pension to Joseph Swihart—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10611) granting an increase of pension to James D. Leech—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10612) granting an increase of pension to William H. Fetter—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10613) to correct the military record of Harvey H. Young—to the Committee on Military Affairs.

By Mr. THOMAS of Kentucky: A bill (H. R. 10614) granting an increase of pension to John L. G. Thompson—to the Committee on Invalid Pensions.

By Mr. WOODYARD: A bill (H. R. 10615) granting an increase of pension to George T. Coltrider—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10616) granting an increase of pension to George Ward—to the Committee on Invalid Pensions.

Also, a bill (H. R. 10617) for the relief of the heirs of A. G. Hoyman, deceased—to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Memorial of the Councils of the Order of United American Mechanics, of Steelton, Wanamie, and Philadelphia, Pa., praying for legislation for the exclusion of Asiatics—to the Committee on Foreign Affairs.

By Mr. ANDERSON: Petition of William Demuth & Co., of New York, N. Y., against restitution of 25 per cent duty on brier wood—to the Committee on Ways and Means.

By Mr. CALDER: Petition of American Forestry Association, for creation of Appalachian and White Mountain forest reservation—to the Committee on Agriculture.

Also, petition of William Demuth, against restitution of 25 per cent duty on brier wood—to the Committee on Ways and Means.

Also, petition of sundry bonding and surety companies against appropriation of $200,000 for creation of a fidelity bond bureau—to the Committee on Appropriations.

Also, petition of Austin, Nichols & Co., of New York, N. Y., against increase of duty on sweetened biscuits—to the Committee on Ways and Means.

Also, petition of Flandrau & Co., of New York City, against raising tariff on foreign automobiles—to the Committee on Ways and Means.

By Mr. CLINE: Petition of Woman's League and 30 others, of Fort Wayne, Ind., for reduction of duty on gloves and hosiery—to the Committee on Ways and Means.

By Mr. COCKS of New York: Petition of Washington Camp, No. 9, Patriotic Order Sons of America, of College Point, N. Y., for abrogation of extradition treaty with Russia—to the Committee on Foreign Affairs.

By Mr. HANNA: Petition of many business men of Dickinson, N. Dak., against parcels-post law—to the Committee on the Post-Office and Post-Roads.

By Mr. HAYES: Papers to accompany bills for relief of Theo. Messenger and David W. Travis—to the Committee on Invalid Pensions.

By Mr. HEALD: Petition of Wilmington Board of Trade, for creation of a national department of public works, chief of same to be member of the Cabinet—to the Committee on Interstate and Foreign Commerce.

By Mr. LOVERING: Petition of citizens of Sandwich, Mass., against increase of duty on gloves—to the Committee on Ways and Means.

By Mr. MACON: Paper to accompany bill for relief of Mrs. America C. Hatley—to the Committee on Invalid Pensions.

By Mr. MANN: Petition of Commercial Exchange, of Philadelphia, Pa., favoring treaty of reciprocity with Canada—to the Committee on Ways and Means.

Also, petition of board of presidents and ex-presidents of United Societies of Philadelphia for Relief and Protection of Immigrants, against raise of tax from $4 to $10 on immigrants—to the Committee on Immigration and Naturalization.

Also, petition of National Agricultural League, in New York City, for removal of duty on wood pulp—to the Committee on Ways and Means.

By Mr. PATTERSON: Paper to accompany bill for relief of Claude M. Crawford—to the Committee on Pensions.

By Mr. RUCKER of Missouri: Petition of many business men of Newtown, Mo., against a parcels-post law—to the Committee on the Post-Office and Post-Roads.

By Mr. SCOTT: Petition of Bankers' Association of Kansas and Mercantile Club of Kansas City, urging early vote on the tariff bill—to the Committee on Ways and Means.

By Mr. YOUNG of Michigan: Petition of Red Jacket Lodge, Brotherhood of Railway Trainmen, No. 367, of Calumet, Mich., favoring S. 1986 and H. R. 7553, full-crew law—to the Committee on Interstate and Foreign Commerce.

SENATE.

FRIDAY, *June 11, 1909.*

The Senate met at 10.30 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, D. D., of the city of Washington.

The VICE-PRESIDENT resumed the chair.

The Journal of yesterday's proceedings was read and approved.

ACTS OF PORTO RICO.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a copy of the acts and resolutions of the fourth legislative assembly of Porto Rico, in special session, September 8 to 18, 1908, which, with the accompanying paper, was referred to the Committee on Pacific Islands and Porto Rico.

PRICES OF AGRICULTURAL IMPLEMENTS.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of Commerce and Labor, transmitting, in further response to a resolution of the 7th instant, certain additional information relative to the prices at which agricultural implements manufactured in the United States are sold in foreign countries (S. Doc. No. 6, pt. 2), which, with the accompanying papers, was referred to the Committee on Finance and ordered to be printed.

PETITIONS AND MEMORIALS.

Mr. DEPEW presented a petition of William McKinley Council, No. 125, Junior Order United American Mechanics, of Lockport, N. Y., praying for the passage of the so-called "Overman amendment" to the pending tariff bill, proposing to increase the head tax on immigrants from $4 to $10, which was ordered to lie on the table.

He also presented memorials of members of the M. B. Brown job room chapel, of New York City; of the Street & Smith electrotype chapel, of New York City; and of the J. J. Little & Ives chapel, of New York City, all in the State of New York, remonstrating against the inclusion in the new tariff bill of any duty on news print paper and wood pulp, which were ordered to lie on the table.

REPORTS OF COMMITTEES.

Mr. NELSON, from the Committee on Public Lands, to whom was referred the bill (H. R. 9609) to grant to John Rivett privilege to make commutation of his homestead entry, reported it without amendment.

Mr. MARTIN, from the Committee on Commerce, to whom was referred the bill (S. 2459) authorizing the Minnesota, Dakota and Pacific Railway Company to build a bridge across the Missouri River, reported it with amendments and submitted a report (No. 6) thereon.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PAGE:

A bill (S. 2596) granting an increase of pension to Hobart J. Marr;

A bill (S. 2597) granting a pension to Annie E. Belden;

A bill (S. 2598) granting an increase of pension to Augustus J. Crane; and

A bill (S. 2599) granting an increase of pension to Augustus F. French (with the accompanying papers); to the Committee on Pensions.

By Mr. PERKINS:

A bill (S. 2600) granting a pension to Margaret Samuel Sprigg; to the Committee on Pensions.

By Mr. DU PONT:

A bill (S. 2601) granting an increase of pension to Charles H. Windsor (with the accompanying papers); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. CLARK of Wyoming submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

Mr. McCUMBER submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue,

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equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

THE TARIFF.

The VICE-PRESIDENT. Is there further morning business? If not, the morning business is closed, and the first bill on the calendar will be proceeded with.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

The VICE-PRESIDENT. The Secretary will state the pending amendment.

The SECRETARY. Page 133, paragraph 380; no amendment in the paragraph.

Mr. ALDRICH. I understood the pending question to be on the amendments offered by the Senator from Wisconsin [Mr. LA FOLLETTE.]

The VICE-PRESIDENT. The Chair understands that the various amendments offered by the Senator from Wisconsin are, by unanimous consent, to be voted on en bloc.

Mr. ALDRICH. Yes; together. I ask that the vote be taken by yeas and nays.

The yeas and nays were ordered.

The VICE-PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Wisconsin.

Mr. CUMMINS. Mr. President, I suggest the absence of a quorum.

The VICE-PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clay	Gallinger	Overman
Bacon	Crane	Guggenheim	Page
Beveridge	Crawford	Heyburn	Paynter
Brandegee	Cullom	Hughes	Penrose
Briggs	Cummins	Johnson, N. Dak.	Perkins
Bristow	Curtis	Kean	Piles
Brown	Davis	La Follette	Rayner
Bulkeley	Depew	Lodge	Root
Burkett	Dick	McCumber	Scott
Burnham	Dillingham	McEnery	Smoot
Burrows	Dolliver	McLaurin	Stephenson
Burton	Elkins	Martin	Stone
Carter	Flint	Money	Sutherland
Chamberlain	Foster	Nelson	Taylor
Clapp	Frazier	Nixon	Tillman
Clark, Wyo.	Frye	Oliver	Warren

Mr. PILES. My colleague [Mr. JONES] is necessarily detained for a short time this morning.

Mr. FRYE. My colleague [Mr. HALE] is detained at home by ill health.

Mr. BURROWS. My colleague [Mr. SMITH of Michigan] is necessarily absent from the Chamber.

The VICE-PRESIDENT. Sixty-four Senators have answered to the roll call. A quorum of the Senate is present.

Mr. CUMMINS. Mr. President, I understand the question before the Senate is upon the amendments offered by the Senator from Wisconsin [Mr. LA FOLLETTE]. I intend to vote for these amendments, not because I am absolutely sure that they are right, but because I am absolutely sure that the paragraphs which they seek to amend are wrong. I have had sufficient opportunity this morning to examine the amendments offered by the Senator from Wisconsin to ascertain that they employ a correct principle, and I believe that the conclusions reached are accurate. I have not had time, however, to personally apply the principle announced in the amendments to the various paragraphs to which they are directed.

I have risen, Mr. President, not so much to attempt to further explain these amendments as to make some suggestions relating to the schedule as a whole, which I hope will meet with favor on the part of the Finance Committee. I have very little hope that the amendments offered by the Senator from Wisconsin will be adopted. The history of this schedule in its discussion here rather teaches us that the amendments will not be adopted, not because they are wanting in merit, but because they do not meet the approval of the Finance Committee.

I intend, if these amendments are unsuccessful, to present a motion to recommit the schedule to the Finance Committee. I can not believe that the members of this committee remain indifferent to the showing that has been made with respect to the injustice and inequality of the duties that they have reported. I can understand that they may not agree with the amendments offered by my colleague, the Senator from Iowa [Mr. DOLLIVER]; I can understand that they are not satisfied with the amendments offered by the Senator from Wisconsin; but I can not and I will not believe, until I am compelled to do it through the medium of a vote, that the members of this committee are unwilling to make the changes in some form, in some manner, that are so imperatively required by the undisputed facts as they have been developed in this debate. Therefore, inasmuch as they do not like the amendments which have been offered for the purpose of correcting these obvious defects, I want to give them an opportunity to correct them in their own way, under instructions which I believe will represent the real sentiment of this body, as I know that they will represent the real sentiments of the great majority of the people of the United States.

I intend to take up the schedule, not for the purpose of attempting to add to the richness of illustration presented by my colleague, not to attempt to add to the fullness and the conclusiveness of the showing presented by the Senator from Wisconsin, but to suggest to the committee plain and obvious defects which demand a remedy.

It will not do, Mr. President, to assume that the people are unacquainted with the woolen schedule. There is nothing mysterious about the woolen schedule. There is nothing difficult to understand about the woolen schedule. Its wrongs are just as apparent as though they had been written across the face of the bill in letters of fire. The people have been studying this schedule for a good many years. The demand for a revision of the tariff arose partially out of a knowledge of the injustice of the woolen schedule. It is quite true that the people as a whole have not given a technical study to every schedule in this tariff bill. There were a few of the schedules, however, which came into intimate contact with their daily lives and the merits of which they were compelled to consider day after day and night after night. The steel schedule was one of them; the lumber schedule was one of them; the woolen schedule was another of them; and it is a grievous error to suppose that the great part of the thinking, studious men of the United States do not understand the woolen schedule sufficiently to have a judgment with respect to it.

I have been debating the woolen schedule before the people of Iowa for eight years. I have given it some study during these eight years, and my people know something with regard to the consequences and the effects of these duties. I shall in a very brief time point out what I know and what you know, because what I know arises from information just as open to all of you as it has been to me.

We all want to protect the woolgrower. I have no suggestion to make that will indicate a desire upon my part to reduce the duty on wool. I believe that the duty on wool is due to the woolgrower of the United States, for the reason that it costs that much more in the United States, all things considered, to raise wool than it does to produce it in those countries with which we must compete. The duty on wool is amply, it is fully, it is completely vindicated by the policy of the Republican party and by the platform whose behests we ought to carry out in this revision of the tariff. Therefore, I have nothing to say touching any reduction in the duties upon wool.

I intend to offer presently a motion, which I may as well read at this time, in order that I may direct my remarks directly to it.

I shall move to recommit Schedule K, with instructions to again consider the same and to report a schedule as follows, to wit: First, with the duties on wool unchanged; second, with so-called "compensatory duties" to the woolen manufacturers that will measure the difference between the price which domestic manufacturers pay for wool and the price paid by their chief foreign competitors; third, a further duty upon imported woolen manufactures that will represent the difference between the cost of production at home and abroad, with a fair manufacturer's profit added, less the compensatory duties already given to domestic manufacturers because of the higher price they are compelled to pay for wool.

We have been treating our tariff and our platform at times as though the measure of protection was simply the difference between wages, or the efficiency of labor, if you please, at home and abroad. That is not the test. It never has been and it never ought to be. Our test of protection is a duty that will enable the domestic manufacturer to meet his rival in the markets of his own country successfully and carry on with a fair profit the enterprise in which he is engaged. That measure of duty involves a consideration, not only of the difference between the cost of labor at home and abroad, but it involves a consideration of the difference between the cost of materials at home and abroad; and it is just as essential to protect our manufacturers against the added cost of material as it is to protect them against an added cost of labor, if they are to meet their competitors in our markets successfully.

Mr. HEYBURN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. HEYBURN. I should like to ask a question. I think I will first take occasion to say that the presentation of the question by the Senator from Iowa this morning is the clearest presentation of his position, and the position of his party and those who control it that has been made. How much of a margin would you give the American manufacturer in the field of the production of wool and in the field of the manufacture over and above the even balance between home and abroad? That is the interesting question.

Mr. CUMMINS. That margin of balance can not be defined. It is better determined by experience than by the attempt to express it in a definite percentage.

Mr. HEYBURN. We would have to do it.

Mr. CUMMINS. Precisely; and it is, therefore, a matter of sound judgment. It must be remembered, however, that the foreign manufacturer must make profit as well as the domestic manufacturer. The end——

Mr. HEYBURN rose.

Mr. CUMMINS. Allow me to complete the sentence. The end to be sought, after all, is the meeting of the two manufacturers in our markets, with an advantage on the side of our manufacturer. That is the rule which should be applied. It is the rule which I recognize and have attempted to enforce in every vote I have given in this Chamber and in every word I have attempted to express upon the subject.

Mr. HEYBURN. Mr. President, that brings us to the question as to who is to determine what is the margin of profit which our producer, whether he produces the raw material or the manufactured product, should have as against the foreign competitor, and who should fix it. I contend that the producer should fix it. There has been a contention here that we should fix it through the medium of the duty.

Mr. CUMMINS. Mr. President, therein lies the difference between the Senator from Idaho and myself. I say it is the duty of the Senate to fix that difference. It is inseparable from the duty that is involved in the making of a tariff law. We must derive our information from every source from which we can obtain it. It is not fair to accept the statement of the domestic manufacturer without allowance. It is not fair to accept the statement of one who desires to import goods into our country without allowance. We must try that question precisely as we are compelled to try all questions, and give to it our most intelligent, dispassionate, and impartial consideration, and reach a judgment upon it giving, I agree, the benefit of the doubt to our own manufacturers.

Mr. HEYBURN. Would it interrupt the Senator if I should ask him one more question?

Mr. CUMMINS. Not at all.

Mr. HEYBURN. Would not such a bill be correctly entitled "A bill to protect the foreign competitor against the American producer?"

Mr. CUMMINS. Mr. President, on the contrary, it would be a bill named just as this one is named—a bill to give to our manufacturers our market, provided those manufacturers are willing to occupy it with a fair and reasonable profit upon the ventures in which they are engaged; but if they are not willing to take our market without advancing their profits beyond a fair and reasonable allowance upon the capital which they have invested in their enterprises, then they have no right to occupy it, and it is the highest patriotism to invite somebody else to occupy it if our own manufacturers and our own producers will not do this simple justice to those who must use and consume their products.

Mr. HEYBURN. Mr. President, if the Senator will allow me to retract and interrupt him once more——

Mr. CUMMINS. Gladly.

Mr. HEYBURN. The serious question in my mind—though it has not been very serious, either—but the question in my mind that has always practically controlled it, has been who should determine what was a reasonable profit to our people—not to the foreign producer, but to our people. I should like to suggest to the Senator that the rule he suggests as to profits might be applicable to large enterprises, but it would absolutely wipe out small enterprises, because they must make a larger percentage than the large ones.

Mr. CUMMINS. Mr. President, I do not think the Senator from Idaho understands my position. The Senate and the House of Representatives must fix these duties; and these duties determine whether our manufacturers shall take our market or whether the foreign manufacturers shall take our market. Therefore it is necessarily an exercise of judgment upon the part of the Congress of the United States. If the Senator from Idaho means to assert that the Senate must accept the opinion of a manufacturer as to the terms upon which he can enter and occupy our market, I repudiate that idea, because then the ordinary natural selfishness of the human heart would leave no limit whatsoever to our duties. There is not a manufacturer in the United States but who, if he could have his own way, would prohibit the importations of articles made in the business in which he is engaged; there is not a woolen manufacturer in the United States who, if he had his own way, but would put such a duty upon every yard or pound of woolen cloth that it would be utterly impossible under any circumstances, no matter how high the domestic manufacturer might raise his price, to relieve that injustice by the competition of a foreign concern. I can not think that we will ever accept, or that we ever have accepted, any such criterion for the composition of our tariff laws.

Now, I come directly to the schedule under consideration. I am delighted that the Senator from Montana [Mr. CARTER] does me the honor to make one of my auditors in the Senate Chamber. I wish the Senator from Wyoming [Mr. WARREN] did me a like honor, for I intend to talk to them and men like them, because they represent, and they are chiefly interested in, the protection of the woolgrower. I have no greater interest in the woolgrower than I have in the woolen manufacturer, because I do not represent a State that is largely, at least, concerned in the growing of sheep. We have a great many sheep; we should like to have more; but as I view the economic side of this particular question as it relates to my particular State, we can put our farms to a little better use, in the main, and to a little more profitable use, in the main, than the breeding and development of sheep. Therefore it seems to me that I speak from a somewhat impartial standpoint.

Let us see, first, looking at it from the woolgrower's point of view, what the woolgrower wants. Assuming that this duty is sufficient—and I shall not discuss that, because I do not ask the committee to change the duty on wool in any way—he wants, first, a duty so imposed that it will increase the price of his wool. He wants a price for his wool that he could not get if he were in competition with the world. I turn to the Senator from Utah [Mr. SMOOT], who has given the subject profound study, and I am glad to see that he nods assent to that proposition. If that is not true, then the whole schedule is a delusion, a snare, a sham, and a farce.

Mr. HEYBURN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. HEYBURN. If the Senator will permit me, I understood him to state the proposition that the first thing that the woolgrower wants is protection; that is, a duty upon wool. That is not the first thing he wants. He wants, first, a market at home.

Mr. CUMMINS. Mr. President, the Senator from Idaho is simply quarreling with me as to precedence. I was about to state the other fundamental, the other essential, of this schedule so far as the woolgrower is concerned; and I assure the Senator from Idaho that I will give the suggestion he has just made sufficient prominence to satisfy anyone.

I repeat that the first consideration for the woolgrower is a duty on wool that will add the amount of the duty to the world's price.

Mr. President, I do not, of course, concur with the general view of my associates on the other side of the Chamber that the duty is always added to the price of the product. On the contrary, there are a great many things within these schedules in which the duty is not added to the price which the American consumer must pay. I admit that. If I could not admit that, if I could not believe it, I should not be a protectionist, as I am. In the case of wool, however, in the case of a product which we produce in a lesser quantity than our market demands and uses, I say that the duty on wool, as a broad and general proposition, is added to the American price of wool, and in its operation accomplishing that result the woolgrower is benefited by the duty so imposed. If the duty is not added to the price of wool, then this bill commits the gravest outrage in giving to the manufacturer a compensatory duty based upon the hypothesis that he pays more for his wool than does his foreign competitor. To me the proposition that I have just outlined is irrefutable; there is no one who can assail it, and I am in favor of it because it does raise the price of wool to the American woolgrower. If it did not, I could not find it in my conscience to give my adherence to any plan of industrial economy that involves or embraces a schedule of this character.

Therefore I begin this investigation from the point of view that the woolgrower first wants to increase the price of his product by the amount of this duty; and it is our obligation, having assumed that as the basis of this schedule, to see that throughout he gets the benefit of the duty so imposed. I make the suggestion merely in passing that the reason, as I

view the subject, that the American woolgrower is not now supplying the entire American market lies in the fact that he does not get the benefit of the full duty that we have imposed in the first paragraph of this schedule upon his product.

Now, as to the second thing which the woolgrower wants. I am quite willing to put it first, if you please, because there are no ranks in these necessities; you can not rank necessities. If a thing is absolutely essential to a man's life or to the prosperity of his business, then one of them is just as high in rank as the other; and I agree with the Senator from Idaho that the second in order, though not in importance—equal in importance—that the American woolgrower has a right to ask is a market in which he can dispose of his product; that is a created condition, which will require the manufacturer of woolens in the United States to buy his wool, and all the wool that he produces, at the price enhanced by the duty laid upon wool. If you have not accomplished these two things for the woolgrower, then your efforts here will end in dismal failure, as they have ended in times past in partial failure. Therefore we have the woolgrower now wanting, first, that price for his wool created by the imposition of 11 cents a pound upon one class of wool, 12 cents a pound upon another class of wool, and 4 cents a pound, I believe, upon another.

Mr. WARREN. The duty on first-class wool is 11 cents a pound, on second-class wool 12 cents a pound; on third-class wool 7 cents a pound for wool worth over 12 cents; and 4 cents a pound for third-class wool worth 12 cents or less per pound.

Mr. CUMMINS. Those are the changes made by the pending bill. I had the present law in mind.

Mr. WARREN. The proposed rates are as I have stated them to the Senator.

Mr. CUMMINS. Precisely. I had it in mind accurately. You want a market that will enable him to dispose of this product at that amount above the amount which these manufacturers could buy their wool for if they were admitted into the markets of the world. Now, I want that conclusion, theoretical as announced in the bill, to be realized in fact; and I want to do nothing that will destroy by a hair's breadth the encouragement that has been given and that ought to be given to the producers of wool.

The agriculturists of the United States are benefited by a protective tariff, vastly benefited, as I will admit, yet there are but few of the products of the soil, there are but few of the products of the farm that are directly the beneficiaries of the protective tariff, and, therefore, when we can find one, I want to do what I can do to see that it receives all the benefit and all the advantage which a protective tariff can confer upon it.

Mr. HEYBURN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. HEYBURN. Would the Senator object to specifying what products of the farm are not protected in his State?

Mr. CUMMINS. There are a great many things that are not protected, as I view the situation. I know that my friend the Senator from North Dakota [Mr. McCUMBER] does not agree with me in respect to these things; but I do not believe that we in Iowa receive any direct benefit for the 400,000,000 bushels of corn that we raise every year; I do not believe that we receive any direct benefit from the duty on the 8,000,000 or 10,000,000 hogs that we market every year; I do not believe that of the $700,000,000 of agricultural products that we pour every year into the channels of trade protection advances the price of a tithe of them.

I want Senators to remember that I come from a State that probably puts more in value into the channels of trade every year than any other State of the Union in agricultural products. We will this year supply the people of the United States and the people of the world with a product that will surpass in value $700,000,000, and it is idle for even any enthusiast to assert that the price of these products is directly affected by the protective tariff. We are benefited, however—and I want, in passing, to acknowledge the benefit, for I am just as firm a believer in the policy of saving our own markets as one who may live in New England, in New York, or in California—we are benefited because protection creates a great, prosperous multitude of men and women and children in America who use our products, who are able to buy them, and who are able to pay for them. If, instead of exporting from the United States something like $800,000,000 in a year of agricultural products, we were compelled to export practically all, or a very large proportion of the things which we produce of that kind, then the price in America would be very much less than it is now for all of them. I want no man to be able to accuse me of any infidelity or want of allegiance to the doctrine of protection simply because we are not directly and immediately advantaged by the protective law. But here is a point where protection does help the agricultural producer. It adds just that much to the value, to the price, of his yearly output of wool.

Mr. WARREN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. WARREN. Would it disturb the Senator if I made an observation there?

Mr. CUMMINS. It would not.

Mr. WARREN. The Senator is proceeding in a very able and in a very fair way, and I think, from the drift of his remarks, I see where he will probably land in the matter of the duty on wool. As the Senator proposes to be candid and fair, I want to be just as candid and fair.

The protection upon wool is valuable, and without it the woolgrower of this country can not succeed. It is valuable to him because it does raise the price of his product sufficiently so that he can pay the difference in labor and the difference in other expenses, for that is the plan of the protective tariff system in this country. There never has been a plan—and I do not know that there ever will be during my lifetime—where the levying of a duty is ideal; but the trouble here comes in the hundreds of varieties of wool, sometimes even in the same flock. There is an individuality about the growth of wool upon sheep much the same, and, perhaps, I might go further and say even more than the individuality of the hair on men's heads or the features of men's faces. The duty of 11 cents on first class was applied upon the supposition that wool shrunk two-thirds—it is 33 cents on scoured wool. Of course, wool seldom comes in scoured, because the wools of other countries, or some of them, shrink less, and because in late years we have always permitted, as I have said, a concession as to skirted wool.

What we fear in the change which the Senator's colleague [Mr. DOLLIVER] so ably espouses is this: An ad valorem duty has never in all of the existence of the country and the growth of the wool industry been satisfactory to the woolgrowers, for many reasons. I will simply mention two for the Senator to consider as he goes along. One is the impossibility of application practically—and when I say "impossibility," I mean so far as we know at present. The second is this: In order to raise wool, of course the farmer has to have sheep and they have to be cared for. He has to have his mother flock, and it is a matter of years to bring the flock up. He must have from year to year a sufficient income to support his business or it goes to the wall.

In times when the world's product goes up and goes down, there is a great variation in the price of wool. If he is raising at a high expense a clip of wool and the world's market goes down, and he goes into the market where wool is, we will say, 10 cents a pound, that is the very time when he needs the most protection, but under an ad valorem system it is the very time when he gets the least, because if the duty were 45 per cent and the price of wool were 10 cents he would get but 4½ cents per pound protection. A year or two of that kind would, to use the phrase of the farmer, "clean him out," and he would have no sheep left, and when the pendulum swings, and the year comes when wool is worth 20 cents, he can not avail himself of the benefit, because his sheep are gone. On the other hand, the price of wool might go to 30 cents. Then, under an ad valorem system, he would have protection amounting to 13½ cents at the time when he needed it least. So that the adoption of an ad valorem system, even though the ad valorem could be determined all right, would not give the woolgrower the assistance that a specific duty does, even though the latter may be somewhat imperfect. I want to say to the Senator that to all the western wool that we grow the duty of 11 cents is not applicable as 11 cents. It amounts to about 7 or 7½ cents actually, because that is the average, shrinkages considered.

In the large study I have given to this question, I have never found, up to the present time, a better method than that now proposed, and I do not see any prospect of a better method.

So the woolgrower had better stick to what he has than to adopt some new principle or idea that will weaken him in his protection.

The woolgrower under the present tariff is fairly successful, and our numbers are increasing, taking the United States together. The trouble has been heretofore that when he has gone up 10 stairs toward success, some change in the tariff has been made which has knocked him down 9, and he has had to recover those 9 stairs before he could start over again from a place as high up as he was before.

Mr. CUMMINS. Mr. President, the Senator from Wyoming is in error. Of course, I have not suggested anything up to this time——

Mr. WARREN. I had no reason to say that, except the general drift of his remarks. So, if I have offended the Senator, I will withdraw that.

Mr. CUMMINS. That would furnish the foundation for the argument made by him. I admit the force of the argument of the Senator from Wyoming. I would not willingly change an existing specific duty into ad valorem, and never unless it becomes absolutely necessary to correct a far greater injustice than the imposition of ad valorem can inflict.

Mr. WARREN. Mr. President——

Mr. CUMMINS. Just a moment, if the Senator will allow me.

Mr. WARREN. I want to thank the Senator for his statement, and to say I am sorry I misunderstood him.

Mr. CUMMINS. I began my argument before the Senator from Wyoming came into the Chamber, and I think I had better repeat that part of it, or at least state that part of it, so that he may know it, inasmuch as I am really appealing to the Senator from Wyoming and the Senator from Montana as representing at least the foundation stone in this great structure. I am speaking now upon a motion, which I intend to make when these amendments are disposed of, to recommit this schedule to the Finance Committee with instructions. I have stated that the inaccuracy and, as I thought, the injustice of the schedule had been shown so clearly and positively that no man could deny the force of the facts that have been developed. I suggested that the Finance Committee evidently was not satisfied with the amendments offered by my colleague [Mr. DOLLIVER].

Mr. ALDRICH. I think perhaps the Senator had better amend his statement by saying that the Senate was not satisfied.

Mr. CUMMINS. Mr. President, I know that to be true; but I am sure that I am accurate when I say that the Finance Committee was not satisfied with the amendments, because not a single member of the Finance Committee voted for them.

Mr. ALDRICH. That is very true, for the very best of reasons, I think.

Mr. CUMMINS. Mr. President, I shall not now enter into the reasons, but the Senator from Rhode Island ought not to correct me until I make a misstatement. I said that the Finance Committee was not satisfied with the amendments. I did not know, however, and do not know yet, that the Finance Committee is blindly, determinedly adhering to a schedule that has been shown here to be so imperfect and so inadequate and so antiquated as to be incapable of meeting present conditions. I am trying to convince the Finance Committee now. I am not in opposition to it; I am not challenging motives; and I am not aspersing character; but I want you to listen to me, and if I convince you that you ought to make some change, then what I ask is that you take the subject and make the change under certain instructions and following out certain principles.

I realize how difficult it is for a Senator on the floor to present amendments upon a subject like this which will compose a harmonious whole. I can understand some of the repugnance of the Finance Committee to accept these amendments, however just and meritorious they may seem to be. I can understand how the Committee on Finance would prefer, if it is convinced, as I intend to convince it, if it is not already convinced, that there ought to be a change here, to retake this schedule and rewrite it from that comprehensive standpoint the committee now occupies.

I had stated the difficulties about accepting these amendments which have been offered by my colleague and by the Senator from Wisconsin, and I proposed to move to recommit the schedule with certain instructions, and the very first instruction was to leave the duty on wool unchanged; and therefore the Senator from Wyoming was quite in error when he assumed that I am requesting the Finance Committee in this motion to put an ad valorem duty on wool. I do not ask it. I recognize all the difficulties that have been so graphically pointed out by the Senator from Utah and the Senator from Wyoming.

I have, as it seems to me, sufficiently pointed out that what the farmer wants is to see the duty carried through the manufacture of woolen garments and woolen cloths. He wants to get in the one case 11 cents a pound, and in the other 12 cents, and in the other 4 cents, and in the other 7 cents upon his wool. He wants to see the result of those duties in the ultimate product into which his wool goes, and therefore, as I said, and I repeat, he wants a market that will take his wool at that price; and therefore he is just as much interested in the prosperity of the woolen manufacturer as he is in his flock of sheep, because the duty on wool would be of no value to him if the woolen manufacturer should pass out of existence. Therefore I am in favor, thoroughly and heartily in favor, of giving to the woolen manufacturer that measure of protection which will enable him to hold our market reasonably against his foreign competitor.

We come now to the next step in this argument. What does the woolen manufacturer want? I do not mean what his avarice or greed prompts him to ask, but what does he need in order that he may hold his own market, may manufacture the wools of the United States as well as those he must import, and sell them at a profit to his own people? I look at the subject from the manufacturer's standpoint for a moment. What he needs and what he must have is a compensation that will put him upon even terms with his foreign competitor with respect to the price of the wool which he must buy in order to carry on his undertaking. Is there a Senator here who disagrees with that proposition?

Mr. HEYBURN. Yes; I disagree with the "even terms." I disagree with the rule which gives the American producer only even terms. He must have an advantage and a very decided one before my idea of protection is realized.

Mr. CUMMINS. The Senator from Idaho has so keen a mind, it advances so rapidly to the ultimate end, that he often assumes that a speaker is omitting consideration of the element which he attempts to inject. I have no objection whatever to the suggestion of the Senator from Idaho. I know that is true, and I will presently bring that element into it. I can not give all the elements at the same moment and in the same sentence.

I repeat that he first needs to be put upon an equality with his foreign competitor with respect to the price of the wool, which is his chief raw material, and if he is compelled to pay more for his wool than the manufacturer of Bradford or any other point in England, Germany, or France, of course he can not get into our markets at all. Therefore the first purpose of this bill, after it leaves the woolgrower, is to give to the American manufacturer that opportunity. We have agreed that the duty on wool raises the American price ordinarily by just the amount of the duty, and the American manufacturer must pay the foreign price with the duty added, and we therefore, in order to sustain and encourage the manufacturer, must give him as a protection a duty that will represent the difference between the price that he must pay for the wool he uses in his work and the price which his English competitor must pay for the wool he buys for his work, providing their output is the same.

That must be perfectly obvious to every person who gives this subject the respect of even casual examination. Therefore I have asked in this instruction to the Finance Committee that it work out some plan to do this and no more, because, if it has not been demonstrated here that the present plan does more than to give to the manufacturer this difference between the price which he pays for wool and the price which his foreign competitor pays for wool, then I would despair of the force of either facts or argument. I do not believe there is a Senator here who will say that what is known in this bill as a "compensatory duty" accurately measures the difference between what the domestic manufacturer in a year pays for his wool and the amount which the foreign manufacturer pays for his wool, and that is what the compensatory duty is for. That is why we levy it. That is why we separate it from what is known as the "protective duty."

We have used in this schedule what is very rarely used—namely, compensatory duties. I do not know—probably the members of the Finance Committee can advise me upon that point—another schedule in the tariff in which the protective duty is separated, so that one part of it may fall upon the material and another part of it upon the other elements or factors of the business. It may be that there are such other schedules, but I do not recall them.

Mr. ALDRICH. The same principle runs through the whole tariff bill.

Mr. CUMMINS. I agree to that, but the practice is confined to this schedule.

Mr. ALDRICH. The practice varies in different paragraphs and schedules according to the articles.

Mr. CUMMINS. I do not believe there is another schedule in the tariff in which expressly, confessedly, there is an attempt to separate the protection that shall be given for the material and the protection that shall be given for labor and other factors of expense.

Mr. SMOOT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. CUMMINS. Certainly.

Mr. SMOOT. There is a very good reason for that, and I should like to call the Senator's attention to it. There is no

other article manufactured from what may be called the "raw material," as the manufacturer calls wool, that loses so much in the manufacturing. If I could take the Senator into a woolen mill——

Mr. CUMMINS. May I interrupt the Senator from Utah for a moment?

Mr. SMOOT. Yes.

Mr. CUMMINS. I know he is advancing to refute an argument I do not intend to make against this separation. I agree with the Senator's view that the woolen schedule is one in which it must be made. I am not prepared to admit that there are other schedules in which the same separation with propriety might not be made. But I am not arguing against the long-continued practice of separating the protective duty upon the raw material from the protective duty upon the process of manufacturing. What I am attempting here is to make the manufacturer good for the additional price that he must pay for wool, and nothing more, in the so-called "compensatory duties."

I know it has been established by that overwhelming proof which leaves no opportunity for uncertainty or indecision that the woolen manufacturer in these compensatory duties gets more than the difference between the price he pays for wool and the price that the English manufacturer pays for wool. He gets more. First, because the plan of shrinkage is a false and an artificial plan, and does not correspond actually to the experience of men.

The average shrinkage of wool imported in the United States or produced in the United States is not the proportion named in this bill, and therefore the domestic manufacturer does not pay that much more for his wool, as compared with his foreign competitor. I am not going into those figures. They have been amplified and illustrated and poured upon the Senate in such overwhelming current that no man can resist the conclusion, and it is not attempted on the part of the Senator from Montana and the Senator from Wyoming. They very frankly admit that the shrinkage proportion is not the true shrinkage proportion; but they do not know any way, apparently, in which they can substitute a better plan for determining the shrinkage. But there have been pointed out here plans that deserve at least the very careful and prayerful consideration of the members of the Finance Committee. To me it is idle, and worse than idle, to say, in the full noontide of our knowledge and our intelligence and our advance in science, that there is not a better plan for ascertaining the shrinkage in wool than the arbitrary proportion which has been chosen by this committee, and that was chosen forty years ago or more, in order to determine the compensatory duty which manufacturers are entitled to in order to enable them to legitimately and profitably prosecute their enterprises.

Do not go to the people with the statement that the woolgrower of America is not getting the full benefit of his duty and that the wool manufacturer is getting more than his fair compensatory duty because it is impossible to ascertain the real wool in a given bale or fleece or cargo. It is not true, and no man can assert it or will assert it, except as accompanied with that vague and indefinite statement that the modern and the scientific methods for doing justice to the farmer and taking away from the manufacturer his undue advantage are not practicable. There never has been an advance which has not been denounced as impracticable. There never was a new machine that was not rejected because it was too complicated, because it was too mysterious. You can not mention a single step that we have ever taken in the world's progress that was not criticised just exactly as the method proposed or some like method is here criticised with respect to ascertaining the amount of wool in a single package or bale or bundle.

I am doing this with all the earnestness at my command, and I am doing it because for years I have been profoundly convinced that you were doing the people of this country a grave injustice, which can not be corrected or repaired too soon, by continuing this false and artificial plan. That is my first request; that is the first statement with regard to compensation to the manufacturer. You give him more than the additional price that he pays, and if your other duty is right, you give him a part of the profit which should belong to the woolgrower, or if it does not attach to the woolgrower, you give him a part of the money that is due to the people who wear the clothes which are the result of the woolen manufacturer's capital and labor.

I now advance to the second point. What I have stated is upon this hypothesis that you ought to protect the cloth. It is just as fatal to the woolgrower in America to allow foreign cloth to take our markets as it is to destroy the duty on his wool. Everybody understands that. Therefore I want this compensation given so that the manufacturer can live, and all the manufacturers, although I do not intend at this time, and possibly not at any time, to enter into the hardships imposed upon the carded wool manufacturers. But what I have said is based upon the hypothesis that when a hundred pounds of cloth are weighed, that cloth is all wool.

Now I return again to my proposition—and I am going to make it mathematical. I am not going to leave a loophole for escape. What you are trying to do is to put the domestic manufacturer, so far as this part of the duty is concerned, on an even plane with his foreign competitor. That is your object. That is your purpose. You ought to do it. I applaud it. I will do everything in my power to carry it out. There is the foreign manufacturer with his thousand pounds of cloth, we will say, all wool. Here is the domestic manufacturer with his thousand pounds of cloth, all wool. Imagine them coming up into competition with each other.

The compensatory duty, as I have been attempting to describe, fastens itself upon that thousand pounds of woolen cloth and says that before the foreigner can bring in his thousand pounds of woolen cloth he must pay a duty. Mark you, I am not speaking of all the duty that will measure the difference between what the English manufacturer of that thousand pounds paid for his wool and what the domestic manufacturer paid for his wool. I have considered that feature. I am passing now to another phase of the compensatory duty.

Mr. HEYBURN. Before passing to it, is it not well to inquire whether or not you would place the English merchant with his cloth on an equal footing with the American merchant? Would you not give the American merchant a margin of profit which should not be fixed by the English merchant?

Mr. CUMMINS. Certainly.

Mr. HEYBURN. I understood the Senator's statement to be that they were to be started evenly under the law. I would not start them evenly, and I would not allow the foreign merchant to fix the price or the profit of the American merchant.

Mr. CUMMINS. I am getting them ready for a start. I have not yet started them. I will start them presently. You will see we have handicapped the foreign competitor—I am speaking now simply of the compensatory duty. Hold that in your mind. I have already shown by a simple reference to what has occurred here that the manufacturer gets much more than the compensatory duty, simply because the shrinkage proportion is not the true proportion. The shrinkage proportion of the law is not the shrinkage proportion of commerce. But now I pass to another step.

Suppose the English manufacturer has a thousand pounds of cloth and half of it is cotton and half of it wool. He comes with his thousand pounds to the American shores and applies at our custom-houses for admission. We are still offering to give to our manufacturer the compensation which is due him on account of the difference in the price of wool in England and the United States. But what more do we do? We again exact toll of the wool producer in the United States or we exact it of the consumer in the United States, possibly one and sometimes the other, by putting a duty upon that cloth in favor of our own woolen manufacturers, not measured by the difference between the price that the English manufacturer had to pay for the wool in that cloth and the price which the home manufacturer must pay for the wool in a like cloth, but we exact a duty upon the hypothesis that the cloth thus presented is all wool, and we thus give to the woolen manufacturer of America as a compensatory duty relating to the price of the wool a still further unfair and unjust advantage.

I am not saying there should be no duty assessed on the cloth, with respect to that portion of it which is not of wool, but we do not want any compensatory duty upon it because the home manufacturer gets his cotton cheaper than the English manufacturer gets his cotton. It is worse than idle to put a compensatory duty upon cloth half cotton, upon the theory that you are going to try to give to the home manufacturer a compensation for the difference between what he pays for wool and what his foreign competitor pays for wool in that manufacture.

Mr. WARREN. Mr. President——

Mr. CUMMINS. Just a moment, now. That cloth is dutiable and ought to be dutiable, because it costs more to make it here than it costs abroad, and I am for putting a duty on it that will make up that difference; but when you put upon it, in favor of the home manufacturer, a duty of a compensatory kind, measured upon the wool that it might have if it were all wool, and try to give to the home manufacturer in that way what he is out at the end of the year, because he has had to pay more for his wool than the English manufacturer paid for his wool, you are defying all the laws of logic, you are defying the principle of your party, you are destroying the structure that we are endeavoring to build up, you are

subjecting the policy of the party to unmeasured censure, unlimited ridicule, and to eventual defeat and destruction.

Mr. McCUMBER. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from North Dakota?

Mr. CUMMINS. I do.

Mr. McCUMBER. I have listened with a great deal of interest to the Senator's exposition of this matter, and I want to ask him a question right here, so that he may explain it at this point, because it is an interesting step in his argument. The Senator, as I understood him, would base the compensatory duty upon the actual amount of wool that is in the cloth. Now, how would the Senator determine—assuming that he can determine how much wool there is in it—the character of the wool in it—whether it is of the first or second class; whether it is of the higher-grade wool or whether it is the lowest class, or shoddy or chopped up woolen rags which are not worth one-tenth of what the higher-priced wool would be? In order, as I understand, to get the compensatory duty, he must know what the value of the wool in that cloth is. Now, how is he going to get at that?

Mr. CUMMINS. Mr. President, of course the question which has been put to me by the Senator from North Dakota applies as well to cloth that is composed wholly of wool as to cloth that is composed partially of wool, because in using the term "wool," as far as its manufacture is concerned, I have embraced these wastes of life and of commerce that are ordinarily known as "wool rags." There is no difficulty whatever in that.

Mr. McCUMBER. I appreciate the fact that there may be a class of wool used that makes it a little cheaper than cotton goods would be.

Mr. CUMMINS. Precisely. One of the ways to ascertain that is to apply the very same rule that we have applied with regard to third-class wool. When a cloth is manufactured of the materials just mentioned by the Senator from North Dakota it, of course, bears a lower price. That is one test. But there is another test, so far as separating the vegetable from the animal fiber is concerned, which I think everyone recognizes.

