven years of its production in California (the highest figure reached being \$118.55, the lowest \$25.25), yet, notwithstanding these fluctuations, its price has in the main been steadily declining.

I have prepared a table which I desire to have printed with my remarks, showing the yearly production and prices from 1850 to 1883, or thirty-seven years, in California. A careful examination of the table will show that the prices during all that time have ruled in accordance with the California production; as the product increased, prices declined; as it decreased, prices increased; when the production for a term of years was uniform, the price practically remained so, taking into consideration the surplus stock and occasional unexpected demand. I therefore assert that the California production for thirty-seven years has controlled the price of the world, the conservative and wise policy of the Austrian and Spanish Governments being a material factor in the result.



*Amount, production of quicksilver in California, and prices from 1849 to 1888.*

Year.	Number of flasks.	Highest price.	Lowest price.
1850.....	7,723	\$114.75	\$84.15
1851.....	27,779	76.50	57.35
1852.....	20,000	61.20	55.45
1853.....	22,284	55.45	55.45
1854.....	30,004	55.45	55.45
1855.....	33,000	55.45	51.65
1856.....	30,000	51.65	51.65
1857.....	28,204	53.55	45.90
1858.....	31,000	49.75	45.90
1859.....	13,000	76.50	49.75
1860.....	10,000	57.35	49.75
1861.....	35,000	49.75	34.45
1862.....	42,000	38.25	34.45
1863.....	40,531	45.90	38.25
1864.....	47,489	45.90	45.90
1865.....	53,000	45.90	45.90
1866.....	46,550	57.35	45.90
1867.....	47,000	45.90	45.90
1868.....	47,728	45.90	45.90
1869.....	33,811	45.90	45.90
1870.....	30,077	68.85	45.90
1871.....	31,686	68.85	57.35
1872.....	31,621	66.95	65.00
1873.....	27,612	91.80	68.85
1874.....	27,756	118.55	91.80
1875.....	50,250	118.55	49.75
1876.....	75,074	53.55	34.45
1877.....	79,396	44.00	30.60
1878.....	63,880	35.95	29.85
1879.....	73,684	34.45	25.25
1880.....	59,926	34.45	27.55
1881.....	60,851	31.75	27.90
1882.....	52,732	29.10	27.35
1883.....	46,725	28.50	26.00
1884.....	31,913	35.00	26.00
1885.....	32,073	32.00	28.50
1886.....	29,981	39.00	32.00
1887.....	33,800	48.00	36.00
Total.....	1,485,170	118.55	25.25

In 1878 California had some thirty producing mines; in 1887 she has but ten. The decrease was largely owing to the decline of prices and the uniform low prices prevailing, at which they could not be profitably worked.

A comparison of the factors entering into the cost of mining in Spanish Almaden and the California Almaden will illustrate how unequal is the struggle in the production, namely:

"The whole of the underground working in the Spanish mine, after twenty-two centuries of working, can be comprised in a rectangular block 700 feet long, 350 feet broad, and 1,027 feet deep," having produced since 1850 to 1868, 1,239,776 flasks of metal. The exploration and ventilation is accomplished by three shafts. In 1883-'84 the total amount of material taken from the mine was:

From ore-chambers .....	17,557	Tons.
From barren ground .....	1,900	
Total.....	19,457	

	Tons.
Ore raised .....	17,557
Ore worked.....	17,101
Worthless .....	456

Number of tons of ore reduced, 18,465.57, yielding 45,765 flasks, or 9.485 per cent.

The California Almaden workings extend over a very large area, "comprised in a rectangular block 5,000 feet long by 6,000 feet wide, and 2,300 feet deep." They do not cover all the area here indicated, being very irregularly distributed within it. The workings are accomplished through six shafts.

In 1885 the total amount of material extracted was:

	Tons.
From ore-chambers .....	78,452.86
From prospect and barren ground.....	56,095.70
Total.....	134,548.56
Ore raised .....	78,452.86
Ore worked.....	33,524.68
Worthless .....	44,928.18

Number of tons reduced, 39,534.65; yielding 21,400 flasks, or 2.07 per cent.

The wages paid at the Spanish Almaden mine, so far as I have been enabled to obtain them, though incomplete, are reliable:

Miners, ore-chambers contract, average per day.....	\$0.81
Miners, barren-rock contract, average per day.....	.57
Masons in quarries, contract, average per day.....	1.03
Lumbermen (day pay).....	.55
Furnacemen (day pay).....	.40

These departments probably command the highest wages, and if the assumption be correct we may conclude the average wages to be from 50 cents to 60 cents per day. The cost of production in 1882-'83 being \$7.10 per flask.

The amount of wages paid in the California Almaden mine for relative positions is:

	Per day.
Laborers in labores .....	\$2.00
Miners on yardage contract.....	2.80
Laborers on surface.....	2.00
Firemen .....	1.75
Timbermen, including captain.....	3.20
Carpenters.....	3.04
Blasters.....	2.75
Surface mining .....	1.50

While the above table is incomplete, it will serve to illustrate the difference paid in wages, the lowest being \$1.50 per day; and the statistics of this mine show that for the year 1885 the average wages paid, including all employes, was \$2.43 per day, and the cost of producing quicksilver per flask \$26.38, \$19.28 in excess of the cost of production in the Spanish Almaden mine. This large advance of cost in the production is owing to the large amount of waste material necessary to excavate, the difference in the richness of the ores worked, and the higher prices paid for labor, the latter averaging four times greater than that paid by the Spanish mine.

