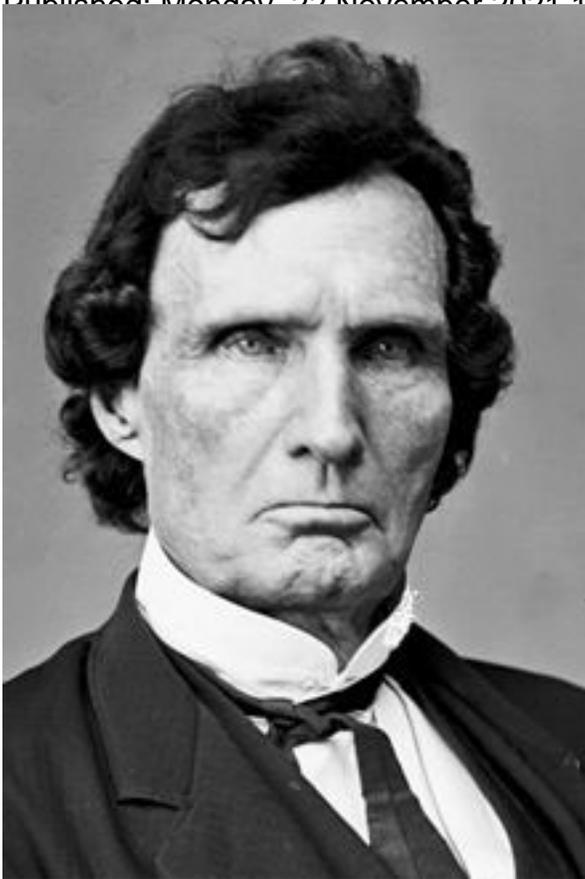


## The Morrill Tariff

### Erudite National Debate over Protectionism vs. Free Trade – Part 2

Published: Monday, 22 November 2021 10:15



Thaddeus Stevens

As South Carolina statesman and political philosopher John C. Calhoun frequently pointed out, any tax measure that has a disparate and damaging effect on different regional or commercial interests is inherently unconstitutional. Article I, Section 8 of the U.S. Constitution provides that:

“...all duties, imports, and excises shall be uniform throughout the United States.”

Article 5, Section 9 ordains that:

“No tax, or duty, shall be laid upon articles exported from any State. No preference shall be given, by any regulation of commerce or revenue, to the ports of one State, over those of another.”

The clearly manifest spirit of these Constitutional provisions is not that duties should be uniform in rate, but that they should be uniform in effect. The intent of these measures is to prohibit any legislation that gives preference to special commercial interests, geographic regions, states, or ports. Surely, it prohibits any tariff that damages other commercial interests or geographic regions for the benefit of another. The Confederate Constitution, recognizing the injustice and turmoil caused by much of the tariff legislation of the past 40 years, allowed for low-rate revenue tariffs but

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prohibited protective tariffs  
category: Mike Scruggs Column

Published: Monday, 22 November 2021 10:15

The furious national debate between free trade and protectionism did not arrive at the House Ways and Means Committee in 1858. It dates all the way back to 1789, and by 1824 it had become a heated sectional division between North and South. Protectionism was a key policy plank in the newly formed Republican Party in 1856. It had been a key plank of Henry Clay's "American System" that called for high protective tariffs, "internal improvements," and a national bank. These were also the central policies of Clay's Whig Party formed in the 1830s as an anti-Jackson alternative. Clay's American System policies were essentially those of Alexander Hamilton's Federalists. The Whigs, however, collapsed after the 1852 election, when the Exclusionist faction (advocating exclusion of slaves from the territories) prevented the nomination of their own incumbent, Millard Fillmore, and nominated General Winfield Scott, who was trounced in the general election by Democrat Franklin Pierce. Most Whigs, including Abraham Lincoln, then abandoned the party. Most Northern Whigs joined the new Republican Party in 1855-56. They were joined by refugees from the defunct Free Soil Party that wanted to exclude non-whites altogether from new territories and the American Party (nick-named the No-Nothing Party) that was opposed to non-British and non-Protestant immigration.

Clay's protectionist tariffs, "internal improvements," and national banking policies, as well as the exclusion of slavery from new territories continued as main planks in the Republican Platforms of 1856 and 1860. Lincoln, an enthusiastic admirer of Henry Clay, strongly supported all of them. "Internal improvements" meant government subsidies to private industry and often devolved into "crony" capitalism and corporate welfare. They turned out to be the source of considerable corruption. Central banking, unfortunately, allowed the government to print "greenbacks" unsupported by gold or silver reserves. This also turned out to be an inflationary and corruption-prone policy. It should also be strongly emphasized that the exclusionist policy of the Republican Party was not a policy to abolish slavery, but only to keep slavery out of the new territories. Its intent, however, was not only to protect labor in the new territories from competition by slave labor. Probably a majority of Republicans, wanted to exclude blacks altogether from these territories and reserve them for "free white labor," as both David Wilmot and Abraham Lincoln had suggested.<sup>13</sup> The state laws of Illinois, Indiana, Ohio, Oregon, and several other states effectively accomplished just that and thereby set the example for future "black laws" or "Jim Crow" laws that they would subsequently denounce when enacted by several Southern states following Reconstruction.<sup>14</sup>

Nineteenth Century Democrats, North and South, emphasized limited Constitutional government, and most of them believed in free trade as opposed to protectionism. The Republican Party from its birth was essentially a big-business-big-government party that, in addition to its protectionist trade policies, was often willing to sacrifice the Constitution to progress and national greatness. They often gave lip-service to the Constitution but seldom let it get in the way of centralizing and enlarging government power and Northern economic and political dominance. Many within the Republican ranks identified themselves as conservatives. At the other end of the spectrum were the self-identified Radical Republicans, who were ideological statist. The "moderates" were in the middle and most numerous, but they were in the middle of a political party whose policies were