Now, I would not be nice and finical about this matter. I am perfectly willing that they shall put on the same duty that they do now; that the duty shall be imposed upon the theory that it is the highest priced wool, if you like; I do not believe you can reach all these fine shades of distinction; but what I am objecting to is that you are giving to the manufacturer a compensatory duty upon cotton.

Mr. WARREN. Will the Senator allow me a moment?

Mr. CUMMINS. Certainly.

Mr. WARREN. The Senator spoke of a duty on goods half cotton. I think he has overlooked the fact that there is a special rate upon that class of goods, and lower duties. There is a lower duty on goods half cotton, that are of cotton warp.

Mr. CUMMINS. Yes; there is a lower compensatory duty.

Mr. WARREN. There is a lower compensatory duty and lower duties all the way up. Again, upon the other classes where some portion of old wool is taken into the cloth, the Senator has admitted what must be admitted, that it is very hard to tell whether it may be rags or flocks, or whether it may be pure wool. It is so difficult to determine old from new, shoddy from fleece wool, that it has been thought better in protecting the woolgrower, also the consumer, the wearer, to have the importer pay just the same as if it were all good wool, because it displaces just that much all good wool, as against the business of our domestic woolgrowers, if it comes in, no matter what its quality, and no matter what its value. It also furnishes the consumer with an inferior, poor-wearing garment. But when you proceed up the line beyond the compensatory duties and take up the specific duties upon the cloth there the ratio of percentage is reduced, so that if a man really wants to wear the cheaper goods—shoddy goods—they can be imported at a cheaper figure, because the ad valorem that applies to the cloth is less.

Mr. CUMMINS. I understand, I think, the suggestion made by the Senator from Wyoming. It is true, but the principle is not changed. No matter what duty you impose, if it is a duty based upon the hypothesis that the cloth is all wool, it is wrong; wrong in principle and, as I think, wrong in effect. It is not true either that a cloth imported, half wool and half cotton, takes the place of a cloth of all wool in the United States. It may take the place of cloth half wool and half cotton in the United States, but it does not supplant the use of domestic wool in that respect.

The Senator from Wyoming, I think, agrees with me. I think he understands and admits in his mind and in his conscience that the compensating duty given to the manufacturer, first, should be graduated according to the shrinkage of wool, the actual shrinkage, and, second, it should be limited to wool that is actually in the cloth imported, whether that wool be first class or second class, or whether it be rags or mungo, or what not.

Mr. WARREN rose.

Mr. CUMMINS. I pause.

Mr. WARREN. The Senator will mark the fact that upon the half-cotton and half-wool goods there has been provided a compensatory duty according to that proportion. That was something the true value of which could be determined. If the warp is cotton and the filling wool, it can be so determined, and that has been taken care of, and such goods are not of questionable material and value, but are desirable as cheap fabrics.

Mr. CUMMINS. Precisely.

Mr. WARREN. The idea of direct compensation was that the manufacturer should have his wool as if free, and that is precisely right in theory. It is precisely right in practice, as far as we have been able to apply it. But in the matter of these adulterants, the matter of flocks and wastes, upon the one side, you might say that it is not fair to assess the same duties upon flocks and mungo as upon wool, because it is worth a great deal less, and the manufacturer ought to buy where he can buy the cheapest and get the cheapest materials he can and bring them in here and pay only an ad valorem duty. But, on the other hand, as the Senator has well said, every pound brought here displaces a pound of washed wool, as against the growers of this country. Furthermore, it gives the wearer a poor fabric.

Therefore these duties have in view not only the interest of the grower of wool and the manufacturer, but, so far as may be, the interest of the consumer. We want people to get for as little as possible the best goods. As I explained the other day, worsted goods, all wool, 3 yards or a little more in a suit, at a dollar a yard, more or less, factory price, will make a suit of clothes of the first grade so cheap that there is no reasonable excuse for bringing in shoddy and no reason why the poor man, or the rich man, for that matter, should wear shoddy, as we are not a shoddy nation.

Mr. CUMMINS. Mr. President, I do not believe that the Senator from Wyoming upon reflection will think the argument he has just made to be sound. It might be if it were directed to a proper object, but it is not relevant to the question we are now considering.

I am not ready to enter upon a revision of the tariff with a view to correcting the habits or propensities of our people. This is too vast a subject. Sociology is one of the most interesting studies known to mankind, but I would despair if we were to attempt to revise this tariff so as to correct any delinquencies upon the part of our tastes or habits or customs. There are other schools in which we will better our morals and our practices. A tariff schedule is not the place for the education of human kind.

I am discussing it solely with reference to the financial condition of our manufacturers, not with regard to what the people ought to wear, what they are able to wear, or whether they prefer white or black or gray. I am only considering it to ascertain what the manufacturer can do under the conditions that we have created by this schedule, and I say again that because it can be done, it ought to be done. You make your schedule a byword among men. Were I to go out and defend this woolen schedule, if it be subject to the criticism that I have attempted to express; were I to answer the farmer and the merchant and the laborer when he says that, in pretending to give your woolen manufacturer a compensatory duty in order to equalize him with his competitor abroad, you have heaped upon him an advantage that belongs to no living man; that you have given him access to the Treasury of the people that he may plunder at his will and gratify all his greed and avarice, you have no answer to that. I want a schedule that will enable me in the next campaign to say to the people of my State that this compensatory duty that was given to the wool manufacturers scattered everywhere is a duty that simply compensates them for the higher price that they had to pay for wool, and they had to pay the higher price for wool because we put a duty on raw wool. That is the position in which I hope to be.

I have been fighting this tariff campaign for a good many years. I expect to fight it for a good many years to come. I had hoped when we began this debate—and you will remember that I expressed the hope—that the light of reason would so shine in upon these schedules, that the demands of justice would be so imperative, that these duties would be so revised that I might vote for this bill, and that I might defend it when we come to the great forum of the people. But if you insist upon putting on a duty of this kind, indefensible according to its own supporters and unjust according to the most casual analysis,

how can you expect any Republican who believes in the platform of his party, who understands something of its history and what it has tried to do for the people of the United States—how can you expect a Republican who regards his political faith and honor to vote for such a schedule or such a bill? How can you expect a Republican, born in the faith and nurtured in the principles of the party, to go before the people and defend the work that you are now proposing to the Senate?

I marvel at your blindness. I marvel that you are willing to commit the Republican party to such a schedule; for while granting the righteousness of the principle involved in it, it is so radical a misapplication of the policy to which we are all pledged that I can not conceive that the Senate will, upon reflection, agree to it.

Mr. McLAURIN. Mr. President——

Mr. CUMMINS. I will yield in just a moment, if the Senator from Mississippi will pardon me. I am not asking just now that you shall reconsider and accept these amendments that have been offered from the floor; for while I think they are right, yet I can understand that you may believe that they have been composed in a hurry, that they have been composed without taking into view the full situation; but how can you, in view of what has been disclosed, refuse to recommit this schedule and command the committee to report it in harmony with certain principles that lie at the foundation of the Republican structure, and, as I think, at the foundation of the welfare of the people of the United States?

I now yield to the Senator from Mississippi.

Mr. McLAURIN. I understood the Senator to say that he is in favor of a compensatory duty, because the manufacturers are required to pay a higher price for their wool by reason of the tariff upon the raw wool. Are the manufacturers, by reason of that tariff, required to pay a higher price for wool produced in this country, as well as a higher price for the imported wool?

Mr. CUMMINS. Certainly. It is the very object of the duty on wool not only to raise the price of our domestic production, but of course to raise the price of that which is imported to meet it in our market.

Mr. McLAURIN. I had understood that it was the argument of Republican Senators that the tariff did not raise the price of the manufactured article. It is my judgment, as it is that of the Senator from Iowa, I understand, that the tariff does raise the price of the manufactured article in this country, but I have understood that it has been the contention of Republican Senators that the manufacturer did not raise the price of his goods because of the tariff, but that the price was raised by the wholesalers, jobbers, and retailers, and there is where the high prices are put upon the consumer.

Mr. CUMMINS. Mr. President, there has been a very great deal of inaccurate talk on this floor with regard to the effect of tariff duties, both on the other side of the Chamber and upon this side of the Chamber. It is not true, as we all know, with regard to a great many of the articles upon which a duty is laid that the price is enhanced or advanced by the measure of the duty. That is perfectly evident everywhere. It is, on the contrary, just as evident that there are some things upon which, if a duty is imposed, the price is increased by just the amount of the duty.

Mr. McLAURIN. Mr. President——

Mr. CUMMINS. Allow me. There is no general rule that can be applied to the case. For instance, suppose that you put a duty of a dollar a pound on cotton, it would not raise the price of cotton one hair's breadth. Why? Because we produce more cotton than we consume, we export a large part of it, and the price is fixed in the markets of the world. With regard to wool, we produce much less wool than we use. We necessarily import a large part of that which we consume. Therefore the price of wool is fixed by the import into the United States, and the imported price is increased by the amount of duty levied upon it.

Mr. WARREN. If the Senator will allow me, the same will be as true of wool as of cotton when we have arrived at the same point and have sheep enough to furnish a full supply of wool.

Mr. CUMMINS. Precisely.

Mr. McLAURIN. Is the compensatory duty that is imposed intended to allow the manufacturers of this country to raise the price of their goods to the extent of the compensatory duty or to any extent at all?

Mr. CUMMINS. It is. It is to enable them to do business; and it is the belief of those who hold the Republican doctrine, it is profoundly my belief, that when the industry is thus begun, is thus developed, competition among the American manufacturers, aided by development of science and improvements in the arts, will eventually reduce the price of the ultimate product below what it would otherwise be.

Mr. BEVERIDGE. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Indiana?

Mr. CUMMINS. I do.

Mr. BEVERIDGE. The Senator said a moment ago that there was no rule which might measure the increase of price by the addition of the duty, but has not the Senator himself most aptly and clearly stated such a rule, to wit, that when we do not produce enough to supply our needs in that event, of course the duty would be added. Would not that be the rule? Second, where the production here was in the hands of a combination of sufficient size to fix the price, in that event it might, after all, be a rule that might be applied.

Mr. CUMMINS. Certainly; the Senator from Indiana has stated the matter, as he always does, with great clearness and felicity.

Now, I go just one step further. I shall consume but a moment in the further argument that I shall make. I now come to what we Republicans call "the real protective duty" in the woolen schedule. Of course, the compensatory duty is protective, but inasmuch as we have segregated it and called it a "compensatory duty," at least in our discussions, I put that aside now, because I have shown how, coupled with what else has been said here, this prescribes a scheme, a scale, that can not and will not be approved by the great mass of the intelligent people of the United States.

Now, we go forward to the protective part of this schedule. I will not go over the paragraphs, because you are all familiar with them; but it is sufficient to say that these paragraphs, in addition to the compensatory duty for the higher price of wool paid by our domestic manufacturers, levy a protective duty upon the manufactured product of 50 per cent on some, of 40 per cent on others. Possibly there may be one or two higher duties and one or two lower, but in a broad way the woolen manufacturers, so far as their manufactures are concerned, are protected in these paragraphs by an ad valorem duty of 50 per cent upon the value, the foreign value, of the imported product that seeks to enter our market. I would not much complain of that protective duty, I would make no complaint at all with respect to its principle, were it not that the manufacturer has already taken a great share out of either the woolgrower or the consumer under the guise of compensatory duties.

I want you to think for just a moment with respect to the protective duty. After you have given to the manufacturer his compensation for the increased cost of his material, what remains? The increased cost of his labor and the increased cost of any other things that he must buy or use in the course of his manufacture. It is not shown here, nor can it be shown, that there is any increased cost with respect to anything that the wool manufacturer uses materially except his labor, and I will agree, for the purposes of this argument, that he has to pay his labor two times as much as his foreign competitor. Now, what protective duty ought he to have in order to compensate him for the difference between the cost of labor abroad and at home?

Here is where the advantage is given to the manufacturer of our own country, and where it ought to be given. Here is where I would allow the scales always to tip in favor of the domestic manufacturer. But you are giving him 50 per cent of advantage in the production of an article of which the raw material upon average costs 65 per cent. Take a yard of cloth, or a hundred pounds of cloth, or a thousand pounds of cloth, whether it is abroad or whether it is at home, 65 per cent of the wholesale price of the thousand pounds of cloth is the amount which the manufacturer paid for his wool, and you have 35 per cent, at the outside, of the cost of this example of woolen cloth as the aggregate of the labor and all the other material and the expense incident to the manufacture. Will you go out next year before the people of this country and say that 50 per cent of the entire value of the article is necessary to protect the woolen manufacturer in an enterprise in which he pays out 65 per cent of it for his wool and concerning which you have already compensated him by giving him the duty I have already described?

Senators, you are simply courting the destruction of your party, if you have no regard for the welfare of the people. I know you want to do the thing that will bring prosperity and happiness to our homes and to our workingmen, to our farmers and our merchants and our professions, but you are simply courting annihilation for the party when you announce a duty so indefensible as the one I have just suggested.

Mr. HEYBURN. If the Senator will permit me, I will ask him if he could state an account with 100 yards of cloth, covering those items.

Mr. CUMMINS. I can not.

Mr. HEYBURN. And how much of it then would seem to be in excess of a fair account stated on that cloth?

Mr. CUMMINS. I can not state that account while I am on my feet. It would not be difficult——

Mr. HEYBURN. It would be necessary.

Mr. CUMMINS. It would not be difficult for me to state it in its application to any particular factory, if you will give me the capital invested.

Mr. HEYBURN. That is just what I wanted to have stated.

Mr. CUMMINS. Precisely.

Mr. HEYBURN. That is what I wanted to see in the account.

Mr. CUMMINS. It will be in the account.

Mr. HEYBURN. I wanted to see the capital invested originally; I wanted to see the capital used, and what it was doing, how long it was idle.

Mr. CUMMINS. Precisely.

Mr. HEYBURN. And when its profits commenced. Then I want the balance sheet before I will make up my mind.

Mr. CUMMINS. If the Senator from Idaho waits before voting upon this schedule until he receives all those things, we will have one less Republican vote than we have ordinarily had.

Mr. HEYBURN. I can present them in any five hours of the day.

Mr. CUMMINS. I think you would do the people of this country the greatest favor and confer upon your party the greatest advantage and benefit that any of its members could confer upon it, if this is to become a law, if you would present such a statement as will justify this duty in the eyes of unprejudiced men.

Mr. HEYBURN. Mr. President, I certainly am not to be compelled to believe that the Senator was asking a question for which he knew no answer, and one which nobody could answer, because there would be no profit in that.

Mr. CUMMINS. I can answer the question, but there is a vast difference between measuring the necessity or the degree of a duty and sitting down and making up an account that has reference to any particular industry. The foreign manufacturer must have interest on his investment; he must have a profit upon his product. The American manufacturer must also. I agree that the American manufacturer ought to have a higher profit, a greater reward upon his capital, than the foreign manufacturer; but there are extremes that are so absurd that you do not need to test them with particular details; you know they are wrong. I have said, and if it be not true somebody ought to correct me, that the 65 per cent of the mill price of a thousand pounds of woolen cloth is represented in the price paid for the wool, and that 35 per cent of it is represented in all other expenses. Then to say that you need a duty of 50 per cent of the value in order to equalize the difference between the way capital is rewarded in our own country and abroad, and to equalize the difference between the cost of labor here and elsewhere, even assuming that we pay twice as much as they, it seems to me does not need any ledger statement of profit and loss.

Mr. HEYBURN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. HEYBURN. I do not desire to interrupt the Senator more than seems fair.

Mr. CUMMINS. I am very glad to have the Senator interrupt me, because I want to reach the truth about this matter.

Mr. HEYBURN. Well, Mr. President, when I want to reach the truth in regard to any question, especially one of business, I do it through this method: I state an account with the item, and it makes no difference how small or how large the item is, the result will be as instructive. For instance, it happened to occur to me that I had in my desk what perhaps numbers of other Senators have, an account stated with a beef; and it is so nearly along the line that I had in my mind that I will call attention to it.

Mr. CUMMINS. I have that.

Mr. HEYBURN. Yes. Well, now, is it not a very good example of a hundred yards of cloth?

Mr. CUMMINS. No.

Mr. HEYBURN. Why not?

Mr. CUMMINS. No. It bears no more resemblance to a hundred yards of cloth than do the brilliant rays of the sun to the sweet and tranquil light of the moon.

Mr. HEYBURN. Mr. President, I was not speaking from either a poetical or an artistic standpoint, but from a business standpoint.

Mr. CUMMINS. I am speaking also from a business standpoint. The Senator from Idaho knows perfectly well that the proportion of labor in various enterprises differs. He knows that the cost of the raw material in the various enterprises differs. Therefore, the statement of the cost of a steer sheds no light with regard to the cost of a thousand pounds of cloth as it is manufactured.

Mr. HEYBURN. Mr. President, I think it sheds an average light.

Mr. CUMMINS. That is the trouble. We deal in averages; we do not deal in anything but averages here. That is the difficulty.

Mr. HEYBURN. All of life is averages.

Mr. CUMMINS. You might just as well put an average duty of 100 per cent upon everything.

Mr. BEVERIDGE. We deal in averages instead of accuracies.

Mr. HEYBURN. Tariff bills are averages.

Mr. SMOOT. I do not want to deal in averages.

Mr. CUMMINS. I did not accuse the Senator from Utah of dealing in averages.

Mr. HEYBURN. I will ask the Senator from Utah to defer his differences until I have finished.

Mr. SMOOT. I thought the Senator was through.

Mr. HEYBURN. I do not care to have a new kind of difference injected into the interchange of ideas which the Senator from Iowa has so kindly granted me here.

Mr. CUMMINS. It is hard enough to settle one at a time.

Mr. HEYBURN. Yes.

Mr. SMOOT. I will sit down, if the Senator prefers.

Mr. HEYBURN. Very well.

Mr. President, here are four statements. No two of them represent the same exact quality of skill or efficiency in performing the act performed. That is true all the way through in business. It is true over the merchant's counter; it is true over the money changer's counter; and it is true in the field with the plow. No two men will do just the same quantity and produce just the same quality of work, and there is an average, a safe one, within which the functions of business move. Here are four accounts stated, each with a different subject. From them we get a result showing the relation of values to labor—that is, of the result to labor. You take 100 or 1,000 or 10,000 yards of cloth; you state the account, the merchant's account; the first item is the expense upon which his business operation rests—that is, either the acquisition of the property, or the use of the property, the accommodations that surround and are necessary for his business—the clerk hire, the salaries. That is the first item, because he can not do business at all without that item.

The second item is the capital that is necessary to be used in connection with that first item, and, further, in connection with acquiring a stock. As he is going to manufacture the stock, he considers the expense of the machinery, of maintaining and operating it to the point of production in the bale. Then he has the product.

He then states an account, including those former items, with that bale of cloth, so many yards of it, and it has cost him the aggregate items that I have enumerated. The relation which those items bear to that bale of cloth gives you its commercial or business status.

When you are comparing that man's rights in the field of labor or enterprise with the rights of somebody in some other country engaged in the same enterprise, you take that account stated as the basis, and you say to the other man, or to those who are speaking for him in endeavoring to enact a tariff law for the protection of the foreign merchant. "Now, let the other man state his account." Every item of it will be different. Then you have brought those two bales of cloth to the counter of the retailer, ready to pass into the hands of the consumer. They are rival merchants, the foreigner on one side and the American on the other, each of them compelled by the law of necessity and of business to realize enough to compensate or make him whole in the transaction, and, in addition to that, such profit as in his judgment warrants him in engaging or continuing in business.

Now, you are right up to that point with your account stated. That cloth may pass into the hands of middlemen—we will leave that element out of it. The man may make it up himself or do as he pleases with it; but is it not absolutely necessary at that point on the counter, as that product passes out to the consumer, that we must know every item that enters into the production of that article as to cost, and that in our duty to our own people we must say to the American merchant, "We are not going to compel you to sell for the same price as this foreigner, because that would be unfair to you and would enable him to fix your price;" but we are going to say, "Mr. American,

fix your price and we will fine the foreigner the difference between the price you want to sell it for and the price at which the foreigner brings in his goods."

With the permission of the Senator from Iowa, just a word further. The Senator is very frank to say that he does not deal in averages. An expression like that injected into the remarks of anyone at times creates a wrong impression. It is not the way to get ideas into a discussion to be measured alongside of a general statement such as I was making. The Senator from Iowa may not know it or believe it, but everything is a question of averages and not of superlatives.

Mr. SMOOT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. CUMMINS. I do.

Mr. SMOOT. Mr. President, I stated that I was not going to deal in averages. I want to understand the position of the Senator from Iowa. Do I understand the Senator from Iowa to make a statement here in the Senate that in that piece of cassimere cloth [exhibiting], costing net $1 a yard, 65 per cent of it is wool and that there is 35 per cent of other material in it?

Mr. CUMMINS. I have never seen that piece of goods before, and hence I could not have made that statement.

Mr. SMOOT. Mr. President, I will then say I understood the Senator to state that, taking a thousand pounds of cloth, 65 per cent of the value of it was the wool and that all the other expenses were 35 per cent.

Mr. CUMMINS. The testimony before the Ways and Means Committee of the other House varies from 50 per cent to 70 per cent as to the cost of the raw material that enters into all kinds of woolen cloths. That is an instance of averages which I very readily adopt.

Mr. SMOOT. Mr. President, I wish to say to the Senator from Iowa that that is a very unfair way to put it. I want to say to the Senator that I know, as well as I know that I live, that there is not 50 per cent of the value of that cloth in wool. If the Senator wishes to know absolutely what it is, I can dissect it for him and tell him just what is the amount of labor, the amount of dyestuffs, and the amount of overhead charges that should be put upon it, including the cost of selling and every detail entering into the cloth.

I want to say again to the Senator that the statement made as to a thousand pounds of cloth taking 65 per cent wool and putting all the other expenses at 35 per cent is a very unfair argument.

Mr. CUMMINS. Mr. President, if I have been unfair, it is because the only evidence before either the other House or the Senate is untrue, for I have my information from that source. Manifestly the Senator from Utah would readily know and see that that statement was not applied to any particular form of manufacture. It was stated by the manufacturers themselves, by their most enthusiastic and extreme advocates, as I remember, that the cost was 50 per cent in the raw material which they had to buy, and that all the other cost was 50 per cent. The better opinion seemed to be—and I am sure the Senator from Utah has read that testimony—that the cost of the material was 65 per cent, and, of course, there only remained 35 per cent for every other thing, including labor.

Mr. SMOOT. Mr. President, has not the Senator from Iowa misunderstood what the cost of material means? The cost of material that is in the wool is not only the wool itself, but it is the dyestuffs, it is the oils——

Mr. CUMMINS. I understand that perfectly.

Mr. SMOOT. But the statement which the Senator made was that there was 65 per cent of wool; that the cost of the wool was 65 per cent.

Mr. CUMMINS. I was speaking of wool as the chief raw material. The others bear a very small percentage to the wool itself, aside from the labor and the capital charges.

Mr. SMOOT. Mr. President, so far as that is concerned, if the Senator will now say that 65 per cent includes all of the material and all expenses outside of labor, then we are very near together. In my experience in manufacturing woolen goods, it is just about that percentage.

Mr. CUMMINS. I did not suppose that proposition would be doubted; but I have here something that will show what it is in regard to silk, which we will reach presently. It may shed some light upon it.

Mr. SMOOT. Mr. President, the manufacture of silk is an entirely different proposition from the manufacture of wool.

Mr. CUMMINS. I understand that; but there is a broad, general relation between the cost of the material and the cost of labor.

Mr. SMOOT. But not between silk and wool.

Mr. CUMMINS. I think there is.

Mr. BEVERIDGE. Will the Senator from Iowa permit me to ask a question of the Senator from Utah?

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from Indiana?

Mr. CUMMINS. I do.

Mr. BEVERIDGE. The Senator from Iowa quotes as his authority the testimony given before the House committee, as showing that 65 per cent of the cloths which we are discussing was material. Does the Senator from Utah take issue with that?

Mr. SMOOT. The Senator from Iowa said it was 65 per cent wool, not material.

Mr. CUMMINS. That is substantially true.

Mr. BEVERIDGE. But does the Senator from Utah agree that 65 per cent of it is material?

Mr. SMOOT. Mr. President, I will agree that 65 per cent of it is wool, and all material that goes into the cloth and expenses attached to it, outside of labor——

Mr. BEVERIDGE. Then, how much of it is wool, I ask the Senator? Let us get down to accuracies.

Mr. SMOOT. That, of course, would depend a great deal upon the size of the yarn and the class of the goods; but I should judge, upon an average, it would be close to 50 per cent, probably a little under that.

Mr. BEVERIDGE. What is the rest of the material?

Mr. SMOOT. The rest of the material is dyestuffs, which constitute a very expensive element in the manufacture of cloth; then there are the oils that are used, and everything that goes into the washing of the wool.

Mr. BEVERIDGE. But as to the subject of materials that go into the wool, so far as they are concerned, the cost of the wool, the dyestuffs, and various other methods of preparation, which after all are a part of the wool, as we now find does constitute 65 per cent.

Mr. SMOOT. It is not part of the wool.

Mr. BEVERIDGE. It is part of the wool for the purposes of cloth, is it not? We do not speak of wool as the wool is grown on the sheeps' backs, of course, as a part of the cloth.

Mr. CUMMINS. While I admit there is no close comparison to be drawn between wool and silk, yet the material cost is not very different between the two articles. I happen to have a table showing the matter with respect to silk, and I intend to submit it to the Senate in order that Senators can see what that industry does in this regard. According to the census of 1905, the value of silk products of our own manufacture was only $133,288,072; the wages paid out and required to produce this $133,288,072 worth of silk amounted to $26,767,943; the salaries amounted to $4,000,000, in round numbers, and the miscellaneous expenses $14,000,000, making a total of all expenses, aside from material, of something like $45,000,000. The cost of the materials used was $15,861,188. So that my statement with regard to wool is not inaccurate. It is simply a reproduction of the testimony before the House committee. I ask the privilege here, in order either to contradict or to vindicate what I have said, of inserting at this point in my remarks that part of the testimony given before the Ways and Means Committee.

The VICE-PRESIDENT. In the absence of objection, permission is granted.

The matter referred to is as follows:

EXHIBIT C.

AVERAGE WAGES AND RELATIVE WAGES PER HOUR IN THE WOOLEN AND WORSTED INDUSTRY OF THE UNITED STATES.

[From Bulletin No. 77, Bureau of Labor, Department of Commerce and Labor, Washington, D. C., July, 1908.]

Average wages per hour, woolen and worsted goods.

Burlers, female	$0.1153
Carders, male	.1290
Card strippers, male	.1355
Dyers, male	.1500
Loom fixers, male	.2674
COMBERS.	
Male	.1239
Female	.0958
SPINNERS.	
Frame—	
Male	.1159
Female	.1185
Mule, male	.2066
WEAVERS.	
Male	.2116
Female	.1841

Relative wages per hour, woolen and worsted goods.

BURLERS, FEMALE.

Average, 1890–1899	100.0
1890	93.3
1891	93.7
1892	97.5
1893	100.5
1894	99.2

1895	99.6
1896	107.9
1897	100.4
1898	102.9
1899	105.5
1900	111.3
1901	108.3
1902	113.3
1903	119.4
1904	118.7
1905	124.4
1906	129.5
1907	136.7

CARDERS, MALE.

Average, 1890–1899	100.0
1890	99.1
1891	99.6
1892	101.7
1893	103.4
1894	98.5
1895	97.7
1896	98.1
1897	101.7
1898	99.8
1899	100.0
1900	110.9
1901	106.2
1902	106.7
1903	109.4
1904	115.0
1905	116.8
1906	121.0
1907	128.7

CARD STRIPPERS, MALE.

Average, 1890–1899	100.0
1890	92.4
1891	99.3
1892	103.3
1893	99.5
1894	99.0
1895	96.5
1896	104.0
1897	100.2
1898	98.9
1899	106.7
1900	111.4
1901	112.2
1902	116.6
1903	117.6
1904	120.5
1905	121.8
1906	122.6
1907	125.5

COMBERS, MALE.

Average, 1890–1899	100.0
1890	95.7
1891	98.9
1892	95.7
1893	99.5
1894	107.2
1895	94.0
1896	104.6
1897	95.4
1898	95.9
1899	113.3
1900	106.6
1901	107.9
1902	103.8
1903	102.1
1904	93.3
1905	94.8
1906	95.3
1907	96.9

COMBERS, FEMALE.

Average, 1890–1899	100.0
1890	98.3
1891	98.8
1892	98.5
1893	101.3
1894	93.4
1895	96.3
1896	103.1
1897	102.9
1898	104.0
1899	103.3
1900	110.3
1901	111.1
1902	112.6
1903	110.4
1904	105.8
1905	101.7
1906	105.4
1907	106.5

DYERS, MALE.

Average, 1890–1899	100.0
1890	100.2
1891	101.5
1892	100.7
1893	103.1
1894	95.5
1895	96.5
1896	98.5
1897	99.4
1898	101.4
1899	102.6
1900	109.3
1901	106.8
1902	108.4
1903	108.2
1904	108.9
1905	109.3
1906	114.8
1907	122.3

LOOM FIXERS, MALE.

Average, 1890–1899	100.0
1890	98.3
1891	98.2
1892	100.2
1893	102.0
1894	96.4
1895	96.7
1896	101.2
1897	102.0
1898	102.0
1899	102.8
1900	112.5
1901	112.2
1902	114.0
1903	115.9
1904	112.7
1905	114.5
1906	122.7
1907	128.9

SPINNERS, FRAME, FEMALE.

Average, 1890–1899	100.0
1890	96.7
1891	97.6
1892	98.4
1893	103.5
1894	94.2
1895	95.1
1896	101.1
1897	102.5
1898	104.4
1899	106.5
1900	118.0
1901	115.4
1902	122.8
1903	123.2
1904	120.2
1905	121.6
1906	125.6
1907	139.8

SPINNERS, MULE, MALE.

Average, 1890–1899	100.0
1890	96.6
1891	95.5
1892	93.9
1893	101.5
1894	98.1
1895	96.2
1896	103.7
1897	104.2
1898	111.1
1899	99.0
1900	115.6
1901	114.3
1902	114.0
1903	124.8
1904	125.9
1905	131.1
1906	140.6
1907	143.3

WEAVERS, MALE.

Average, 1890–1899	100.0
1890	101.6
1891	102.2
1892	103.8
1893	109.7
1894	92.8
1895	94.9
1896	94.7
1897	98.0
1898	101.1
1899	100.9
1900	111.7
1901	113.6
1902	120.4
1903	124.7
1904	116.6
1905	123.8
1906	136.0
1907	142.1

WEAVERS, FEMALE.

Average, 1890–1899	100.0
1890	100.4
1891	99.1
1892	100.8
1893	106.7
1894	94.3
1895	93.8
1896	96.7
1897	100.7
1898	104.6
1899	102.4
1900	109.8
1901	112.5
1902	112.5
1903	115.9
1904	113.4
1905	117.1
1906	126.4
1907	137.1

Relative wages per hour for whole industry, woolen and worsted goods.

1890	98.1
1891	99.1
1892	99.6
1893	101.5
1894	97.2
1895	96.8
1896	100.9
1897	100.2
1898	102.5
1899	103.7
1900	110.4
1901	110.6
1902	113.5
1903	115.2
1904	116.4
1905	118.3
1906	124.0
1907	131.9

EXHIBIT D.

Statement showing the quantities and value of certain articles of clothing, equipage, and materials purchased by the Quartermaster's Department, United States Army, during the fiscal years 1904, 1905, 1906, 1907, and 1908, as called for in communication from the president National Association of Wool Manufacturers, dated November 20, 1903.

Articles.	1904.		1905.	
	Quantity.	Value.	Quantity.	Value.
ALL WOOL.				
Blankets, wool, heavy	11,172	$38,690.28	41,976	$146,496.84
Blankets, wool, light	17,311	42,931.28	29,289	82,636.72
Cloth, dark blue, army standard ... yards	167,117	292,454.75	59,400	126,522.00
Cloth, dark blue, cap ... do	3,528	6,491.52		
Cloth facing (all colors) ... do			2,200	5,775.00
Flannel, dark blue, blouse ... do			1,000	2,375.00
Kersey, sky blue, 22-ounce ... do	99,150	125,920.50	27,147	42,620.79
Stockings, wool, heavy ... pairs	100,000	27,846.56	50,000	13,923.28
WORSTED.				
Breast cords	94,283	47,047.22	14,573	7,577.96
Cord edge braid ... yards	300,000	7,187.50	10,300	248.92
Hat cords	244,803	12,240.15	238,247	11,912.35
Lasting, black ... yards	100,382	109,165.42		
Lasting, olive drab ... do	240,218	217,996.20	399,774	415,728.46
Trumpet cords	6,050	1,936.00	509	157.79
WOOL AND WORSTED.				
Cloth, covert ... yards	288,514	675,122.76	353,775	704,012.25
Flannel, olive drab ... do	454,283	288,469.70	221,352	154,946.40
Serge, olive drab ... do	220,342	493,566.08	118,098	139,940.20
WOOL AND COTTON.				
Drawers, winter, heavy ... pairs	72,746	42,192.68	25,131	15,581.22
Stockings, wool, light ... do	384,994	71,721.31	431,740	77,713.20
Undershirts, wool, heavy	62,000	33,747.50		
Undershirts, wool, light	50,000	17,825.00	1,006	402.40

Articles.	1906.		1907.	
	Quantity.	Value.	Quantity.	Value.
ALL WOOL.				
Blankets, wool, heavy	67,090	$351,551.60	64,154	$320,694.62
Cloth, dark blue, army standard ... yards	104,115	203,024.25	63,852	124,511.40
Cloth facing (all colors) ... do	11,704	15,435.00	3,280	10,828.75
Cloth facing, olive drab ... do			750	3,000.00
Kersey, sky blue, 22-ounce ... do	99,145	166,563.60	55,601	93,409.68
Stockings, wool, heavy ... pairs			40,000	10,800.00
WORSTED.				
Breast cords	58,212	29,106.00	35	17.50
Cord edge braid ... yards	195,600	4,727.00	92,436	2,426.45
Hat cords	52,355	2,617.75	79,681	3,984.05
Lasting, olive drab ... yards	105,608	144,678.85	41,766	57,219.42
Trumpet cords	1,004	311.24	1,456	451.36
WOOL AND WORSTED.				
Cloth, covert ... yards	69,924	139,148.76		
Flannel, olive drab ... do	17,105	11,973.50	26,351	22,134.84
Serge, olive drab ... do	119,970	146,363.40	133,804	163,240.88
WOOL AND COTTON.				
Drawers, winter, heavy ... pairs	55,879	37,997.72	108,399	79,131.27
Stockings, wool, light ... do	135,475	24,385.00	437,723	74,412.91
Undershirts, wool, heavy	75,164	51,111.52	30,000	21,900.00
Undershirts, wool, light	49,993	21,996.92	30,675	16,257.75

Statement showing the quantities and value of certain articles of clothing, etc.—Continued.

Articles.	1908.		Total for five years.	
	Quantity.	Value.	Quantity.	Value.
ALL WOOL.				
Blankets, wool, heavy	45,406	$222,101.22	229,798	$1,081,833.96
Blankets, wool, light			46,600	125,568.00
Cloth, dark blue, army standard ... yards	14,341	26,674.26	408,825	773,186.66
Cloth, dark blue, cap ... do			3,528	6,491.52
Cloth facing (all colors) ... do	3,520	12,584.92	20,704	44,623.67
Cloth facing, olive drab ... do	100	450.00	850	3,450.00
Flannel, dark blue, blouse ... do			1,000	2,375.00
Kersey, sky blue, 22-oz ... do			281,043	428,514.57
Stockings, wool, heavy ... pairs			190,000	52,569.84
WORSTED.				
Breast cords	9,330	4,665.00	176,433	88,413.68
Cord edge braid ... yards	60,000	1,650.00	658,336	16,239.87
Hat cords	165,632	9,937.92	780,718	40,692.22
Lasting, black ... yards			100,382	109,165.42
Lasting, olive drab ... do	21,602	29,596.11	808,969	865,219.04
Trumpet cords	1,426	613.18	10,445	3,469.57
WOOL AND WORSTED.				
Cloth, covert ... yards			712,213	1,518,283.77
Flannel, olive drab ... do	98,763	109,626.93	817,854	587,151.37
Kersey, olive drab, 22-oz ... do	115,875	243,405.00	115,875	243,405.00
Kersey, olive drab, 16-oz ... do	112,425	191,182.88	112,425	191,182.88
Serge, olive drab ... do	158	192.76	592,367	943,303.32
WOOL AND COTTON.				
Drawers, winter, heavy ... pairs	45	35.10	262,200	174,937.99
Stockings, wool, light ... do	776,372	124,219.52	2,166,304	372,451.94
Undershirts, wool, heavy			167,164	106,759.02
Undershirts, wool, light			131,674	56,482.07

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER-GENERAL,
Washington, D. C., November 25, 1908.

Statement showing the quantities and value of clothing purchased for the navy—Woolen and worsted cloths.

CLOTH, BLUE, FOR CAPS AND TROUSERS, 17-OUNCE, ALL WOOL.

Year.	Quantity.	Value.
	Yards.	
1904	175,000	$339,500
1906	75,000	141,750
1907	100,000	177,000
1908	100,000	157,000
Total		815,250

CLOTH, BLUE, FOR OVERCOATS, 30-OUNCE, ALL WOOL.

1903	40,000	$88,560
1904	40,000	89,200
1907	30,000	82,050
1908	30,000	65,750
Total		325,560

FLANNEL, BLUE, 11-OUNCE, FOR OVERSHIRTS, ETC., ALL WOOL.

1904	100,000	$77,000
1905	200,000	199,750
1908	150,000	115,500
Total		392,250

FLANNEL, BLUE, 7-OUNCE, FOR LINING OVERCOATS, ETC., ALL WOOL.

1903	10,000	$8,700
1904	15,000	12,712
1907	15,000	12,675
1908	15,000	10,800
Total		44,887

SERGE, BLUE, 12½-OUNCE, FOR CHIEF PETTY OFFICERS' UNIFORMS, ALL WORSTED.

1904	80,000	$103,100
1908	20,000	27,400
Total		130,500

Statement showing the quantities and value of clothing purchased for the navy—Woolen and worsted cloths—Continued.

MOMIE CLOTH FOR CURTAIN MATERIAL ON SHIPBOARD, ALL WOOL.

Year.	Quantity.	Value.
	Yards.	
1905	3,500	$7,000
1906	6,113	9,500
1907	3,000	4,982
1908	5,250	8,060
Total		29,542

BILLIARD CLOTH FOR TABLE COVERS ON SHIPBOARD, ALL WOOL.

1904	300	$1,500
1905	600	2,690
1906	300	1,200
1907	830	3,410
1908	300	1,256
Total		10,056

BUNTING FOR FLAGS, PENNANTS, ETC., ALL WOOL.

1904	190,000	$39,040
1905	143,000	35,000
1906	192,000	48,729
1907	224,940	58,181
1908	239,700	59,323
Total		240,273

TOTAL, ALL KINDS.

1903	50,000	$97,260
1904	600,300	662,052
1905	347,100	244,440
1906	273,413	201,179
1907	373,770	338,208
1908	560,250	445,089

Woolen and worsted clothing.

None purchased; see paragraph 4 of indorsement.

Woolen and worsted knitted cloth.

None purchased.

Woolen and cotton mixed knitted cloth.

None purchased.

JERSEYS, ALL WOOL.

Year.	Quantity.	Value.
	Each.	
1904	45,000	$59,836
1906	20,000	36,948
1908	30,000	50,994

WATCH CAPS, ALL WOOL.

1904	60,000	$15,468
1906	20,000	5,898
1907	25,000	7,495
1908	30,000	8,694

GLOVES, ALL WOOL.

	Pairs.	
1905	30,000	$10,500
1906	35,000	13,082
1908	30,000	10,000

TOTALS.

	All units.	
1904	105,000	$75,304
1905	30,000	10,500
1906	75,000	55,928
1907	25,000	7,495
1908	90,000	69,688

Woolen and cotton mixed knitted goods.

UNDERSHIRTS, LIGHT AND HEAVY, 33⅓ PER CENT TO 35 PER CENT OF WOOL; NOT MORE THAN 65 TO 66⅔ PER CENT COTTON.

	Each.	
1904	75,000	$50,250
1906	250,000	230,875
1907	10,000	11,700
1908	70,000	40,720

Woolen and cotton mixed knitted goods—Continued.

DRAWERS, LIGHT AND HEAVY, 33⅓ PER CENT TO 35 PER CENT OF WOOL; NOT MORE THAN 65 TO 68⅔ PER CENT COTTON.

Year.	Quantity.	Value.
	Pairs.	
1906	250,000	$233,375
1907	10,000	11,700
1908	44,000	32,710

CARPETS, 20-OUNCE WOOLEN AND 11-OUNCE COTTON TO 1 RUNNING YARD.

	Yards.	
1904	1,800	[a] $1,975.00
1905	2,000	[a] 2,199.00
1906	3,000	[a] 3,541.00
1908	4,400	5,262.50

[a] Estimated.

RUGS, 35-OUNCE WOOLEN, 8-OUNCE LINEN, AND 10-OUNCE COTTON TO 1 RUNNING YARD, 27 INCHES WIDE.

1904	800	[a] $1,975
1905	900	[a] 2,199
1906	1,400	[a] 3,541
1908	4,900	13,676

[a] Estimated.

Woolen and worsted hosiery.

1903. Socks, all wool, 75,000 pairs $22,237.50
1908. Stockings, football, all wool, 540 pairs 513.00

Woolen and cotton mixed hosiery.

1906. Socks, merino, 65 per cent wool and 35 per cent cotton, 100,000 pairs $25,735
1907. Socks, merino, 65 per cent wool and 35 per cent cotton, 100,000 pairs 26,460

Any other articles in which wool is a component part.

1906. Blankets, all wool, 3½ pounds each, 30,000 ..... $88,433
1907. Blankets, all wool, 3½ pounds each, 50,000 126,000
1908. Blankets, all wool, 3½ pounds each, 53,000 129,124

Prison cloth (wool and cotton so proportioned that boiling for one hour in 2 per cent caustic potash solution leaves not more than 17 per cent dry insoluble matter).

1907. 16,000 yards $13,440
1908. 16,000 yards 10,350

Flannel, Shaker, gray (wool and cotton so proportioned that boiling for one hour in 2 per cent caustic potash solution leaves not more than 20 per cent dry insoluble matter).

1905. 2,400 yards $1,860
1906. 2,500 yards 1,825
1908. 4,000 yards 3,880

EXHIBIT E.

SYNOPSIS.

I. The German agreement was negotiated and signed, although no consultations were held with or advice given by any body of manufacturers of merchants as to the wisdom of its provisions, those engaged in these pursuits being thrown off their guard by the public and seemingly authoritative announcement that the commission sent to Berlin did not go to conclude a bargain or make promises, but, after investigation, to report the difficulties and demands of Germany.

II. Open hearings, conceded in some cases by the agreement, have been long opposed by many most familiar with customs procedure, the chairman of the Berlin commission himself going on record against them in 1906.