And now, sir, in order to be fair in my statement to the House, in justice to the intelligence and skill of the mine managers and employes of this mine, it is incumbent on me to state that the statistics of the expenses of the working of the two mines develop the following facts:

That in 1885 eight times the amount of material was extracted from the American mine that was taken from the Spanish mine in 1883, its production, however, averaging only 20 pounds of quicksilver per ton for that year, while the Spanish mine's production was 200 pounds per ton; that the average number of tons handled for each worker in the Spanish mine was only 6.23 tons, while at the American mine there was extracted over 63 tons per worker, or ten times the amount extracted in equal time; that the cost of production, as before stated, of the Spanish mine was  $\frac{27}{100}$  of that of the American mine. It costs no more to extract and reduce rich ore than poor, and were the American ores equal in richness to the Spanish the production of the American mines would be ten times as great, and cost  $\frac{2638}{100}$ , equal to \$2.64. Add for flasking \$1, and we have \$3.64 as the cost of production, as against \$7.10 in the Spanish Almaden—a striking illustration of the benefits to be derived from an intelligent and well-paid labor, a labor only created or maintained by fair and commensurate wages, and only to be found in the United States.

Of California's production from 1850 to 1888, the New Almaden mine produced 873,259 flasks; estimated value, \$35,321,350; from other sources, 611,911 flasks; estimated value, \$24,751,799. Total value, \$60,073,149, directly received from this home industry. But would we have its true value to the nation we must add its indirect value to the consumers, which should at the lowest be estimated at a sum equal to the amount directly received for the product, making a grand total of \$120,146,298. Its use being a necessity, if not produced at home it must be purchased from foreign production, and consequently foreign producers receive in this instance such a figure as they choose to name; as, notwithstanding our production for 1887 was 33,000 flasks, our importation in January last was 36,041 flasks, and in March 13,844 flasks.

The United States is one of the largest of the few large consumers of this metal, if not the largest, owing to our great and increasing mining industries, which have no equal in extent or wealth, and consequently we are correspondingly interested in the price of the mineral consumed by them, amounting to millions of dollars annually. It may be said that upon its price will depend the continuance of many of the producing mines and the development of many others.

Now, sir, in view of the facts herein set forth, taking into consideration the position now occupied in this industry by the Spanish and Austrian Governments; the remarkable and unparalleled extent and richness of their mines, in which centuries of production has made no perceptible change or diminution in their ore bodies, with continuing and increasing percentages of value; their great reserves of explored ore; the large amount of surplus stock of metal (that of the Spanish mine being 64,000 flasks); the continuing and compact ore bodies rendering the exploration and extraction of its rock proportionately cheap; their present cheap labor and certainty of its continuance, and that, but for California's production, they would be practically the only owners and producers of this metal—in short, monopolizing its production and consequently its market price; that taking into consideration the facts connected with California's production, the poverty of its ores at the present time (their value being only from one-fifth to one-tenth the value of the Spanish ores); their want of concentration in continuous and compact ore bodies; the large area requiring exploration and development, thus causing additional cost for excavating and working of the ore; the handling of large quantities of refuse rock, occasioned by

the diversity of the distribution of metal in the large areas of the lode; that American labor in this industry receives four times the amount paid to the foreign, for which reasons it costs about  $3\frac{3}{4}$  times more to produce it in America than in Europe—now add to the present cost of production, namely, \$26.38 per flask, the amount of the present tariff, 10 per cent. ad valorem, or \$3.70 per flask, and you have \$30.08; take the present market price, \$37, and you have a profit of \$6.92 over cost and tariff.

Remove the present protective tariff of \$3.70 per flask from the present market price and you have \$33.30, at which the foreign importer could sell without losing his present profit, which is \$26.20 per flask, less freight and charges, and yet would only leave the home producer a margin of \$6.92 per flask; an amount too insignificant to pay for wear and tear and the depreciation of plant, wholly ignoring interest on plant and capital invested.

No one could be induced to invest under this actual state of affairs; but those now engaged in it are forced to continue the struggle, hoping for favorable developments of ores in the future and an increased protection from the Government. But remove the present tariff and those left must suspend operations. As heretofore shown many of our mines have already been compelled to shut down at these and higher prices.

Now, sir, I submit to the very able chairman and the intelligent members of the Ways and Means Committee who now preside over the material interests and destinies of this nation, under this statement of facts, which are reliable, will they continue to keep this mineral on their free-list schedule, cause the consumer to pay at least twice the present price, and drive from this industry into others five thousand laborers earning unequaled wages? For this will be the inevitable result of such determination. Sir, in my opinion it would be wisdom to increase the tariff to 15 cents per pound, to insure the continuance of this industry to compete with a monopoly of nations in an article that has no equivalent; hence our consumers must have it at some price, or abandon enterprises requiring its use. Such a course would violate no principle of protection or free trade, as this industry is an exceptional one, subject to no principle rule or argument, except that of nature's first law, self-preservation.

Sir, could the committee visit the Spanish Almaden mine and behold the misery and often want of its laborers, observe their vices and absolute ignorance, the accumulation of centuries of ill-paid labor and overpopulation, and then turn to the American Almaden mine, whose model village sits enthroned upon a mountain whose sides are dotted with plantations of the olive and the vine; gaze upon the spires of its churches, public schools, and libraries rising from among its vine-clad and flower-enframed cottages beneath the fraternal shades of its ever-green oaks; observe the manly bearing of its stalwart laborers, the intelligent countenances of its inhabitants beaming with smiles of content and happiness, all reflecting credit on its superior and humane management and intelligent laborers, a living monument of individual liberty and high priced labor, they would pause ere they made of this beautiful scene a deserted village of ruined homes.



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