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based on Alexander Hamilton's pursuit of economic growth and national greatness through centralized government power and intervention. The Democratic Party of today is almost an ideological opposite of the conservative Democratic Party of the 19<sup>th</sup> Century. The modern Republican Party has in general drifted closer to the Constitutional and free enterprise moorings of 19<sup>th</sup> Century Jeffersonian Democrats, especially during the term of Ronald Reagan, whose influential legacy still persists.  
Published: Monday, 22 November 2021 10:15  
By Mike Scruggs  
URL: 1121

The economic policies of Henry Clay and the Whig Party and its offspring, the Republican Party of 1856, were closer to British mercantilism than free enterprise and classical economic freedom. As Britain and other Colonial powers exploited their colonies and concentrated their profits at home, 19th Century Republican economics exploited Southern states just as if they were mere U.S. colonies. During the Reconstruction era, the radical wing of the Republican Party gained dominance and established an unenviable record of injustice, exploitation, unbridled greed, and punitive government that held back Southern recovery and African-American progress for generations. Reconstruction was no Marshall Plan. It was vicious and unconscionable plunder and political tyranny. Protective tariff policies prevailed until the election of Woodrow Wilson in 1912. Tariffs were then reduced under the Underwood-Simmons Tariff Act of 1913.

Protective tariff policies, import quotas, and corporate subsidies are political behavior that economists call "rent-seeking." It is the practice of establishing economic advantage by government regulation rather than successful free market competition. In rent-seeking economies, lobbyists seek special privileges and exemptions to establish monopolies, protection from foreign or domestic competition, government subsidies, and government contracts. They often seek government regulations that would crush competitors. While lip-service is paid to economic freedoms, the reality of more and more legislative control and regulation of the economy makes new business starts-ups more difficult and continuously hinders the ability of small and mid-size firms to prosper. This departure from classical economic competition has produced a new breed of "political entrepreneurs" who succeed primarily by influencing government to enact favorable legislation or to establish regulations that reduce competition.

Lincoln campaigned hard for higher tariff rates before and during the Republican Convention and during the general election of 1860. Pro-tariff Pennsylvania was vitally important to winning the Republican nomination and, as a swing state, vitally important to winning the general election. In addition, New York and New Jersey were crucial industrial swing states that could be won by an appeal for higher tariffs. Increased tariff levels also ranked high among the objectives of the 1856 and 1860 Republican platforms. The evidence is strong that Lincoln made high tariffs his primary campaign message and the highest priority for the Lincoln Administration.

This is made perfectly clear by Pennsylvania Republican Thaddeus Stevens, a sponsor of the Morrill Tariff and as a member of the House Ways and Means Committee, one of nine men who wrote the bill. On September 27, 1860, Stevens addressed a Republican rally in New York City in the Cooper Union Hall for the Advancement of Science and Art. He told them that there were two main issues in the presidential campaign: excluding slavery from the national territories and raising

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Federal import taxes. Of these two, he told the crowd, raising Federal import taxes was the most important. He emphasized that Abraham Lincoln and the Republican Party strongly supported raising Federal import taxes much higher. But the other four candidates—Breckenridge, Douglas, Everett, and Bell—favored keeping them the same or even lowering them to nearly free-trade levels.  
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Hits: 1121

Stevens acknowledged that a dramatic increase in the tariff would cause people in the South and West to suffer and remain poor, while people living in the Northeast would gain wealth through increased industrial production and the higher prices manufacturers would be able to charge for goods. He warned that the Southern States would never develop manufacturing and commerce as long as their state governments permitted African slavery. To be prosperous, the South would somehow have to do away with African slavery.<sup>16</sup>

Stevens, who also owned an iron works facility, was the floor leader for the tariff bill and would later become Chairman of the House Ways and Means Committee. He became the leader of the Radical Republicans in the House, and after Lincoln's death, many referred to him as "the Boss of America." He was also a radical abolitionist who authored much of the oppressive anti-Southern legislation of Reconstruction. Stevens was not a cordial person, and he had a ruthless and dictatorial style of leadership. However, he was an intense and persuasive speaker. Many Democrats thought him a perfect demagogue and not averse to exaggeration and emotional appeal:

"Let us now see which of the candidates are in favor of a policy of low import taxes which depresses the price of agricultural produce, destroys our manufacturing enterprises, breaks down our iron works, throws laborers out of employment, and brings suffering, if not starvation, on their families."<sup>17</sup>

In truth, all the social and economic ills he describes would more likely fall on the Southern victims of protective tariffs. He was particularly hard on the Northern and Southern Democratic parties, describing them as evil and detestable. Stevens' political punch line intending to alarm his audience was that:

"Both the northern states Democratic Party and the southern states Democratic Party have adopted a platform plank that declare in favor of progressive free trade throughout the world."<sup>18</sup>

In closing, he discounted the possibility of Southern secession but promised that if they did secede, he would "lead an invasion to hang everyone involved."<sup>19</sup>

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Abbreviated Footnotes (FN) 13-19

FN13 Durand, p 190. See also endnote 7

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FN14 Durand p 195-198  
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FN15 Howard Ray White, Bloodstains: Volume 2: The Demagogues, 2003, p 433,  
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FN16 Ibid

FN17 White, p 434

FN18 Ibid

FN19, White, p 436