III. Since open hearings have been granted the attorney for German exporters says they have been beneficial to the foreign exporters and his connections in this country.

IV. Seven of the nine general appraisers opposed the open hearings, one of the two advocating them favoring them simply as an experiment for six months. Formerly the board secured evidence, because the records of tradespeople were carefully guarded. Since the agreement went into effect witnesses deemed material by the Government in establishing market value have declined to appear before the board in open session.

V. German exporters are not required to furnish statements of cost, except upon request of the appraiser of the port of entry. But witnesses needed here to make out a case for the Government must testify at open hearings, perhaps divulging important trade secrets.

VI. Where there is little or no competition between foreign and American goods the open hearings may be held with considerable success, but where there is commercial rivalry they fail.

VII. Although the President declared that under our practice the abuses under the administrative customs law had become gross and discreditable, not one purchasing importer appeared before the Committee on Ways and Means to protest against the alleged abuses.

VIII. Appraisements are not judicial proceedings, but simply ascertainments of value. In few States when property is assessed has the owner a right to be heard or to present witnesses. In appraisement and reappraisement cases the importer has the right to appear and also produce witnesses, together with the right of appeal, a method under which greater opportunities are offered for determining the taxable value of property than under any other.

IX. This method of determining dutiable value has been approved by the Supreme Court, who have held that the question is not to be tried before the appraisers as if it were an issue in a judicial tribunal.

X. Our system is much more liberal than that followed in Germany, where there is no appeal and no reappraisement.

XI. A tariff war between Germany and the United States was freely predicted when negotiations were undertaken. But foreign papers con-

versant with conditions in Germany pointed out that Germany could not afford to inaugurate such a war, or, if inaugurated, to wage it.

XII. Germany's exports to the United States during the fiscal year 1907 were valued at $161,500,000, of which $147,000,000 were manufactured goods. On the contrary, the exports of the United States to Germany were chiefly unmanufactured products, cotton and foodstuffs making up a large percentage of the total.

XIII. Germany is not a self-sufficing nation, can not get such supplies from her continental neighbors, and must secure them from this country. Under such conditions, it was not likely that the German authorities would have taken steps to make their importation more difficult or expensive.

XIV. Herr Max Goldberger, a privy councilor of the German Imperial Government, scouted the idea of an industrial war being waged by the two countries.

XV. German exporters have endeavored for years to conceal the market value and cost of production of goods sent to this country. Their hostility to the requirements of our law has been so marked that it is hard to believe they feel that certificates of values to be furnished by German chambers of commerce will lessen the frauds acknowledged to have been committed.

XVI. German chambers of commerce are semiofficial bodies through which German business men make known to the Government grievances to which they wish attention directed. When their certificates of value are accepted, no chance for cross-examination of those furnishing these values is given, whereas the opportunity to cross-examine witnesses at the reappraisement hearings was strongly urged as a right of the importer.

XVII. If the chambers of commerce are to certify the true values of exports, why did the President promise to recommend the amendment of the law to permit a 10 per cent undervaluation of imported merchandise?

XVIII. Competent attorneys declare the President, when he negotiated and proclaimed the agreement, exceeded his powers under the Dingley law, because the agreement alters not only the Treasury regulations, but the existing law, which can be changed only by Congress.

XIX. Advantages granted by the agreement caused a strong effort on the part of other countries to secure the extension of the same privilege to them. England's unofficial boards of trade now issue certificates as well as Germany's chambers of commerce, which we are told are official bodies—"part of the Government."

XX. The present tariff is not prohibitive. The value of partly manufactured goods imported freely into the United States exceeds by $25,000,000 the value of the same class of goods imported by Germany, while the value of wholly manufactured goods exceeds by $126,000,000 the value of those imported by Germany, and exceeds by $65,000,000 the value of those of France and Germany combined.

XXI. If European countries, neighbors of Germany, with which she has reciprocity treaties, fail of access to Germany's market in many lines of manufacture, the United States is not likely to succeed.

The German agreement and its defense by the chairman of the commission to Germany.[a]

AN EXAMINATION OF SOME POINTS INVOLVED.

In an annual report made to the National Association of Wool Manufacturers one year ago in noting the sending to Germany by the President of a commission, consisting of the Hon. S. N. D. North; N. I. Stone, tariff expert of the Department of Commerce and Labor; and James L. Gerry, Chief of the Customs Division of the Treasury Department, the writer said:

"The commission was not sent abroad to conclude a bargain or to make promises, but, after investigation and consultation, to make a report of the differences and the demands. The hope of the State Department is said to be that the American commissioners may 'be able to recommend some change in existing methods of administration of the Dingley Act where it bears hardest upon German exporters.'"

THAT STATEMENT SUPPORTED BY THE PRESIDENT'S MESSAGE.

That the object of the commission's appointment, as there set forth, was correct is shown by the President's message to Congress, wherein he says:

"This commission was engaged for several months in conference with a similar commission appointed by the German Government, under instructions, as far as practicable, to reach a common understanding as to all the facts regarding the tariffs of the United States and Germany material and relevant to the trade relations between the two countries."[b]

This commission not only made an "investigation," but actually concluded a bargain or agreement. Not only did they negotiate a temporary agreement, but they brought back with them a tentative draft of a permanent reciprocity treaty, Chairman North, in his defense of this temporary agreement, stating that Germany had granted the "Provisorium," extending her conventional tariff to our exports to her until July 1, 1907, "in belief and on the understanding that this extension would lead to the negotiation of a treaty of reciprocity which would place the commercial relations of the two nations on a permanent and equitable basis." Who, it may be asked, had the authority to make such a promise? The President could promise that a treaty would be negotiated, but he could not assure the Germans that it would be ratified by the Senate; and the mere negotiation, without that ratification, could not place "the commercial relations of the two nations on a permanent basis." Or can it be that this treaty was to become effective without the consent of the Senate?

It is not our purpose to go over in detail the various provisions of this compact and present arguments against them, but rather to sketch the several steps taken in reaching the agreement (which, more than any other event of the year, except the financial flurry, has disturbed the manufacturing and direct importing industries of the country), and glance at some of the reasons in justification of it advanced by the chairman of the commission, who was charged, apparently, by the administration to try to allay the fears of all interests alarmed, by explaining how much to the advantage of all will be the concessions so magnanimously granted by the German Government! In our opinion, the points emphasized by the chairman are not so important as some left untouched, and these we shall also notice.

THE ACTION WAS HASTY AND SECRET.

First, let us trace the steps taken in the consummation of this agreement. The commissioners sailed in December, 1906, their announced purpose being as above set forth. Some time late in February they returned with a report, which was kept so secret by the State Department that efforts as late as April 10, 1907, to get a copy of the agreement failed, the Acting Secretary of State writing, April 26, that "the preliminary schedules in question are not yet perfected, and any statement by the department as to what is offered by Germany or expected of her by the United States as compensating favors would be premature and might be misleading." At that date the agreement had been already signed at Washington by Secretary ROOT, although the German ambassador's signature was not attached to the document until May 2. Under date of April 4 the "project of a commercial agreement with Germany," together "with drafts of notes proposed to be exchanged," was transmitted by the Secretary of State to Secretary Cortelyou, of the Treasury, who, without training or preparation, had come, within a month, to the discharge of his new and perplexing duties. April 9, 1907, the new Secretary of the Treasury wrote to the Secretary of State that "the proposed modifications of the consular and customs regulations will, in my opinion, conduce to the proper administration of the law in cases where the ordinary procedure, as embodied in present regulations, is inadequate." Then he added: "After careful consideration of the matter [he had not had the papers more than four days] I am led to the conclusion that the negotiation of the proposed commercial agreement would promote friendly relations and otherwise be of benefit to this country."

SECRECY IN THIS COUNTRY—CANDOR IN GERMANY.

Whether the trade made with Germany was to the advantage of that country or to ours, as it has been declared to be, one can not help being struck by the secrecy with which the proceedings were conducted in this Republic and the openness and evident candor with which they were conducted in the Empire. In the United States no consultation was held with any body of merchants or manufacturers, so far as we have heard, before the agreement was drawn and signed. In Germany, on the contrary, the agreement was first submitted to the German Economic Association, an organization of industrial producers, and only after its indorsement was it transmitted to the Reichstag for consideration and confirmation. But that is not the only difference in the methods followed by the two Goverments, some provisions of this agreement being inserted, against the advice of the best experts of this country, by men most of whom had but little first-hand knowledge of the everyday workings of the custom-house and its practices.

THERE HAS BEEN MISAPPREHENSION ABOUT OPEN HEARINGS.

We are free to acknowledge that there has been considerable misapprehension respecting the provision in the agreement concerning open hearings in reappraisement proceedings. To us there seems to be but slight difference between the concessions made by Secretary Shaw in 1906, when he modified the regulations so that the general appraisers were given the privilege "to grant open hearings whenever it could be done without prejudicing the Government,"[a] and the stipulation in the agreement which provides that in "reappraisement cases the hearings shall be open and in the presence of the importer or his attorney, unless the board of appraisers shall certify to the Secretary of the Treasury that the public interest will suffer thereby;" and in that case a summary of the facts developed at the closed hearing upon which the reappraisement is based is to be furnished to the importer. The latter seems to contemplate that all reappraisement hearings shall be open unless the certificate shall be filed, while under the rule as modified by Secretary Shaw the hearings were to be open only when, in the opinion of the general appraisers, they could be so held "without prejudicing the Government."

When Mr. North attacked the closed hearing, designating it as "the American star-chamber proceeding," and wrote, "Now that this closed hearing has been done away with, I do not believe that it will ever again be heard of in our customs administration," his explanation, instead of clarifying the situation, deepened the misunderstanding and intensified the alarm he hoped to allay, the language of the agreement not justifying so sweeping a statement or furnishing the slightest basis for it.

RESPECTING CLOSED HEARINGS.

But let us examine his "explanation" of the agreement intended to allay "some apprehension regarding the details" and to correct an "unfounded prejudice against it."

Respecting the open or closed hearing, he correctly says it "is wholly a matter of regulation within the control of the Secretary of the Treasury, the law itself being silent upon the subject." Then he launches forth in praise of the open hearing, declaring that after a year's trial it "has proved a complete success;" that "the Government has had no difficulty in obtaining expert evidence, given under the sanctity of an oath. None of the dire consequences so freely predicted have been realized. On the contrary, the open hearing has proved an effective aid to the Government as a guard against undervaluation." Like Importer Downing and Attorney Wickham Smith, he assures those laboring under misapprehension that "the merchant who desires and expects to remain in the importing business is going to be more careful about invoices when he knows that the evidence of undervaluation is to become a part of the public record."

IS THE OPEN HEARING PRODUCING THE RESULT MR. NORTH DESCRIBES?

Who has benefited by the open hearings? Has the Government had no difficulty in obtaining expert evidence? And has the open hearing been "an effective aid to the Government as a guard against undervaluation?" A prominent customs attorney, who has been urging all kinds of alterations and modifications in the law, recently said, "The open hearings prescribed by the reciprocal tariff agreement with Germany have, in the main, been successful and meet with the approval of my clients, most of whom are prominent German exporters and their American representatives." After entering a strong protest against the taking of any ex parte testimony as being contrary to the letter and spirit of the German agreement, he said, "In instances where there have been 'real' open hearings the results have, in the main, been beneficial to the foreign exporter and his connection in this country." Respecting ex parte testimony, he continued: "Its taking is not contemplated by the German agreement, and its practice is vicious and full of danger to the honest (?) foreign exporter, and I sincerely trust that in the new treaty to be made with Germany there will be a cast-iron agreement that all hearings, under whatever circumstances the case may be, shall be free and open, and that no testimony shall be considered that is not given in the presence of the importer and his legal or other representatives." Given an inch they now demand an ell, and all in the interests of the honest foreign exporter and the revenues of this Government. The kind of open hearings now granted, he confesses, have been beneficial to the foreign exporter and his connection in this coun-

[a] Bulletin for September, 1907, pp. 267 and 273.
[b] Annual message to Congress, p. 60.

[a] See Hearings before Ways and Means Committee, 1906, p. 28.

try, and they meet with the approval of his clients, "most of whom are German exporters and their American representatives."

ON BOTH SIDES OF THE QUESTION.

Mr. North now "dubs" the closed hearing "the American star-chamber proceeding," having "no other defense than the one calmly advanced whenever the system was criticised, viz, that unless people are permitted to secretly testify against their neighbors and rivals they won't testify at all."

Were we so disposed we could quote from his reports to this association in which he wrote enthusiastically of the almost perfect basis to which the customs administrative law had been brought by the amendments of 1897, and also those in which he graphically described the losses suffered by the American manufacturers and honest purchasing importers from the laxer previous laws. But it is not necessary to go so far back to find his opinion respecting open hearings. About a year previous to his return from Berlin, when the Committee on Ways and Means was giving hearings on proposed amendments to the customs administrative law, seeking light and information from various sources, Mr. North, who had severed his connection with this association several years before to become Director of the Census, was quoted by Secretary Shaw as then being "absolutely against open hearings."[a] The query is, Which view of the open hearing is to be accepted and which rejected?

TESTIMONY AGAINST OPEN HEARINGS.

But laying aside these contradictory views, as well as the question of the advisability or inadvisability of open hearings, the fact remains that not only Secretary Shaw, but seven of the nine general appraisers went on record against open hearings, and one of those two favored them simply as an experiment for six months, recognizing the fact that it would be dangerous. Even he "was opposed to any legislation looking to open hearings because" he "thought it was too risky an experiment." The president of the Board of General Appraisers gave it as his opinion that "if we had open hearings we would never get through the volume of cases,"[b] while another member of the board said: "If they (the hearings) were conducted openly, the ability of the board to procure evidence would be destroyed and all reappraisements fail. It is due to the fact that the secrets of tradespeople are guarded that the board is enabled to get evidence. Frequently an importer's own witnesses will request that their testimony be taken privately, preferring that the information imparted be sacredly kept from competitors. The class of evidence sufficient to establish market value will be wholly improper and insufficient in a trial at law, and if the rule prevailing in the latter were necessary the Government would be wholly prevented from collecting its revenue."[c]

On this question the Supreme Court years ago recorded its opinion as follows:

"It is due to the merchants and others who give such information that their statements shall be taken in the presence of official persons only. It must often occur that persons in possession of facts which would be of value to the appraisers in determining market value would be deterred from appearing and testifying by publicity given to reappraisement proceedings."

Such was some of the testimony of men having actual experience with the workings of the administrative law and such the opinion of the Supreme Court; yet this commission (composed of three men), with the Secretary of State and the President, whose combined practical experience can not be compared with that of the general appraisers, calmly ignore these opinions and as calmly proceed to denounce the law and the regulations which embody the experience of years in the battle to prevent frauds on the federal revenue. Compare the chairman's sweeping statement with the following, made after several months of experience with the open hearings, by the general appraisers' chairman, who says:

"Witnesses deemed material by the Government in establishing proper market value have declined absolutely to appear before the board in open session and give their testimony, on the ground that important trade secrets and other information which is considered undesirable to give competitors would be brought out on cross-examination by the protestant's attorney. So acute has this situation become during the last five months that in some instances the board has been obliged to ask material witnesses for the Government to submit their testimony in writing. This testimony has been shown to the importer and his attorney in specific cases, but with the identity of the informant cut from the letter heads on which the testimony was written. Only in this way was it possible to obtain the desired information. On other occasions so strong has been the aversion of importers and domestic manufacturers and their representatives to appear at "open hearings" that the Government has been obliged to go without testimony of any kind, thereby practically permitting the case to go by default in favor of the importer whose goods were under consideration."

Chairman North scoffs at the idea that witnesses will refuse to testify unless permitted to do so privately, being deterred by the fear that trade secrets of importance will be drawn from them on cross-examination; but when the Germans demanded that section 8 of the law should be modified by new regulations he joined his fellow-commissioners in writing in their report that "the statements of cost required by the act require the expenditure of a great deal of time and energy on the part of German importers; they contemplate the divulgence of trade secrets of the utmost importance and value to the manufacturer, and they are only of importance to the appraisers of merchandise. We therefore agreed to recommend that the consular regulations be so amended that the statements * * * need not be exacted except upon the request of the appraiser of the port after entry of the goods."[d]

Great consideration is shown for the German exporters who have to expend "much time and energy in the preparation of statements of cost, which contemplate the divulgence of trade secrets." But when witnesses are needed in this country to make out a case for the Government they must testify at open hearings, although by their testimony they may be obliged to divulge trade secrets of the "utmost importance" to them. Where does the consistency of this concession come in? It is beyond our ken, and must be credited as one of those advantages, which are so many, we are told, but which have not yet been discovered by those who have studied the terms of this agreement.

[a] See Hearings before Committee on Ways and Means, House of Representatives, 59 Cong., 1st sess., p. 19.
[b] Ibid., p. 36.
[c] Ibid., p. 47.
[d] See message of the President to Congress, Jan. 22, 1908, p. 28.

Another member of the board, who believes in liberality in the administration of customs, after his experience since July last, says:

"I believe that open hearings will never be an absolute success, although in some circumstances they may be practicable. The truth seems to be that where little or no competition exists between foreign goods and American productions open hearings may be had with considerable success, but that in cases where commercial rivalry between the United States and the foreign country is concerned the open hearings fall to the ground."

The writer does not pretend to say who is right in this matter, the chairman of the commission to Germany or the men who see the workings of the new regulations at close range. We simply record the facts.

The President, in his last annual message to Congress, joins in the clamor against the administration of the law, saying, "Under our practice as I found it to exist in this case the abuse had become gross and discreditable." Yet at a time when the German agents and their sympathizers and all enemies of the protective tariff were leaving no stone unturned to secure the concessions for which they had striven for years, it is rather remarkable, if the abuses under the law had become "gross and discreditable," as the President says, or the conditions had become "intolerable," as Mr. Smith described them, that not a single purchasing importer appeared in person before the Committee on Ways and Means to enter a vigorous and indignant protest against these abuses and conditions. It is true that many merchants signed the petition approving the amendments suggested by the New York Merchants' Association; but of the New York merchants favoring them, Secretary Shaw said that at least "two-thirds were engaged in the consignment business."[a] At the same time he quoted the representative of Marshall Field & Co.[b] as telling him that "they (the firm) had no more fears of the penalties of the customs law than they had fear of the penalties against murder or arson."

Can not the gentlemen responsible for the agreement be fairly likened to a man who, ill almost to death, seeks an eminent physician or surgeon and refuses to take his advice, or of a client who, in serious legal difficulties, employs a skillful attorney and refuses to follow his counsel?

A CASE OF MISCONCEPTION.

Mr. North inveighs further against the closed hearing in reappraisement cases, declaring that "a man may be deprived of his property and goods without due process of law, as that phrase has come to be otherwise universally understood in this country—i. e., without the privilege of knowing on whose evidence he is * * * penalized or what the character of that evidence is and without the right of cross-examination."

He has great horror of admitting any evidence without giving the importer the right of cross-examination; yet he and his fellow-commissioners agree that certificates of German chambers of commerce are to be admitted as competent evidence, although no chance to cross-examine the officials who sign the certificates can ever be obtained for those who protest against the value put upon the importation for which the certificate may be given.

Evidently he has read with close attention the argument (put in the form of questions) by Mr. Cockran in the hearing before the Committee on Ways and Means. Apparently he was greatly impressed thereby, for he has adopted the phrase of that voluble, gifted man. Yet he has qualified Mr. Cockran's use of the constitutional phrase "without due process of law" and construed its meaning in a way not contemplated by the expounders of that document. He can not be very familiar with the methods of appraising values of real estate, or he would not have assumed the untenable position of demanding that the right of cross-examination should be given importers in cases where a valuation is made of the importation. Let us repeat what we have once said, that the appraisements are not a proceeding, judicial in character, where the officers sit as judges and render decisions according to the preponderance of testimony produced, but they are simply an ascertainment of value. In few, if any, States has the owner of real estate the right to be heard in the first instance when his property is assessed; nor has he the chance to present witnesses or cross-examine the assessor, either then or on appeal. This summary method is adopted becaue otherwise it would be impossible for taxes to be levied and collected within a reasonable time. But in appraisement and reappraisement cases the importer has the right to appear himself and produce witnesses, together with the right of appeal from the decision of the appraiser to one general apraiser and from his decision to a board of three general appraisers, "a method," General Appraiser De Vries says[c] (if compared with the laws of any State in the Union or with the procedure in any other nation), "under which there are greater opportunities offered for the purpose of determining the taxable value of property than under any other."

THE SUPREME COURT HAS APPROVED OUR METHOD.

In a decision respecting the question of dutiable value of merchandise, the Supreme Court has well said:

"We are of opinion that under the statute the question of dutiable value of merchandise is not to be tried before the appraisers as if it were an issue in a judicial tribunal. Such is not the intention of the statute, and the practice has been to the contrary from the earliest history of the Government. No government could collect its revenues or perform its necessary functions if the system contended for by the plaintiffs were to prevail."[b]

THE OBJECTING COUNTRY HAS AN ARBITRARY SYSTEM.

Secretary Shaw, in his testimony to the Committee on Ways and Means, declared[d] that in Europe (he was speaking of Germany and France)—

"they have no reappraisement proceedings. It is a military system. A little company of soldiers with side arms stands on the dock. They look at your merchandise and do not tell you what it is worth, but mark what it is worth, pass it over to the cashier, and you pay it.

"If you complain enough they will go inside, see a man there, and talk with him. They come out, write their decision, pass it over, and that settles it. There is no appeal and there is no reappraisement."

If this description of the procedure in the country objecting to our law and practice is correct (and we have no reason to question its accuracy), which follows the "star-chamber" method and which the enlightened, liberal one?

[a] Ways and Means Hearings, 1906, p. 20.
[b] Ibid., p. 29.
[c] Ibid., p. 43.
[d] Ibid., p. 31.

WAS A TARIFF WAR LIKELY?

As a justification of this temporary agreement, a studied effort has been made to alarm the American public by proclaiming that if it had not been concluded, "the exports of American manufactured goods to Germany," as Mr. North states it, "would have been greatly reduced after July 1. This because on that date these exports would have become subject to the maximum duties which Germany universally applies to goods from all countries which fail to extend to her a corresponding equivalent for her minimum or conventional duties which are reserved for nations who consent to negotiate treaties carrying equivalent concessions or granting 'most-favored-nation' treatment."

The President, in his message to Congress, wrote: "Deeming it my duty to make every possible effort to prevent a tariff war between the United States and Germany * * * I sent to Berlin a commission." [a]

Mr. North writes that "the German agreement was negotiated by Secretary Root with the cordial approval of President Roosevelt, because they both believe that it will prevent a commercial war with Germany." The daily press was printing news items and editorials headed, "Our last chance with Germany," while a free-trade writer in the Journal of Political Economy, discussing "Reciprocity with Germany," in an article printed after the agreement was concluded, said: "It was plain that tariff warfare of unusual severity and extent was within the range of immediate possibility."

Was there real danger of tariff warfare "of unusual severity?" Before submitting some facts bearing on that question, let us quote a few extracts from a paper entitled "The tariff and the export trade of the United States," [b] read before the American Academy of Political and Social Science in January, 1904:

"There was much talk in Europe and some fear in this country of a combination against the United States among European countries for retaliatory legislation for the exclusion of American-made products from these countries, on the ground that their own products are excluded from the United States by customs rates which are practically prohibitive in direct competition with American-made goods of the same general character.

"Fear has been expressed that the United States will ultimately find the great manufacturing nations of the world united in trade leagues against us. I can not share in this apprehension. * * * The whole course of the foreign commerce of the United States under a protective tariff justifies the conclusion that retaliatory legislation need not be feared, and that high duties on foreign products entering this country do not interfere in any perceptible degree or measurable manner with the outflow of American-made products. * * *

"So far as our agricultural products are concerned, the question of the influence of the tariff upon the export trade in them is hardly worth considering. The world takes our foodstuffs—as much of them as we can spare ourselves—because it can not get along without them. It takes our raw cotton because it has no other source of supply that can meet its demands, either in quantity or quality. It takes our meat products and lumber products because they are better and cheaper than it can get elsewhere."

CONDITIONS IN GERMANY DID NOT WARRANT A TARIFF WAR.

But it may be replied that Germany intended to apply her maximum rates to United States exports after July 1, 1907. Grant that there appeared to be some danger of her doing so, we answer by asking a question: Was she in a condition to take such action, and if taken, how long would she have continued that attitude? For an answer let us examine for a moment German conditions at the time of or shortly after the negotiation of this agreement.

In an article based on one contained in the semiofficial Continental Correspondence, treating of Germany's trade with America, the Literary Digest for October 26, 1907, says:

"In its effort to gain tariff modifications from the United States the Berlin Government has been urged on by the German manufacturers, who want our tariff bars lowered so they can sell more goods here. The German agrarians second this effort with the suggestion that if we do not capitulate, Germany should retaliate by raising its own tariff bars against American products. This is just what it can not very well do, however, for Germany must have our grain and meats, and to raise the tariff on these supplies, while enriching the agrarian landowners, would be to raise the cost of living in Germany—and that is what makes socialists. So the Government is letting well enough alone, and assuring the tariff complainants that they are doing splendidly and don't need any help.

"The tariff on imports into the United States imposed by law some ten years ago has not, according to the Continental Correspondence, interfered in any way with the sale of German goods in the United States. Of the increase in the German importations into this country this organ remarks:

"'In every respect the fiscal year ending in 1907 shows record figures. The value of German wares imported into the United States reached the amount of $161,500,000, while Germany bought $240,000,000 worth of American goods. That shows an excess of 50 per cent on the side of Germany's purchases, and seems at the first glance very disadvantageous for the fatherland; but we find that seven years ago this excess amounted to 90 per cent, and in 1898 even to 130 per cent of Germany's exports into the United States. In proportion, at least, the German balance of trade shows a considerable improvement. If we limit our attention to the increase in the last two years, we find even absolutely the same figures. Germany got in 1907 American goods of $43,000,000 value more than in 1905; and by the same amount of $43,000,000 we find the German imports into the United States higher in 1907 than in 1905. Now, if we go into details, we notice that among the American goods imported into Germany cotton is principally responsible for the increase. On account of the large demand of the German spinning mills and the higher prices, the United States increased their sales of raw cotton to Germany within two years by not less than $34,000,000, so that the cotton imported into Germany accounts for 80 per cent of this very remarkable increase.'"

"When we come to ask the proportion between the exports and imports of the United States and Germany, this writer tells us that while German exports to the United States are less than those of the United States to Germany in regard to raw materials, the contrary is the case when we calculate the interchange of manufactured articles. America exported to Germany $90,600,000 worth of such goods for the year ending 1907, but imported from Germany manufactured goods to the amount of $147,000,000."

[a] See annual message to Congress, p. 59.
[b] Pp. 1, 2, and 3 of pamphlet reprint.

Germany's era of prosperity, according to careful observers, was showing signs of waning; and if the conditions set forth in the following quotations were accurate, surely Germany was in no condition to engage in a tariff war with any country, much less the United States. The London Standard, perhaps not a friendly authority, said of the German period of remarkable commercial prosperity:

"The same unmistakable tendency toward a diminution of prosperity is noticeable in practically all the other German industries, which in the near future will be affected by the same wave of bad fortune. This termination of the unparalleled period of industrial success which Germany has now been enjoying for several years has long since been foreseen on the German bourses, so that capitalists whose money was invested in industrial undertakings have had time to make adequate preparations for the approaching depression."

Even German papers recognized the trend of affairs, as the following extract from the commercial columns of the National Zeitung (Berlin), printed during the very month when those threatened maximum duties were to be applied to American exports, will show. It said:

"The period of great prosperity is at an end. The Düsseldorf Iron and Steel Exchange, by the laconic bulletin it has recently issued, puts this fact beyond all doubt, and stamps with official authority all the forebodings as to an approaching decline in German industrial prosperity. The Düsseldorf Iron and Steel Exchange was the last quarter from which we should have looked for this frank avowal of its commercial decline. The reports hitherto issued have declared that the wave of industrial prosperity was permanent and the iron market was a fixed reality. But all concealment is now at an end. It is admitted, even by this authority, that the future is uncertain, and that the period of great prosperity, which has lasted for five years, comes to a close in 1907.

That these opinions were not without foundation is shown by a news item from Berlin under date of December 4, 1907, respecting the many immigrants returning from the United States and the alarm felt lest they would "entirely glut" the already overcrowded labor market in Germany. It said:

"Labor organizations are greatly troubled over the prospect of an influx at a time when the question of employment is acutely difficult. Commodities, even the barest necessities, are rising to almost famine prices. It was stated at a meeting of the municipal council of Schoeneberg, a suburb of Berlin, last night that there were 30,000 skilled and 35,000 unskilled workmen idle in Berlin alone. A proportionate number are idle in other industrial centers and in the farming regions. The trades unions have already been compelled to cut in half their doles to the unemployed. Similar conditions prevail in Austria, to which country more American emigrants have returned in a fortnight than departed. The prices of food are rising." [a]

FRIENDS OF GERMANY AVER THERE WAS NO DANGER OF SUCH WAR.

Even if conditions had been better in Germany than as above described, it is plain from the following views that the fear of a tariff war was much magnified, if, in fact, there was any basis for it at all.

A commercial paper which loses no chance to attack the protective system, and which has been the chief mouthpiece for German representatives and the German cause, in an editorial said: "Neither the manufacturers of Germany nor their workmen could afford to dispense with the raw material and the foodstuffs which they have been accustomed to buy from the United States."

In a recent article Herr Max Goldberger, a privy councilor of the German Imperial Government, said: "Serious men in both countries do not for a moment think that Germany and the United States will wage industrial war upon each other. Germany and the United States must compete with each other in peaceful fashion, for each is an excellent customer of the other, whose trade, if withdrawn, would inflict immediate and serious injury."

If these maximum rates had been imposed July 1, as threatened, how long would they have been enforced in the face of such conditions? Even under normal conditions, Germany could not have afforded to take part in a tariff war with the United States, and we believe she had no intention of so doing.

GERMANY IS NOT A SELF-SUFFICING NATION.

Germany's population is increasing at the rate of 1 per cent a year, a rate exceeded by that of the United States only, the productive capacity of her agriculture being totally inadequate to supply her increasing needs. Nor can she secure sufficient foodstuffs from the several countries with which she has concluded treaties of reciprocity to fill her wants. Austria, Hungary, and Italy need their own products to maintain their population, and Russia, whence Germany has drawn heretofore a portion of her supplies, is in no condition to support her starving peasants and her industrial workers, much less to send increased exports to Germany to supply any deficiency in her crops or decreased importations from the United States, if you please, granting full weight to the extreme statements of those who regarded the imposition of the maximum duties to American products as imminent.

With the Empire unable to provide food for the rapidly increasing numbers of her artisans, save by importing supplies from this country, with the cost of living increasing at an alarming rate, with the industrial prosperity receding and the necessity of keeping the industries of the country in position to furnish work for these same artisans, were the extreme statements of those who professed a fear that Germany's maximum duties would be applied to American exports justified? Under the conditions existing, would a wise government—and we presume it will be conceded that the German Government is wise—have taken the threatened step? And if taken, how long could the industrial captains have resisted the demand for higher wages which, in view of the greater cost of living, would surely have been made? How long, with the increased cost of production, could the manufacturers have enlarged the export of manufactures which must be sent abroad to pay for imports? The trade relations of the two countries have been examined so frequently and so analytically

[a] The foregoing statements are enforced by the following item from a recent number of the London Economist:

"The signs of business decline in Germany are multiplying and are growing visibly more serious. The most significant index to the situation, perhaps, is to be found in the report of the Steel Works Association for December, which was issued several days ago. It shows a surprisingly heavy shrinkage of business in steel material for further manufacture and in structural forms. A steady decline in the employment of labor is another most significant phenomenon of the day."

that it is unnecessary at this time for us to do more than remark that the exports of Germany to the United States are nearly all manufactures—which have been increasing under our present tariff and the customs administrative law, some portions of which have been so strenuously denounced by the President and Chairman North—while the exports of this country to Germany are nearly all raw materials for German manufactures or food products, such as flour, corn meal, biscuits, oils, oleomargarine, and lard, classified by the census as products of manufacture. It is sufficient to ask whether Germany could have got along as well without our exports as we could without hers in case worst had come to worst and a tariff war had been declared, which few now think would have been done.

CERTIFICATES OF VALUE BY CHAMBERS OF COMMERCE.

Mr. North lays much emphasis on the great point gained by the American commission when the Germans agreed that German chambers of commerce in the district where the goods originate shall grant certificates which will officially guarantee the correctness of the "export price" given in the invoice. These certificates are to be accepted as "competent" (not necessarily conclusive) evidence by the customs officers and the general appraisers—a protection against individual fraud, which, he writes, "has never heretofore existed." It is hardly possible to think of the German exporter actually fighting for a chance to protect us against individual fraud and even urging the Government to go to the length of threatening a tariff war to gain that privilege.

HOW THE GERMAN EXPORTER VIEWS OUR LAWS AND PROCEDURE.

A different feeling on the part of the German exporter is shown by the following quotations from the speech made behind closed doors by the chairman of a commercial gathering in Berlin in October, 1905. These were all available to the commission before their departure from this country on their mission. How kindly disposed this eminent person (Secretary Shaw vouched for his prominence) was to assist the United States officials to get correct values can easily be seen. Complaining of the administration of the tariff law "in which is concealed the power and purpose to make entry of certain competing articles as difficult as possible," he declared that "the United States Government agents resort to the meanest and smallest measures." Then, citing specified complaints, he said:

"The first of these is the certification of the invoices by consular officers stationed in various districts of the Empire; second, the investigation by customs officials as to the correctness of statements in the invoices which have not the force or effect of an oath in the German Empire; third, the reexamination in cases where there is reason to doubt values by agents of their Treasury Department; and, fourth, of the high penalties for undervaluation."

Treating of market value, he remarked:

"Market value, as defined under American law, is the wholesale price at the time of export, and our trouble lies in having two sets of prices, one for export and the other for home trade. We have to resort to a division of shipments under the so-called '$100 clause' to keep our matters secret, save fees, and avoid control on that side."

In speaking of declarations in the invoices "compelling all sorts of statements as to how goods were obtained, * * * values in detail," etc., he continued:

"These things all lead to abuses, and we are promised that the means of gaining information through American consuls and agents will be shut off. Our boards of trade are fully awake to the dangers that surround us, and in making every effort to close the doors against this abuse they are hoping for the whole support of the Government.

"Experience has taught that the workings of paragraph 8 of the Dingley tariff has not fulfilled the purpose for which it was enacted, but, on the contrary, the information gained under this regulation concerning costs of production has been so defective that in many cases it has been misleading, because through the prudence of our officials we have taken care that investigations of this character shall throw little light upon the actual value of their consignments.

"In many cases trouble has been avoided by having invoices consulated remote from districts in which the goods are manufactured, but we must follow up this whole question as to the rights of consular or other officers to pry into our business, * * * and in this we are assured of the cordial support of our Government. Such treatment on the part of American officials and the cause for it is plain, and now that concessions must be made by the American Government, if we stand together firmly as a body, aided and supported by our boards of trade, we can bring about a change that will be of untold benefit to our American export trade."

These men or their predecessors, undervaluers for twenty years or more, have not regarded it and do not now regard it as improper to deprive our Treasury of the tariff duties as written in the statute books of the Nation. They have not hesitated to act on the advice, freely and unblushingly given in their trade journals and by their prominent spokesmen, to conspire to evade, by all means possible, the laws of this country. If the results are to be what Mr. North says they will be, and what all interested in honest dealings and obedience to the law wish them to be, one can not help but wonder at the universal and exceptional anxiety of these German consigning exporters for an agreement making it well-nigh impossible for them to escape the rigors of the law they have been antagonizing for many years. It is marvelous that these men, convicted decades ago by unbiased investigating committees of gross undervaluations (which, Mr. North impliedly admits, are still committed, but which, he argues, will be stopped by the new agreement), should urge their Government to the point of demanding an agreement which will deprive them of their illicit gains.

THIS SEEMS TO BE AN ANOMALY.

Imagine men holding such views, demanding a "change which will be of untold benefit to the American export trade," fighting for a chance to protect this Government against fraud! Fancy chambers of commerce, "fully awake to the dangers surrounding them," and through whose officials the German consignors have taken care that "investigations should throw little light" upon the actual value of their consignments, consumed with a burning desire to act as a protection against individual fraud upon the revenues of the United States! It is difficult to understand how the composite honesty and integrity of these "quasi official," "semiofficial" chambers of commerce can be much, if any, higher than the average honesty of the average member, who, if the extract quoted represents his feeling, was not strongly in favor of regulations providing for control on this side. If the concessions made (corresponding closely as they do with the specifications set out in the various remarks we have quoted) are to put a stop to individual fraud, or are to be even a protection against it, one does not readily understand the reason for Germany's alleged belligerent position.

If these chambers of commerce are to furnish evidence of absolutely correct values; if the values are to have the stamp of official approval, why did the commission provide that their certificates should be only "competent" (not necessarily conclusive) "evidence?" That provision shows either that the Germans did not understand the distinction between competent and conclusive or that the certificates of these chambers of commerce were not expected to be what Mr. North writes they will be—"the guaranty not merely of the chamber, but of the Government itself." He adds, "If they (the accredited special agents) have reason to question the accuracy of a chamber of commerce" over which the Imperial Government exercises the minutest supervision and of which Government the chamber is a part—"if they have reason to question the accuracy of a chamber of commerce certificate, they will have the right to ask that it be verified." If this official chamber, a "part of that Government," gives an inaccurate certificate, the agents will have a right to have the other part of the Government verify it. We dissent strongly from this idea of the efficacy of these certificates. In our view the provision, as worded, will do no harm to domestic interests so long as the appraisers follow the directions given them by Assistant Secretary Reynolds, of the Treasury, that "the United States did not mean to acknowledge foreign chambers of commerce as final authority in fixing export values. Their opinion is to be taken merely as evidence competent to be considered by the appraisers in their examination of commodities." This advice they have since followed, having thrown aside such certificates as of little value, if any, in determining questions before them. But if the certificates of these official bodies, "part of the Government," are to be treated with such lack of consideration (and the commission must have known they would be if they were not to be accepted as "conclusive"), why was such a chance given for misunderstanding and cause for complaint in the future? If the "backdoor" operations of the special agents were to be stopped for our benefit, although their methods were distasteful to Germany, why was this loose provision inserted? For it will be difficult to avoid unpleasantness with the German Government if its certificates are to be accepted as of no more worth than the testimony of any merchant witness. The commissioners can not now claim that they did not comprehend the exact status of these chambers of commerce, for Mr. North asserts "they are part of the Government" and argues that the chambers would not think of issuing false certificates of value. Instead of clearing away causes of discontent, the commissioners by this stipulation have added fuel to the flames.

WHAT ARE GERMAN CHAMBERS OF COMMERCE?

Officials differ so radically in their statements as to their character that after each utterance the mystery deepens. The President says the German chambers of commerce are "quasi official;" Secretary Straus says they are "semiofficial;" Mr. North says they are "part of the Government," while Commissioner Stone, "tariff expert of the Department of Commerce and Labor," differs radically from his fellow-commissioner as to the function of the chambers and agrees with Secretary Straus as to their status, for he says:[a]

"The chambers of commerce are semiofficial bodies whose functions and activities are strictly regulated by law. They are representative bodies consisting of men elected by the manufacturers and wholesale dealers in each district. Membership in the constituent body of the chamber of commerce is compulsory, and whether a business man takes part in the election of representative members of the organization or not he is required to contribute his share to cover its expenses. * * * The chambers of commerce serve as the medium through which confidential information as to trade openings abroad is communicated to manufacturers and exporters. It is to these bodies that German business men resort whenever they have any grievances to which they desire to call the attention of the Government. The chambers are especially valuable to the Government as sources of information which comes directly from the business interests involved."

Which does not support the statement that they are "part of the Government," and the inquirer is embarrassed by the conflicting and contradictory statements of the two commissioners.

If the chambers of commerce are "part of the Government," which we doubt, then the commission, instead of allaying antagonisms and irritations which were said to exist, increased the opportunities for such irritations and misunderstandings. If they are not "part of the Government," which we believe, the provision that their certificates should be merely competent evidence was not improper; for it is inconceivable that anyone would agree to permit men, chosen by foreign manufacturers and wholesale dealers, to be the final authority in fixing export values. This provision seems to be harmful when the language is strictly construed, but difficulties will be encountered if Mr. North's explanation of its meaning is accepted, and we do not wonder that there is some dissatisfaction over it in Germany.

THESE PROVISIONS ARE CONTRADICTORY.

Mr. North contends that "opportunities for the special Treasury agents to obtain evidence of undervaluations have not been lessened by the agreement that they shall be accredited to the German Government, but, on the contrary, their power and authority in this respect have been enormously strengthened and increased," this provision, in his opinion, being "another long step in the direction of the prevention of undervaluation"—more effective than any law Congress can pass for that purpose. "Instead of getting information by the back door, as heretofore, they will enter and leave by the front door. I anticipate that they will be given every facility to find out that the German people, as a rule, are just as honest and as high-minded in their commercial transactions as are the American people."

But the question arises, Why must provision be made for special agents, if the certificates of these chambers of commerce are to be official guaranties by a "part of the Government" of "the correct and honest price?"

Think of the necessity of providing that "these officers sent abroad," as ex-Assistant Secretary Hamlin has well said, "to examine suspected undervaluation schemes shall be personæ grata to the very persons they are sent to investigate, and that they shall be recalled whenever their presence ceases to be agreeable to the exporters!"

If under this agreement we are to have valuations never so honest and accurate, why did the President promise to urge Congress to amend the law (which he has since done) to provide for a 10 per cent undervaluation without penalty? Why the necessity for this provision, if the value of merchandise imported from Germany is to be surely ascer-

[a] See pamphlet entitled "Promotion of Foreign Commerce in Europe and the United States," by N. I. Stone, p. 14.

tained and knowledge of such valuation is to become "world-wide?" Why give this demoralizing privilege to a class of men who have been taught that it is not only not immoral, but not even "incorrect," to undervalue German goods for the purpose of entry into American ports, and who became notorious for their frauds upon the revenue complained of so bitterly in the eighties?

Consider these two contradictory provisions of this agreement and tell us, if the true value is to be so certified, why a right to undervalue up to 10 per cent must be written in the law. Think of providing that the German chambers of commerce shall certify "the true values" of exports, and the President promising to recommend an amendment to existing law that will permit undervaluations up to at least 10 per cent without penalty.

ABUSE OF SPECIAL AGENTS—THEIR WORK IN THE PAST YEAR.

These special agents, through whose indefatigable efforts much smuggling and many irregularities against our laws have been unearthed and prevented, come in for an additional "fling" from the President, who characterizes them as "detectives," whose employment, "though often necessary, tends toward abuse." It may not be necessary to employ special agents at all, as far as our actual knowledge of this service goes, but it is hardly to be expected that a body of men like the chairman of the Berlin meeting, whom we have quoted, will fall over one another in their efforts to furnish information to those officials, now that they must be personæ gratæ to the German Government. They may do so; but we have a suspicion that, in the future as in the past, through the prudence of their officials, investigations will throw "little light upon the actual value of their consignments." That there is still need for the services of these men who "get their information by the back door" may be gathered from the recent report of the Secretary of the Treasury, who, after nine months' experience in his position, wrote to Congress: [a]

"Special agents of the department have been actively and effectively employed during the last fiscal year in the prevention and detection of frauds on the customs revenue through undervaluation and irregular classification, as well as in the suppression of smuggling. They have cooperated with collectors of customs and appraising officers in all parts of the country and with the Board of General Appraisers, submitting information as to values. In many instances it is due to their efforts and their information that advances in value have been made by the appraising officers and such advances sustained when the cases came for final decision before the Board of General Appraisers. In the aggregate these advances have been large and the revenue from customs much increased thereby."

