

Scandal—at Another Point in Time

Part 9/18/73

As Attorney General Elliot Richardson ponders politically sensitive decisions in the Watergate and Agnew cases—in the face of thinly-veiled animosity from the President who appointed him—he can take little consolation from the fate of a historical figure whose difficulties most nearly parallel his own.

A century ago, Benjamin H. Bristow, President Ulysses S. Grant's reform-minded secretary of the treasury, broke up the notorious Whiskey Ring, which had defrauded the government of millions in taxes. His investigation implicated the President's own secretary, Gen. Orville E. Babcock, as the ring's pipeline to the White House. It was also discovered that part of the loot had been funneled into Grant's reelection campaign. Meanwhile, Bristow faced a massive White House cover-up, as well as personal denunciations from the President and Republican leaders. His final reward was ouster from the cabinet.

The existence of the Whiskey Ring—**if not its exact membership and details of its operations**—had been known for years. But until Bristow launched his probe in 1874, the government had shown a curious reluctance to investigate periodic charges of graft and corruption leveled by opposition newspapers and disgruntled politicians.

Western distillers, working with internal revenue agents on the scene and ranking officials in Washington, had reaped enormous profits from the sale of untaxed whiskey—"crooked whiskey," as it was known—that often bore forged revenue stamps. In St. Louis, where John A. McDonald, an illiterate former cotton speculator had been named by Grant as supervisor of internal revenue, it was estimated that the government was cheated out of \$2,786,000 in six years—\$1.2 million of it during 1874 alone. Nearly half went to officials in the Treasury Department and the Bureau of Internal Revenue. Sizeable contributions were also made to various Republican campaign committees.

Treasury Secretary Bristow had been an aggressive federal prosecutor in his native Kentucky, where his courage in combatting an anti-black terror campaign by the Ku Klux Klan had brought him to national attention. In 1870, when Congress created the office of solicitor general, President Grant offered him the post. Four years later, Bristow was named secretary of the treasury when the incumbent resigned during a contract scandal.

Bristow's first break in the whiskey scandal came early in 1875. Statistics issued by the St. Louis Merchants Exchange, aimed at trumpeting the commercial advantages of the city, showed that only about a third of the whiskey produced there had been taxed. Bris-

tow flooded St. Louis with agents chosen from outside the Treasury Department, which had been riddled with corruption. New codes were devised and correspondence was marked for Bristow's eyes only. Over the next few months, evidence was accumulated by similar methods in other cities.

At last, on May 10, Bristow was ready to strike. Despite the care taken, however, news of the impending raids leaked and ring members were telegraphed: "The plague is spreading west." Some of the culprits scurried to Canada but enough evidence was gathered to obtain 250 indictments—and to eventually implicate Babcock.

"Well Mr. Bristow," said Grant after the raids, according to the diary of Hamilton Fish, the secretary of state, "there is at least one honest man in St. Louis on whom we can rely—John McDonald. I know that because he is an intimate acquaintance and confidential friend of Babcock's." Bristow must have winced, for his men were in hot pursuit of McDonald. The old scoundrel was eventually sentenced to three years in prison—but not before claiming that Babcock had been on his payroll for \$25,000.

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Thus far, the President had given full support to the prosecution. When Bristow produced evidence of Babcock's involvement—including telegrams warning the ring of pending investigations—the President wrote on the back of the letter: "Let no guilty man escape..." And he said that "if Babcock is guilty, there is no man who wants him so proven guilty as I do, for it is the greatest piece of traitorism to me that a man could possibly produce." Yet, despite the mounting evidence, Babcock continued to occupy his White House office. And as time went on, Babcock convinced the President that the charges against him were part of a plot by Bristow to advance his own political interests at the expense of the administration. At the same time Republican leaders claimed that Bristow was ruining the party." They demanded that the case be taken out of the hands of the Secretary of the Treasury and given to the more pliable attorney general, Edwards Pierrepont. Grant was soon convinced that the probe was inspired by reforming politicians interested only in discrediting him.

But the President was unable to prevent the indictment of Babcock on charges of "conspiracy to defraud the

revenue." Babcock still had one card left to play, however. On Jan. 26, 1876, Grant, obviously acting upon Babcock's advice, ordered the attorney general to forbid federal prosecutors in St. Louis, Chicago and Milwaukee from offering immunity to any of the conspirators who were willing to testify for the prosecution. Five days later, the order was leaked to the press—apparently after being filched off the President's desk by Babcock. The effect was immediate. In Chicago, where 50 of the minor conspirators were ready to plead guilty and testify against the major figures in return for immunity, the case fell apart after the President's order was published. And in St. Louis, where important testimony was expected from the chief paymaster of the Whiskey Ring, it failed to materialize after immunity was refused. "It was unquestionably at Babcock's instigation that Grant thus crippled the prosecution," observes Allan Nevins in his biography of Hamilton Fish. "But no one can doubt that the President knew precisely what he was doing."

Later, when Babcock's trial was under way, Grant made an extraordinary announcement: he intended to go to St. Louis and testify in behalf of his embattled secretary. The Cabinet was appalled at the idea; instead Grant was persuaded that, if he must take part in the case, he should only make a deposition attesting to Babcock's good character. Grant's strong deposition, with its obvious eagerness for an acquittal, had great weight with the jury, despite the damaging evidence against Babcock. The verdict was innocent. The news was hailed as a victory for the Republican Party. Friends of the administration hastily pledged \$30,000 to pay for Babcock's defense. But when Babcock tried to resume his desk at the White House, Grant, bowing to public opinion, was forced to shunt him aside to the inspectorship of lighthouses.

Babcock was the only one indicted in the Whiskey Ring prosecutions who was not found guilty. The verdict of history, however, is less charitable. "Though the judge and jury did not believe that a legal case had been made against Babcock, no real doubt can remain that he shared in the profits of the Ring," says James Ford Rhodes in his "History of the United States."

As for the zealous Bristow, his resignation from the Cabinet was virtually forced by the President. Although he tried to win the Republican presidential nomination in 1876, the conservatives opposed him and he never held an important political office again.

And the men whom he had worked so hard to put behind bars? Most soon received presidential pardons.



Benjamin H. Bristow



Ulysses S. Grant



Orville E. Babcock