DID THE PRESIDENT EXCEED HIS POWERS?

While the agreement concerning the open hearing was misapprehended, there was still greater "misunderstanding" not only on this side, but by the Germans also, concerning section A, defining market value and construing provisions of section 19 of the customs administrative act. The agreement provides that the "export price" shall constitute market value where the goods in question are made wholly for export and not sold at home "in the usual wholesale quantities packed ready for shipment to the United States."

It has been claimed that this clause of the agreement alters not only the Treasury regulations, but the existing law. If that be true, then the President had no right to alter the law without the consent of Congress. In answer to this objection the President says that the method adopted for determining the actual market value of goods is in accordance "with what I am advised to be the true construction of the law." [b] Mr. North says that this interpretation of section 19 was submitted to the Attorney-General and by him decided "to be wholly within the letter of the law. Those who contend otherwise can not have carefully read section 19."

Without entering into an examination of the sections involved or making an argument against the right contended for, it will be sufficient to quote the opinions of several good lawyers in opposition to the construction insisted upon by Mr. North. The mere fact that in the opinion of the Attorney-General this interpretation of section 19 is "wholly within the letter of the law" does not make it so. Attorneys-General have been known to be wrong in the past in their views of the law, and it is within the range of possibilities that the present incumbent may be mistaken; for he is not so great a lawyer as to inspire the utmost confidence in the finality of his construction of any legal question. It was perfectly proper for the President and the commissioners to be guided by the opinion of their legal adviser; but it does not follow that all who dissent must accept his view of the law. It may excuse the commissioners for negotiating the agreement and the President for approving it, but it is not necessarily conclusive as to the correctness of the construction.

While the Attorney-General advises that the President had the right to make the alteration complained of, the Hon. Charles S. Hamlin, one-time Assistant Secretary of the Treasury under the Cleveland administration, and an attorney having quite as good professional standing in Boston as the Attorney-General had in Baltimore, dissents vigorously from that view, calls the President's action unconstitutional, and declares that he has "repealed some of the most important parts of the act of Congress known as the 'customs administrative act,' which for about seventeen years has been a portion of the law of the land."

The Hon. John S. Wise, a reputable lawyer of the New York bar, and a man of undoubted ability, has given the following opinion respecting the President's right to do what he has done. Mr. Wise says:

"By the third section of the Dingley Act power was undoubtedly granted to the President to enter into negotiations with foreign governments exporting the enumerated articles to the United States, with a view to the arrangement of commercial agreements, in which reciprocal and equivalent concessions may be secured, etc. And it was further declared that, whenever such government should enter into a commercial agreement with the United States, etc., which in the judgment of the President, should be reciprocal and equivalent, he was authorized and empowered to suspend, during the time of such agreement, by proclamation to that effect, the imposition and collection of the duties mentioned in the act on such articles, and thereupon and thereafter the duties levied, collected, and paid upon such articles were to be as described in section 3, at the alternative rate mentioned in section 3.

"That was the whole power of the President. There is not a word in the act authorizing him to make any agreement with any government concerning the method by which the valuations on the imported articles were to be ascertained as a basis for levying the duty.

"The commercial agreement entered into by the President on behalf of the United States with Germany does something more than agree upon the alternative and reduced tariff rates of duty.

"Article 2 expressly adopts, as part of and consideration for the agreement, an undertaking to assume by the President, on behalf of the United States, certain modifications of the customs and consular regulations set forth in the annexed diplomatic note. That diplomatic note (Par. A), which is to be read in the agreement as part of it, provides that whenever goods, etc., sold wholly for export can not be valued on the basis mentioned in section 19 of the customs administrative act, another rule of valuation shall be substituted to ascertain the market value, to wit: That 'market value shall be construed to mean the export price.' The export price must, in the nature of the case, be the price at which the goods are invoiced to their consignee in the United States. It must be an arbitrary sum. It would not be a price unless it was a fixed figure. It is fixed by a mutual agreement between vendor and vendee. It leaves nothing to be ascertained but the fact of price fixed upon, and is compulsory upon the government agents in assessing the tariff duty.

"Had the President a right to do this? There is nothing in the third section of the tariff act extending his powers to any such subject. His power was exhausted under the guaranty of the third section when he fixed the alternative rate by the commercial agreement. If any power to adopt this arbitrary basis of market value existed anywhere, it was in the Secretary of the Treasury under his power to make treasury regulations. If the regulation he made was valid, the commercial agreement could carry it out. If it was invalid, the commercial agreement could not validate it.

"It seems to me that neither the Secretary of the Treasury nor the Secretary of State nor the President had any authority to determine or to instruct their subordinates to construe the act so that the export price should determine the market value.

"The eleventh section of the customs administrative act, as amended by section 32 of the act of July 24, 1907, prescribes a method of ascertaining and determining the market value where the conditions named in section 19 fail, which seems to me to be complete and exclusive of any other method. It seems to me that this construction, agreed upon by this commercial agreement, abrogates the legal method of ascertaining market value, as defined by section 11, repeals its provision, and substitutes a new and inconsistent method of ascertaining market value for the complete method supplied by section 11.

"This action falls within a rule long recognized and repeatedly adjudicated, that no action of any department of the Government which in effect repeals an existing law and substitutes something else for it is legal. If I am correct, so much of the commercial agreement as adopts this rule is illegal, null, and void.

"If this rule to ascertain market value is to stand, it would seem to take away from the general appraisers all the powers conferred upon them by section 16 of the customs administrative act.

"The question reduced to its last analysis is:

"1. Had the President a right to make this commercial agreement?

"To that I answer 'yes.'

"2. In doing so, had he the right to alter a mode of appraisement applicable to all imported goods, whether they come in under commercial agreements or not, prescribed by sections 19 and 11 of the customs administrative act?

"To that I answer 'no.'

"Nothing is said in any law of power in the President to alter the prescribed mode of ascertaining values of goods imported. Until I am shown such, I am of opinion that in attempting to do so he has exceeded his authority."

It will be observed that Mr. North, in contending that the President when ordering the change "was wholly within the letter of the law," relies alone upon section 19; on the other hand, Mr. Wise, in reaching an opposite conclusion, bases it upon both sections 11 and 19, the former of which Mr. North ignores or overlooks.

We are not arguing for the incorrectness of the view held by the Attorney-General or for the correctness of the view of Mr. Hamlin or Mr. Wise; but it is plain that, with such divergence of opinion, all can not be right, and in our opinion there is just as much chance of the Attorney-General being wrong as the others. In view of these different opinions held by capable lawyers, we dissent strongly from Mr. North's positive statement that "the administration has agreed that hereafter it will consent to construe its customs administration law in accordance with 'its terms.'" Because the President has been so advised does not make it so, and Mr. North's position will be denied and contested until the Supreme Court decides otherwise.

IF TO OUR GREAT ADVANTAGE, WHY THE SCRAMBLE FOR LIKE PRIVILEGES?

In view of Mr. North's contention that the agreement is to be of inestimable value to the United States and of so little value to Germany, one marvels at the scramble among foreign countries to be permitted to give still more advantages to us; for soon after the German agreement became known various European powers, fearing that the concessions were exclusive, were clamoring for a chance to share in the good things Germany, in their opinion, had secured, and Secretary ROOT announced that they would be extended as a "free gift" to every country "which can comply with the conditions under which they were granted to Germany;" meaning, no doubt, that all countries in which chambers of commerce are "part of the government" would be extended the same concessions.

DIFFICULTIES ARISE.

England, our best customer, was soon "stirred up" over Secretary ROOT's further announcement that "it is impossible to accept any statement by a British chamber of commerce as evidence of value of goods exported, as is the case with the commercial bodies of Germany and France, as the latter are quasi official, while the British bodies are nonofficial." This was regarded by the British people "as a gratuitous slight and as a distinction inspired rather by a desire to hamper British trade than by a genuine belief that the valuations of the chambers could not be depended upon." A protest was made against that distinction and the President, together with the Secretary of State, seeing that it would be impossible to apply two different sets of customs regulations to the imports from different countries, reversed this ruling, and within a few days another announcement was made, this time to the effect that "certificates of invoices of shipments of British goods to America, issued by chambers of commerce, will be accepted by the Treasury officials on the same grounds as arranged in the German-American tariff agreement." And why should not the British exporters, who have never been undervaluers on the scale set by the German consigning exporters,

[a] See Report, p. 53.

[b] See annual message to Congress, p. 61.

object to the distinction drawn against their chambers of commerce, composed surely of men of as high moral character, honesty, and integrity as are the German bodies?

WHO ARE THE PRESIDENT'S EXPERTS?

Respecting certain of our methods of administration which have been the cause of much complaint on the part of German exporters, the President, in his annual message to Congress, said: "I became satisfied that certain vicious and unjustifiable practices had grown up in our customs administration, notably the practice of determining values of imports upon detective reports, never disclosed to the persons whose interests were affected. Under our practice as I found it to exist in this case the abuse had become gross and discreditable. * * * In the judgment of the most competent experts of the Treasury Department and the Department of Commerce and Labor, it was wholly unnecessary for the due collection of the customs revenues, and the attempt to defend it merely illustrates the demoralization which naturally follows from a long-continued course of reliance upon such methods."

This tirade against "the practices which have grown up in our customs administration" is based, the President writes, upon his "investigation" and upon the judgment of experts, who, in giving this opinion, are in opposition to the majority of the general appraisers; but he vouchsafes no names, that we may know their experience and their fitness for giving such opinion and such advice. No such conclusion, as the President says he reached, can be based on the testimony of the Secretary of the Treasury or the United States officials as given to the Committee on Ways and Means in February, 1906, when they were investigating this whole question. It is to be regretted that in view of so much adverse testimony then given Congress could not have been informed who these men are that know more about the custom-house practices than the Secretary of the Treasury and the general appraisers.

THE AGREEMENT WAS MADE FIRST; INFORMATION WAS SOUGHT LATER.

Notwithstanding the confident tone of the President, a slight experience under the agreement served to show that the opinion of the office experts in Washington and the views of "the competent experts in the operation and administration of the customs tariff" were not quite equal, after all, to that of men dealing every day with importation, and in September it was deemed necessary to send abroad another commission, consisting of Assistant Secretary Reynolds, of the Treasury, and General Appraisers de Vries and Waite, charged with the duty of making a thorough investigation of export prices and market values, for, it was stated, "within the few months between July and September, it had become apparent that determined efforts were being made abroad to enter goods into this country at the export rates rather than at the regular foreign value." The whole attitude of the commission, it was also stated, "was to be that of seeking light on a subject which has been giving much trouble to the customs tribunals, with the idea of suggesting such reforms as may be deemed necessary."

In addressing the members of the American Chamber of Commerce in Paris, Mr. de Vries remarked that the commission had gone "to France to study the organization of French chambers of commerce. Upon the signing of the German agreement, and after its extension to France and other countries, the Board of General Appraisers and the Treasury Department naturally desired to know the manner in which these chambers of commerce were constituted for the purpose of arriving at the weight which should be attributed by the board to the findings and certificates of these commercial bodies."

CERTIFICATES FROM OFFICIAL AND UNOFFICIAL BODIES ON AN EQUALITY.

Secretary Reynolds and his commission agreed with the British Government, according to a press dispatch, that "the board of trade shall investigate the local boards of trade and chambers of commerce and recommend those which it considers competent to undertake the work of certification." The effect of this arrangement is that these "commercial bodies," which, according to Secretary Straus, "are unofficial, very much the same as over here," have been given the same right to issue certificates of value as the German bodies which Mr. North says are "part of the Government." In view of this concession, what becomes of the effect of his assertion that the German certificates, because they are official, are to be a "protection against individual fraud which has never heretofore existed?" If the protection is secured in Germany because the certificates are given by a "part of the Government," what protection is there to be in the case of English certificates given by commercial bodies which are "unofficial, very much the same as over here?"

WAS WISDOM SHOWN IN THE NEGOTIATION?

All of which suggests the inference that the President and the Secretary of State, when they authorized the negotiation of the German agreement, did not see all the difficulties involved in the questions in dispute. If they had, it goes without saying that the President might have been more circumspect and cautious in his denunciation of the "vicious and unjustifiable practices which had grown up in our customs administration;" and the Secretary might have pictured in less glowing colors the great benefits which were to flow to us from the agreement.

The sending of the second commission to seek light after the agreement, under which the trouble arose, was signed and promulgated, reminds one of the man who locked the stable door after the horse was stolen. In our view, it would have been wiser to seek light on the troublesome subject and receive suggestions of needed reforms (if any were needed) before sending the first commission to conclude an agreement with Germany. If the first commission put "our commercial intercourse with that nation on an honorable, dignified, and self-respecting footing of international comity," why was the second commission necessary?

MISUNDERSTANDING STILL EXISTS IN GERMANY.

It seems now that the Germans insist upon an interpretation of certain sections of the agreement decidedly different from that taken by some of our officials. Mr. Ludwig Max Goldberger, a privy councilor of the German Empire, in a carefully prepared article recently published, contends that "market value" in the agreement means "export value," "the provision being valuable in that it establishes a standard." Mr. Goldberger glories in the fact that Germany is a "consigning nation;" which he regards as "a perfectly legitimate and unimpeachable business." He notices an address President Roosevelt is alleged to have made to the Textile Importers' Association, and criticises some of the statements said to have been made, declaring them to be by no means "free from recklessness and error." It is not pleasant for us to criticise the words or actions of the President, but it is much less pleasant to have the Executive accused by a representative of a foreign power of making statements "by no means free from recklessness and error."

WHAT GERMANY WISHES TO FORCE.

What Germany wishes is not a temporary agreement "attacked by strong interests in the country or one whose validity may be questioned," but a reciprocity treaty, which Herr Goldberger hopes will be permanent. This, he suggests, can be accomplished in one of two ways—either by adopting the recommendations of Mr. N. I. Stone, one of the members of the first commission, who proposes that article 3 of the Dingley law be so altered by Congress as to include a considerable number of imported articles in which states of different climate and yielding different productions have their interests centered, or (and this proposal Mr. Goldberger indorses) by modifying article 4 of the law so that without any time restriction the President may be empowered, with the assent of the Senate alone, to make reciprocity treaties upon a universal basis of 20 per cent duties. This, he declares, will not be an agreement but a "treaty which will live for a long time. Nothing short of a treaty can help us in Germany or you in the United States."

DISAPPOINTMENTS HAVE OCCURRED AND WILL OCCUR.

Since the negotiation of a reciprocity treaty has been promised Germany, it is well to discover the professions of some organizations favoring such a convention. The Bulletin of the American Reciprocal Tariff League says, "standing for adequate protection to all our industries, it (the league) believes that the time has come for the trading off of duties no longer needed in exchange for valuable trading privileges to be granted us abroad." If some industries are so strong as completely to dominate the domestic markets and require no protection, or can dispense with "duties no longer needed," what would it benefit the rivals abroad to have them traded off? If foreign powers were lured into the making of a treaty on such a basis, would they not soon realize what this Reciprocal Tariff League has found out in respect to German minimums,[a] that "the privileges granted do not enable them to export the goods?" And if the foreigners are enabled to export goods in quantities sufficient to gratify and satisfy them with the bargain made, would adequate protection be afforded all our industries? It seems plain to us that the league can not cling to its announced tenet of "adequate protection to all our industries" and at the same time "drive" for reciprocity treaties which trade off one industry for the benefit of another or some industries for the advantage of others. Trading off "duties not needed" is a snare and a delusion which is not likely to catch many victims abroad; and our experience with Germany, accepting as true the statement made by the league paper, is not calculated to make many on this side of the water believe that we made a great bargain in our first attempt with that country.

HERR GOLDBERGER OFFERS GRATUITOUS ADVICE.

Like the Austrian manufacturer from Brünn, Mr. Latzko, who advised the Committee on Ways and Means during the framing of the Wilson bill, Herr Goldberger repeats gratuitous advice given on a former occasion, which, he hopes, will not be "unpalatable to Congress." In part, he says:

"It is also my opinion that the producer himself, on calmer reflection, as soon as the years have brought hard times, which are never far off, even in countries of unlimited possibilities, will arrive at the conclusion that a steadier and sounder policy in foreign trade, such as the ever-increasing flood of industrial activity demands, can not be maintained and developed merely by framing tariff and commercial treaties valid for many years, but only by the abolition of an insecure and prohibitive protection system, which does not benefit the people in general, but only promotes to an inordinate degree the plans of a single group of men who are interested in its maintenance."

This privy councilor joins the chorus of that ignorant choir who constantly sing the refrain, "prohibitive tariff." It is amusing, coming from a German, inasmuch as the value of partly manufactured goods imported yearly into the United States exceeds by $25,000,000 the value of the same class of goods imported by Germany, while the value of wholly manufactured goods exceeds by $126,000,000 the value of those imported by Germany, and exceeds by $65,000,000 those of France and Germany combined. "Prohibitive protection system," forsooth!

It does not lie in the mouth of any German to complain of the American tariff or falsely to characterize it as "prohibitive," when, in the year 1905, Germany imported[b] not a pfennig's worth of fabrics of silk or wool, while her exports of silk fabrics were valued at $35,557,200 and her exports of wool fabrics at $69,900,600; nor a farthing's worth of clothing, while her exports were valued at $27,298,600; nor a penny's worth of aniline dyes, while her exports were valued at $23,-966,600. This exclusion of foreign products in these various lines may have been due to "prohibitive" tariff rates for aught we know, or to a cost of production which was so low as to accomplish the result. Whether it is due to the one or the other, or to both, matters not; for were the markets free, what would it profit us if we found ourselves unable, by reason of greater cost of production, to compete with the highly developed German industries in their home markets? We challenge anyone to cite any similar schedule or any schedule of our tariff which produces the results in our markets that are to be found in the German figures of foreign trade for 1905.

IF EUROPEAN COUNTRIES FAIL OF ACCESS TO GERMANY'S MARKETS, COULD WE SUCCEED?

Neither Austria-Hungary, Italy, Servia, Roumania, Switzerland, Belgium, nor Russia, her continental neighbors, with which countries Germany has reciprocity treaties, nor Great Britain, the greatest exporting nation of the world, nor France, sent her a mark's worth of silk or wool fabrics in 1905 (these being the latest figures at our disposal), and there is no reason to believe that they have succeeded any better during any year since. She imported of bicycles and parts not a penny's worth, while her exports were valued at $7,092,400; of manufactures of copper, including brass, she imported none, while the value of her exports was $11,566,800; of iron and steel and manufactures thereof her exports were valued at $180,213,600, her imports of the same class being but $18,730,000, and all machinery, a portion, no doubt, being textile machinery, in the manufacture of which Germany as yet does not hold a preeminent position. The story is the same in leather and leather goods—no imports, and exports valued at $31,439,800—and the list could be extended if there were need. But enough have been given to

[a] Bulletin of the American Reciprocal Tariff League for November, 1907, p. 1.

[b] See Monthly Consular and Trade Reports, No. 317, February, 1907, p. 72.

show that if Germany's European neighbors, with the benefit of lowest rates under reciprocity treaties and with lower cost of production than the United States, failed to gain access to her markets in the classes of manufactures enumerated, surely no better results can be hoped for by us if given the minimum rates also.

NEITHER SIDE SEEMS WHOLLY PLEASED.

This temporary agreement wholly pleases neither Germany nor the editors of the American Reciprocal Tariff League Bulletin, who have said:

"Now, it is entirely true that the temporary agreement which has received the sanction of the administration is not exactly what our people want. Indeed it is far from it. * * * As a matter of fact, Germany's minimums on many of our products are too high to enable us to export the goods."[a] Two years ago we pointed out that these irreducible minimums on agricultural products and provisions were inserted in the German tariff at the demand of the agrarians, and that it was futile for these reciprocitarians in the United States to hope for great things from a "trade" with Germany. Now, after an agreement under which, as Secretary ROOT says, 96.7 per cent of our exports to Germany have the benefit of the lowest tariff rates, these insistent agitators confess that the minimums are still "too high to enable us to export the goods." Although we get so much and Germany so little from this agreement, we find that even those who vehemently favored the agreement and applauded its negotiation are now dissatisfied with the results obtained, which avail them nothing.

Compare the foregoing with the glowing announcement made by President Saunders of the league upon his recent peaceful invasion of Washington that "$75,000,000 of foreign gold will be one of the first fruits of reciprocity treaties with France and Germany." Was this intended for consumption by the credulous public, and the other to express the true feeling of disappointment entertained by the editors of the league paper? Which is to be accepted as true?

THE MOST OBJECTIONABLE FEATURES OF THE AGREEMENT.

But some of the most objectionable features of this agreement have not been touched upon thus far. We regard as the most dangerous feature of the agreement the implied promise of the President to negotiate a reciprocity treaty and his absolute promise, in the diplomatic note of Secretary ROOT to the German ambassador on May 2, 1907, to recommend to Congress the enactment of an amendment to section 7 of the customs administrative act of June, 1890, to provide that—

"If the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 10 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent in excess of 10 per cent that such appraised value exceeds the value declared in the entry"—

Which means that undervaluations of 10 per cent will be allowed, and the invitation will be unanimously accepted.

THE PROMISE IS AGAINST ADVICE AND EXPERIENCE.

This promise was made contrary to the advice of the chairman of the Committee on Ways and Means,[b] who, at the hearings already referred to, said: "The law of 1890 contained a provision that unless there was a difference of 10 per cent there was no penalty. We changed the law afterwards, and we did it because of the representations of the Treasury Department and of the appraisers and everybody else connected with it, that dishonest importers could take their chances on 10 per cent of fraud, because it amounted to that in relation to the revenue; and it got to be almost the universal practice of a certain class of importers to guess 10 per cent below the actual value, because it did not harm them any, as they simply had to pay duty on the real value."

REASONABLE SUGGESTIONS WERE SPURNED.

Secretary Shaw suggested to the Ways and Means Committee, as one of the "gentlemanly concessions," that the penalty be remitted in every case when the undervaluation is less than 5 per cent and the Secretary of the Treasury be given the power to remit the next 5 per cent upon the recommendation of the Board of General Appraisers—the first of which seems to be reasonable enough, perhaps, taking into consideration the difference of opinion among experts as to values.

The amendment suggested by General Appraiser Fischer[c] provided that when the increased valuation did not exceed 5 per cent the penalty should be remitted if the general appraiser or Board of General Appraisers should certify that the increase was due to trade conditions only and was not an intentional undervaluation. This, he felt, would "protect the honest merchant and punish the other class."

But the President ignored this testimony and, in ignorance, let us say, of the iniquities practiced under the law of 1890 and previous laws, agrees to return to conditions which were intolerable.

In this day of great specialization (when no one man understands the whole of any modern business, much less the whole of all businesses) would it be wise to intrust the negotiation of a complete reciprocity treaty involving the manifold interests of our various industries to a man and his advisers who have agreed to make a recommendation such as the foregoing or a man who writes that "there must always be as a minimum a tariff which will at least make good the difference in cost of production here and abroad; that is, the difference in the labor cost here and abroad?"[d]

Who agrees with him that "cost of production" is the same thing as the "labor cost?" If only that were considered, what would become of the countless other differences, such as higher cost of materials in some lines, higher charges for fuel, higher interest charges, higher taxes, and many other items proper to be considered in reaching the "cost of production?" In this day of close trading, with large sales and small profits, these alone in this country are sufficient to spell success when they are favorable, or failure when they are unfavorable.

This ill-considered and ill-advised compact would not, we believe, have been approved by Congress. By that body it would have been viewed in an entirely impersonal way; and, in our opinion, open discussion of its provisions and promises would have condemned it to the defeat it merited. It is a conspicuous example of the difficulties and dangers to be encountered continually if the power to alter existing laws is to be lodged in the hands of one man, no matter how brilliant he may be or how pure his motives; and it is justification, if one were needed, of the opposition, long declared by this association, to reciprocity treaties and similar agreements with other nations.

[a] Bulletin American Reciprocal Tariff League for November, 1907, p. 4.
[b] See Hearings, p. 24.
[c] Ways and Means Hearings, 59th Cong., 1st sess. (1906), p. 67.
[d] See annual message, 1907, p. 14.

EXHIBIT F.

SYNOPSIS.

I. Importation by consignment and undervaluation have been complained of for nearly a century, the Hon. William H. Crawford, Secretary of the Treasury, sending a report to Congress on the subject January 19, 1818.

II. A margin of 10 per cent was allowed by the tariff laws of July 30, 1846, March 3, 1857, and June 30, 1864. Under them the importation by consignment, by which goods were entered at factory cost, thereby diminishing the duties, grew to formidable dimensions. The evils of the system were strongly pointed out by Stephen Colwell, member of the revenue commission of 1865–66.

III. In 1881, under section 2900 of the Revised Statutes, which continued the 10 per cent margin allowed by the tariff act of 1864, complaints of its evil effects became so numerous and persistent that the tariff commission of 1882 investigated the workings of the law and unanimously recommended the repeal of the section. As a substitute the commission provided for a variation of 5 per cent between the appraised and entered value.

IV. In 1884 the Hon. Charles J. Folger, Secretary of the Treasury, reported to Congress on the extensive undervaluation of imported merchandise, which worked great injury to importers refraining from such dishonest practice. He submitted a bill which withdrew all margin for undervaluation and provided drastic penalties for all discrepancy between the actual foreign value of imported merchandise and the invoice value, but it was not acted upon by Congress.

V. In 1885 an investigation of undervaluations was made under the direction of the Hon. Hugh McCulloch, Secretary of the Treasury, by three special agents of the Treasury. They reported that the general practice of undervaluation was admitted. It had been successfully practiced for so many years that nothing short of legislation, it was thought, could suppress it.

VI. The Senate Finance Committee next undertook an exhaustive examination of the evil and, in reporting in 1889 against the margin of 10 per cent permitted by section 2900 and in favor of reducing the leeway to 5 per cent, declared the intention of the change to be to prevent the present habitual practice of undervaluing.

VII. A Boston committee of merchants and manufacturers, investigating the same question in 1886, reported in favor of reducing the 10 per cent margin to 5 per cent.

VIII. Even after the creation of the Board of General Appraisers by the act of June 10, 1890, the effort to prevent undervaluations was not wholly successful, the 10 per cent margin being a factor in the failure.

IX. In 1893 the Hon. John G. Carlisle appointed a committee, of which ex-Secretary Charles S. Fairchild was chairman, to report on the workings of the administrative customs act of June 10, 1890. They reported against the 10 per cent margin allowed by it and recommended no margin whatever for difference of opinion as to values.

X. Before the Committee on Ways and Means in 1896, General Appraiser Tichenor favored a reduction of the margin for undervaluation from 10 to 5 per cent, a limit prevailing in Great Britain and on the Continent.

XI. On March 17, 1896, the House of Representatives passed an amendment to the customs administrative act abolishing all margin for undervaluation and providing for additional duties at the point where the appraised value exceeds the invoiced value, changes suggested by the Secretary of the Treasury, the Board of General Appraisers, and the commission appointed by Secretary Carlisle. No action, however, was taken by the Senate.

XII. The margin of 10 per cent was finally taken away by the law as amended in 1897, the importer being required to state the correct value.

XIII. Complaint having been made that the amended act of 1897 was too severe, in 1906, when Germany was pressing for modifications and the Committee on Ways and Means was hearing testimony, neither the Secretary of the Treasury, the general appraisers, nor any witness or bill before the committee suggested an unconditional return to the 10 per cent margin permitted by the act of June 10, 1890. Even the representative of the importers and the customs committee of the Merchants' Association of New York asked for only half that margin.

XIV. In spite of past experience under a 10 per cent margin its condemnation by commissions, committees, and Secretaries of the Treasury familiar with the wrongs committed under the privilege, the return to the old margin is recommended to Congress by the commission to Germany without furnishing a single reason for this reversal of policy.

XV. The privilege of undervaluation up to 10 per cent is especially advantageous to importers bringing into the country manufactures subject to an ad valorem duty. In cases where the statutes provide for dividing lines of value the rewards for undervaluation are most attractive, the injury done the honest importer and the domestic manufacturer is the most effective, and the loss to the federal revenue is the greatest.

XVI. Unless conclusive reasons for this retrograde step are furnished it would be unsafe and unwise to make the concession.

SHOULD THERE BE A 10 PER CENT MARGIN FOR UNDERVALUATION OF IMPORTED MERCHANDISE?—AN EXAMINATION OF THE QUESTION.

Carrying out his promise made in the diplomatic note of May 2, 1907, to the German ambassador, the President, in a special message to Congress on January 22, 1908, "earnestly recommended to the Congress the enactment into law" of an amendment to the customs administrative act to permit undervaluation of imported merchandise up to 10 per cent without the payment of additional duties for undervaluation. He added: "Besides promoting harmonious relations between the contracting parties to the agreement in question [Germany and the United States], I regard the proposed legislation as a meritorious measure for the improvement of our customs administrative act, the provisions of which are applicable to importations from all countries alike."

The changes urged by the President with which we are chiefly concerned in this investigation are to be found in section 7 of the administrative act, which, with the amendments made, would read as follows (the proposed changes being indicated by brackets for words to be stricken out and italics for those to be inserted):

"SEC. 7. That the owner, consignee, or agent of any imported merchandise [which has been actually purchased] may, at the time when he shall make and verify his written entry of such merchandise, but not afterwards, make such addition in the entry to *or such deductions from* the cost or value given in the invoice or pro forma invoice or statement in form of an invoice, which he shall produce with his entry, as in his opinion may raise *or lower* the same to the actual market value or wholesale price of such merchandise at the time of exportation to the United States, in the principal markets of the country from which the

same has been imported [but no such addition shall be made upon entry to the invoice value of any imported merchandise obtained otherwise than by actual purchase]; and the collector within whose district any merchandise may be imported, or entered, whether the same has been actually purchased or procured otherwise than by purchase, shall cause the actual market value or wholesale price of such merchandise to be appraised; and if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry *by more than 10 per cent* there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent *in excess of 10 per cent* that such appraised value exceeds the value declared in the entry, but the additional duties shall only apply to the particular article or articles in each invoice that are so undervalued, *and shall not be imposed upon any article upon which the amount of duty imposed by law on account of the appraised value does not exceed the amount of duty that would be imposed if the appraised value did not exceed the entered value,* and shall be limited to [50] *25* per cent of the appraised value of such article or articles. Such additional duties shall [not] be construed to be penal, and *within the purview of sections 5292 and 5293, Revised Statutes, and sections 17 and 18, act June 22, 1874, and further* shall [not] be remitted, [nor payment thereof in any way avoided, except] in cases arising from [a] *unintentional or* manifest clerical error, [nor shall they be refunded] *but these duties shall not be refunded* in case of exportation of the merchandise [or on any other account,] nor shall they be subject to the benefit of drawback: *Provided,* That if the appraised value of any merchandise shall exceed the value declared in the entry by more than [50] *35* per cent, except when arising from *an unintentional* or a manifest clerical error, such entry shall be held to be presumptively fraudulent, and the collector of customs [shall] *may* seize such merchandise and proceed as in case of forfeiture for violation of the customs laws, and in any legal proceeding that may result from such seizure the undervaluation as shown by the appraisal shall be presumptive evidence of fraud, and the burden of proof shall be on the claimant to rebut the same and forfeiture shall be adjudged unless he shall rebut such presumption of fraudulent intent by sufficient evidence. The forfeiture provided for in this section shall *only* apply to [the whole of the merchandise or the value thereof in the case or package containing] the particular article or articles [in each invoice] which are undervalued: *Provided, further,* That all additional duties, penalties, or forfeitures applicable to merchandise entered by a duly certified invoice, shall be alike applicable to merchandise entered by a pro forma invoice, or statement in the form of an invoice, [and no forfeiture or disability of any kind incurred under the provisions of this section shall be remitted or mitigated by the Secretary of the Treasury.] The duty shall not, however, be assessed in any case upon an amount less than the [invoice or] entered value.

The proposal to allow a 10 per cent leeway we regard as a piece of legislation more dangerous to the business of honest importers, domestic industries, and the federal revenue than any made to Congress within the last dozen years, because if enacted into law it will turn back the wheels of progress for a quarter of a century and again grant opportunities for frauds upon the federal revenue, now needed for pressing wants, afford splendid opportunities for the immoral, if not the criminal, to flourish as the green bay tree, and drive out of the importing business the honest men engaged in it.

MR. ROOT SEES NO DANGER.

We recognize that that is a strong indictment of a recommendation made by the Secretary of State and indorsed by the President, who, we believe, would not knowingly urge or recommend any piece of legislation the effect of which would be to give the opportunities we have recorded in the foregoing paragraph. It is not based, however, on any arguments of the writer, but rests upon the testimony of numerous competent experts and conclusions reached by many committees, two commissions, and at least four Secretaries of the Treasury, together with the Board of General Appraisers, who, coming into closest contact with imported merchandise, know most intimately the evils produced by the consignment of that merchandise, and the undervaluation practiced by those who make it a business to evade the customs of this country.

The President accompanied his message with a communication from Secretary ROOT under date of January 9, 1908, in which Mr. ROOT said:

"The foregoing changes were carefully considered and approved by the representative of the Treasury Department on the American tariff commission sent to Berlin and have been unanimously recommended for adoption by the commission in its report.

"I have the honor to express the opinion that the enactment of the proposed amendment to the existing law would not only strengthen the present good understanding between the United States and Germany in respect of the commercial relations, but would promote harmonious trade relations with other powers without, at the same time, prejudicing in any way the fiscal or economic interests of the United States."

THE PURPOSE OF THIS PAPER.

It is to examine the country's experience with the undervaluation evil with which this Government has been struggling for almost a century, considering in this connection the opinion of Secretary ROOT with respect to the margin he urges, that this paper is written in the hope and full expectation that the writer can so fortify his position by quotations from various reports made by former Secretaries of the Treasury, the tariff commission of 1882, committees of the Senate and House, the testimony of custom-house officials, and the general appraisers, the chairman of the Ways and Means Committee, and the committee on customs of the Merchants' Association of New York, as to compel an admission from unbiased persons that the amendment permitting so great a margin for undervaluation would be inimical to the federal revenue, to the interests of the honest importer, the domestic manufacturer, and, in a word, to the "economic interests of the United States."

By calling the attention of our readers to the experiences of the past, and the advice of many competent men and committees who have known the frequency and extent of undervaluations under the old laws, it is our purpose to show that it would be extremely hazardous and unwise, in the light of that experience and that counsel, to return to the 10 per cent privilege for undervaluation.

This association, recognizing the difficulty in finding experts in appraisement of merchandise who will agree absolutely in their views of value, never advocated the provisions of the present law which were adopted on the advice, largely, of Treasury officials. On the contrary, in 1883, when the tariff commission of 1882 reported a bill, a leeway of 5 per cent was provided, and that provision was supported by Dr. John L. Hayes, secretary of this association, who was the chairman of the commission. In 1885, when making to the Hon. Daniel Manning, Secretary of the Treasury, recommendations for administrative tariff legislation, Doctor Hayes said: "There may be honest difference of opinion as to values. It is believed that the ordinary range of honest difference of opinion as to values will not exceed 5 per cent. No penalty should therefore be imposed when the difference does not exceed that percentage. There should be imposed a certain, though not ruinous, penalty for every experiment beyond that line, the penalty increasing in proportion to the extent of the undervaluation;" and in 1896, when the Committee on Ways and Means were giving hearings on the bill which practically became the law in 1897, the then secretary of this association, Mr. S. N. D. North, the successor of Doctor Hayes, appeared before the committee, and in suggesting that a 5 per cent leeway be given a trial, said:

"The argument in making 5 per cent the point where the additional duties shall begin was very well stated by this Boston committee when it said that by fixing the limit at 10 per cent, which was also the limit prior to the passage of the present administrative law, the law places a premium upon undervaluations below that figure. I do not think there is any escape from that conclusion. As a matter of fact, the undervaluations which the appraisers detect are generally kept below the 10 per cent point—I might almost say as a rule—simply for the purpose of avoiding encroachment beyond the penalty limit. It was the judgment of the tariff commission that a difference of 5 per cent was ample margin to allow for difference of opinion as to the value of imported articles. I see from the hearings held before this committee that Secretary Hamlin proposes that the penalty shall begin at once with any increase of appraisement over invoice value; and that it shall be 1 per cent for every 1 per cent of undervaluation, instead of 2 per cent for every 1 per cent as now. That proposition is a rather drastic one; but I believe a margin of 5 per cent is an ample margin to allow for differences of opinion, and that anything beyond 5 per cent is an invitation by the law for dishonest importers to undervalue to just below 10 per cent of true value, for the purpose of getting the benefit of the avoidance of duty to that extent.

"Every importer who chooses to do so can keep within the penalty line with a margin of 5 per cent in his favor. The purpose of the law is to stop undervaluation, and the way to stop undervaluation is to stop it, and not to encourage it. If the committee will carefully consider these two propositions, I feel sure they will find in them the most effective means to stop undervaluations. It is simply a plan to go back to the original suggestion made ten or fifteen years ago after the most careful consideration by the best experts in the country at that time, and agreed upon with practical unanimity as being the proper limitations upon permissible undervaluation. We have tried the 10 per cent limit, and the universal testimony before this committee is that the 10 per cent limit has been a failure. We never tried the 5 per cent limit. Let us try that and see whether it will also be a failure." [a]

Fortunately, in considering this subject, we shall be wholly unembarrassed by any political or economic issues. "It is," as another has written, "purely a practical question as to the best means of remedying an evil universally admitted except by those who turn it to their own fraudulent advantages."

Fortunately again, it is not a question requiring many new arguments to be advanced by the writer, but one which has been so thoroughly investigated by competent and unbiased committees and commissions that an examination of their findings, suggestions, and arguments will throw convincing light on the question and place our conclusions on a solid foundation, against which, we believe, the assault of opponents will be directed in vain.

A CENTURY-OLD TROUBLE.

Undervaluation of imported merchandise has been a most troublesome matter for nearly a century, chiefly because ad valorem rates in our various tariffs have afforded rare opportunities for unscrupulous importers to amass ill-gotten gains and swollen fortunes without any danger of imprisonment and with little or no danger of any financial loss, if their efforts to pass importations through the custom-house at an undervaluation failed.

As early in the life of the Government as January 19, 1818, the Hon. William H. Crawford, Secretary of the Treasury, felt impelled to transmit to the Congress an elaborate report, based upon evidence, that frauds upon the revenue were committed in the importation of articles on consignment paying ad valorem duties. In that report he wrote:

"There is just reason to believe that frauds to a considerable extent have been and now are committed upon the revenue, in the importation of articles upon consignment, paying ad valorem duties."

The practice of shipping merchandise from Europe to the United States on account of the foreign shipper has greatly increased since the late peace. The immediate cause of this increase may be probably found in the general distress which at and since that epoch pervaded universally the manufacturing establishments, from whence our supply of foreign merchandise has been principally derived. The manufacturers, unable to dispose of the products of their labor in their accustomed markets, assumed the character of exporting merchants and shipped their merchandise directly to the United States, where it has been sold by their agents or consignees. In adopting this course, not only the fair profit of the manufacturer and exporting merchant is concentrated in the hands of the latter, but also the loss which the revenue sustains by invoicing the merchandise at the actual cost of the raw material and the price of the labor employed in its manufacture. Should any part of this profit not be realized, from the circumstance of the merchandise being sold in a glutted market or from any other cause, the articles reach the hands of the consumer at a rate lower than it [they] could be sold by the fair American importer. In either event the honest American merchant is driven from the competition, and in the latter the domestic manufacturer is deprived of the protection which was intended to be secured by the legislature. But independent of this evasion of the revenue laws, which, by those who practice it, may be deemed consistent with the principles of morality, a practice of a less equivocal character is known to exist in importations made by foreign merchants upon consignments. There is abundant reason to believe that it is now customary in importations of this nature to send with the merchandise an invoice considerably below the actual cost, by which the entry is made and the duties secured. Another invoice, at or above the natural cost, is forwarded to a different person, with instructions to take and sell the goods by such invoice.

[a] Hearings on administrative customs law before Committee on Ways and Means, January, 1896, pp. 101 and 102.

In this manner the person who enters the goods remains ignorant of the fraud to which he has been innocently made a party, and the fraudulent importer escapes with impunity. The facility with which frauds may be practiced by permitting entries to be made by persons who know nothing of the correctness of the invoices by which the duties are to be ascertained so strongly invites to the substitution of false for true invoices that the practice must necessarily become universal if suitable checks are not devised against it.

When Secretary Crawford made that report the act of March 2, 1799, section 66, then in force, was as follows:

"If any goods, wares, or merchandise of which entry shall have been made * * * shall not be invoiced according to the actual cost thereof at the place of exportation, with design to evade the duties thereupon, or any part thereof, all such goods, wares, or merchandise, or the value thereof, to be recovered of the person making entry, shall be forfeited."

Ever since that date to the present time we have had always present with us that dangerous and resourceful enemy, the undervaluer. It was, however, only within the past twenty years that legislation was secured which perceptibly decreased this nefarious business. With our imports in 1791 worth only $28,000,000, the opportunities for illegitimate gain were not to be compared with the chances offered when the total value increased to $692,000,000 in 1887, and to $790,391,664 in 1907. As the Senate Finance Committee observed in its report of 1888–89, manifestly "with such an increase some radical change in the system (of appraisement) is forced upon us. What might have been a perfectly satisfactory method in the former period, or even in 1842, * * * proves at this time unreliable, dilatory, and very imperfect."

The act of 1799 was ineffective to prevent or curb the increase of consignments and undervaluations. They increased with the growth of our foreign commerce, because yielding greater returns to the men who would not or could not resist the temptations offered by the lax law then in force; for manifestly the difficulty of proving that the merchandise was entered "with design to evade the duties thereupon, or any part thereof," was well-nigh insuperable. As far as we have been able to discover in our investigation of the question, the first law by which it was attempted to compel those guilty of undervaluations to pay some penalty for their attempt to evade the customs was the tariff act of July 30, 1846, section 8 of which provided that "if the appraised value thereof" (imported merchandise) "shall exceed by 10 per cent or more the value so declared on the entry, then in addition to the duties imposed by law on the same there shall be levied, collected, and paid a duty of 20 per cent ad valorem on such appraised value."

This section was reenacted by the act of March 3, 1857, amending the act of July 30, 1846, and was likewise reenacted as section 23 of the tariff act of June 30, 1864.

This law giving the privilege of 10 per cent undervaluation was scarcely more efficient in preventing the increase of undervaluations than the one it replaced, if reliance can be placed upon what Mr. Stephen Colwell, a member of the Revenue Commission of 1865–66, said in his official report. He stated the situation thus:

"The trade (our foreign trade) has for many years been taking a shape which has now grown to formidable dimensions. The factories, workshops, and the workmen are in Europe; the warehouse is in New York. Goods intended for the warehouse are invoiced at the factory cost, are entered at the custom-house at that price, the duties are largely diminished, and the end of competition with cheap labor increased. The mischiefs of harboring a class of men whose business it is to debauch or mislead our officers, to rob us of revenue, and impair our domestic industry are so apparent that they should long since have found a remedy. These foreign agents cooperate constantly for the evasion of our revenue laws, and their business is to nullify laws pertaining to our commerce and our industry.

"The concentration of foreign commodities in New York gives this foreign interest the control of prices there, and of course, in a large degree, of the whole country. This is an advantage which places our home industry very greatly in the power of those who are interested to prostrate it altogether. It is well known that a few million dollars' worth of goods may be so sold as to inflict a loss on corresponding articles of home production to perhaps twenty times the amount.

"Foreign manufacturers can, when they please, by means of cheap labor, abundant and cheap capital, and the strong position they hold in New York, assail our whole domestic system, and without any material loss to themselves inflict a blow upon our industry which disturbs the whole fabric of our industrial as well as our credit system."

Notwithstanding this forcible presentation of the frauds committed upon the revenue and the injuries suffered by domestic industries, no statute requiring close approximation to the actual value of the importation was passed by Congress, a comfortable leeway being permitted, and no adequate penalties being provided for importations not accidentally or ignorantly, but intentionally, undervalued.

Prior to the passage of the act of 1874, in all cases where the appraised value exceeded the entered value by 20 per cent, proceedings of forfeiture were begun on the ground that the entry was presumptively fraudulent; but after the passage of the act of 1874—known as the "antimoieties act"—the Government was required to prove fraudulent intent, which was and is now almost impossible, and no seizures were made under it even when there was such excess of 20 per cent of the appraised over the entered value.

WHAT HAPPENED UNDER A 10 PER CENT LEEWAY.

Under the law as it stood in 1881 (sec. 2900, R. S.) it was provided that if the "appraised value shall exceed by 10 per cent or more" the declared value—the limit the President now urges the Congress to adopt—"there shall be collected a duty of 20 per cent ad valorem on such appraised value."

This law gave rise to complaints of undervaluations so serious and so shocking to men of sensibility and business morality that the tariff commission of 1882 gave careful and painstaking efforts to discover the basis for the complaints, if basis there was. This commission was in no sense partisan or sectional; for both parties, all sections of the country, and all shades of economic opinion were represented by the membership. The commission heard many competent witnesses, whose testimony and personal communications all agreed that undervaluation was practiced largely and that the existing law was inadequate to remedy the evil. We annex excerpts from some of the striking testimony.

Mr. David C. Sturges, assistant appraiser in the appraiser's department at the port of New York, in recommending an increase of the penal duty for undervaluing merchandise, said:

"There have been undervaluations to the extent of 75 per cent or more in which the intent to commit fraud could not be legally established. I have had recently an invoice of furniture in my division invoiced in francs (at 19.3 cents) where my advance to make value was more than equal to the substitution of the pound sterling for the francs." [a]

Mr. L. B. Carhart, an examiner in the appraiser's department of the New York custom-house, having "the supervision of the article of French worsted goods," said:

"I should say that about one-half of the goods I handle are consigned. In other words, they are owned by the manufacturer until they are sold, and the proceeds collected here. Of course the tendency is for the manufacturer to try to get his goods from the custom-house at as low a rate of valuation as possible. I think it not unfair to presume that they would invoice their goods at 25 per cent less than they do if they thought they could get them through the custom-house at such prices." [b]

He further said that "there was more of a tendency toward undervaluation when goods were consigned to agents than when they were purchased." [c]

Mr. Marshall Field, of the firm of Marshall Field & Co., of Chicago, importers of dry goods, speaking of foreign merchandise, such as "silks, velvets, ribbons, laces, kid gloves, fine shawls, and similar merchandise," said:

"To-day it (the trade) is almost entirely in the hands of Frenchmen and Germans, mostly aliens, and agents of foreign principals, and men who have no interest whatever in this country save to make their fortunes in it and then return to make their residence in Europe. An American merchant can not go to the foreign market and buy these goods for importation at the ruling foreign prices except at a ruinous loss. They are delivered in the United States to the agents I have mentioned only in prices in American money, which is done to avoid establishing a foreign market value. This is a business very hard to detect, and the American Government, with all the forces at its command in the shape of consuls and special agents, has been unable to break it up." [d]

Mr. William Kent, assistant appraiser in the silk department of the New York custom-house, said:

"I suppose the fact is we are passing many silks, colored and black, at 10 per cent below their value, because we have no means of knowing their true value. None of the goods are bought—they are all consigned; and every manufacturer (foreign) tries to see how low he dares to invoice these goods, with the hope of their passing the custom-house." [e]

Mr. George C. Tichenor, special agent of the Treasury Department, said:

"There is scarcely any kind or description of merchandise subject to ad valorem duty imported into this country from beyond the seas but has been or is being undervalued more or less. I would not be understood as saying that all of any class has been undervalued, but that some of all classes have been, even of regular purchases; while those consigned to agents for sale on commission, notably from the continent of Europe, have been and are being, as a rule, considerably undervalued. * * *

"By means of the consignment system now so generally in vogue foreign manufacturers and shippers have been enabled so to close the avenues of information as to the market values of their products in the country of production as to enable them to undervalue the same with comparative impunity. It is the habit of many manufacturers and shippers so consigning to make, or have made, goods especially for the American trade, which differ in width or style from those made for their home trade and other markets to such an extent as to render it difficult to identify them sufficiently with such other goods as to fix their true market value.

"It is well known that for years past even our wealthiest and most extensive importers have been unable to purchase in regular way abroad very many of the most important articles and classes of merchandise made there, but have been compelled to buy them to be delivered through commission agents in this country, at the dollar price—duty paid, of course. This system is becoming more and more general, and its disastrous effects, both upon the revenue and the legitimate importing trade, are becoming more marked year by year."

THE TARIFF COMMISSION OF 1882 AGAINST THE MARGIN.

The report of this commission may safely be accepted as representing the best opinion of men considered competent for the task on which they were engaged. In treating of undervaluations and in unanimously recommending the repeal of section 2900—a return to the provisions of which the President urges and the Secretary of State advises to "strengthen the present good understanding between the United States and Germany without prejudicing in any way the fiscal or economic interests of the United States"—the tariff commission, respecting the evils which existed and flourished under that law, reported as follows:

"The proposed amendments to section 2900 are, as it will be perceived, radical and important; the law at present merely permits the appraisement, and in practice, unless there is some cause for suspicion, the invoice is often taken as correct without much, if any, investigation. We think that there should be an appraisement separate and distinct from the invoice in all cases.

"Under the existing statutes no penalty is imposed unless the appraised value exceeds the entered value 10 per cent or more, and then (on variance of a few cents often) there results the imposition of a 20 per cent penalty on the entire appraised value. This is believed to induce the making of entries by unscrupulous importers as nearly as they regard safe within the limit, while, on the other hand, great hardships frequently occur to honest importers who have made some mistake and are subjected to this penalty, from which they can have no relief.

"From the information at our command we have been led to believe that the ordinary range of honest difference of opinion in values of imports will not exceed 5 per cent, in the absence of error or mistake, and the proposed amendment imposes no penalty where the difference does not exceed that percentage; the proposed section then provides for a gradually increasing penalty until the appraised value exceeds the entered value more than 15 per cent, and then declares that such excess of 15 per cent shall be presumptively fraudulent, and that the collector shall seize the goods and proceed to forfeit as in other cases for violations of the customs laws; and that in such proceeding the fact of the undervaluation exceeding 15 per cent shall be presumptive evidence of fraud and throw on the claimant the burden of removing the presumption by proof. We think there can be no doubt that systematic undervaluation is rather the rule than the exception, as seems to be evident from the well-established fact that persons visiting European countries

[a] Report of Tariff Commission, Vol. I, p. 506.
[b] Ibid., p. 522.
[c] Ibid., p. 521.
[d] Ibid., p. 1084.
[e] Ibid., p. 516.

are often, without request, tendered an invoice at less than the price paid, with the explanation (when explanation is asked for) that it is necessary to enable them to enter the goods without paying full duties; and from the further fact, which seems equally clearly established, that many European manufacturers decline to fill orders or sell goods for this market except through their agencies established in this country, so that the importing business is largely passing into the hands of consignees, who are mere agents for the foreign manufacturers. It is claimed that these arrangements are not infrequently made for the purpose of defrauding the customs laws, and there is reason to believe that the claim is not without foundation.

"Fraudulent undervaluation, when it occurs, is not only injurious to the Government by depriving it of revenue to which it is entitled under the laws, but is also destructive of the business of the honest importer, who can not successfully compete with those who thus avoid payment of a considerable proportion of the revenues to which he is subjected. The purposes of the amendment are to discourage experiments in even slight undervaluation by imposing penalties which, while not too severe, will probably result in loss, and to expose the importer to forfeiture in cases where the undervaluation is so great as to be beyond the range of probable honest difference of opinion or mistake, reserving, however, in all cases authority to grant relief when the collector and Secretary of the Treasury are satisfied that the undervaluation is the result of manifest clerical error or mere mistake, and without any intention to undervalue or defraud the revenue. We recommend the proposed change in the confident belief that it will be advantageous to the Government and to honest importers.

THE VIEWS OF CHAIRMAN HAYES.

Dr. John L. Hayes, chairman of the tariff commission, in an article on the "Prevention of undervaluation," said:

"The admitted abuses of valuation in the entry of imported goods so seriously affected the interests of the Government, honest importers, and domestic manufacturers that further legislation to remedy these abuses was an imperative necessity. * * * The only remedy existing was the imposition under section 2900 of the penalty of 20 per cent additional duty when the appraised value exceeded by 10 per cent the value declared in the entry. This penalty was too small for cases of actual fraud and too large for errors of judgment on the part of honest but inconsiderate importers. The present law (similar to the one recommended by the President and his German commission) encouraged a general system of undervaluation within the range of 10 per cent, as there was no penalty unless it exceeded that amount, whereas each experiment in undervaluation beyond the line of a reasonable difference of opinion ought to subject the importer to a loss proportionate to the extent of the undervaluation.

"The adoption of 5 per cent as the limitation of an honest difference of opinion as to values—a matter very carefully considered, the imposition of a certain though not ruinous penalty for every experiment beyond that line—the penalty increasing in proportion to the extent of the undervaluation; the adoption by law of a reasonable criterion of presumptive fraud, viz, an undervaluation exceeding 15 per cent; provisions not existing in the present law; all these measures were conceived and devised not less to protect the honest but inconsiderate importer than to afford a certain and practical remedy for fraudulent valuation."

As a result of the consideration of the testimony heard, and after mature and careful deliberation, the commission unanimously recommended as a substitute for section 2900 of the Revised Statutes an amendment of the law to provide that in all cases where the appraised value of any article, subject to an ad valorem duty, exceeded the entered value more than 5 per cent and not more than 15 per cent, then in addition to the duty imposed by law on such article there should be levied 2 per cent of such total appraised value for each full 1 per cent of such value above the 5 per cent. In case the undervaluation should exceed 15 per cent, the entry was to be deemed fraudulent.

The chairman of the tariff commission is authority for the statement that "the commission had in its own body a member, Colonel McMahon, of unsurpassed experience in the administration of the customs laws, of excellent sense, and of eminently judicial mind, who had made a legislative remedy for undervaluation the subject of peculiar attention." The scheme submitted was devised by Colonel McMahon and reduced to legal phraseology by Judge Ambler, who wrote the comments on the measure in the report. As indicating the care with which the proposed law was considered, it is well to quote again what Chairman Hayes has said:

"It was subjected to careful consideration at successive days, word by word and line by line, and with but slight, if any, changes received the unanimous sanction of the commission."

In the struggle attending the passage of the tariff law of 1883 the recommendations of the tariff commission, however, did not receive the attention to which they were entitled, and no attempt was made to change the law permitting undervaluation.

But the agitation for relief from the burdens placed by undervaluing pirates upon men attempting to conduct their business on legitimate and honest lines did not cease, and on January 15 of the following year (1884) the House of Representatives passed a resolution requesting the President to forward to the House information, including reports from consuls and others, concerning undervaluation, false classification, and other irregular practices in the importation of foreign merchandise.

SECRETARY FOLGER REPORTS ABOUT CONDITIONS.

In complying with this resolution the Hon. Charles J. Folger, Secretary of the Treasury, reported to the President, in part, as follows:

"These papers seem to furnish conclusive evidence of general and extensive undervaluation of imported merchandise subject to ad valorem duties. They show that this evil has been steadily growing since the passage of the law approved June 22, 1874, entitled "An act to amend the customs revenue laws and to repeal moieties."

"Whatever may have been thought as to the need of protecting the rights of individuals by the enactment of this law, it is clear that its result has been to render the Government almost powerless to enforce the revenue laws in cases of fraudulent undervaluation by foreign manufacturers or unscrupulous importers and to work great injury to the interests of importers who refrain from engaging in this dishonest practice.

"Besides the serious loss to the revenue consequent upon undervaluations, as indicated in these reports, the practice has a demoralizing influence upon our trade with foreign countries. The lack of safeguards against it offers a premium to dishonesty and makes it impossible for an honorable manufacturer or dealer in Europe to compete with his less conscientious rival for the American trade, and the honest American merchant is precluded from importing lines of goods thus undervalued.

"When such practices go unpunished the foreign shipper is practically enabled to make his own tariff, subject only to the contingency of having the rate increased by the appraiser's advance upon his invoice valuation. It thus happens that when Congress enacts that the rate of duty on certain goods shall be 50 per cent ad valorem, it is found that perhaps only 30 per cent or 40 per cent is actually paid, according to the boldness and skill of the shipper and his American agent, in falsifying market values and deceiving the appraising officers.

"The most skillful expert can not be depended upon to fix values with absolute correctness; and where, as is now the case with many classes of imported goods, the true market values are studiously concealed by European manufacturers in order that no proper criterion for appraisements may be obtained, the difficulties confronting the appraisers are well-nigh insuperable.

"Responsibility for a correct valuation should be placed upon the consignee who makes entry, and the fact that the invoice and entry are false should be deemed presumptive evidence of fraudulent intent, subjecting the goods to forfeiture unless innocence can be shown.

"So long as the ad valorem system exists, equality and uniformity in its administration can only by secured by providing adequate means to prevent undervaluations. Such means are not to be found in existing laws."

ANOTHER INVESTIGATION AND ANOTHER REPORT ADVERSE TO THE MARGIN AND CONSIGNMENTS.

In January, 1885, the Hon. Hugh McCulloch, Secretary of the Treasury, owing to the conduct of certain special agents of the Treasury Department at the port of New York, was moved to order an investigation thereof. Three special agents of the Treasury, Mr. George C. Tichenor, Mr. O. G. Spaulding—both of whom later became Assistant Secretaries of the Treasury—and Mr. A. K. Tingle, were chosen to make the necessary inquiries. A month later, in February, 1885, on the suggestion of the investigators themselves, the scope of the inquiry was broadened so as to include undervaluations, damage allowance, drawbacks, and such other irregular practices at the port of New York as might come under their notice.

Before the investigation was concluded and the report made, the Arthur administration went out of office, Mr. McCulloch being succeeded by Secretary Manning, who, in his letter transmitting the report to the Speaker of the House under date of December 7, 1885, said: [a]

"It is to be assumed that during the present and next fiscal year quite $150,000,000 must annually be raised by duties on merchandise. The necessity of correct invoices, * * * classifications, and appraisements will exist under any practicable and possible reform of a tariff to raise that large sum, but the peril to the Government of false valuation in invoices need not be so great as now. * * * That false invoices and the evasion of duties legally chargeable on merchandise inflict definite evils upon the Government and those who make true invoices and pay full duties can not be denied."

On the subject of undervaluation the three special agents reported to the Secretary of the Treasury, as follows: [b]

"Continuing the investigation of the methods of conducting the customs business at this port [New York], we have given careful consideration to the subject of undervaluation. While there is no doubt that the invoices of merchandise consigned to the United States for sale on foreign account are, as a rule, undervalued, this is notably true as to silk goods. During the past ten years, since the repeal of former restrictive and penal provisions of the revenue laws, a system of successful evasion of duties on silks has been gradually built up and established. This system of evasion has been a subject of frequent investigation and report at home and abroad. It is a matter of common notoriety in official circles."

Then, after devoting a paragraph to the difficulty of securing uniform and proper appraisement of merchandise coming to the country consigned to commission merchants for sale on foreign account or for delivery to a purchaser buying them at a dollar price—a price in United States currency—the goods to be delivered here, duties, freight, and charges paid, the report continues:

"The essential feature of the consignment system is the concealment of the actual foreign market value, so that customs officers may have no standard by which to make appraisements. The greatest care is exercised in Lyon and Zurich and other principal silk markets to prevent the prices at which sales are made to European buyers from becoming known to anyone who might possibly disclose them to persons connected with the American customs. So universal is this practice of concealment that there is no longer any such thing known to American buyers or customs officers as the actual market value or wholesale price of silk goods in the principal markets of the countries of production; and this, to a great extent, is also true of kid gloves, laces, embroideries, and other articles, which are almost exclusively imported by consignment instead of purchase."

* * * * * * *

"The extent to which specific invoices are undervalued depends upon the audacity of the shipper and the degree of confidence he has in the ability of his New York agent to pass them through the appraiser's office without incurring penal duties. The only risk to be apprehended under the law, as it has been administered for years past, is the advance of value upon appraisement.

"Foreign shippers and their New York agents do not appear to regard this method of evading duties as in any degree unlawful. We inclose a list (marked "A") of invoices advanced beyond 10 per cent for the months of December, 1884, January, and a part of February, 1885. None of these cases have been referred to the district attorney for such action as he might deem proper. It is the practice of the collector's office, in cases of advances to a penalty, to waive a seizure and accept additional duty. The importer has thus come to understand that in undervaluing his merchandise he runs the risk neither of criminal prosecution nor of losing his goods. His object appears to be to enter his merchandise as low as possible and escape a 10 per cent advance. But if such advance is made, he is sure of no punishment beyond the 20 per cent additional duty.

"Attention is called to the frequent recurrence of undervaluations by the same importers; the advances range from 12 per cent to more than 100 per cent. We also invite attention to Schedule B, showing advances of less than 10 per cent during the months of October and November, 1884, and to the frequent repetition of the names of the same importers on the list. A remarkable feature of these advances is that

[a] See Report of the Secretary of the Treasury on Collection of Duties, 1885, p. lvi.

[b] Ibid., pp. 40–46, inclusive.

so many of them are just a shade under 10 per cent. For example, in eighteen invoices of one firm the advances ranged from 9.02 to 9.99 per cent, showing that the appraising officers, in passing the goods, apparently made careful computations, with special reference to the penalty, and this, too, on goods about which the best experts rarely agree within 5 per cent of the value. During the three months ending December 31, 1884, more than 2,200 invoices were advanced on appraisements, two-thirds of which were invoices of forty of the leading houses receiving consigned goods, chiefly silks, for sale on foreign account.

* * * * * * *

"Whenever, as at the present time, undervaluations have become as flagrant as to call for special inquiry by the department, the agents of the foreign shippers, while defending with vigor the integrity of particular invoices in which they have an interest, frankly admit the general practice of undervaluing and deplore its demoralizing and injurious effect upon trade. * * * Under the present system, they say, the manufacturers are always cutting each other's throats. No matter how low one may invoice his goods, and thus be enabled to lower his selling price to the extent of the duties saved, another can undersell him by simply invoicing his goods a few centimes lower. * * * As one Swiss manufacturer expressed it, 'the invoicing is largely a matter of conscience.' No sales being made, the shipper invoices his goods at whatever price he pleases."

These special agents further reported that the entered value of silk importations at the port of New York for the year 1884, including additions made by importers themselves, was $30,494,797. The undervaluation was reported at $6,040,450 and the loss in duties at $3,020,225.

The report continues:

"There is always a reluctance on the part of appraising officers to advance values to the 10 per cent limit, as it is expressed, in the common parlance of the appraiser's store, 'to put the importer to a penalty.'[a] This idea runs through the entire proceeding, and according to the expressed opinions of the appraiser, is inseparable from it. The ascertainment of the true value of the goods and the appraisement thereof is thus coupled with the consideration whether a penalty will be involved; if so, a strong effort will be made to reduce the appraisement, in whole or in part, so that the advance will be a shade under 10 per cent. This tenderness toward importers—this disposition of officials to shield them from the legal consequences of undervaluation—has tended to encourage and establish the practice.

"Successful undervaluations have prevailed for so many years that the belief has generally obtained that nothing short of legislation will suppress them."

THE SENATE FINANCE COMMITTEE LOOKS INTO THE MATTER.

Notwithstanding the widespread knowledge among the commercial classes of the constantly expanding practice of undervaluation and the various reports made to Congress, neither the recommendations of the Tariff Commission, nor the bill drawn by Secretary Folger, nor the report of Secretary Manning resulted in any remedial legislation, so that after many inquiries had shown much injury done to varied interests by the practice possible under the old law, permitting and encouraging undervaluations up to 10 per cent, it remained on the statute books unaltered and unchanged, and so stood when on December 21, 1885, Senator George F. Hoar, of Massachusetts, offered a resolution in the Senate which authorized and directed the "Committee on Finance by themselves or a subcommittee to investigate the frauds and abuses alleged to exist in the collection of the customs revenue at the port of New York, and especially the subject of undervaluations of imported merchandise." The committee, it was provided, should "report the result of their investigation to the Senate, with recommendations as to what changes, if any, should be made in the customs laws in order to prevent frauds in the importation of merchandise and in the collection of the revenue from customs."

On January 19, 1886, the scope of the investigation was enlarged by a resolution adopted by the Senate, which authorized the committee "to make further investigation on the same subject at any other collection port in the United States."

On that day Senators Allison, of Iowa; ALDRICH, of Rhode Island; Warner Miller, of New York; Beck, of Kentucky; and John R. McPherson, of New Jersey, were appointed by the chairman of the Finance Committee to make the investigation. Republicans and Democrats, protectionists, and tariff-for-revenue advocates, men of various shades of economic belief, were there represented. The term of Senator Miller expiring before the labors of the committee were concluded, his place was taken by Senator Morrill, of Vermont. The report[b] of this committee, submitted to the Senate February 16, 1888, recommended many changes in the law and gave, in considerable detail, the reasons for those changes. One change was a modification of section 2900 of the Revised Statutes, to provide that "if the appraised value of any article of imported merchandise shall exceed by more than 5 per cent and not more than 20 per cent the value declared in the entry there shall be levied and paid, in addition to the duties imposed by law on such merchandise, a further sum equal to 2 per cent of the total appraised value for each 1 per cent above the entered value"—almost the recommendation made by the Tariff Commission.

In giving the reasons for this suggested change the committee reported, in part, as follows:[c]

"It is proposed by this section to make the penalty proportionate to the undervaluation and to make it applicable to invoices advanced 5 per cent and over instead of 10 per cent and over as under the present law, the object being to prevent the present habitual practice of undervaluing so as to get the invoice through the appraisers at an advance of just under 10 per cent and thus escape the statutory penalty of 20 per cent additional duty. It is assumed that a variance of more than 5 per cent between the entered value and the actual value as ascertained by the appraiser could not occur except through the fault or negligence of the importer. It is also assumed that a variance of more than 20 per cent could not result from mere negligence, and should carry with it the presumption of an intention to defraud the revenue."

A BOSTON COMMITTEE CONDUCTS AN INDEPENDENT INVESTIGATION.

In addition to the investigation made by the Tariff Commission of 1882, an independent investigation was made by committees appointed at a meeting of merchants and manufacturers held in Boston January 20, 1886, to suggest "for the consideration of the Senate Finance Committee facts as to undervaluations of imported merchandise, errors in classification, and evils in practical administration in the appraisal of merchandise which can be established by testimony." From the report of the committee on testimony we make the appended extracts, which supplement and support in every particular the findings of the Tariff Commission and the Senate Finance Committee. In part this report says:

"The committee have made a careful personal inquiry as to the subject committed to them, have conferred with merchants engaged in importation, have employed agents specially informed as to the administration of our customs laws, and have sought all available sources of information.

"The charge of undervaluation, particularly at the port of New York, can be sufficiently sustained in respect to silks, cottons, embroideries and edgings, woolen and worsted goods, some kinds of pottery and glassware, cutlery, and ribbon isinglass, because it can be shown that these articles are invoiced and entered at less than their true market value.

"The fact of undervaluation as to these goods can be established by the circumstance that regular dealers in these goods have been largely driven out of the importing trade, because they can purchase them delivered in New York at a less sum than they can import them direct.

"These statements, particularly as to silks, embroideries, and edgings, can be sustained by domestic dealers in these goods in our principal cities, who can show that the prices paid by them to the New York agents of foreign houses sometimes exhibit such an enormous profit upon the invoiced value, with duties added, as to admit of no doubt as to undervaluation.

"The same system of undervaluation can be shown in the same manner in respect to woolen and worsted goods, especially those from Germany, none of which are regularly imported. It can be shown that woolens purchased in Germany are often shipped and invoiced from France; that French goods are shipped from London or Bradford, and English goods from France, with the evident purpose of having them examined in the appraiser's stores by persons not familiar with the goods.

"It can be shown by documentary proof that cutlery, more particularly goods from Germany, has been for many years largely and systematically undervalued upon entry at the port of New York, and that in some instances there has been an excess of importation of these goods over the amount invoiced and entered.

"Sufficient evidence can be adduced establishing the fact that a large proportion of the importations into the port of New York consists of consignments to agents or partners of foreign houses who ship the goods; that as a rule these consignees are foreigners, and that the system of consignment is adopted for the purpose of evading payment of the proper duty."

The committee on legislation, in considering the then existing law, under which no penalty was imposed unless the appraised value exceeded the entered value 10 per cent or more, reported in part as follows: "This is a practical encouragement by law of a general system of undervaluation within the range of 10 per cent and an inducement to unscrupulous importers to make their entries as nearly as they regard safe within the limit." And in referring to the proper margin to be allowed for difference of opinion as to values, the report said: "This margin has been placed by experts at 5 per cent. It certainly should not exceed that. It may, perhaps, properly be less." * * *

REPORTS BROUGHT NO CONGRESSIONAL ACTION.

Notwithstanding the continued efforts put forth to have the law amended so that it would make it more difficult to practice extensively the proven undervaluations in many lines of imported merchandise, the recommendations of the Senate Finance Committee, like the recommendations of the tariff commission, were not enacted into law, and undervaluers were still permitted and invited to continue their rich harvest of gain. It was not until some five years after Senator Hoar's resolution was offered that any legislation looking to an improvement of our customs administration was secured.

THE BOARD OF GENERAL APPRAISERS CREATED.

When the act of June 10, 1890, providing for the Board of General Appraisers, was approved, it was quite generally believed that this board would be able greatly to improve the administration of the customs laws; but, as it turned out, although some improvement was noticed, they were unable wholly to prevent undervaluations, the wide margin being an important factor in their nonsuccess. With the law permitting a 10 per cent margin, the chairman of the commission to Germany, in an article published in 1893, wrote concerning the undervaluations, as follows:

"Ad valorem duties invite, encourage, and facilitate undervaluations and false invoicing. * * * For fifty years these things have been the scandal and the curse of customs administration. Investigation has followed investigation, under the rule of both political parties, always uncovering this fester at the custom-houses. * * *

"The public is little aware of the extent to which undervaluation is practiced and the lamentable consequences which have resulted from the practice. * * * The proportion of textiles so imported has been placed as high as 90 per cent. They are consigned to foreign manufacturers' agents resident here, and American merchants are compelled to buy their goods from this class of "landing importers." * * * This means that the goods enter the country on undervalued invoices, which destroy all possibility of competition on the part of the honest importer. No one familiar with the history of the importing business in New York requires to be told what a change has come over it in the past thirty-five years; of the great and honorable houses that have taken down their signs and closed their doors; and of the new standards, the different ideals, the general demoralization which have come in as the old houses have gone out. It is a record both sorrowful and humiliating."

SECRETARY CARLISLE APPOINTS A COMMITTEE TO INVESTIGATE.

While the Board of General Appraisers were able to improve the administration of the customs laws, the new law so radically changing the administration of tariff laws was not entirely satisfactory to all whose interests were affected by it.

Probably the first expression of dissatisfaction by an organized body was at a meeting of the Boston Associated Board of Trade on February 16, 1891, when the delegates of the Boston Merchants' Association called the attention of the board to the need of amendments to the act, and it was voted that the committee on customs of the board be instructed to consider the matter. The committee, "after careful consideration through the year," presented a report December 21, 1891, in which it was said in reference to the law: "It is not surprising that in the framing of a law having such wide-reaching consequences some errors, both of omission and commission, should appear; it is

[a] See also p. 31 for testimony of J. R. Leeson before Committee on Ways and Means in 1896.

[b] Senate Report No. 295, 50th Cong., 1st sess.

[c] See Tariff Testimony Finance Committee, United States Senate, 50th Cong., 1888–'89. Part IV, p. 2694.

rather a marvel that the changes which seem desirable should be so few."

Respecting section 7, which provided that "if the appraised value of any article of imported merchandise shall exceed by more than 10 per cent the value declared in the entry, there shall be levied, collected, and paid in addition to the duties imposed by law on such merchandise a further sum equal to 2 per cent of the total appraised value for each 1 per cent that such value exceeds the value declared in the entry," the committee reported:

"This provision was directed against undervaluation and was intended to punish dishonest importers. It does not in all cases accomplish the purpose intended. By reference to the reappraisement decisions in New York it will be noticed that the advance is seldom more than 10 per cent."

In 1893, during the second administration of President Cleveland, the Hon. John G. Carlisle, Secretary of the Treasury, appointed a special committee to report on the workings of the administrative act of June 10, 1890, and to examine the administration of the custom-house. Of this committee the Hon. Charles S. Fairchild, ex-Secretary of the Treasury, was the chairman. After suggesting a number of changes deemed advisable, the committee reported, respecting undervaluations, as follows:

"Under the present system the importer has a margin of 10 per cent, within which he may incorrectly state the market value, subject to no greater risk, should his entry be advanced, than the payment of the regular duty on the amount added by the appraising officer to make market value. If, however, no margin is allowed for difference of opinion between the appraising officer and the merchant, there is always an inducement to the importer to state the market value as accurately as he can, irrespective of the price that he may himself have paid." [a]

In 1894, in discussing the Wilson bill, the minority of the Committee on Ways and Means reported to the House as follows:

"It is in evidence before the Ways and Means Committee that there are lines of woolen goods, manufactured abroad almost wholly for the American market and sent here upon consignment, upon which no market value is placed until they have passed our custom-house and evaded some share of their legitimate duty. * * * Where specific duties exist, the home producer always has a definite standard by which he can operate with some degree of certainty. With a law such as is now proposed, his struggle will be against an antagonist in ambush, who has only to change his fictitious invoices to underbid every effort of the American to hold this market.

"The enormous field for undervaluation that will be opened by the abolition of all specific duties on woolen goods is evident from the fact that the importations under this head equal $36,987,904 in 1893, and ran up in 1890 to $54,165,422, the average for the last five years being larger in amount than under any other tariff schedule."

In their report of 1895, the Board of General Appraisers wrote concerning undervaluations as follows:

"Undervaluation is not only an offense against the Government, but an offense against mercantile honor. It not only depletes the revenue, but filches away the business of the honest importer and transfers it to the undervaluer. Nor are small undervaluations less disastrous to honest competing importers than large ones. An advantage of 5 per cent in price is sufficient to control the trade of an empire. It follows that undervaluation is a graver offense than the common one of evasion of state, county, and city taxation, because in the latter case no question of the business of a competitor is involved."

HEARINGS BY THE COMMITTEE ON WAYS AND MEANS IN 1896.

Early in January, 1896, extensive hearings were given by the Committee on Ways and Means on the general subject of what amendments should be made to the customs administrative act.

Judge Henderson M. Somerville, a general appraiser, in testifying concerning the increase of consignments and the difficulty of ascertaining correct valuations in that class of merchandise, said: [b] "The consignment business is increasing rapidly. There is no doubt about that, and I can not see any reason why it should, except that there are difficulties in the way of ascertaining correct valuations of this class of merchandise." Then the following questions were asked by Chairman Dingley and answers were given by Judge Somerville:

"CHAIRMAN. Do I understand you to say that the business of importations through consignors is increasing, and that the opportunities for frauds through undervaluations are greater when goods are consigned than when imported by purchasers?

"Judge SOMERVILLE. I think so.

"CHAIRMAN. And is it not true that in a large class of these importations, where there may be a question of the valuations, that the importations are through consignments?

"Judge SOMERVILLE. A very large proportion of them is."

And in answer to a question by Gen. Joseph Wheeler, Judge Somerville said: "The tendency of the consignment business is very largely to drive out the purchasing business."

While Judge Wilbur F. Lunt, a general appraiser, was of the opinion that in some classes of goods it would be impossible to tell the value within 5 per cent, Mr. George C. Tichenor, another general appraiser, who had been a member of the committee that examined the administration of customs at the port of New York by appointment of Secretary Hugh McCulloch, favored the reduction of the limit for undervaluation from 10 to 5 per cent.[c]

Mr. J. R. Leeson, president of the Boston Merchants' Association, when testifying concerning the working of the 10 per cent leeway provision, said: [d]

"That section [7] might almost as well never have existed, in so far as the penal provisions go; they are practically inoperative. It is a fact that an examiner, when he is examining merchandise with a view to ascertaining a proper dutiable value, is largely influenced in his decision in regard to advancing values by the hard and fast lines of the penal 10 per cent provision. I know from my own personal acquaintance that is the case; also as a merchant appraiser under the system existing before the act of June 10, 1890. As a merchant appraiser, it always had its effect upon me. One would naturally hesitate about bringing the case of a competitor or friendly opponent in business to the line where a penalty would be involved.

"That consideration acts with great force on the examiner and appraiser, and presumably on the Board of General Appraisers. They hesitate to put a man's goods up to a point involving an application of the penalty provision. The appraiser of the port of Boston, a thoroughly fearless man, stated recently that it was surprising to see the number of invoices that he had advanced which were returned to his office from the board just enough below the line of 10 per cent to avoid the penalty. The local appraiser of New York, also a most able administrator of the law, is of the same opinion. This is a fact of such general acceptance that it is not worth while to waste words in endeavoring to substantiate its truth. It is a very serious question, however, what step would be best to take under those conditions to bring about a different state of things."

Mr. Walter H. Bunn, appointed an appraiser in August, 1893, was the only witness appearing before the committee who advocated no "penalty"—additional duties—unless the invoice was advanced at least 10 per cent, and as a reason for his opinion he stated that experts will vary in judgment of valuations from 5 to 10 per cent. In reply to a question by the chairman of the committee asking whether it was not true that the British customs laws and the general laws of most of the nations of Continental Europe impose an additional duty for all undervaluations which exceed 5 per cent, Mr. Bunn replied, "Yes, sir; I think that is true."

THE COMMITTEE ON WAYS AND MEANS MADE A REPORT ON AMENDMENTS.

In the first session of the Fifty-fourth Congress a bill (No. 4437) to amend the act of June 10, 1890, was introduced into the House and referred to the Committee on Ways and Means.

In reporting the bill back to the House March 13, 1896, the committee said:

"The act of June 10, 1890, was the culmination of many years of effort and study to simplify the laws relating to the collection of the customs and to prevent fraud upon the revenue by reason of undervaluation.

"That the result was a long step in advance of all former legislation on the subject has been abundantly proved by the result of six years' experience under the present law. These years have also demonstrated some weak points in the law of 1890, some of which the present act is calculated to remedy."

In reaching their conclusions the committee, after stating that they had confined "their efforts to the strengthening of the present law" and had "availed themselves of the advice and assistance of the Assistant Secretary of the Treasury, members of the Board of General Appraisers, importers, and others who have had practical experience on the subject, and of a commission appointed in 1893 to investigate the subject, of which ex-Secretary Fairchild was chairman," continued as follows:

"The difficulties of administration under the present law do not arise from the regular importations of standard goods. These have a fixed market value which can be easily and definitely ascertained at the point and date of shipment. Reliable testimony as to the quality and value of these goods is easily found. But the chief trouble is in relation to consigned goods, and, second, in relation to goods of a kind peculiar to a locality or a factory.

"The consignment of goods is increasing very rapidly. There seems to be no reason for this increase except the fact of the difficulties in the way of detecting fraud in the valuations of consigned merchandise. * * *

"One of the most important amendments is that proposed to section 7. The present law provides, in effect, that when the appraised value exceeds the value in the entry by not more than 10 per cent only the same duty shall be collected as though the true value had been correctly stated in the entry. * * *

"The present practice for dishonest importers is to get as near the danger line of 10 per cent as possible in their undervaluations, knowing that they will be obliged to pay no more duty if detected than would be required in an honest invoice. This system offers a premium for dishonesty. In addition, when the value is advanced more than 10 per cent, the Treasury Department generally remits the additional duty, holding that under the present law it is a penalty and subject to remission."

The most important amendment, in the opinion of the committee, was to section 7, which provided that an additional duty should begin at the point where the value fixed by the appraisers exceeds that stated in the invoice and should be equal to 1 per cent of the total appraised value for every 1 per cent of increase of valuation by the appraisers, such additional duty to be limited to 50 per cent.

DEBATE IN THE HOUSE.

When the amendments were on their passage through the House, March 17, 1896, quite a discussion occurred over several changes, and an effort was made to modify the recommendations of the committee, but the committee was sustained and the effort failed. Speaking for the amendments, Mr. PAYNE, who introduced the amended bill, said in part:

"We have had experience under this law of 1890 now for about six years, and it has been found generally to have saved a good deal of revenue to the Government as well as prevented a good deal of fraud in the collection of the revenue. At the same time, years of experience have developed various weak spots in the law with reference to which the consensus of opinion of those who have been engaged in administering it is that there may be found some remedy.

"Of course, Mr. Chairman, it is utterly impossible to enact any law that will make all men honest. No law can be framed to collect the revenues of the Government where the duties are ad valorem that is not open to evasion by reason of fraud, fraudulent invoices, and fraudulent valuations, even though the invoices and the valuations are made under the oath of the importer, and the experience under this law up to the present time has been that various methods of evasion have been resorted to to escape the payment of duties. The most favored one is that of importing goods on consignment. For instance, a large manufacturing concern will have a local agent in New York, generally some clerk to whom the goods are consigned, and as there is no sale there is no necessity for any declaration of sale, or for any false affidavit as to sale, and the value depends largely—entirely, so far as the declaration of the importer is concerned—on the honesty and truthfulness of the importer of the goods. * * *

"I would say that in adopting this amendment the committee have been guided by the suggestions of the Secretary of the Treasury, by the Board of General Appraisers, and also by a report of the commission which was formed in 1893, of which ex-Secretary Fairchild was the president, and, with ex-Collector Magone, Mr. Dunn, of Arkansas, a former Member of Congress, and another gentleman, composed the commission. They very strenuously recommend the amendment of section 15, which we have adopted, and also section 7."

[a] See House Report No. 792, 59th Cong., 1st sess., p. 11.

[b] Hearings on administrative customs laws before Committee on Ways and Means, January, 1896, p. 5.

[c] Ibid., p. 64.

[d] Ibid., p. 82.

Mr. Walsh, of New York, offered an amendment to make section 7 read thus:

"And if the appraised value of any article of imported merchandise subjected to an ad valorem duty * * * shall exceed the value declared in the entry 6 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, etc."

In speaking for this amendment he said:

"The bill as it is reported from the committee inflicts a penalty where there is any undervaluation. As I said in my former remarks, it is almost impossible for any importer, or any appraiser, or any expert, to get at the exact value of any article, and the law under which we are living now allows 10 per cent leeway. My amendment reduces it to 6 per cent, or I would be willing to make the rate 5 per cent; but I say that it is a great hardship on the importer or the merchant to hold him down to the exact valuation of any article that he imports into this country."

In discussing this amendment the following colloquy took place:

"Mr. PAYNE. Mr. Chairman, this amendment simply provides for 6 per cent of a fraud. That is the whole proposition. The additional duty can not be incurred unless there is fraud in the valuation. If the appraisers add 6 per cent to the importer's valuation, then the line of the additional duty commences there.

"Mr. MCMILLAN. The gentleman has said that this is only a tax of 6 per cent on fraud. Does he not know that this imposition is to be placed on the goods, however honestly the mistake may have been made originally?

"Mr. PAYNE. If I said a tax of 6 per cent on fraud, I did not mean it. I meant that this offered a premium of 6 per cent on fraud—that it gave a chance for the importer to advance his goods 6 per cent without incurring the risk of losing a dime.

"Mr. WALSH. Does not the present law allow 10 per cent?

"Mr. PAYNE. It does; and that is one of the worst features of the present law, if not its worst feature. It encourages more fraud, undervaluation, and crimes against the revenue than any other feature in the present administrative law; and it was because the committee wanted to reduce those offenses to a minimum that they made the increased duties commence at the point of the increased valuation, ascertained by an honest appraisement by the Board of Appraisers. If the appraisers increase the importer's valuation only 1 per cent, then there is an increase of only 1 per cent in the duty.

"Mr. WALSH. An increase of 1 per cent not on the overvaluation, but on the whole importation.

"Mr. PAYNE. An increase of 1 per cent on the valuation of the whole importation. Now, the provision of the bill is no hardship to the honest importer. He has a hearing before the appraiser; his witnesses are heard; he can prove the value of his goods, which he knows better than any other man. There is no hardship on him. This provision will operate only against those who may seek to evade the law, and we want to cut off the opportunity of evasion even by those who would evade the law by only 6 per cent of undervaluation. We want to reduce the evasion to a minimum. We want to provide, in effect, that if there should be only 1 per cent of undervaluation additional duty to the extent of 1 per cent shall be added upon the appraised value of the goods.

"The committee considered the advisability of fixing the line at 5 per cent or at 10 per cent. It was the judgment of the committee, following the judgment of the board that examined the question for months in the city of New York, the board of which ex-Secretary Fairchild was chairman—following the judgment of that board, we have made the increased duty commence with the increased valuation of the Board of Appraisers. I hope that the amendment will be voted down and that the section will be allowed to stand as reported.

"Mr. DINGLEY. I desire to say that it is the judgment both of the Treasury Department and of the board of which ex-Secretary Fairchild was chairman that the point of additional duty should commence at the point of undervaluation. Allow me to read what ex-Secretary Fairchild says in his report on this point: 'This penalty or additional duty is required not only to punish and prevent willful undervaluations, but also to operate as a constant inducement to the importer to state with the greatest possible accuracy the true market value'—and I may say the importer knows the exact market value of the goods which he imports; in many cases he is the only man who does know accurately their exact market value—'and thus to aid the government appraising officers in the performance of their duty. Under the present system the importer has a margin of 10 per cent within which he may incorrectly state the market value, subject to no greater risk, should his entry be advanced, than the payment of the regular duty upon the amount added by the appraising officer to make market value.'

"And as a rule he states the market value where there is a difference, or if there is a difference in valuation, substantially 10 per cent below the market value, because he has 10 per cent leeway.

"'If, however, no margin is allowed for differences of opinion between the appraising officer and the merchant, there is always an inducement to the importer to state the market value as accurately as he can, irrespective of the price he may himself have paid.'

"And for this reason that board, presided over by Secretary Fairchild, as well as the Treasury Department, unanimously agree that the assessment of additional duty should begin at the point of undervaluation.

"Mr. MCMILLIN.[a] As I conceive it, it was very wisely provided there that the penal duty should not attach unless there was a difference of at least 10 per cent between the invoice value of the importation and the finding of value of the Board of Appraisers. It was at first thought by the committee that this difference might be fixed at 5 per cent, and I confess that I might have been content with 5 per cent; but when the committee undertakes to fix the penalty on the invoice because there is a difference between the invoice and the value which is fixed by the appraisers which is less than 5 per cent, I think they go into an impracticable administration of the law and undertake to fix penalties for that which is impossible. * * * The expert said that it would be wholly impracticable for two men to come to the same conclusion as to the value of the goods to such an extent that the difference between them would amount to no more than 1 or 2 or even 5 per cent on the valuation."

The House passed the bill March 17, but owing to the late date, probably, and the early adjournment of Congress, because of the pending presidential contest, no action was taken by the Senate.

After Mr. McKinley was elected President and it became certain that the tariff would be revised again, the Committee on Ways and Means, in their hearings, received testimony on the effect of undervaluations, the following being put in evidence by Wilson Brothers, of Chicago, who wrote:

"In visiting the several cities throughout Germany one's attention is especially called to the magnificent estates of parties who were formerly in the importing business in New York City. Scores and scores of such instances are named where the owners were residents of New York but a few years, returning to the old country to enjoy their wealth the remainder of their lives. As a rule, ten or fifteen years at the most has been the limit of time required to accomplish this result. We know of an instance where the founder made his fortune and returned within ten or fifteen years, his son succeeding him for the same length of time and returning likewise, and now the grandson is pursuing the same policy, with the expectation of following the footsteps of his predecessors. This has been and is being done by foreigners who have no earthly interest in this country other than to make money, regardless of the method, and return at the earliest possible date. All this is largely done at the expense of the native American importer, whose life, money, and influence is [are] at the call of the Government. This system will continue as long as consignments and ad valorem duties are in vogue."[a]

RESULTS FINALLY OBTAINED.

The long struggle to have the 10 per cent privilege taken out of the law was nearing the end; for when amendments were finally made to the customs administrative act the old invitation, eagerly and generally accepted, was revoked. The new law, as amended in 1897, closely following the amendments passed by the House at the last session of the previous Congress, required the importer, knowing the value of his importations, to state it correctly in his invoice, he being held to strict accountability and being obliged to pay extra duty for every 1 per cent of variation between the entered and the appraised valuation. The Committee on Ways and Means unanimously favored this change abolishing the 10 per cent, and it met with no opposition in its passage through Congress.

This law, like the act of June 10, 1890, was not long on the statute books before an effort was made to change certain of its features.

The Merchants' Association of New York appointed a committee, at the suggestion of President McKinley,[b] "to make a careful analysis of the customs administrative act of June 10, 1890, as amended by the act of July 24, 1897, and to suggest such changes therein, or amendments thereto, as they might deem wise, for the better protection of the Government, domestic manufacturer, and the honest importer alike." When this suggestion was made by President McKinley, or when the investigation was made by the committee, consisting of Messrs. John Gibb, A. D. Juillard, H. D. Cooper, J. Crawford McCreery, and Thomas H. Downing, the pamphlet does not disclose, the letter transmitting the report to President McKinley being dated March 1, 1900. It is safe, however, to conclude that the suggestion was made and the committee appointed between July 24, 1897, and March 1, 1900. The committee said in this letter that the suggestions contained in their report were prepared "after careful and earnest investigation of the many conflicting interests involved," and yet their suggestion for an undervaluation margin was only half that recommended by the commission to Germany and urged by the Secretary of State and the President. They wrote: "A margin of 5 per cent should be allowed between the entered and appraised value of merchandise before any penalties (additional duties) should accrue," and in suggesting 5 per cent they declared, "We believe that herein we express the views of the leading customs officials, as well as those of the importers."

As far as we can learn, after transmitting this report to the President, the Merchants' Association committee allowed it to slumber for some half dozen years before they took steps to revise and resubmit it. But when the German Government, urged by German exporters chafing under their inability to ply their undervaluations with old-time success, began in 1905 to negotiate for concessions in our customs administrative act where they "bear hardest upon German exporters," the time seemed opportune to join forces with the German ambassador and call the report to the attention of the President and the Committee on Ways and Means.

The German exporters asked, among other things, for a return to the 10 per cent margin under which so many of them grew wealthy at the expense of the Government's revenues and the honest importers of the country.

This request for a return to the old margin is significant and makes one familiar with their past record in this line doubt the good purpose of their demand and the wisdom of conceding it. The secret, it seems to the writer, can be found in the testimony given by witnesses, and especially in the report of the Boston committee in 1886, which said:

"The same system of undervaluation can be shown in the same manner in respect to woolen and worsted goods, especially those from Germany, none of which are regularly imported, and it can be shown by documentary proof that cutlery, more particularly goods from Germany, has been for many years largely and systematically undervalued upon entry at the port of New York."

SUGGESTIONS MADE AT THE HEARINGS GIVEN BY THE COMMITTEE ON WAYS AND MEANS.

At the hearings given by the Committee on Ways and Means, Secretary Shaw, who thought "to give the importer no margin at all is a little severe," testified respecting the changes he would recommend as follows:[c]

"Among the recommendations that I have made is a conditional concession that no penalty—additional duty—shall be imposed on undervaluation when the undervaluation is less than 5 per cent. If Germany had rejected our overtures, I should then have recommended, in justice to the importer, the right to the Secretary of the Treasury to remit the penalty for undervaluation of less than 5 per cent when the Board of General Appraisers certified that in their opinion this undervaluation was the result of good-faith difference of opinion." * * *

The Olcott bill[d] was worded thus:

"And if the appraised value of any article of imported merchandise subject to an ad valorem duty or a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 5 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent in excess of 5 per cent that such appraised value exceeds the value declared in the entry."

It further provided that the additional duties should not be penal and should not be remitted.

[a] CONGRESSIONAL RECORD, March 17, 1896, p. 2889.

[a] Hearings before Ways and Means Committee, 54th Cong., 2d sess., 1896–7, Vol. II, p. 2105.

[b] See letter of transmittal, March 1, 1900, contained in pamphlet to President McKinley.

[c] Hearings, Committee on Ways and Means, 1906, p. 23.

[d] Ibid., pp. 108 and 109.

The committee on customs service and revenue laws of the Merchants' Association of New York wished section 7 to be amended so that it would read as follows:

"And if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 5 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent in excess of 5 per cent that such appraised value exceeds the value declared in the entry." [a]

Mr. Thomas H. Downing, chairman of the above-mentioned committee, in addressing the Committee on Ways and Means, said,[b] "I am only speaking of the honest representative merchants of the country and not the undervaluers." The explanation of the foregoing amendment submitted to the Committee on Ways and Means, and found on page 14 of the pamphlet printed by the Merchants' Association committee, reads as follows:

"We respectfully submit that as actual market value of merchandise is not a definite quantity, but fluctuates within certain limits and is more or less proportionate to the volume of the transaction, and since there is always a certain difference in the values given for identical merchandise when appraised by the best experts, margin of 5 per cent should be allowed between the entered and appraised value of merchandise before any penalty should accrue. We believe that herein we express the views of leading customs officials, as well as those of the importers."

THE SUGGESTION OF THE GENERAL APPRAISERS.

The general appraisers testified concerning the proper margin to allow for difference of opinion as to value. General Appraiser Fischer criticised the amendment submitted by the Merchants' Association of New York, as follows:

"They provide for a 5 per cent allowance between the entered and appraised value; as their proposal reads it would amount to this: Suppose, after a hearing of the board on a reappraisement case, they should find that the goods are undervalued 55 per cent; according to the reading of the amendment that will lop off 5 per cent and put them down to a 50 per cent basis. My amendment provides that when the whole increased valuation does not exceed 5 per cent the penalty shall be remitted if the general appraiser or Board of General Appraisers shall certify that the increase is due to trade conditions only and is not an intentional undervaluation. This will protect the honest merchant and punish the other class." [c]

The Board of General Appraisers' bill [d] provided "that if the appraised value of any merchandise shall not exceed the value declared in the entry by more than 5 per cent, and the board of three general appraisers who decided the case shall certify that such increase was caused solely by reason of trade conditions the additional duties herein provided for shall not be levied or collected."

THE COMMITTEE ON WAYS AND MEANS AGAIN RECOMMENDS AMENDMENTS.

The hearings resulted in a number of amendments to the act being reported to the House by the Commitee on Ways and Means, the one with which we are chiefly concerned providing that "if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 5 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent that such appraised value exceeds the value declared in the entry."

THE HOUSE VOTED AGAINST THE 10 PER CENT MARGIN.

When the amendments were on their passage in the House June 27, 1906, Mr. OLCOTT, who had introduced a bill making radical changes in the law, attempted to incorporate four of his own amendments into the various sections amended.

He made no argument against the section compelling accurate entry of merchandise; neither did he give any reason for his proposed amendment allowing a 10 per cent margin for undervaluation, except to say that he offered the amendments because of information he had obtained from the State Department. Then he added:

"It seems that in a recent arrangement made, a modus vivendi between the State Department and the German Government in connection with the restriction sought to be placed by the German Government on American goods, the State Department, I think after consultation with the Treasury Department, made an agreement for a temporary agreement. Letters passed between the Secretary of State and the German ambassador, and my impression and my feeling is, on information from the State Department, that unless these amendments which have proposed are placed in this bill, it will be an evidence of bad faith by us, or show that there is something in the nature of bad faith in the relations between our Government and the German Government. I certainly do not wish to do anything to interfere with the proper collection of customs or proper administration of our tariff laws, but I would rather temporarily have something disturb the system than that a well-grounded charge should be made against our Government that we had been guilty of bad faith in our relations with any other government.

Answering Mr. OLCOTT'S remarks, Chairman PAYNE replied as follows: [e]

"It is true that there was some negotiation between the State Department and the German ambassador, and it is true that the State Department recommended to Congress a change similar to the change involved in this amendment—and I think the Secretary of the Treasury was present at the time. Whether he agreed to that change or not, he did agree to recommend another change in another particular in the bill. * * * That arrangement did not permit [prevent] the appraisers appearing before the committee and telling the truth; that did not permit [prevent] the committee investigating this matter and getting at the facts, and we are unwilling, whether the State Department recommends it or not, to concede this amendment proposed to the law."

That Mr. OLCOTT was mistaken in his view of the negotiation with Germany is shown by the letter of Secretary ROOT to Chairman PAYNE in response to a resolution of the House requesting "information as to what arrangement or agreement the Department of State has made with the German Government in reference to tariff relations between the United States and Germany." Mr. ROOT, under date of February 28, 1906, wrote that "there has been no arrangement or agreement made between the United States and Germany except as appears in the inclosed correspondence."

The correspondence as printed shows that in a communication written November 21, 1905, the German ambassador asked Secretary ROOT this question among others: "Could it be arranged than an additional duty be levied only in case the appraised value exceeds the declared value more than 10 per cent?"

Under date of February 16, 1906, Secretary ROOT, in a reply to the German ambassador, restated his question and replied as follows:

"This would require congressional action. I inclose, marked 'E,' a proposed recommendation from the Secretary of the Treasury to Congress which applies the rule for which you ask to the extent of 5 per cent, and as to the remaining 5 per cent gives the Secretary of the Treasury authority to waive or remit the additional duty upon a certificate that the undervaluation was the result of honest difference of opinion—that is to say, under the proposed rule the additional duty would be imposed only in case the appraised value exceeds the declared value more than 5 per cent, and could then be remitted up to the point of a 10 per cent difference upon a certificate of good faith." [a]

The amendment relating to undervaluation, offered by Mr. OLCOTT, read as follows:

"That where the appraised value of any merchandise exceeds the entered value by not more than 10 per cent, the Secretary of the Treasury may remit the additional duties if the Board of General Appraisers should report that, in their opinion, there was no fraud or intentional undervaluation on the part of the owner, importer, or consignee of said merchandise and shall recommend such remission."

Speaking on this amendment, Chairman PAYNE said:

"When the administrative act was adopted, in 1890, it had a provision similar to that giving the importer 10 per cent leeway on a guess, and as a rule he guessed about 9½ per cent. In other words, they undervalued 9½ per cent, and strained their consciences to that extent. When we came to pass the act of 1897 the committee was unanimously in favor of abolishing this 10 per cent leeway. Now, if the goods have been undervalued and the valuation is raised by the Board of Appraisers over and above the price at which they are entered by the importer, the duties are paid according to the increased value and an additional duty, which outsiders sometimes call a "penalty"—but which is not a penalty, because, under the law, it is a duty—an additional duty of 1 per cent on the undervaluation is exacted upon the goods. Now, it does seem that at some time the Secretary of State agreed to recommend, and did recommend, an amendment similar to this amendment, * * * but the committee did not feel it was safe to go back to the old plan of 1890 to 1897. It was sought to get this 10 per cent clause in the bill, but we then thought we would go as far as 5 per cent and give them a chance to guess 4½ per cent; but we did not want to go any further than that, because it might make too great a reduction of revenues and certainly would give the dishonest importer an advantage over the honest importer, who honestly appraised his goods and swore to his invoices when he tried to enter them. Now, by the action of the committee, after consideration, we concluded to give not to exceed 5 per cent."

This third amendment was lost, and Mr. OLCOTT withdrew the fourth.

Notwithstanding the recommendation of the Board of General Appraisers, the suggestion of the Secretary of the Treasury, the report of the Committee on Ways and Means, and the action of the House of Representatives, all made or taken within six months of their departure on their mission, the commissioners sent to Berlin ignored them, set up their judgment as superior to all others, and made a recommendation which not only doubled the margin which the House of Representatives was willing to concede, but also doubled that urged by the importers' representative and the chairman of the Merchants' Association committee, who, in asking for a 5 per cent margin, declared that therein they were representing the views, not only of the leading customs officials, but the importers themselves.

If the amendment suggested by Mr. Downing's committee, which provided for a margin half as great as that recommended by the commissioners to Germany, represented the views of the leading customs officials of the country and the views of the importers themselves, whose views are represented by the recommendations of the Berlin commission? Clearly they represent those of the German consigning exporters, whose wishes were expressed by the German ambassador in his note of November 21, 1905, to Secretary ROOT, when he asked for an arrangement allowing a 10 per cent margin. His countrymen knew, if our Secretary of State and the commissioners to Germany did not, what the concession meant to them, for they had had experience under a like privilege, from which they had reaped handsome returns, the loss of which "bore heavily" upon them and a return to which they eagerly awaited.

If granted, the effect of this privilege on the woolen duties and the protection accorded the wool manufacturer will be better understood by an illustration of its operation.

Under paragraph 316, of the act of 1897, woolen cloths valued at 71 cents per pound are dutiable at 44 cents per pound and 55 per cent ad valorem, which equals 83.05 cents duty, but if entered at 64 cents valuation, not quite 10 per cent less than true value, the duty would be 44 cents per pound and 50 per cent, equal to only 76 cents, a loss in protective duty of 7.05 cents per pound. If, however, the undervaluation is made on goods valued at between 40 and 70 cents per pound, the loss of protection to the domestic manufacturer would be much greater, for he would lose not only a portion of the ad valorem duty, but also 25 per cent of the compensating duty allowed him because of the duty on wool. For example, the duty on such goods is 44 cents per pound and 50 per cent ad valorem, and on an importation valued at 41 cents per pound the duty is 44 cents plus 20.5 cents, or 64.5 cents; but if they should be entered at 37 cents value, not quite 10 per cent less than the true value, the duty would be assessed at 33 cents per pound and 50 per cent (18.5 cents), equal to 51.5 cents, a loss in revenue of 13 cents per pound and a reduction in the protective duty to the manufacturer of over 20 per cent. Similar conditions exist in all the paragraphs of the woolen schedule where dividing lines of value exist.

THE CHANGES IN SECTION 7 RECOMMENDED BY THE COMMISSION TO GERMANY.

In summarizing the changes the commission to Germany agreed to recommend to section 7 of the customs administrative act, the report of the commission says:

"This recommendation covers the following changes in the law:

"I. The right to add to an entry to make market value as to consigned goods.

"II. The right to deduct from the invoice value at the time of entry, as to both consigned and purchased goods.

[a] See pamphlet, Revision of the Customs Laws: Report of the committee on customs service and revenue laws. The Merchants' Association of New York, January, 1906, pp. 13 and 31.

[b] Hearings, Committee on Ways and Means, 1906, p. 13.

[c] Ibid., p. 67.

[d] Ibid., p. 103.

[e] CONGRESSIONAL RECORD, June 30, 1906, p. 9938.

[a] CONGRESSIONAL RECORD, June 29, 1906, p. 9939.

"III. A 10 per cent margin within which additional duties shall not be levied.

"IV. Reducing the 50 per cent limit, at which point the presumption of fraud arises and merchandise is seized by the collector to 35 per cent.

"V. Granting to the Secretary of the Treasury the right to remit additional duties when it has been established that undervaluation was due to unintentional error.

"VI. The provision that additional duties shall be construed to be penal and within the purview of section 5292 of the Revised Statutes, by virtue of which the Secretary of the Treasury is authorized to refund them in cases where the absence of fraud has been established to his satisfaction.

"VII. Preventing the assessment of additional duties on goods subject to specific duty in all cases where the rate of duty is not changed by reason of the fact that the value found by the appraiser is greater than the entered value.

"VIII. The privilege of paying duty on less than the entered value.

"All of these propositions, with two exceptions (Nos. IV and VI), have been discussed in Congress and in published hearings before the Ways and Means Committee."

If these proposals had been discussed in Congress and in the published hearings before the Ways and Means Committee, why did not the commission also tell the President and the Congress that in the hearings of 1906 no suggestion was made by any advocate of a change for an absolute margin of 10 per cent, which the commissioners recommended and which experts have practically said is double what is fair or safe? The only witness testifying before the Committee on Ways and Means in 1896 who favored a 10 per cent margin was Mr. William M. Bunn, and he was obliged to admit that in Europe the margin allowed for undervaluations is fixed at 5 per cent. The suggestion for the 10 per cent margin was made in 1906 in the House of Representatives by Mr. OLCOTT, whose one reason for offering an amendment not in harmony with those made by the Committee on Ways and Means we have set out above; and in the House Mr. OLCOTT's amendment was rejected—of which important fact the report of the commission makes no mention. Mr. ROOT wrote the German ambassador February 16, 1906, that such a concession "would require congressional action;" the House voted down the proposal, and still the commission ignored that action, and went to the full limit of conceding Germany's wishes in recommending the margin of 10 per cent for undervaluations "without penalty." This return to the old law is urged by the commission in spite of all our investigations and experience without setting down in their published report a single reason for it. The only reason advanced by the President for the passage of the amendment is that "besides promoting harmonious relations between the contracting parties to the agreement in question" he regards "the proposed legislation as a meritorious measure for the improvement of our customs administrative act." [a]

In his annual message to Congress, quoted in his message of January 22, 1908, the President said:

"This careful examination into the tariff relations between the United States and Germany involved an inquiry into certain of our methods of administration which have been the cause of much complaint on the part of German exporters. * * * It is quite probable that this system tended toward an increase of the duties collected upon imported goods, but I conceive it to be a violation of law to exact more duties than the law provides, just as it is a violation to admit goods upon the payment of less than the legal rate." [a]

Why the law has caused "much complaint on the part of German exporters" becomes plain when the testimony, taken in the various investigations, conducted by the Senate Finance Committee, Treasury officials, and the Tariff Commission, is examined. Such examination will show that undervaluations occur almost universally in merchandise consigned for sale, a branch of the importing business in which Germans are very generally engaged.

The President conceives "it to be a violation" of law "to admit goods upon the payment of less than the legal rate;" but nevertheless advocates the passage of a law which a quarter century's experience shows facilitated the entrance of merchandise at valuations enabling the owners to pay greatly less than the legal rates, with harmful results to the honest men in the importing business, domestic manufacturers, and the federal revenue. That this fact has been conclusively established we confidently believe no one will deny who has examined the voluminous reports of the testimony given before investigating committees and the reports of commissions, committees, and Secretaries of the Treasury and Treasury officials.

Even Secretary ROOT when he wrote to the President under date of January 9, 1908, that the foregoing changes "are in line with the recommendations for the amendment of section 7 of the customs administrative act made by the Secretary of the Treasury in his letter of February 28, 1906, to the Speaker of the House of Representatives," was scarcely accurate in his statement. "In line with the recommendations of the Secretary," but going far beyond what he considered wise or safe, or what the General Appraisers advised and urged in the bill they drew.

Reference to Secretary Shaw's letter will show wherein his recommendation as to the margin for undervaluation is altogether unlike the one made by the commission and urged by the President for enactment into law.

Secretary Shaw's letter [b] is as follows:

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 28, 1906.

SIR: I beg to recommend the following amendments and modifications of the customs administrative act of June 10, 1890:

1. That section 7 of the customs administrative act of June 10, 1890, be so amended as to permit, at the time entry is made, such addition to the cost or value given in the invoice of consigned merchandise as, in the opinion of the consignee or his agent, may raise the same to the actual market value or wholesale price thereof the same as is by said act permissible of merchandise actually purchased.

2. I further recommend that section 7 be so amended as to impose no additional duty for undervaluation unless such undervaluation shall equal 5 per cent of the market value of the merchandise, and that the Secretary of the Treasury be authorized to remit all additional duty whenever the undervaluation is less than 10 per cent of the value of the imported merchandise, provided the Board of General Appraisers shall certify that in its opinion the undervaluation is the result of good faith, differences of opinion, or error.

Respectfully,

L. M. SHAW, *Secretary.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Although "in line with the recommendations" of the Secretary, there is a marked difference between the proposal that no additional duty shall be collected "for undervaluation unless such undervaluation shall equal 5 per cent, and that the Secretary of the Treasury be authorized to remit all additional duty whenever the undervaluation is less than 10 per cent of the value of the imported merchandise, provided the Board of General Appraisers shall certify that in its opinion the undervaluation is the result of good faith, differences of opinion, or error," and the proposal that only in case the appraised value shall exceed the entered value by more than 10 per cent shall additional duties of 1 per cent for each 1 per cent in excess of the 10 per cent be imposed, as section 7, in its amended form, would mean. The two proposals are so dissimilar that it is difficult to understand how one can be in line with the other.

In view of the careful study given the laws governing the importation of foreign merchandise by so many competent committees since 1880 and the conclusions they reached, which are diametrically opposite to those reached by the Berlin commission, one can not help but believe that the President was unaware of the great complaints caused by the lax law prior to 1897, a return to which he urges, of the investigations made concerning its working, and the almost identical conclusions unfavorable to it reached by the several investigating committees. We are persuaded, therefore, that his indorsement of the proposed amendment, allowing the 10 per cent margin, rested entirely upon the recommendations of the commission and was not the result of a personal examination of the testimony given to the Tariff Commission or the Senate Finance Committee or to the report submitted by the special agents to Secretary Manning.

WHAT DID THE REPRESENTATIVE OF THE TREASURY DEPARTMENT CONSIDER IN REACHING A DECISION?

Secretary ROOT informs the President, and through him the Congress, that "the foregoing changes were carefully considered and approved by the representative of the Treasury Department on the American Tariff Commission sent to Berlin, and have been unanimously recommended for adoption by the commission in its report."

If the representative of the Treasury Department carefully considered the changes recommended, as Secretary ROOT states he did, did he, in reaching his conclusions, consider the testimony given the Tariff Commission in 1882 on the evils following the increase of the importation of merchandise on consignment and the undervaluation of such merchandise? And did he consider the unanimous report made by the members of that commission, in which they recommended certain changes in the law which they deemed necessary and imperative?

Did he ponder the conditions described by Secretary Folger and the bill he urged to cure the conditions which caused grievous annoyance to the purchasing importers and Treasury officials?

Or did he take any notice whatever of the testimony heard by the Senate Finance Committee of 1885–86 or their conclusion that the right to undervalue imported merchandise 10 per cent should not be permitted to continue longer?

Did he give any weight to the report of the three special agents of the Treasury, two of whom later occupied higher positions in the department, made to Secretary Manning in 1885?

Or did he deem worthy of consideration the report of the Customs Commission, of which ex-Secretary Fairchild was the chairman, in 1893?

Or did he consider the testimony on the subject of undervaluation given to the Committee on Ways and Means in 1896, and that committee's unanimous action in 1897 against the 10 per cent privilege for undervaluation, or the additional testimony given the same committee in 1906 by the then Secretary of the Treasury and the changes suggested by him, the general appraisers, and even the committee on customs service of the Merchants' Association of New York?

NO REASONS GIVEN FOR THE MARGIN RECOMMENDED.

If the representative of the Treasury Department carefully considered all the aforementioned testimony and reports and made his recommendation with full knowledge of the opposite conclusions reached by the Tariff Commission of 1882, congressional committees, Secretaries of the Treasury, Treasury officials and agents, he does not furnish the Congress a single reason or a single argument for favoring a reversal of their recommendations and reverting again to a law unsparingly condemned by all the reports ever made to Congress on the subject, that body being informed simply that this Treasury representative "carefully considered and approved the changes recommended." We have no record of any hearings held by this Berlin commission or of any witnesses heard who favored the return to the 10 per cent margin, the value of their recommendation resting entirely and solely upon the knowledge of this one commissioner, whose action has the approval of his two colleagues.

In the fact of such preponderating, overwhelming, and conclusive testimony as we have marshaled against the 10 per cent leeway, when considered with the character of the witnesses giving the testimony, how can this unsupported recommendation be accepted by those who seek not to legislate for special interests, if you please, but to make it possible for the Government to get a fair proportion of the duty written in the law, for the honest importer to continue in business, and for the domestic manufacturer to compete on something like equal terms with foreign rivals?

NO COURT WOULD ALLOW A VERDICT FOR A 10 PER CENT MARGIN TO STAND.

Where could be secured a jury prejudiced or rash enough to render a verdict for the 10 per cent margin in the case as made up in the records of Congress, unsupported as it is by any report or recommendation in its favor? And if rendered, where could be found the judge who would not speedily set it aside because against the evidence and the weight of the evidence? Where is the court that would ignore the overwhelming and convincing evidence against the margin and rest a finding in its favor on the suggestion of a single underofficial of the Treasury Department, even though approved by his fellow-commissioners?

Ought the legislation urged by all the committees of Congress, the Tariff Commission, and enacted by the House itself, be reversed solely on the suggestion of one man, who gives no reason for favoring the

[a] See Message, January 22, 1908, p. 3.
[b] Document No. 576, Fifty-ninth Congress, first session.

change? Ought the testimony of competent witnesses, almost unanimously against so large a margin, be treated as of no value, and the recommendation of the commissioner be adopted and enacted into law? Has such a case for the proposed amendment been made out as to justify a return to the intolerable conditions which prevailed in this country for more than a quarter of a century and which we had hoped had gone never to return?

UNACQUAINTANCE WITH THE HISTORY OF UNDERVALUATION AND THE HAVOC PLAYED BY THEM DOES NOT EXCUSE.

If this recommendation in favor of the 10 per cent margin was given by the "representative of the Treasury Department" in ignorance of the testimony heard and the conclusions reached by the tariff commission of 1882, the Senate Finance Committee in 1888–89, various Secretaries of the Treasury, the General Appraisers, the Committee on Ways and Means, and the House of Representatives itself, ignorance of the testimony given and of the conditions existing under the old law, allowing the same margin he now urges, is not an excuse any more than "ignorance of the law" is a valid defense for a man charged with the commission of an act made criminal by a federal or state statute. It was his business, as it was the duty of his colleagues, to be thoroughly familiar with the country's experience under a law like the one for which German interests were pressing.

If he "carefully considered and approved" the proposed change with full knowledge of and in spite of the testimony of the expert witnesses we have quoted, then we are quite content to set their conclusions and their recommendations over against his, and rest the case thus made up without further argument.

It would be, we submit, a startling precedent for the Congress to set if the conclusions reached by its own committees, after searching examination of witnesses were ignored, the advice of experienced General Appraisers and Secretaries of the Treasury disregarded, and the recommendation of a division chief in the Treasury Department accepted and enacted into law.

Is the Congress expected to reverse its own action in 1897 and 1906, stultify the labors of its own investigating committees and the tariff commission created by it, simply because the Berlin commission says it ought to be done, or because the President authorized the Secretary of State almost a year after the adverse action by the House on the Olcott amendment—identical with the one now urged—to state to the German ambassador that "he will recommend to the Congress the enactment of the amendment" which the German consigning exporters so anxiously wish again to become the law?

Should this privilege—if regranted now—produce a tithe of the evil consequences which followed in its wake when the old law allowed the margin, how can it be said that it will do no harm to the fiscal and economic interests of the country? Would it not be a tremendous price to pay for the good will of any nation? In the name of honesty, ought it to be granted?

Grant this right by law, and all the boasted advantages—if there be any—gained by the United States in the German agreement will vanish as the fog before the noonday sun. The 10 per cent undervaluation privilege would be worth more to the consigning, duty-evading exporters than all the open hearings—though they have not been without their value—and all the modifications of customs regulations combined. This they knew, and their efforts were directed toward its attainment, first, by diplomacy with the State Department, and, second, through the commission sent to Berlin, who yielded the very point which, we believe, the German negotiators deemed of the highest importance to their cause—next to the consummation of a complete reciprocity treaty—and agreed to recommend an amendment to the law permitting the coveted privilege. The favor of the commissioners was won, the support of the President and the Secretary of State was secured, and all that stood, and all that now stands, between many domestic interests and great loss, if not ruin, is the consent of Congress to this startling suggestion. Will the Members of the Senate and the House "turn their backs" on past experience, the counsel of many of their distinguished colleagues, and accept the amendment urged? Or will they stand firm for the law passed in deference to a wide demand from all classes having to do with the importation of merchandise, that the gross frauds perpetrated under the privilege of a law should be lessened, and, if possible, stopped by the passage of an act compelling honest valuation of imports?

The honor of the United States is in nowise involved in negative action on this request, for the reason that the German ambassador was informed several months before the agreement was signed that the granting of a 10 per cent margin was a matter requiring congressional action. The President has fulfilled to the letter his promise to "recommend to Congress the enactment of an amendment to section 7 of the customs administrative act of June 10, 1890, as amended by section 32, act of July 24, 1897." What it is wise to do remains for the Congress to decide.

The argument used for tariff revision, that times and industries have so changed since 1897 that schedules satisfactory then are out of date, is not at all applicable to this question of margin. On the contrary, with each year's growth of our imports, strict requirements for their entry at approximately correct valuations become the more imperative; for with the increasing quantity imported the greater are the chances for illicit gain, the greater is the temptation to undervalue, and the more difficult it is for honest importers and domestic manufacturers to withstand the dishonest methods employed by the undervaluers.

If it was against good morals ten years ago to permit this margin, why is it advisable to grant it now? If it was inimical to the federal revenue, if it was destructive of the business of the honest importer ten and twenty years ago to permit this margin to continue, why would not a return to it now bring back the old disadvantages intensified by present conditions and greater opportunities?

If a 10 per cent margin was too much in 1882—when the value of imported dutiable merchandise in the calendar year was $538,807,117—in 1885, 1893, and 1896, why is it not too much now when the value of such imports has reached the enormous sum of $787,035,536 in 1907?[a]

What reasonable man familiar with the gross wrongs committed under the old law and having a thought for the collection of the federal revenue and the preservation of the business of honorable men striving to comply with the law can conscientiously vote for the recommendation made by the commission, the Secretary of State, and the President?

[a] These figures are for the fiscal year and differ slightly from those to be found on page 9. They are the latest corrected figures, and are to be found in the Commerce and Navigation reports for 1907.

EXHIBIT G.

Wages in woolen mills, England and Massachusetts, on basis of fifty-six hours per week for each country.

[Statement by William Whitman.]

Occupation.	Wages per week.	
	England.	Massachusetts.
Scouring hand	$4.00	$8.54
Yard hand		8.54
Wool sorter	7.50	12.93
Card stripper	5.00	8.54
Creel tender:		
4 creels	3.00	6.76
2 creels		5.30
Finisher tender	3.00	6.76
Apperly tender		6.76
Bramwell tender	3.00	8.54
Picker hands	4.50	8.54
Spinner	5.00	12.68
Dresser	6.00	12.55
Filling carrier	4.50	8.54
Twister:		
Piecework	5.00	12.93
Day work		10.62
Spooler (actual)	3.00	5.20
Loom fixer	7.50	14.00
Weaver:		
2-loom work		9.60
1-loom work	4.50	10.56
Fulling-mill hand	5.50	8.54
Carbonizing hand	4.50	8.54
Carbonizing hands, boys		6.78
Burlers, after one year wages are	2.00	5.55 6.37
Sewer	3.00	7.72
Dye-house hand	4.50	8.54
Shear tender	5.25	9.66
Wet brush and steam brush	4.50	8.54
Gig hand	6.00	8.54
Steaming machine		8.54
Scouring-machine hand	7.00	8.54

Wages in woolen mills—England and Pennsylvania.

[Statement by Walter Erben, of Erben-Harding Company, Philadelphia, Pa.]

Occupation.	Wages per week.	
	England.	Pennsylvania.
Head wool sorter	$9.52	$25.00
Wool sorter	8.96	18.00
Overlooker:		
Wash-room	6.00	20.00
Card-room	7.50	20.00
Combing-room	8.50	25.00
Drawing-room	8.50	25.00
Spinning-room	8.00	20.00
Twisting-room	8.00	20.00
Reeling-room	8.00	18.00
Back washer	3.12	6.00
Gill box	3.12	5.50
Combs, 2	3.37	8.80
Gill boxes, 4	3.00	8.80
Wool washer	5.25	10.00
Card stripper	6.00	12.00
Card feeder	4.25	5.50
Drawing gill	2.75	5.50
Drawing frames	2.75	6.60
Roving frames	2.50	5.50
Spinner, 2563	2.50	6.00
Spinner, 332	2.62	7.00
Overlooker's assistants	2.12	19.00
Doffer	1.87	4.40
Twister	2.87	6.60
Winder	2.62	4.40
Reeler	3.00	7.50
Engineer	6.50	20.00
Fireman	6.00	12.00
Laborer	5.78	10.00

Mr. CUMMINS. Now, Mr. President, I will reach the conclusion. If it does not appear clear to you that a duty of 50 per cent upon the foreign cost of woolen cloths is vastly more than is necessary to compensate these manufacturers for the wage difference and the capital difference, then I would despair of ever reaching any conclusion with you. Take a yard of cloth that, we will say, cost $2 abroad, a high-priced piece of cloth. The duty upon it is $1, and that, not for the purpose of equalizing the difference in the cost of production, but of labor and capital only; $1 duty to measure the difference between the labor here and abroad, the entire labor cost being, as I think, not to exceed 70 cents, and I think not to exceed 50 cents.

Mr. GALLINGER. Mr. President——

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. I beg pardon. I have inadvertently named an incorrect sum, but then the Senator from New Hampshire will readily see wherein I made the mistake.

Mr. GALLINGER. I observed that; but, Mr. President, I want to suggest to the Senator—which I feel sure has not escaped his attention—that the domestic manufacturer is laboring under some disadvantage in the matter of the undervaluation of foreign goods. I do not know how extensive that is; but, being intimately acquainted with some gentlemen in New York who, I think, speak by the book, it has been represented to me that it has been in the past very great in the matter of woolen goods as well as in silk goods. If that be so, it puts an added burden upon the American manufacturer, which ought to be counted in making up the difference, I think.

Mr. CUMMINS. Mr. President, I am quite willing to agree to the suggestions just made by the Senator from New Hampshire. There are several items that ought to be taken into account—the motive for, the tendency toward undervaluation, the greater reward that capital should bear in our country as compared with foreign countries, and the difference between the efficiency of labor here and abroad; that is, what efficiency costs in our country as compared with the efficiency cost in England. But when you have taken all these into account and when you have added 50 per cent to them, you will still have less than one-half of the duty which you have imposed here as protective.

My friend the Senator from Idaho [Mr. HEYBURN] suggests a case with which I have great sympathy. I have no particular fault to find with his analysis; and if he carries out his premises to their logical end he will vote for the motion that I am about to make, in order that this matter may be considered in that careful analytical way which will be required in order to reach safe and sound conclusions.

The difficulty is that too many Senators, as it seems to me, with regard to the tariff wall which we are building around the United States, adopt the maxim which was common in my old country, in Pennsylvania, where I was born and bred. It was a very stony country, and we picked up the stones from the fields as well as from the quarries with which to build our fences and our cellar walls and sometimes our houses. It was one of my common, if not my favorite, occupations when I was a boy to haul stones for walls; and this is the maxim or rule that was prevalent in that country with regard to hauling stones: "First, haul what you think is enough; then haul twice as much, and you'll have just half enough." Some Senators seem to approach the consideration of this subject in just that frame of mind. They want to build a tariff wall, and they put in what they think is enough, and then they put in twice as much, and then they still believe they only have half enough.

I am sure that I have convinced the Finance Committee that this subject deserves further consideration. The Finance Committee could not have known the facts that have been developed; they could not have appreciated their application to the subject when they adopted, with hardly a single change, the law of 1897.

Mr. ALDRICH. Will the Senator permit me right there to interject a very brief remark?

Mr. CUMMINS. I yield to the Senator.

Mr. ALDRICH. There has been no argument advanced here and no statement made that has not been presented to the Committee on Finance in infinite variety and at infinite length.

Mr. CUMMINS. Well, that destroys what little faith I had for the Finance Committee. I had hoped that these things had not been presented before the committee in the fullness and in the richness that they have appeared here. If that be true, I despair of human understanding——

Mr. ALDRICH. Mr. President, not with the richness that they have been presented here; not with the rhetoric that has been used here; but the facts and the ideas have been presented to the committee, crudely perhaps, but at great length.

Mr. CUMMINS. And, notwithstanding, Mr. President, these facts, the Finance Committee still persists in this schedule.

Mr. ALDRICH. Notwithstanding those facts, elaborated and illuminated by the eloquence of the Senator from Iowa and other Senators, the Senate, by repeated votes, has shown their disbelief in the theories and in the facts which these gentlemen have presented.

Mr. CUMMINS. The Senator from Rhode Island hardly touches the issue. I have explained how the Finance Committee might find some difficulty, might find some objection to the amendments that have been offered, and I can understand that the Senate was reluctant to accept them without that careful, comprehensive study which such a subject requires; but that is not the point. What I want the Finance Committee to do is, in view of the things that have transpired, to give this subject further consideration. The Finance Committee found no difficulty in overriding the cotton schedule when it was desired to raise the rates; the Finance Committee had no difficulty in applying modern and scientific methods to the silk schedule when it was desired to raise the rates; and why, therefore, should it be blind to modern and scientific methods with regard to the woolen schedule? There must be some way to better this schedule in the way of accomplishing justice and right, just as you have believed that there was a way to better the cotton schedule and the silk schedule.

Mr. ALDRICH. Will the Senator permit me?

Mr. CUMMINS. Yes.

Mr. ALDRICH. I think the Committee on Finance would have no difficulty in destroying this schedule. That is not a difficult task at any time. The most delicate mechanism, all the creations of the human mind and human thought, built up, perhaps, as the result of ages of study and investigation, can be destroyed by a single blow. It does not take a sledge hammer to destroy the mechanism of a watch; it is an easy thing to do. But when a man undertakes to produce a watch—I am only using that as an illustration—he is dealing with a matter which requires great skill, infinite patience, and great judgment in every direction.

We are approaching this subject, I think, with all due deference to the Senator from Iowa, from entirely different standpoints. I am desirous of preserving to the American farmer a market for his wool in the United States.

Mr. CUMMINS. So am I.

Mr. ALDRICH. I am in favor of preserving to the people engaged in the manufacture of wool in the United States a market.

Mr. CUMMINS. So am I.

Mr. ALDRICH. But I am not willing to try experiments, and especially I am not willing to try any experiments along the lines of the suggestions which have been supported by the Senator from Iowa on the pending proposition.

Mr. CUMMINS. I realize the force of all that the Senator from Rhode Island has said. I would not want to intrust the construction of a watch to a blacksmith.

The Senator from Rhode Island or the Finance Committee evidently regards my colleague and the Senator from Wisconsin as blacksmiths trying to build a watch, and therefore I have departed from that and have asked the Finance Committee to try to rebuild this watch. You have reconstructed the watch which represents the silk schedule. You have reconstructed the watch which represents the cotton schedule. Why do you not try your hand at reconstructing the watch which represents the woolen schedule?

Mr. ALDRICH. I think I will be able to show the Senate later on that each and all these amendments are not for the purpose of reconstruction in the nature of reform, but in the nature of changes that will result in destruction. Of course, I am not advised as to everybody's opinions upon this subject, but so far as I know, there has been no agitation or suggestion from any source of dissatisfaction with the wool and woolen schedules, except from one class of woolen manufacturers. If the great masses of the farmers of this country, or any of them, are dissatisfied with the present schedule, that dissatisfaction has not been reflected here. If the manufacturers of the country, with the exception——

Mr. CUMMINS. It is being reflected at this moment, so far as I can reflect it.

Mr. ALDRICH. It is being reflected not by any direct representation of the farmers of the country or the woolgrowers, who are represented here by their organizations, by the men who understand their interests better than any other men in the Senate. Sheep raising in Iowa is certainly not a lost art, but it is not a profitable business, as compared with many other things that the people of Iowa produce.

Mr. CUMMINS. That is quite true.

Mr. ALDRICH. And the woolgrowers of the country—I make the statement without fear of contradiction—are satisfied with the present tariff. The woolen manufacturers, with the exception of one class—and their dissatisfaction arises from natural conditions, which it is beyond the power of this Congress to change—are, as a rule, satisfied with this schedule. The persons engaged in production, the textile workers of the United States, without exception, so far as I know, are satisfied with this schedule. Who is dissatisfied? Who are the men?

Of course the Senator from Iowa has always been a tariff reformer. I do not use the term in an offensive sense, but he has been in favor of lower duties all along the line. If he

were required to reconstruct our tariff, he would do it upon a different basis from what I would and what I think a majority of the Senate would. I do not find any fault with that, but I suggest to him that all these other interests and people are satisfied with this schedule. It does not necessarily follow, because he is dissatisfied, and a few other Senators are dissatisfied for any reason, that we must halt the public business and try the impossible task of reconstructing the schedules.

Mr. CUMMINS. I am not conscious of employing in my inadequate efforts any different principle from that which the Senator from Rhode Island adopts, although I reach very different results in many instances.

He asks who are dissatisfied? I have discussed the woolen schedule all over the State of Iowa, and even though it is attempted to be minimized here, our people believe that in the end, if duties are imposed that are unconscionable and too high, those who wear the woolen fabrics must pay the cost, and those people are therefore dissatisfied if those duties are too high. I understand, of course, the harmony between the woolgrowers as represented here and the woolen manufacturers. The truth is, as I analyze the situation, that the woolgrowers here are as helpless as were the beet-sugar producers in the schedule we were considering the other day. They do not dare to disagree with the Woolen Manufacturers' Association, just as the sugar-beet producers were compelled by their self-interest—I am not speaking of any compulsion other than the ordinary motive of the human heart and mind—to stand by and defend the iniquities of the American Sugar Refining Company, because they dared not proclaim their emancipation.

Mr. ALDRICH. I will say to the Senator from Iowa, what he probably may not be aware of, that the present woolen schedule—that is, Schedule K of this bill, of the existing law, of the act of 1890—was prepared more largely at the suggestions and under the control of the woolgrowers of the United States than of the woolen manufacturers or of any other force or power. I hope the Senator from Iowa will not misunderstand me. I am aware that for many years that Senator has been carrying on a campaign in his own State for lower duties. One representative of that State in this body had very much to do not only with regard to Schedule K, but the entire tariff legislation here. There was a marked, I perhaps might say, without being too strong, a wide difference of opinion between the late Senator from Iowa and the present Senator from that State. That difference was fought out before the people of Iowa, and the Senator from Iowa is now here.

In regard to the wool schedule, the people of Iowa are not particularly interested directly in whether the tariff on wool is high or low; but we have upon this floor ten or twelve Senators whose people are directly interested in the wool tariff, and those Senators are unanimous and enthusiastic in favor of maintaining the existing schedules. That those Senators represent in this matter their constituents, the woolgrowers of the country, I think the Senator from Iowa will not venture to deny. We have a large number of other Senators here who are protectionists, who believe in the protection on wool; and I shall try to voice their sentiments later on in the day, when I will show, I think to the satisfaction of every Senator, that these repeated amendments—everyone of them—have but one purpose and could have but one result, and that would be not to reform the wool and woolen schedules, but to destroy them.

Mr. CUMMINS. It would be vain for me to attempt to defend these amendments. They have been presented, defended, advocated with a wealth of reason and of argument and of fact that leaves me no opportunity whatever. The Senator will understand that I am not at the present time inquiring into the merits of these amendments. I am asking the Finance Committee—in view of the developments here, of the facts, that can not be disputed; that the manufacturer is receiving more than his compensatory duty; of the fact that the protective duty, so called, is more than can possibly be defended—to take this schedule, preserve its harmony, see that the structure is ample and fully bound together, so that it will be as secure as it ever was; to put it so that it can be defended before the American people, because if the American people are not satisfied with what you do, eventually they will overturn the structure which you are here rearing with such infinite care and patience.

Mr. ALDRICH. If I understand the present situation at all, it is something like this: These amendments have been offered. They have been supported, as the Senator says, with a wealth of eloquence and with a great many statistics and with a great many statements alleged to be facts. Whether or not they are, I will not stop now to consider. But this discussion has been going on. After this matter has been presented to every Member of the Senate, after it has been presented——

Mr. CUMMINS. Will the Senator pardon me for a moment? I yield the floor, as I have concluded what I wish to say.

Mr. ALDRICH. Then I also yield the floor. I am very desirous of getting a vote on this question.

Mr. WARREN. I should like to ask the Senator a question before he leaves the floor. I understand his contention to be that the manufacturers are receiving too much compensatory duty, coupled with a protective duty.

Mr. CUMMINS. That is what I have been driving at for the last hour and a half or two hours.

Mr. WARREN. I do not wonder that the Senator follows a line of that kind, because I myself followed it for a great many years, and there have been times, especially in my earlier consideration of this subject, when I figured it very much as the Senator figures it. But as I grew older and after a somewhat active business life I am inclined to judge more and more by final results. I think that is the safest way. I do not think the matter of technicalities enters into it so much as does the final result. We know what the final result has been to the sheepmen. We know that when we have had favorable tariff legislation they have succeeded, and when we have not had favorable legislation they have failed. They have demonstrated that if they are protected they can raise in this country every pound of wool consumed in this country.

On the other hand, we have been hearing of other lines of manufactures. We have heard of dividends on sugar. We have heard of dividends on oil. But I can not find in my investigation that the manufacturers of woolens have shown more than a reasonable profit, more than a reasonable interest earned; and if the Senator has any information, or any Senator has information, which proves that, taking it altogether, from first to last, the manufacturers of woolen goods have become multimillionaires or the sheep growers have become multimillionaires, then I am ready to change my opinion.

But I want to see some evidence, if somebody is getting too much compensatory duty or protective duty, that, after good management, he has made more than the ordinary rate of interest.

Mr. CUMMINS. Will the Senator from Wyoming vote for my motion if I show him that the woolen manufacturers have made more than a fair interest on their money?

Mr. WARREN. In the first instance, I will not, so far as his amendment is concerned, because that does not touch the question, his motion being simply a motion to rerefer to a committee; but I shall be very glad to have the Senator show me where this great profit has come in.

Mr. CUMMINS. I will be very glad to do so at some time. I want to know, inasmuch as the Senator from Wyoming has conceded the force of my argument, that the woolen manufacturers have made more than a fair share of the duty, and therefore I assume that he believes that this subject should be remitted to the Finance Committee for its further consideration—I want to know, if I show him that the woolen manufacturers, as a whole, have made more than a fair interest, if he will vote for this amendment?

Mr. WARREN. The Senator is exceedingly persuasive; but let me say to the Senator that I will vote for any proposition he may produce here that looks as if it would bring the finality he wants if he will show me that the woolen industry, taking it from the time it started up to date, considering its profits and losses, has more than it is entitled to in interest or dividends. If he does, I will vote for any change he may suggest.

Mr. CUMMINS. I am not half so persuasive as is the Senator from Wyoming, who says he will vote for whatever he wants to vote for, and nothing else.

Mr. WARREN. The Senator has not informed me whether he thinks the woolen manufacturers as a class, taken as a whole, and throughout a period of years, have made more than a reasonable profit.

Mr. CUMMINS. I believe their profits have been inordinate.

Mr. WARREN. I should like to have the evidence of that.

Mr. CUMMINS. I understand there have been some very unfortunate manufacturers. Certainly the carded-woolen manufacturers have been very unfortunate and very unprosperous, but there are reasons for that, as pointed out by my colleague.

There have been other ventures which may have proved to be failures, but the profits on properly conducted, wisely managed, woolen manufactures in this country have been greatly more than a fair interest upon the money invested.

Mr. BEVERIDGE. Will the Senator permit me to ask him a question before he takes his seat?

Mr. CUMMINS. Yes.

Mr. BEVERIDGE. The Senator from Wyoming has raised the question as to woolen manufacturers.

Mr. WARREN. I have not raised the question. It has been raised all the morning.

Mr. BEVERIDGE. You immediately called attention to it. I wish to ask the Senator from Iowa a question before he takes his seat. I think the statement of the Senator from Wyoming is pertinent. I will preface my question by summing up. It seems that the carded-woolen people have not prospered under the present law, for reasons pointed out by the senior Senator from Iowa, and not denied, coming down to the fact that the worsted people regard that as an antiquated method. But that does not seem to be true of the worsted manufacturers. The carded people, which includes all the little mills, or most of them, over the country, being in one class, are discriminated against, as it is claimed, by this bill. Will the Senator point out who the chief woolen manufacturer—what corporation is the chief woolen manufacturer in this country, and what is the extent of its manufacture?

Mr. CUMMINS. I have not the details before me. They have already been pointed out.

Mr. BEVERIDGE. Is it the American Woolen Company?

Mr. CUMMINS. The American Woolen Company. But the Senator from Wisconsin submitted all the statistics with regard to that.

Mr. BEVERIDGE. I was not here. I did not hear that. Otherwise I would not ask for a repetition of it.

Mr. CUMMINS. I am not prepared to duplicate the showing already made. All the observations I have made have been rather in the nature of gathering up——

Mr. BEVERIDGE. Surely.

Mr. CUMMINS. What has already been put before the Senate in the way of testimony, cementing it if I could into a harmonious whole.

Mr. BEVERIDGE. Is it true that it is the largest manufacturer?

Mr. CUMMINS. Undoubtedly.

Mr. BEVERIDGE. Is it true that it is chiefly engaged in the manufacture of worsteds as distinguished from the carded product?

Mr. CUMMINS. Wholly.

Mr. WARREN. I will say it is a manufacturer of both and not wholly of one.

Mr. BEVERIDGE. I said chiefly. Can the Senator in one word inform the Senate in regard to the extent of its business and its profit?

Mr. CUMMINS. I would much rather refer to the Senator from Wisconsin.

Mr. BEVERIDGE. So that, if the statements made by the senior Senator from Iowa are true, the net result will be that the schedule will operate in the future, as it has in the past, to the injury of the carded-wool manufacturer, who, I understand from statements made on the floor and not denied, includes most of the little mills throughout the country, and very much to the advantage of the worsted manufacturer, chief of which is the American Woolen Manufacturing Company. I want to get it clear in my mind.

Mr. CUMMINS. The Senator has stated it accurately.

Mr. DOLLIVER. The Senator has omitted the fact that the American carded-wool people have the largest pay roll.

Mr. WARREN. And the largest carded-wool mill in the country, and perhaps anywhere in the world, is one owned and erected by the American Woolen Company—the Asabet mill.

Mr. CARTER. Before the Senator from Iowa resumes his seat, I should like to ask him a question, with the permission of the Senator from Wyoming.

Mr. CUMMINS. I yield.

Mr. CARTER. We have passed the metal schedule, to which the Senator from Iowa filed objections. We have passed the cotton schedule, contrary to his views of right and propriety, and a number of other schedules, all of which the Senator opposed.

Mr. CUMMINS. I will not assent to the statement just made. I have found some objections to each of those schedules, but not to all of the items in those schedules. I have attempted to be discriminating in my objections as we have passed along.

Mr. CARTER. None of the schedules referred to met the approval of the Senator in all particulars.

Mr. CUMMINS. That is quite true.

Mr. CARTER. It appears that the woolen schedule does not meet his approval in all particulars——

Mr. CUMMINS. You might broaden that a little.

Mr. CARTER (continuing). But does in some. I desire to ask the Senator why it is, with the number of schedules objectionable, each in its way, in some particular, the Senator from Iowa selects the woolen schedule alone to be recommitted for the purpose of being reframed?

Mr. CUMMINS. Simply because there is in the woolen schedule a fallacy that is not found in any other schedule in the tariff bill. There is no other schedule in which there is an attempted separation of a so-called "compensatory" duty from a protective duty, and in the other schedules we are compelled to allow the protective duty to embrace all the factors or elements in it with regard to which the American manufacturer needs protection. With regard to the woolen schedule there is injected a separate duty which is called "compensatory," which is so—no; I will not use the word which comes to my lips—but which is so unjust and indefensible that I thought it was my duty to object to it.

Mr. BEVERIDGE. Mr. President——

Mr. CARTER. Mr. President, if the Senator will permit me——

The PRESIDING OFFICER (Mr. GALLINGER in the chair). The Chair will admonish Senators to address the Chair. The Chair for the last ten minutes has not known who was entitled to the floor. The Senator from Montana had the floor.

Mr. CARTER. I will yield it in a moment. Schedule K, known as the "woolen schedule," does not embrace anywhere the word "compensatory." That is a phrase used to define a thought arising from the schedule itself. Specific duties are assessed which we, for convenience, call "compensatory duties," and then comes the assessment by the yard or an ad valorem based upon what we call the "manufacturer's protective duty;" but I understand that this arrangement extends through all these schedules without any exception.

Mr. ALDRICH. Absolutely.

Mr. CUMMINS. In a broad, comprehensive way it does. You have referred to the metal schedule. Let us take it. We will take the iron ore, supposed to have a duty of 25 cents a ton upon it. Its next form is in pig iron. It is proposed that there shall be a duty of $2.50 upon pig iron. That advance, it is imagined, covers the transformation, if you please, of iron ore into pig iron. From pig iron it is converted into steel ingots, and the ingots bear a higher duty on account of that advance; from ingots into billets, from billets into rods, from rods into wire, from wire into nails.

Mr. OLIVER. Mr. President——

Mr. CUMMINS. I understand what the Senator from Pennsylvania means; and I agree, and I shall point out presently that there is just as fatal a mistake in the metal schedule as there is in the woolen schedule, and the Senator from Rhode Island will recognize it when I say that this committee has reported a duty of $5 a ton on wire nails, when the duty on the very rods out of which the wire comes has double the duty on wire nails.

Mr. ALDRICH. Does the Senator from Iowa think that a correction of that mistake is a part of the work of tariff revision which we are called upon to do by the fact that we are here?

Mr. CUMMINS. I think so.

Mr. ALDRICH. Does not the Senator realize that when he makes that statement he is conceding the right and the justness of the committee taking care of all these defects?

Mr. CUMMINS. Precisely, and that is why I want you to take this schedule back and correct just as radical, just as obvious, a mistake as there is in the metal schedule which I have just pointed out.

It is just as bad and indefensible. I do not want you to understand—I will reach that in a moment—nor do I want the Senate to understand that I think this correction in the metal schedule should be by lifting up the duty on wire nails. It should be by graduating the material which finally passes into wire nails. But I know you will do that. I know the Finance Committee will not leave the metal schedule in that way, and I hope you will not leave the woolen schedule in the way in which we have found it to be.

Mr. ALDRICH. Is the Senator willing to admit that in any case a revision to cure defects might be a revision upward?

Mr. CUMMINS. I am quite willing to admit it.

Mr. ALDRICH. Upward?

Mr. CUMMINS. Upward. I am willing to admit it.

Mr. ALDRICH. I am very glad to hear that admission.

Mr. CUMMINS. You have heard it a score of times since the revision began. Possibly, however, the Senator may not have been in the Chamber. I recognize the rule we have adopted in the revision of the tariff. I recognize that in some instances—they are not numerous, of course—there ought to be an increase in duties. You will not find me objecting to an

increase of duties unless I can show good reason why they should not be increased.

Mr. ALDRICH. I can not for the moment remember of any single instance in which the Senator from Iowa voted for an increase of duty. There may have been some, but I am not mindful of them at present.

Mr. CUMMINS. I have allowed to pass over here without any objection on my part a score, aye, two score, of increases that came from the committee and which I believed to be just, and, therefore, of which I made no complaint.

Mr. WARREN. Mr. President——

The PRESIDING OFFICER (Mr. GALLINGER in the chair). Does the Senator from Iowa yield?

Mr. CUMMINS. I am glad to yield the floor if my cross-examiners will discharge me.

Mr. WARREN. If I may be granted one moment, I understood that I had the floor to ask a question of the Senator from Iowa while he had the floor, and I supposed I yielded to the Senator from Indiana and to others.

Mr. CUMMINS. May I excuse myself to the Senator from Wyoming by the statement that I waited what seemed to me a reasonable time for the question to appear, and the Senator from Wyoming seemed to be stating in his clear and felicitous way the argument upon his side of the case. Therefore I withdrew, in order that his argument might have full force and effect.

Mr. WARREN. The question I wished to ask the Senator from Iowa was whether the Senator could cite us to a continuation of successes on the part of either manufacturers or woolgrowers that would be proof that either one of those avocations have been overprofitable, taking them from the foundation of the business in this country to the present time or for any considerable length of time. Back in the Senator's remarks where he was dealing with profit the question was apropos, but it has been deflected by the interruptions.

I merely want to make this observation, and I will not ask the Senator to answer it unless he desires. I think you may start at the Atlantic and go to the Pacific, and from the Canadian line to Mexico, and you will hunt in vain to find any over-rich men or corporation, any multimillionaires who have been engaged in the sheep business. I think you may start following the same lines, and you will find very few, if any, multimillionaires who made their money in the manufacture of woolens. There have been years when the manufacturers of woolens have made large profits, and there have been years when they made losses, and submitted the figures to show it. I submitted the figures a day or two ago regarding the largest woolen manufacturing company in this country, and it is a manufacturer of both carded woolens and worsted. The statement shows that this corporation has never paid dividends upon any of its stock, except 7 per cent per annum upon its preferred. The company has had at times, covering the ten years or so of its existence, a surplus varying from nothing to perhaps 15 per cent of its capital. It has taken from or added to this each year, according to whether the business made losses or gains. For the year 1908 it had to take over $1,200,000 from the surplus in order to meet the 7 per cent upon its preferred stock, and the remaining surplus is doubtless less than what ought to be charged out as depreciation of plant.

Now we will turn from the manufacturer to the sheep grower, and I will speak of that which I know, because I was present at the board that made the necessary entries in the books, to distribute dividends or assess losses. In one case it was a profit and in the other a large deficit. The same people, interested together in sheep growing and doing business in the same way, under the law of 1867, made, in a five years' run, 180 per cent, and divided that among those interested in the business.

The same people, with two or three more added at a later date, and doing business in the same way, only on a larger scale, wrote off their books in one entry six hundred and fifty-eight thousand and some dollars, as a loss occurring in less than four years because of the Wilson-Gorman law. On the average that concern has not made over 6 per cent per annum upon its money from the time it started to the present date, and yet it could be truthfully reported as having made thirty-odd per cent per annum not for one year alone, but for three or four years successively in one particular period.

I look at general results. If this country were filled with multimillionaires, if we had a wealthy class of that description grown up out of the manufacture of woolens, it would show that it had been a profitable business, an overprofitable business, but I have not seen any figures and I can not find any, and I do not believe any Senator can submit any that will show that that industry as a whole, covering a period of years, has made anything more than a reasonable interest upon the capital invested.

Mr. RAYNER. Mr. President, I desire to explain my vote on the pending amendment. During the roll call, under the rules of the Senate, we have no right to explain our votes. I intend to vote in favor of the amendment, on the ground that it reduces instead of increases the duty on raw wool. I do not want to increase the duty on raw wool.

I find on page 3058 of to-day's RECORD that the senior Senator from Texas [Mr. CULBERSON] put this question to the Senator from Wisconsin:

> But as to raw wool, as I understand, the amendments propose rates slightly in advance of the Dingley rates.

The Senator from Wisconsin answered:

> A fraction of 1 per cent in advance.

Then again the Senator from Wisconsin said:

> The average ad valorem duty on raw wool is less than 45 per cent. My amendment proposes a duty of 45 per cent on wool, which is a little higher than the average.

I have made a calculation, which has been verified, and I think the Senator from Wisconsin was mistaken. I think instead of raising the duty on raw wool he reduces it by a slight percentage. It is upon that belief that I propose to vote for his amendment, because if I thought it would increase the duty on raw wool, I am very frank to say that I would vote against it.

Mr. DOLLIVER. Mr. President, in view of the fact that the chairman of the Committee on Finance, who announced an intention to discuss the amendment which has been offered, is evidently inclined to postpone the discussion until after it has been disposed of by the Senate, I intend just before this vote is taken to say a few things which are intended as a sort of farewell address as far as I am concerned on this wool schedule.

The chairman of the Finance Committee said a moment ago that the effect of the amendments which I had offered and which yesterday met the common fate that sometimes happens in this world to good and evil alike operated to entirely destroy the framework and the system of the wool schedule. I was sorry to hear the honored chairman of the Finance Committee say that, after I had spent so much time putting the amendments in harmony with the scheme of Schedule K as it has come down to us from our ancestors.

The amendments which I proposed retained every outpost of this so-called "citadel of protection." I proposed simply to abolish an obsolete and, as I think I showed, disadvantageous distinction between the classes of clothing wool. I proposed to make the compensatory specific duties of the existing law applicable to the wool contained in imported cloths. And yet on reading the debate yesterday, for I have felt it my duty not only to listen to it but to read it, I find an evident misunderstanding or misinterpretation of the amendments proposed by me fixing the duty on the wool contents of woolen goods. I certainly ought not to have been understood to say that there was anything in the amendments which necessitated the ascertainment of the particular kind of wool which the completed fabrics are composed of. Yet the Senator from Utah [Mr. SMOOT], in answering me, and I think the Senator from Rhode Island also, claimed that it was impossible to ascertain the kinds of wool, whether pure wool or noils or wastes, in the finished goods. That is, of course, so; but there is nothing in the amendments which I proposed that requires the ascertaining of any of these things.

The amendments merely proposed to apply the wool rates of 33 cents or 44 cents per pound to the weight of the wool found upon examination to be in the cloth or other article, regardless of whether such wool is of the first or second classes, or noils or wastes. These wool rates are just the same as at present, and there certainly is no necessity in either case to find out the kinds of wool which enter into the finished articles.

In the case of mixed wools, shoddy, wastes, noils in finished goods, my amendments would operate precisely as at present, as the rates of duty are the same, and would be applied to all the animal fibers found in the goods, regardless of their quality, just as at present. Moreover, I have adhered to the same dividing lines of values adopted in the present law. I have also retained the same ad valorem rates as now in the law, in order to fully cover the materials and cost of production which might enter into the fabrication of the finished goods, a fact which the Senator entirely overlooked in criticising the amendments, as he seemed to think that the cotton or other vegetable contents of the goods would not receive any duty. This ad valorem duty of 50 per cent applies to the values of the finished goods, and necessarily covers all its ingredients, even the wool contents, besides the specific wool duties. And as the 50 per cent ad valorem is one of the highest ad valorem

rates in the tariff, it fully compensates for any vegetable fibers found in the goods. Yet it was stated that if the amendments which I offered were adopted, every piece of goods would have to be analyzed, in order to ascertain the weight of the wool contained therein, and the honored chairman of the Finance Committee gave the Senate the weight of his great authority to show the thing was visionary and impracticable and impossible of administration. Yet, Mr. President, does every ton of lead or zinc ore have to be sent to the New York laboratory to assay its contents to find the exact percentages of contents, and so forth? Does every piece of cotton cloth have to be examined microscopically, every inch of such goods, to rightly determine the number of threads to the square inch? Does each yard of silk goods have to be analyzed to determine the various details necessary to properly fix the duties? All such articles, subjected to specific duties based upon the various conditions or contents, are left in this bill, exactly the same situation in which I have proposed to leave articles that are composed in whole or in part of wool.

I have said this because I do not desire the impression to go abroad that I was contemplating any disturbance of the framework of Schedule K. I was trying to repair it, or seeking to do so, and to improve it, but if every amendment which I suggested had been adopted, the framework, the scheme, of Schedule K would have been found fitted to all of them.

But these amendments have all been rejected, and now the distinguished Senator from Wisconsin, whose speeches on this floor have reflected days of toil and research, altogether creditable to the office of Senator of the United States, has offered a series of amendments differing somewhat in form, although not generally differing in purpose, from the things which were in my own mind, in connection with the amendments which I offered upon yesterday.

It is to be regretted that so many of them are to be put together and to be disposed of in one vote. It would be a very useful work for the Senate to take up each one of them and analyze it with care and with skill. We will probably not be able to do that. It is sufficient to say that the Senator proposes a straight ad valorem upon wool. The scheme which I proposed undertook in a general way to equalize the duty on wool of the first and second classes by stating it proportionally in the ratio of the shrinkage of the raw wool; but in view of the fact that wools which have the same shrinkage sometimes have a variation in value, it will be seen at once that the scheme which I had in mind was not in any sense a perfect ad valorem scheme. It equalized only the shrinkage and left out of the calculation the inequalities that would remain by reason of the differences in value, which sometimes appear in case of the same shrinkage.

The Senator from Wisconsin has carefully calculated the ad valorem equivalent for the present duties which have existed in our laws year after year and have operated fairly well. He has proposed an ad valorem assessment of 45 per cent. If I had been writing the amendment, I would have put it a little higher, in order to cover certain possible vicissitudes in the wool trade, which appear from an examination of the statistics sometimes in the most eccentric fashion. Nevertheless, he substantially reproduces in an ad valorem statement the existing duties upon raw wool, and then by a calculation, aided by experts of our own Government, he has fixed the manufacturers' protective duty and the corresponding compensatory duty upon what appears to be an orderly, scientific basis—a basis which we have a right to look to in the settlement of such a question.

Nobody, so far as I can find out, came before either the Committee on Ways and Means or the Committee on Finance to give a definite foundation for any man's opinion as to what the relative cost of production in the United States and the countries which compete with us actually is. Mr. Whitman, president of the American Woolen Manufacturers' Association, who was the chief witness before the Ways and Means Committee of the House, not only refused to go into that question, but he solemnly told the committee that the question was an idle one, impossible of solution. He said:

> We should have been glad to furnish you with information relating to comparative costs of production of woolen goods in foreign countries and the United States, but this is unobtainable. Our manufacturers are not admitted to the factories of Europe, and it is not possible to secure reliable details from foreign manufacturers regarding either costs, operations, or systems of production. Every avenue of information regarding the foreign wool manufacture is jealously guarded from American inquiry by foreign manufacturers; but even if we were granted every opportunity for investigating costs of production both abroad and at home, we do not believe the results would assist you in revising the woolen tariff under conditions that now exists in the industry.

So here we have the spokesman of these great interests seriously telling Congress not only that it was not possible to find out the cost of this production in other countries, but he also said that it was impossible to find out the cost of production here, and adding, with a cynicism that is almost humorous, that even if we could find out the relative cost of production, it would be of no importance in the work which we are now trying to do in the Congress of the United States.

I do not go as far, possibly, as my honored friend from Wisconsin in following this method of determining what the duties ought to be. I expect I am a little more radical in my attachment to the protective doctrine, at least in some particulars, than many of my associates here. I have always held that even if the level of production between two countries is the same, nevertheless such a country as this, with such a market as we have, is entitled to an advantage of a substantial character, even in doing business with a competing country upon the same industrial level with ourselves, for the reason that there are ups and downs in the business of all countries, and there are now nations in the world that are making a specialty of their export business. They have given bounties to stimulate exports. They have subsidized the merchant marine with advantages in favor of the exports of home production. They have given over the use of state railway systems to help out the export trade, by giving it favorable rates compared with the rates commonly enjoyed by citizens in the ordinary business of the country. There are evil times in the business of the world when markets which are accessible are made the receptacle of the remnants of stocks that can not be sold at home, and it is that system of modern business which sometimes dumps vast masses of merchandise upon unprotected market places that has broken down the doctrine of free trade in England.

Not long ago Mr. Chamberlain made speeches in all the great cities of England and Scotland on the reformation of the British revenue laws. They form a book nearly as large as that book [exhibiting], which contains this tariff bill, with the notes and comments attendant upon it. All of them were long speeches, all of them practically on the same subject, and the bound volume of these discourses exhibits Mr. Chamberlain—now at the end of his great career, entering the valley of the shadow of death—in the days of his strength, one of the greatest popular orators who ever spoke the English tongue, especially in his dealing with the practical everyday questions that relate to the business and welfare of the community of which he was a part. His proposition was to put around the little island a protective wall, a tariff of 10 per cent ad valorem, not particularly for the purpose of aiding home industries, but to prevent the competitors of English factories in other countries from using that English market place as a dumping ground for their surplus products in evil times, thereby breaking down the industrial interests of the nation.

I welcome that as a new evidence of the fact that the doctrine of protection, world-wide in its acceptance, embracing now, as it looks to me, all parties in the United States, is about to enter upon a new era of rational and systematic and just application to all the market places of the world, and especially to the market place of our own country.

So I am not sure that my honored friend from Wisconsin has taken into account all the elements that ought to enter into this problem, but I do know with what fidelity he has studied it. I do know that, without regard to weariness and the loss of sleep, day and night, he has pursued the problem which ought to have been solved for us by those who are charged with direct responsibility for this business in the Congress of the United States. Therefore, as a protest against Schedule K, as an evidence that I still demand its reexamination, in the light of all the facts and all the attendant circumstances connected with it, I shall cheerfully cast my vote for the amendments that have been offered by the Senator from Wisconsin.

The PRESIDING OFFICER (Mr. GALLINGER in the chair). The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. STONE. Mr. President, I have no wish to address the Senate on the pending schedule, but I wish to inquire of the Chair whether the junior Senator from Iowa [Mr. CUMMINS] has submitted a motion to recommit the schedule.

The PRESIDING OFFICER. The Chair understands that the motion to recommit has not been made.

Mr. STONE. Then the pending question is upon the amendment of the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator is correct.

Mr. STONE. Mr. President, just a word.

The amendments of the Senator from Wisconsin were submitted only a short while before we adjourned last night, and the adjournment was taken about 11 o'clock. The amendments were read from the Secretary's desk and printed in the RECORD

this morning. We had no opportunity to examine the amendment or amendments until this morning, about the time the Senate reassembled.

In looking over the amendments as well as I could without assistance, it is evident that they cover practically the whole of this schedule and constitute an entirely new scheme, not only as to the form in which the duty is to be levied, but also in other important particulars.

Mr. President, much just complaint has been made here about the haste with which the Finance Committee has driven the Senate along in the consideration of the pending bill, and without giving sufficient opportunity to Senators to intelligently examine its provisions. The Senator from Wisconsin has now submitted a plan wholly different from that embodied in the bill, and we are asked to pass judgment upon this plan with only an hour or two within which to examine it. At the very start there are two or three things perfectly evident. The bill which passed the House of Representatives, and as it came to the Senate, made numerous material reductions in the Dingley rates as applied to various paragraphs of this schedule. The Senate Committee on Finance has stricken out those House reductions and in every instance restored the rates carried in the Dingley law. I have looked into the rates proposed in the sweeping amendments submitted by the Senator from Wisconsin—that is, as well as I could under the circumstances—and I find that in some instances he has increased the Dingley rates and in some instances has reduced them.

Mr. President, for myself I am earnestly and aggressively in favor of a substantial reduction of the rates prescribed by this schedule below the rates fixed in the Dingley law. If the scheme presented by the Senator from Wisconsin, taken as a whole, is a substantial reduction below the rates fixed in the Senate bill or the present law, then, from my point of view, it is preferable to the Senate bill. But I would like to know if it is also a substantial reduction below the rates fixed in the bill passed by the House.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. STONE. Certainly.

Mr. LA FOLLETTE. Mr. President, the amendment which I have offered is substantially the rate of the existing law on all raw wool. The House bill left the rate of the existing law on all raw wool. On all manufactured products it is a substantial reduction, based upon the carrying over into the manufactured products as a compensatory duty the ad valorem of 45 per cent on the high-class goods and 35 on the low-grade class goods, which it provides for the raw product. That compensatory duty carried over into the manufactured product is a substantial reduction in the compensatory specific duty which is fixed by the existing law. The House bill left the same specific duties on all manufactured products except flocks. So, Mr. President, the amendments which I have offered here present the most substantial reduction which has been offered to this Senate for their consideration during the pendency of this bill.

I will say that these amendments are based upon the most careful investigations which have been conducted by impartial experts employed by the Government, whose testimony has been furnished not only to the Department of Manufactures, but was also laid before the Committee on Ways and Means of the House of Representatives, and is the only impartial testimony which has been furnished as bearing on Schedule K in this whole proceeding.

Mr. STONE. Mr. President, last night the Senator from Wisconsin stated that the general average on wool as provided in his amendments would be a fraction of 1 per cent above the general average fixed by the present law, treated from an ad valorem standpoint.

Mr. LA FOLLETTE. Mr. President——

Mr. STONE. Now, if the Senator will pardon me just a second, I have taken his amendments this morning and compared the ad valorems he fixes with the ad valorems stated in the present law and in the Senate bill, which are the same. I have compared the ad valorems fixed in the amendments of the Senator with the ad valorems set forth in the statistics which have been furnished us from various official sources, and I discover that in some cases the ad valorem fixed by the Senator from Wisconsin on wool is less than that——

Mr. LA FOLLETTE. I understand.

Mr. STONE. It is less in some cases than that we find in the present law and in other cases it is greater. Is the general average on wools proposed by the Senator larger than the general average of the present law?

Mr. LA FOLLETTE. As I calculate it, Mr. President, it is a shade more, a small fraction of a per cent; but the Senator from Missouri will understand that that was based upon the importations of 1907. The importations are varying always, and the ad valorem rises and falls with the importations; but 45 per cent is substantially, taking one year with another, the duty upon raw wools, combining the first and second classes together. So it is fair to say that as a proposition to write into a statute that is to go along year after year, it is substantially the law of to-day, you might say exactly the law of to-day, as applied over a long series of years.

Mr. STONE. Mr. President, I have not attempted to strike the average, for that would be difficult without expert assistance, but the Senator from Wisconsin, having such assistance, has struck the average. But as I view it, after the hasty examination I have been able to give it, it seems to me that the general average of the rates proposed by the Senator from Wisconsin on the various grades of wool is lower than the present average, and certainly not higher than the present average as it will run from year to year. His amendments would leave wool substantially where it is under the present law. But upon manufactured fabrics made of wool, while there appear to be occasional increases, yet, taken as a whole, the amendments proposed by the Senator would make very material reductions in the existing rates. The present rates are extravagantly high, and although I do not think that the proposals of the Senator from Wisconsin go far enough, they seem to me to be a good, long step in the right direction. Because I so believe, Mr. President, I shall vote with the Senator from Wisconsin.

The VICE-PRESIDENT. The question is on the amendments proposed by the Senator from Wisconsin [Mr. LA FOLLETTE], on which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. FRYE (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. DANIEL], who is at his home ill. My colleague [Mr. HALE] is also at his home ill. I transfer my pair with the Senator from Virginia to my colleague, and shall vote. I vote "nay." I shall not make this announcement again during the day.

Mr. JONES (when his name was called). I am paired with the junior Senator from South Carolina [Mr. SMITH] on all votes to-day. I make this announcement for the remainder of the day.

Mr. McLAURIN (when his name was called). I transfer my pair with the junior Senator from Michigan [Mr. SMITH] to the junior Senator from Indiana [Mr. SHIVELY], and vote. I vote "yea."

Mr. GORE (when Mr. OWEN's name was called). My colleague [Mr. OWEN], if present, would vote "yea."

The roll call was concluded.

Mr. TALIAFERRO. I wish to announce that my colleague [Mr. FLETCHER] is unavoidably absent from the Senate. He has a pair with the junior Senator from New Jersey [Mr. BRIGGS] on this vote.

Mr. KEAN. My colleague [Mr. BRIGGS] is necessarily absent. He is paired, as has just been stated, with the Senator from Florida [Mr. FLETCHER]. If present, my colleague would vote "nay."

Mr. McLAURIN (after having voted in the affirmative). With the permission of the Senate, I will withdraw my vote and observe my pair with the Senator from Michigan [Mr. SMITH].

The result was announced—yeas 32, nays 44, as follows:

YEAS—32.

Bacon	Clapp	Hughes	Owen
Bailey	Clay	Johnston, Ala.	Paynter
Bankhead	Cummins	La Follette	Rayner
Beveridge	Davis	Martin	Simmons
Bristow	Dolliver	Money	Smith, Md.
Brown	Foster	Nelson	Stone
Burkett	Frazier	Newlands	Taliaferro
Chamberlain	Gore	Overman	Tillman

NAYS—44.

Aldrich	Crawford	Gallinger	Penrose
Borah	Cullom	Gamble	Perkins
Bourne	Curtis	Guggenheim	Piles
Brandegee	Depew	Heyburn	Root
Bulkeley	Dick	Johnson, N. Dak.	Scott
Burnham	Dillingham	Kean	Smoot
Burrows	Dixon	Lodge	Stephenson
Burton	du Pont	McEnery	Sutherland
Carter	Elkins	Nixon	Warner
Clark, Wyo.	Flint	Oliver	Warren
Crane	Frye	Page	Wetmore

NOT VOTING—15.

Bradley	Daniel	McCumber	Smith, Mich.
Briggs	Fletcher	McLaurin	Smith, S. C.
Clarke, Ark.	Hale	Richardson	Taylor
Culberson	Jones	Shively	

So Mr. LA FOLLETTE'S amendments were rejected.

The VICE-PRESIDENT. Without objection, the paragraphs down to 330——

Mr. CUMMINS. Mr. President, I desire at this time to present a motion——

Mr. ALDRICH. I hope the Senator will allow the declaration to be made by the Chair.

The VICE-PRESIDENT. Simply to have the paragraphs agreed to as amended. That is all. Then the Chair will recognize the Senator.

Mr. CUMMINS. My motion, Mr. President, was that if we are going to recommit this schedule to the Committee on Finance, it had better be done before the paragraphs are agreed to by the Senate.

Mr. ALDRICH. No; these paragraphs were reconsidered by unanimous consent solely for the purpose of allowing these amendments of the Senator from Wisconsin to be voted upon, and I ask that they——

The VICE-PRESIDENT. The paragraphs being agreed to would not prevent the Senator from Iowa from offering his motion thereafter.

Mr. ALDRICH. A motion to recommit would be just as much in order then.

The VICE-PRESIDENT. Without objection, the paragraphs to which the amendments were rejected will be agreed to. The Chair hears no objection.

Mr. GORE. Mr. President——

Mr. ALDRICH. Mr. President, I addressed the Chair some time ago.

The VICE-PRESIDENT. The Chair desired to know whether the Senator from Oklahoma wished to object.

Mr. GORE. I merely wish to inquire the numbers of the paragraphs included in the announcement.

The VICE-PRESIDENT. Down to paragraph 380.

Mr. GORE. I wish to offer an amendment to paragraphs 370 and 375 before they are finally agreed to.

The VICE-PRESIDENT. Would it be——

Mr. ALDRICH. I object to this manner of procedure. These paragraphs were understood to be reconsidered simply for the purpose of permitting the Senator from Wisconsin to offer some amendments with respect to them; and I ask that the paragraphs be now agreed to. They have been agreed to, I think.

The VICE-PRESIDENT. Is there objection to the request?

Mr. GORE. Mr. President, I object. I have two amendments which I desire to offer.

The VICE-PRESIDENT. Then the Chair will put the motion. The Senator from Rhode Island moves that the paragraphs——

Mr. ALDRICH. Mr. President, that ought not to be necessary.

Mr. BACON. I rise to a point of order.

Mr. ALDRICH. These paragraphs were only reconsidered for that purpose, and for that purpose alone. If we can not do business by unanimous consent in the Senate without having somebody, after the thing is done, interpose an objection, we had better find it out. I consented frankly and freely to the suggestion of the Senator from Wisconsin to have all these paragraphs reconsidered. Of course we could have insisted upon a vote upon them; and then they would not have been reconsidered at all. The last vote settled that. I hope the Senator from Oklahoma will not try to interfere with what has been the unbroken custom of the Senate with reference to these matters.

The VICE-PRESIDENT. The Senator from Oklahoma will still have an opportunity to present his amendments——

Mr. GORE. I certainly have no disposition to violate the unanimous-consent agreement, but I will say to the Senator from Rhode Island that I think the amendments will only occupy a few moments, and it might be just as well to dispose of them now as when the bill gets into the Senate.

Mr. ALDRICH. After these paragraphs have been agreed to as they have been heretofore adopted, then I shall have no objection to considering the amendments to which the Senator from Oklahoma refers.

The VICE-PRESIDENT. Is there objection to the request? The Chair hears none, and the paragraphs are agreed to.

Mr. ALDRICH. Mr. President, I have a few remarks to make upon the nature of some of these amendments. If the Senator from Iowa desires to——

Mr. BACON. The Senator from Rhode Island will remember that it was agreed that I should offer certain amendments which I have prepared.

Mr. ALDRICH. Undoubtedly. I only want to occupy the attention of the Senate for five or ten minutes in the discussion of one of the amendments on which the Senate has just voted.

Mr. BACON. I certainly have no objection to that. My object in rising was that I understood the Senator from Iowa [Mr. CUMMINS] was about to make a motion to recommit, and I desired my amendments acted upon before that was done.

Mr. ALDRICH. I think the Senator from Georgia is right in that. I think the amendments of the Senator from Georgia ought to be disposed of first.

Mr. CUMMINS. I withhold my motion to recommit until whatever amendments are desired to be submitted shall be submitted and acted upon; but before we pass from the schedule I want a chance to offer my motion to recommit.

Mr. BACON. Mr. President——

The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Georgia?

Mr. ALDRICH. I do.

Mr. BACON. I think, Mr. President, the amendments which I have to offer are probably in order at this time. The Senator from Rhode Island does not wish to discuss any pending amendment, and his remarks can be made just as well after my amendments are offered.

Mr. ALDRICH. But I want to make some remarks while this vote is fresh in the minds of the Senate, and I think I am entitled to the floor for that purpose.

The VICE-PRESIDENT. The Senator from Rhode Island has the floor.

Mr. ALDRICH. Mr. President, the suggestion of the Senator from Iowa [Mr. CUMMINS] was more or less to the effect that the Committee on Finance has not properly considered this schedule. He also suggested that the amendments which have been offered were in the nature of reform amendments. I do not intend to take the time of the Senate to discuss but one of them, and that the amendment upon which the Senate has voted providing for the imposition of a duty of 45 per cent ad valorem upon wools of the first and second class. I say—and I think I will be able to show—that this amendment is in violation of the platform declarations of both political parties and of every political party; that it violates the theory upon which the protective policy is based; and it also violates the theory upon which free trade or tariff reform is based. The effect of this amendment upon wools of the first class is to practically reduce the duties one-half. The effect of the amendment as it applies to wools of the second class is to increase the duties considerably, at least 2 cents a pound upon the basis of the importations of last year.

The protective theory, as we have always supposed and as it has always been voted for in the Senate, is based on the idea that the duties should be equivalent to the difference in the cost of production in this country and abroad. The duty as proposed by the amendment to which I now refer, so far as it applies to first-class wools, puts the woolgrowers of the United States at the mercy of their competitors abroad.

A few years ago foreign wools of the first class were offered for sale in this country and sold at a price of from 10 to 11 cents. Forty-five per cent of that is from 4½ to 5 cents a pound, instead of 11 cents, as imposed by the law and imposed by the committee amendment—4½ to 5 cents a pound at a time when the woolgrowers of the United States were threatened with destruction on account of the incursions of foreign wools. At such a time as that, if we were to have a change in the rates, it ought to be an increase, instead of a decrease. The amendment takes this duty of 11 cents a pound, in other words, a specific duty, such as has been imposed by all protective tariffs from time immemorial, and reduces it in the name of reform one-half.

Senators may say that is a very exceptional case. Within a few years cross-breed wools have been quoted in foreign markets at 9 cents a pound. By this amendment the duties would be reduced from 11 cents a pound to between 4 and 5 cents. I have on my desk the present quotations of foreign wools in the last number of the London Economist, which has just reached here, showing that the average price of grease wools from the Cape is from 7¾ to 8 pence per pound, or in the neighborhood of 15 or 16 cents. Forty-five per cent of that would be a duty of from 6 to 7 cents a pound, instead of 11 cents a pound.

These wools do not come to the United States in competition with our wools now. Why? Because Congress in its wisdom has erected a barrier to keep them out. None of them are now imported. For whose benefit? For the benefit of the woolgrowers of the United States.

These Cape wools, as I have said, are quoted at from 7¾ to 8 pence. I have before me also a statement of the price of South

American wools for the December sales of 1907, the only figures available. The sales averaged from 4¾ pence to 8 pence, and the highest price of the whole lot was 8 pence per pound, or less than 16 cents. I use round figures for illustration. That would mean a duty of 7 cents a pound, instead of 11 cents. The duties on all the wools upon which it is the policy of Congress, and always has been the policy of Congress, to impose protective duties are proposed to be reduced nearly 50 per cent by this amendment, which has received the votes of Senators upon both sides of the Chamber.

I should like to know what my friend from Iowa [Mr. CUMMINS] and my friend from Indiana [Mr. BEVERIDGE] are going to say in their protective speeches in this country. How are they going to explain their votes in reducing the protection which is afforded the woolgrowers of the United States from 40 to 50 per cent by their action in this matter?

Mr. CUMMINS. Mr. President——

The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Iowa?

Mr. ALDRICH. I do.

Mr. CUMMINS. The Senator from Rhode Island will find out what the Senator from Iowa will say immediately. In my remarks this morning I stated directly and positively that I favored a specific duty on wool.

Mr. ALDRICH. The Senator was not recorded that way in the vote which has just been had.

Mr. CUMMINS. I did not speak for a reduction of the duty on wool; and the motion that I was attempting to make contained in its first paragraph an instruction to the committee to report the duty on wool unchanged. I voted on the amendments offered by the Senator from Wisconsin——

Mr. ALDRICH. I am afraid the Senator's explanation will be too long, and I have promised the Senator from Georgia [Mr. BACON] that I would consume but a brief time——

Mr. CUMMINS. No; it will not. I voted for all the amendments of the Senator from Wisconsin, because they were to be voted for en bloc. It was solely——

Mr. ALDRICH. Mr. President——

Mr. CUMMINS. I do not believe primarily in an ad valorem duty on wool, and have so stated over and over again.

Mr. ALDRICH. I think the Senator's apology will be accepted here.

Mr. CUMMINS. Mark you, Mr. President, I have made no apology.

Mr. ALDRICH. I will have to ask the Senator to excuse me.

Mr. CUMMINS. Nothing that I have said can be construed in that way.

Mr. ALDRICH. Now, I will have to ask the Senator to excuse me from further colloquy in that connection. The votes of the Senator from Iowa, the Senator from Indiana, and of a number of other Senators who have heretofore been and are now, I assume, protectionists will have to be explained on the stump to the people who are interested in this wool business.

Mr. CLAPP. Mr. President, if the Senator will pardon me——

Mr. ALDRICH. I will pardon the Senator, but I must go on.

Mr. CLAPP. I merely want to say it will keep us much busier explaining somebody's else votes. [Applause in the galleries.]

The VICE-PRESIDENT. The Chair will again admonish the visitors in the galleries that they must not indulge in any demonstrations of approval or disapproval.

Mr. ALDRICH. Mr. President, my votes on this schedule and upon this bill certainly will need no explanation to myself, and I am quite sure that they will need no explanation to my constituents, to whom I am directly responsible; but I say again that those Senators who are protectionists, who have been especially insistent that the farmers of this country should be protected by tariff duties, and who have been appealing to the farmers who have sheep, who produce wool, and who are entitled to protection in every community of the land—that those Senators, for the purpose of trying to bring about a reform upon the tariff bill which is now under consideration and to secure revision according to their ideas, are found voting here for reducing the duties practically one-half upon wool which comes in direct competition with the woolgrowers of the United States. The Senators can explain that vote as they please to their constituents or to anybody else; but I am stating the facts as to what their votes have done, and they will not be able to explain that.

I have just been handed this dispatch:

John L. Bows & Bros.' Liverpool circular of May, just received, quoted unskirted Buenos Aires merino, shrinking 65 per cent, at 6¾d., equivalent to 13¾ cents.

Or 6 cents a pound duty on wools that are more competitive with the wools of the United States than any other wools in existence. That is the effect of this provision as to wools of the first class.

Now, what effect does it have upon wools of the second class? It increases the duties upon wools of the second class 2 or 3 cents a pound. Why? Was that done for the protection of the farmers of the United States? Those wools are not in competition with the woolgrowers of the United States, and the increased duties upon wools of the second class can only be justified as a revenue duty.

Now, do Senators sitting upon the other side think that a revenue duty should be as high as 45 per cent? Has any Senator, within the knowledge of anybody, in any of the tariff debates or discussions of the past, suggested making revenue duties as high as 45 per cent upon articles that enter into the consumption of our manufacturers? I think not. Wool was put upon the free list in 1894. I have never found in any Democratic tariff or in any Democratic speech, or in any Democratic platform in the United States, a suggestion that a duty upon raw material as high as 45 per cent ought to be levied as a revenue duty. Does any Senator upon the other side think that he would be justified in voting for that kind of a duty as a revenue duty? He certainly would not, I assume, vote for it as a protective duty, because, as I repeat, wools of the second class are not competitive. The worsted manufacturers, about whom so much talk has been indulged in in this Chamber, do not use wools of the second class. They used them in 1867, when these rates were first suggested, but now I think I am perfectly safe in saying that ninety-nine one-hundredths of the wool now used by the worsted manufacturers of the United States are wools of the first class—one hundred and odd million, or 80,000,000 pounds, or whatever it is, that comes into this country in competition with the woolgrowers of the United States.

I am suggesting to our friends upon this side of the Chamber who voted for this amendment that reform of a protective tariff ought not to be carried on in that way. We are here bound by every obligation of our platform, by every obligation that we have as Senators loyal to our party and to its principles, loyal to the principle of protection—we are bound, in my judgment, to resist all efforts of this kind, even if they are made in the name of reform, and if, as they think, they are pledged to vote for a downward revision. This is not the spot, gentlemen, for a downward revision by which you will take away from the woolgrowers of the United States one-half the protection which the policy of our party, which every enactment for protection, has always included. I say, gentlemen, it is easy to carry this talk of reform and of downward revision to an extreme which will destroy the confidence of the people of the United States that we intend to maintain the protective policy at all.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Rhode Island will be able to take great satisfaction out of the course which he has pursued this afternoon. Assuming that he is right in the position which he has taken, that his declarations are unassailable, it is an impeachment of his leadership in the Senate. The want of confidence in that leadership which has come to some Republican Members of this body finds justification in his course to-day if never before. He knows well, sir, the position in which Republican Senators have been placed in attempting conscientiously to find their way in the consideration of this great measure. What aid, what assistance has he given them, withholding, as he has, information upon this bill until he had compelled everybody to vote upon amendments paragraph by paragraph?

Does he expect, sir, to instill confidence in the Republican membership of the Senate and before the country by proceeding in that manner, by assuming that in our effort to discharge our obligations we have blundered, while he, the Republican leader, has aided in placing us in a position of embarrassment before our constituents?

I say this, not because the Senator from Rhode Island, with all his craftiness, has succeeded in placing anything before the Senate that will embarrass a Republican who supported these amendments, because he has not. He has stated half truths. He has pursued the same policy to-day that has discredited his leadership in this body and before the country.

He brings in a great bill here for the revision of the tariff, keeps everybody in the dark with respect to all the important facts upon which that revision should be made, and is silent when he should speak. But now because there are men here representing their constituencies according to principle, this Senator, since they will not vote blindly, because they will not permit Rhode Island arbitrarily to dictate to them, throws

about the feet of Senators who are here pressing forward in the line of what they conceive to be their duty, the network of his superior knowledge and of his fine chicane.

Mr. President, let me say to that Senator that I come from a State where by long training the people demand reasons for what their representatives do. The Senator said in response to the interruption of the Senator from Minnesota that his vote would need no explanation to his constituents. That is true. The Senator has a system in the State of Rhode Island under which 11 per cent of the voting population can control the election of a United States Senator. He comes from a State where it is possible for a man to put through the legislature a franchise for nine hundred and ninety-nine years for the public-service corporations of his State and still maintain his political supremacy there. He does not need to explain. He can vote as he will, without explanation.

We come from States where we are expected to explain, and we are doing the best we can to determine what is right. The Senator from Rhode Island did not give us any information.

He made no report upon this bill. He made no explanation of this bill when it was presented to this body for its consideration, and whenever Senators have arisen here in their places and have asked for light, what has been the answer? I have gathered here and shall present to the Senate before this debate finishes the answers the Senator has made, beginning with a rebuff when the first explanation was asked for by the Senator from Iowa, and on through the whole course of this debate.

Mr. President, I will not detain the Senate or trespass upon the favor of the Senator from Georgia to contrast again the proceedings on this tariff bill with proceedings on former tariff bills.

Being thrust on the floor by the chairman of the Finance Committee, without either oral explanation or written statement, it stands alone, I say, in tariff history, and I am constrained to remind the Senate that there is a reason for it.

Since 1897 economic changes have occurred in this country which puts the protective system upon an entirely different basis than in the framing of any previous tariff laws. Duties which were excusable and justifiable in 1883, in 1890, in 1897 can not be justified to-day.

If duties were to be maintained at the high standard fixed in the law of 1897, if they were to be raised as in the cotton and many other schedules of this bill so that the general average would stand at nearly 4 per cent higher than the general average of the Dingley law, with combinations preventing the people of this country from having any protection through competition, it was perhaps just as well that the Senator from Rhode Island attempted to put this bill through without explanation.

No revelation has been made by the Senator with respect to this particular amendment or the wools to which it applies. I called attention on this floor to the fact that there were classes of wools against which these specific duties levied 500 and 600 and 700 per cent. And I said then, and I say now, and I am prepared to defend anywhere a proposition to put that duty upon a reduced ad valorem basis that will admit the wool with which to weave the coarser fabrics and give the poor people of this country an opportunity to wear something besides shoddy and cotton.

It is true that my amendment fixed the ad valorem duty at 45 per cent. On the wools included within the whole bracket of the first paragraph covering first-class wools the average duty was 46 per cent under existing law. However, taking just the one principal item of imports, valued in round numbers at more than $22,249,000 and which produced the great bulk of revenue, amounting to nearly $10,000,000, the ad valorem equivalent of the present duty was 44.52 per cent. My amendment would not work upon that importation a reduction that any Senator from any wool-producing State of this Union would have any trouble in defending.

Mr. President, let me say to the Senator from Rhode Island that he need not feel any anxiety about the report which Senators from the Middle West will be able to make when they return here after having met their constituents and stated their positions upon all these questions. He can not by any legislative trick respecting amendments that have been voted upon plant in the minds of Senators here who have been exercising some independence any timidity or terror with regard to their votes. I have no——

Mr. GALLINGER. Mr. President, I rise to a question of order.

The VICE-PRESIDENT. The Senator from New Hampshire will state it.

Mr. GALLINGER. I ask that paragraph 2 of Rule XIX be read.

Mr. LA FOLLETTE. Mr. President——

The VICE-PRESIDENT. The Chair was looking at it when the Senator rose to the point of order.

Mr. LA FOLLETTE. The Senator invokes that rule every time I speak.

The VICE-PRESIDENT. The Senator from New Hampshire rises to a question of order.

Mr. LA FOLLETTE. I surrender the floor. I have finished what I have to say.

The VICE-PRESIDENT. Regardless of that, the Senator from New Hampshire rises to a point of order. That does not dispose of the point of order.

Mr. LA FOLLETTE. I do not state that it does.

Mr. GALLINGER. I desire to say that in my experience in this body I have never heard so often repeated accusations against individual Senators. The Senator from Wisconsin has just charged the Senator from Rhode Island with practicing a legislative trick. I ask that the rule be read, that the Senate may know what it is.

The VICE-PRESIDENT. The Secretary will read the rule, section 2.

The SECRETARY. Rule 19, paragraph 2, page 19, of the standing rules of the Senate:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The VICE-PRESIDENT. Does the Senator from New Hampshire desire a ruling?

Mr. GALLINGER. The Senator from New Hampshire would like a ruling on that point. I think it is time we had a ruling.

The VICE-PRESIDENT. The Chair thinks that the words used by the Senator from Wisconsin violated that section of the rule, and the Chair trusts that in further debate the Senator from Wisconsin and every other Senator will bear that provision in mind and not again transgress the rule.

Mr. LA FOLLETTE. I should like to say, in response, that that rule seems to be invoked against those who stand on this side of these questions. It has never been read, and the reading has never been called for by the Senator from New Hampshire, when some one upon the other side of these issues has transgressed it.

Mr. President, I shall endeavor, while I remain a Member of this body, to observe this rule, and I should like to have it applied to me—and it has not been applied to me, as the RECORD will show, and as I can call Senators on both sides to witness—as it is applied to other Members of this body.

The VICE-PRESIDENT. The Chair begs to say——

Mr. LA FOLLETTE. I am not criticising the Chair.

The VICE-PRESIDENT. That he will apply it to all Senators with equal fairness whenever the rule is invoked.

Mr. LA FOLLETTE. Yes. I want to say to the Chair that I understand it is the business of the Chair to enforce the rules when they are called to the attention of the Chair.

The VICE-PRESIDENT. Certainly.

Mr. LA FOLLETTE. My suggestion of criticism was not leveled at the Chair.

The VICE-PRESIDENT. There is no request now pending. The Secretary will read the first amendment offered by the Senator from Georgia [Mr. BACON].

The SECRETARY. It is proposed to strike out of the bill from paragraph 356 to paragraph 372, inclusive, and to insert in lieu thereof the following:

The duty upon all wools, hair of the camel, goat, alpaca, and other like animals, and upon shoddy, noils, wool extract, woolen rags, mungo, and flocks, yarn waste, thread waste, and all other waste composed wholly or in part of wool shall be thirty per centum ad valorem.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Georgia.

Mr. BACON. Mr. President, the several paragraphs which are enumerated, six or seven of them, and in lieu of which it is proposed to strike out and to insert an amendment, are paragraphs which relate entirely to the duty on raw wool, and the amendment which I propose is one which would impose an ad valorem duty of 30 per cent on all classes of raw wool.

I shall not attempt to make any general discussion of this question to-day, and I desire to say only a few words on this amendment. Of course those of us in the minority can not make the tariff bill nor can we determine its provisions. At the same time we have a responsibility here, in the absence of the ability to make the bill, to contribute whatever may be in our power to make it as good a bill as possible, or, if I may express it in another way, to make it at least as unobjectionable a bill as possible in the removal of the burdens imposed on the people by the existing tariff law.

For that reason Senators with whom I am associated politically have continuously endeavored to assist those, whoever

they might be and to whatever party they might belong, or on whichever side of the Chamber they might sit, in any effort that has been made to reduce these duties. Whatever of action there has been in that regard by ourselves has been solely animated by that purpose and with that design.

We do not believe in the principle of a protective duty. We believe in the principle of the levying of tariff for the purpose of raising revenue. Therefore when we have in the progress of this consideration voted for protective duties, as we frequently have done in voting for the amendments proposed by the Senator from Iowa [Mr. DOLLIVER], the Senator from Wisconsin [Mr. LA FOLLETTE], and other Senators, we have done so not because they were the duties which we would have desired to impose, but because the duties proposed in such amendments were duties less objectionable than the duties proposed in the bill. They were amendments which, although protective, proposed duties which, if such amendments had been adopted, would have made those duties less onerous to the people than the duties which are contained in the pending bill.

Mr. President, the amendments which I have proposed do not profess to be amendments for protective purposes. They are framed and designed as revenue duties. They do not propose to impose duties which shall in themselves be protective. Nevertheless, it is true that every duty, whatever may be the purpose of it, is necessarily in a degree protective. Every duty imposed, however light, disturbs normal conditions. It imposes a burden upon some and confers a benefit upon others. It imposes a burden on those who consume, and it confers a benefit upon those who produce similar articles in this country. That is what we know as incidental protection. It is unavoidable as the necessary effect of every tariff duty. But the amendments which I have offered have not that as the primary design, and only recognize that it is unavoidable in their influence.

I desire to say in this connection that, in my opinion, the duties which are proposed in these amendments, although in themselves designed for revenue, furnish all the legitimate aid and encouragement to our domestic industries which are required for their successful prosecution.

I have but one word to say with reference to the duty on raw wool, while under other circumstances I would be glad to discuss that question somewhat at length. There is one suggestion which I desire to make to Senators on the other side of the Chamber.

The Senator from North Dakota [Mr. MCCUMBER] last evening spoke of the fact that it was very much to be desired that in this country we should produce all the wool which would be needed for our domestic consumption, and he added that there was no reason why we should not do so. I assume that that is a sentiment which finds an echo in the wish of every Senator, that it is to be desired, and furthermore, that we not only desire it, but believe it to be practicable for this country to produce all the wool which it consumes.

But I desire to go a step further and say that it is not simply desirable that this country shall produce the wool which it consumes, but that it is also desirable that it shall produce a great deal more than it will consume, and that it shall sell a large surplus of raw wool abroad, as we sell abroad a great surplus of raw cotton. If there is any Senator in the sound of my voice on either side of the Chamber who differs with me in that proposition, I want him now to say it.

Mr. MCCUMBER. I will not say that, but I ask the Senator where we would find a market for wool more than we would consume in this country as long as the conditions are such that the foreign wools are worth only about half as much?

Mr. BACON. I am not going to be led aside upon that now, because the question I have asked is simply a step in the proposition which I am proposing to submit to the Senate. I do not understand the Senator from North Dakota, or any other Senator, to take the position that it is not desirable that we shall produce wool, not only to the extent of our consumption, but in excess of our consumption; in other words, that it is to the interest of our country that there should be just as much wool produced as it is possible for us to produce, just as it is to our interest to produce just as much cotton as it is possible for us to produce.

The point that I want to call to the attention of Senators is that the moment we produce more wool than is consumed in this country and there is a surplus of it, that moment the protective tariff ceases to be a protection to the woolgrower, and the woolgrower has got to take his place in the domestic industry and economy of this country, in the same way that the producer of cotton has to take it, or the producer of wheat has to take it, or the producer of any other great agricultural staple in the country where there is a surplus production over domestic consumption.

Mr. MCCUMBER rose.

Mr. BACON. I beg the Senator will kindly wait until I get through with the statement of the proposition.

Mr. MCCUMBER. I thought the Senator asked a question and wanted it answered.

Mr. BACON. I did ask the Senator a question, and I thought he had answered it. If the Senator desires to still further answer the question, I will be more than happy when I finish the proposition.

Mr. MCCUMBER. All right.

Mr. BACON. One of two things must be conceded: Either that it is not desirable that in this country there should be a production of wool which shall exceed the needs of the country, or we have to concede the further proposition that if it is produced to that extent it must then stand upon its own strength and can not call upon the balance of the country to support it in its alleged weakness. The surplus fixes the price of any article. There is a great surplus of cotton produced in the United States, and in consequence the price of cotton is fixed in the markets of the world. A duty of a dollar a pound would not affect the price of cotton a fraction of a cent. In the same way, whenever we produce a surplus of wool, the tariff can not, by duties imposed, affect the price of wool in the United States.

We now produce in this country something like 300,000,000 pounds of wool, three-fifths of what we consume, and we have only to double our present product in order to have 100,000,000 pounds of wool in excess of our domestic consumption.

We hear every day, repeatedly, in this debate the complaining and mournful statement by Senators that unless the wool industry receives aid by having a contribution levied on and collected from the balance of the country for its support, it must go down and fail. If that contention is true, then we are confronted necessarily by the conclusion that we must confine the production of the wool product in this country, not only now but always, to the amount of our domestic consumption, and that we can never look to the production of wool in the same way that we produce other staple agricultural products—cotton, wheat, corn, rye, oats, and all others—not only for our own consumption, but to sell to the world and to receive back that which constitutes in our favor the balance of trade.

Such a conclusion as this can not be accepted. It is offensive and repulsive to everyone who has an appreciation of the resources of our country and of the enterprise and industry of our people. I have no idea that it costs any more to make a dollar's worth of wool than it costs to make a dollar's worth of cotton. I do not believe it costs as much; and the same effort and industry which enables the production of cotton, without any help from a tariff duty of any kind, will enable the woolgrower to produce wool without crying out to the people of the United States to contribute money out of their pockets to make their industry successful.

And yet it was only yesterday that the Senator from Montana [Mr. CARTER] stood on this floor and claimed the right to a high protective duty on raw wool on the ground that the woolgrowers there paid in wages $40 a month to the sheep herder, and gave him board, in the words of the Senator, "as good as that found in a Washington City hotel." The Senator's State is the largest wool-producing State in the Union, and his argument, put in plain English, is this: The Montana woolgrowers can not afford, out of the legitimate profits of their business, to pay $40 a month and New Willard board to their sheep herders, and therefore to enable them to pay these high wages and give this fancy board to their sheep herders, and besides this put immense increased profits in their own pockets, the whole people of the United States must be taxed for their benefit, and the money handed over to them for this purpose. And, in the very same breath that the Senator demanded that the Georgia cotton grower should be taxed to help pay the high wages and give the fancy Washington City hotel board to the Montana sheep herder, he said he hoped "the Montana sheep herder will never be compelled to work for the wages paid the Georgia cotton-field hand." That, Mr. President, is a striking illustration of the whole protective-tariff principle, and, of course, I utterly denounce and protest against the whole scheme. If the business of woolgrowing in America is to become a great business like cotton growing, the woolgrowers of America must face the world prices for wool in the world's markets, and not be dependent upon the artificial protective prices of a paternalistic subsidy.

I repeat what I said on yesterday, that I would put the Montana sheep herder exactly where the Georgia cotton laborer is—making his living by the sweat of his brow, and receiving pay according to the value of his labor. I do not propose to ask that the people of Montana shall be taxed for the purpose of paying

the wages of the Georgia cotton laborer, nor do I desire that the people of Georgia shall be taxed in order to pay the wages of the Montana sheep herder.

Therefore it is, Mr. President, that this duty of 30 per cent, proposed in the amendment offered by me, is not designed as a protective duty, but is designed as a revenue duty.

I can not elaborate that, Mr. President, and I do not propose to further occupy the time of the Senate in the discussion of this amendment. But I will reply to any question the Senator from North Dakota may wish to ask me. I will now listen to the Senator from North Dakota if he wishes.

Mr. McCUMBER. I did not care to take any part in the discussion. I understood from the Senator's statement that he is not feeling well, and I did not care about entering into the discussion at this time. I simply wished to make a statement. I made one statement, but I thought I had not sufficiently answered the Senator, and I wanted more time for that purpose. I will not press it.

Mr. BACON. The Senator may propound the question generally, and after I conclude some other Senator on my side will answer it if desired. There will be no trouble about that. I do not want the Senator to let it pass with the idea that a question was asked that can not be answered. The Senator can be accommodated if he desires to discuss that question.

I shall say no more with regard to this amendment, and I will not ask for a vote if any other Senator desires to discuss it.

Mr. NEWLANDS. Mr. President, I have only recently examined the amendments suggested by the Senator from Georgia, and I trust that the Senator will postpone the consideration of these amendments until the bill is reported to the Senate in order that Senators on this side of the Chamber may have the opportunity to examine them and vote intelligently. I wish to say that unless that course is pursued, I shall have to ask to be excused from voting. I wish, Mr. President, to follow the Democratic platform in my votes regarding the reduction of tariff duties. The Democratic national platform declares as follows:

> Material reductions should be made in the tariff upon the necessaries of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Now, Mr. President, pursuing the policy of gradual reduction called for by the Democratic platform, my view is this: That the duties on the necessaries of life should not exceed 30 per cent and that the duties on those articles termed "luxuries" should not exceed 60 per cent. I believe that upon the total volume of dutiable products now imported into this country an average duty of from 30 to 40 per cent will have to be imposed in order to provide the revenue which the country needs, but I would reach this result gradually and not precipitately.

One of the amendments offered by the Senator from Georgia, the amendment to paragraph 373, contains the following note at the end of the paragraph:

> In equivalent, maximum 143.02 per cent ad valorem.

In other words, I understand that the computation of the Senator from Georgia, doubtless derived from experts and from the report of the Finance Committee, is that the duty imposed upon articles contained in paragraph 373 amount to 143 per cent. Now, what is the reduction which the Senator proposes to make in the paragraph which he proposes to substitute for paragraph 373? It is a reduction to 40 per cent ad valorem.

So I find, with reference to paragraph 374, the equivalent maximum under the Senate bill is 141 per cent ad valorem, and the reduction made by the amendment proposed by the Senator from Georgia is a reduction to 35 per cent ad valorem.

So throughout these amendments I find these great reductions made. Whilst they would reduce the duties imposed upon these particular articles to a revenue basis, and whilst I should favor a gradual process of reducing them to that basis, the basis suggested by the Senator from Georgia, yet, in my judgment, it is too radical to attempt immediately to reduce the duties in excess of 100 per cent to a maximum of from 35 to 45 per cent.

I would much prefer to see this accomplished by a gradual process extending over a period of five or ten years and accomplishing a reduction of these excesses above revenue duties at the rate of one-fifth or one-tenth per annum, so that gradually and progressively we would reach the revenue basis, which is the standard established by the Democratic party as the ultimate goal.

Mr. President, the Democratic party, in my judgment, acted wisely in this platform when it declared for a gradual reduction of excessive rates. It realized the fact that these abuses created by a high protective system had entered into the industrial life of the Nation, and that it would be impossible, without injuring the prosperity of the Nation itself, to radically cut out these abuses. Therefore it declared its purpose to be to gradually make these reductions of excessive duties, leaving it to the judgment of Congress as to the period over which the reduction should be extended and the percentage of each reduction.

As I understand it, the minority members of the Finance Committee have not yet deliberated upon any particular bill or schedule with a view to action pursuant to our platform. That may be regarded as unnecessary, in one view, because it is impossible for us to write our policy in the statute book; and thus far we have contented ourselves simply with aiding the minority of the Republican party in attempting to reduce duties admittedly excessive. But if, as a party, the Democratic party now proposes to take this entire tariff and shape a tariff of its own, or to take a schedule as important as the wool schedule and shape a tariff of its own, it seems to me that that work should be entered upon with great deliberation; that we should have the benefit of the deliberation and the advice of the minority members of the Finance Committee; that we should have a conference upon the subject; that we should determine what this policy of gradual reduction of excessive duties means; that we should determine the period over which it should be extended; and that we should determine the installments in which it should be made. And until the Democratic party takes deliberate action of that kind I should prefer not to vote upon any amendment to that effect offered by an individual Senator, whose ultimate conclusion I might approve as involving a return to the revenue basis, but whose process of reaching such conclusion I might object to as too rapid and revolutionary and contrary to the rule declared by the Democratic convention.

I trust the Senator from Georgia will delay the consideration of this matter until we will have an opportunity of conferring together.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. BACON].

Mr. BAILEY. On that I demand the yeas and nays.

The yeas and nays were ordered.

The Secretary proceeded to call the roll, and Mr. ALDRICH and Mr. BAILEY answered to their names.

Mr. BRISTOW. Mr. President, I was trying to get the attention of the Chair.

The VICE-PRESIDENT. Does the Senator from Kansas desire to debate the question?

Mr. BRISTOW. I wish to say a few words.

The VICE-PRESIDENT. The Chair did not see the Senator. The Chair will recognize the Senator from Kansas.

Mr. ALDRICH. I think it will not do to establish a precedent of that kind.

The VICE-PRESIDENT. The Chair does not mean to establish a precedent. The Senator from Kansas was on his feet, demanding recognition when the roll call began. The Chair thinks that it is not the intention of any rule to shut off a Senator arbitrarily. The Senator was upon his feet demanding recognition.

Mr. ALDRICH. Two Senators answered to their names, and under the Senate rules I think the roll call must proceed. I will not raise the point now, but I want to say that is too dangerous a precedent to go unprotested.

The VICE-PRESIDENT. The Chair agrees that there is no possibility of waiving the rule, and if a roll call has been begun it can not be interrupted, but in theory the roll call had not been begun, because the Senator from Kansas was demanding recognition. The Senator from Kansas will proceed.

Mr. BRISTOW. Mr. President, in voting against the amendments which the Senator from Georgia may present, where, in my judgment, the duties proposed are lower than they ought to be, I do not want to have it understood that it is any indorsement of the bill as it now is. Some of us have expressed our views as to what the duties ought to be by voting for the reductions suggested by the Senator from Iowa [Mr. DOLLIVER] and the Senator from Wisconsin [Mr. LA FOLLETTE]. While there may be a number of the amendments which have been offered by the Senator from Georgia which I can not vote for, I do not want, as I said, that vote to be in any way construed as an indorsement of the schedule as it has been framed by the Finance Committee.

The VICE-PRESIDENT. The Secretary will call the roll on agreeing to the amendment of the Senator from Georgia.

The Secretary proceeded to call the roll.

Mr. TALIAFERRO (when Mr. FLETCHER's name was called). I again announce the unavoidable absence of my colleague [Mr. FLETCHER] and his pair with the junior Senator from New Jersey [Mr. BRIGGS].

Mr. CRAWFORD (when Mr. GAMBLE's name was called). My colleague [Mr. GAMBLE] is unavoidably absent. He is paired with the Senator from Indiana [Mr. SHIVELY].

Mr. McLAURIN (when his name was called). I am paired with the junior Senator from Michigan [Mr. SMITH]. If the junior Senator from Michigan were present, he would vote "nay" and I would vote "yea."

Mr. GORE (when Mr. OWEN's name was called). My colleague [Mr. OWEN], if present, would vote "yea."

Mr. TILLMAN (when the name of Mr. SMITH of South Carolina was called). My colleague [Mr. SMITH of South Carolina] is detained at home because of illness in his family. If he were present, he would vote "yea." He is paired with the Senator from Washington [Mr. JONES].

The roll call was concluded.

Mr. OLIVER (after having voted in the negative). I have a general pair with the junior Senator from Oregon [Mr. CHAMBERLAIN]. I discover that he has not voted, and I therefore withdraw my vote.

The result was announced—yeas 21, nays 50, as follows:

YEAS—21.

Bacon	Foster	Money	Stone
Bailey	Frazier	Overman	Taliaferro
Bankhead	Gore	Paynter	Tillman
Clay	Hughes	Rayner	
Culberson	Johnston, Ala.	Simmons	
Davis	Martin	Smith, Md.	

NAYS—50.

Aldrich	Clark, Wyo.	Flint	Penrose
Borah	Crane	Frye	Perkins
Bourne	Crawford	Gallinger	Piles
Brandegee	Cullom	Guggenheim	Root
Bristow	Cummins	Heyburn	Scott
Brown	Curtis	Johnson, N. Dak.	Smoot
Bulkeley	Depew	Kean	Stephenson
Burkett	Dick	La Follette	Sutherland
Burnham	Dillingham	Lodge	Warner
Burrows	Dixon	McCumber	Warren
Burton	Dolliver	Nelson	Wetmore
Carter	du Pont	Nixon	
Clapp	Elkins	Page	

NOT VOTING—20.

Beveridge	Daniel	McEnery	Richardson
Bradley	Fletcher	McLaurin	Shively
Briggs	Gamble	Newlands	Smith, Mich.
Chamberlain	Hale	Oliver	Smith, S. C.
Clarke, Ark.	Jones	Owen	Taylor

So Mr. BACON's amendment was rejected.

The VICE-PRESIDENT. The Secretary will state the next amendment proposed by the Senator from Georgia.

Mr. BACON. Mr. President, before proceeding to the statement of the next amendment, I desire to extend my congratulations to the other side of the Chamber that I have been enabled to do what even the great power and ability and unwearied effort of the Senator from Rhode Island [Mr. ALDRICH] has not been adequate to accomplish during this debate—I have put the Republican party in this Chamber solidly together upon at least one vote on this bill.

The VICE-PRESIDENT. The Secretary will state the further amendments proposed by the Senator from Georgia. Then the Chair——

Mr. BACON. Possibly that had better be done before I state what I desire.

The VICE-PRESIDENT. The Chair will then ascertain whether there is objection to voting on all the amendments at once. The amendments will be stated.

The SECRETARY. It is proposed to amend the bill further by striking out paragraph 373 and succeeding paragraphs to paragraph 389, inclusive, and by inserting the several paragraphs in lieu thereof as follows:

"373. On yarns made wholly or in part of wool, valued at not more than thirty cents per pound, the duty per pound shall be two and one-half times the duty imposed by this section on one pound of unwashed wool of the first class and in addition thereto twenty-five per centum ad valorem; valued at more than thirty cents per pound, the duty per pound shall be three and one-half times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto, upon all the foregoing, forty per centum ad valorem." (In equivalent, maximum 143.02 per cent ad valorem.)

And insert in lieu thereof the following:

"373. On yarns made wholly or in part of wool, forty per centum ad valorem."

Amend further by striking out paragraph 374, on page 130, which is as follows:

"374. On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided for in this section, valued at not more than forty cents per pound, the duty per pound shall be three times the duty imposed by this section on a pound of unwashed wool of the first class; valued at above forty cents per pound and not above seventy cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto, upon all the foregoing, fifty per centum ad valorem; valued at over seventy cents per pound, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class and fifty-five per centum ad valorem." (In equivalent, maximum 141 per cent ad valorem.)

And insert the following in lieu thereof:

"374. On knit fabrics, and all fabrics made on knitting machines or frames, not including wearing apparel, and on shawls made wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals, valued at not exceeding forty cents per pound, thirty-five per centum ad valorem; valued at more than forty cents per pound, forty per centum ad valorem."

Amend further by striking out paragraph 375, on page 130, which is as follows:

"375. On blankets, and flannels for underwear composed wholly or in part of wool, valued at not more than forty cents per pound, the duty per pound shall be the same as the duty imposed by this section on two pounds of unwashed wool of the first class, and in addition thereto thirty per centum ad valorem; valued at more than forty cents and not more than fifty cents per pound, the duty per pound shall be three times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto thirty-five per centum ad valorem. On blankets composed wholly or in part of wool, valued at more than fifty cents per pound, the duty per pound shall be three times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto forty per centum ad valorem. Flannels composed wholly or in part of wool, valued at above fifty cents per pound, shall be classified and pay the same duty as women's and children's dress goods, coat linings, Italian cloths, and goods of similar character and description provided by this section: *Provided*, That on blankets over three yards in length the same duties shall be paid as on cloths." (In equivalent, maximum 165.42 per cent ad valorem.)

And insert the following in lieu therof:

"375. On blankets, hats of wool, flannels for underwear and felts for printing machines, composed wholly or in part of wool, the hair of the camel, goat, alpaca, or other animals, valued at not more than thirty cents per pound, twenty-five per centum ad valorem; valued at more than thirty and not more than forty cents per pound, thirty per centum ad valorem; valued at more than forty cents per pound, thirty-five per centum ad valorem: Provided, That on blankets over three yards in length the same duties shall be paid as on woolen and worsted cloths."

Amend further by striking out paragraph 376, on page 131, and paragraph 377, on page 132, which are as follows:

"376. On women's and children's dress goods, coat linings, Italian cloths, and goods of similar description and character of which the warp consists wholly of cotton or other vegetable material, with the remainder of the fabric composed wholly or in part of wool, valued at not exceeding fifteen cents per square yard, the duty shall be seven cents per square yard; valued at more than fifteen cents per square yard, the duty shall be eight cents per square yard; and in addition thereto on all the foregoing valued at not above seventy cents per pound, fifty per centum ad valorem; valued above seventy cents per pound, fifty-five per centum ad valorem." (In equivalent, maximum 115.53 per cent ad valorem.)

"377. On women's and children's dress goods, coat linings, Italian cloths, bunting, and goods of similar description or character composed wholly or in part of wool, and not specially provided for in this section, the duty shall be eleven cents per square yard; and in addition thereto on all the foregoing valued at not above seventy cents per pound, fifty per centum ad valorem; valued above seventy cents per pound, fifty-five per centum ad valorem: *Provided*, That on all the foregoing, weighing over four ounces per square yard, the duty shall be the same as imposed by this schedule on cloths." (In equivalent, maximum 118 per cent ad valorem.)

And insert the following in lieu thereof:

"On women's and children's dress goods, coat linings, Italian cloths, bunting, or goods of similar description or character, and on all manufactures composed wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals, valued at not over fifty cents per pound, thirty-five per centum ad valorem; valued at more than fifty cents per pound, fifty per centum ad valorem."

Amend further by striking out paragraph 378, on page 132, which is as follows:

"378. On clothing, ready-made, and articles of wearing apparel of every description, wool hats, shawls whether knitted or woven, and knitted articles of every description made up or manufactured wholly or in part, felts not woven, and not specially provided for in this section, composed wholly or in part of wool, the duty per pound shall be four times the duty imposed by this section on one pound of unwashed wool of the first class, and in addition thereto sixty per centum ad valorem." (In equivalent, maximum 95.98 per cent ad valorem.)

And insert the following in lieu thereof:

"378. On clothing, ready-made, and articles of wearing apparel of every description, made up or manufactured wholly or in part, not specially provided for in this act, felts not specially provided for in this act, all the foregoing composed wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals, valued at above one dollar and fifty cents per pound, fifty per centum ad valorem; valued at less than one dollar and fifty cents per pound, thirty-five per centum ad valorem. On cloaks, dolmans, jackets, talmas, ulsters, or other outside garments for ladies' and children's apparel, and goods of similar description or used for like purposes, and on knit wearing apparel, composed wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals, made up or manufactured wholly or in part, forty per centum ad valorem."

Amend further by striking out paragraph 379, on page 132, which is as follows:

"379. Webbings, gorings, suspenders, braces, bandings, beltings, bindings, braids, galloons, edgings, insertings, flouncings, fringes, gimps, cords, cords and tassels, ribbons, ornaments, laces, trimmings, and articles made wholly or in part of lace, embroideries and all articles embroidered by hand or machinery, head nets, nettings, buttons or barrel buttons, or buttons of other forms for tassels or ornaments, and manufactures of wool ornamented with beads or spangles of whatever material composed, any of the foregoing made of wool or of which wool is a component material, whether containing india rubber or not, fifty cents per pound and sixty per centum ad valorem." (In equivalent, maximum 80.83 per cent ad valorem.)

And insert the following in lieu thereof:

"379. On webbings, gorings, suspenders, braces, beltings, bindings, braids, galloons, fringes, gimps, cords, cords and tassels, dress trimmings, laces, embroideries, head nets, nettings and veilings, buttons or barrel buttons, or buttons of other forms for tassels or ornaments, any of the foregoing which are elastic or nonelastic, made of wool, worsted, the hair of the camel, goat, alpaca, or other animals, or of which wool,

worsted, the hair of the camel, goat, alpaca, or other animals is a component material, forty-five per centum ad valorem."

Amend further by striking out paragraph 380, on page 133, which is as follows:

"380. Aubusson, Axminster, moquette, and chenille carpets, figured or plain, and all carpets or carpeting of like character or description, sixty cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 66.34 per cent ad valorem.)

And insert the following in lieu thereof:

"380. Aubusson, Axminster, moquette, and chenille carpets, figured or plain, carpets woven whole for rooms, and all carpets or carpeting of like character or descriptions, forty per centum ad valorem."

Amend further by striking out paragraph 381, on page 133, which is as follows:

"381. Saxony, Wilton, and Tournay velvet carpets, figured or plain, and all carpets or carpeting of like character or description, sixty cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 72.67 per cent ad valorem.)

And insert the following in lieu thereof:

"381. Saxony, Wilton, and Tournay velvet carpets, figured or plain, and all carpets or carpeting of like character or description, forty per centum ad valorem."

Amend further by striking out paragraph 382, on page 133, which is as follows:

"382. Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, forty-four cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 75.81 per cent ad valorem.)

And insert the following in lieu thereof:

"382. Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, forty per centum ad valorem."

Amend further by striking out paragraph 383, on page 133, which is as follows:

"383. Velvet and tapestry velvet carpets, figured or plain, printed on the warp or otherwise, and all carpets or carpeting of like character or description, forty cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 58.86 per cent ad valorem.)

And insert the following in lieu thereof:

"383. Velvet and tapestry velvet carpets, figured or plain, printed on the warp or otherwise, and all carpets or carpeting of like character or description, forty per centum ad valorem."

Amend further by striking out paragraph 384, on page 133, which is as follows:

"384. Tapestry Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, printed on the warp or otherwise, twenty-eight cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 60.73 per cent ad valorem.)

And insert the following in lieu thereof:

"384. Tapestry Brussels carpets, figured or plain, and all carpets or carpeting of like character or description, printed on the warp or otherwise, forty per centum ad valorem."

Amend further by striking out paragraph 385, on page 134, which is as follows:

"385. Treble ingrain, three-ply, and all chain Venetian carpets, twenty-two cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 66.72 per cent ad valorem.)

And insert the following in lieu thereof:

"385. Treble ingrain, three-ply, and all chain Venetian carpets, thirty per centum ad valorem."

Amend further by striking out paragraph 386, on page 134, which is as follows:

"386. Wool Dutch and two-ply ingrain carpets, eighteen cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 58.63 per cent ad valorem.)

And insert the following in lieu thereof:

"386. Wool Dutch and two-ply ingrain carpets, thirty per centum ad valorem."

Amend further by striking out paragraph 387, on page 134, which is as follows:

"387. Carpets of every description, woven whole for rooms, and oriental, Berlin, Aubusson, Axminster, and similar rugs, ten cents per square foot and forty per centum ad valorem: *Provided*, That in the measurement of all mats, rugs, carpets and similar articles, of whatever material composed, the selvage, if any, shall be included." (In equivalent, 60.01 per cent ad valorem.)

And insert the following in lieu thereof:

"387. Carpets of every description woven whole for rooms, and oriental, Berlin, and other similar rugs, forty per centum ad valorem."

Amend further by striking out paragraph 388, on page 134, which is as follows:

"388. Druggets and bockings, printed, colored, or otherwise, twenty-two cents per square yard and in addition thereto forty per centum ad valorem." (In equivalent, 70.86 per cent ad valorem.)

And insert the following in lieu thereof:

"388. Druggets and bockings, printed, colored, or otherwise, felt carpeting, figured or plain, thirty per centum ad valorem."

Amend further by striking out paragraph 389, on page 134, which is as follows:

"389. Carpets and carpeting of wool, flax, or cotton, or composed in part of any of them, not specially provided for in this section, and mats, matting, and rugs of cotton, fifty per centum ad valorem."

And insert the following in lieu thereof:

"389. Carpets and carpeting, of wool, flax, or cotton, composed in part of either, not specially provided for in this act, thirty per centum ad valorem."

The VICE-PRESIDENT. Is there objection to the offering of the amendments as one amendment and voting upon them all at the same time? The Chair hears none. It is ordered that all the amendments be voted on together.

Mr. BACON. Mr. President, without unduly detaining the Senate, I want to say that this schedule is, in my opinion, one in which it is of the utmost importance that there should be reductions, and very material reductions. This importance is because the articles contained therein, and upon which most excessive duties are imposed, relate to those things which are most commonly in use, which are necessary, not only for the comfort, but for the health and the very life of the people. They relate to all articles of clothing of wool or in part made of wool, whether for the rich or the poor; they relate to all materials out of which clothing is made of wool, or wholly or partly of wool; they also relate to all such things as carpets, rugs, blankets, not only the fine ones but the commonest, and everything else essential to clothing of the person or the comfort of the home so far as that class of articles is concerned.

Mr. President, it staggers belief when we look through this schedule of the bill to note the excessive and extortionate duties which this bill proposes to levy and collect from the people of all classes on all these articles of universal and necessary use—things essential to health, comfort, and decency of appearance of the people throughout every hour of the day and of the night.

Sir, let us look at some of them. Without going through the matter at length, I want to call attention to some figures which I have taken from the book of Estimated Revenues, which the Finance Committee itself has furnished to us.

The first paragraph now before us in the bill relates to yarns. I am not going to go into details at all as to these articles, but just simply indicate their nature, unless some Senator desires that I should do so with more particularity. The first article relates to yarns from which the cloths, and so forth, are made, and upon which, according to the tables furnished us by the Finance Committee, the maximum ad valorem equivalent is 143.02 per cent. This amendment proposes to reduce that to 40 per cent ad valorem.

The next paragraph in the bill is on cloths, knit fabrics, and articles of that class upon which, according to the tables furnished, the duty in the bill is 141 per cent ad valorem; and upon that the amendment offered by me proposes a duty of 35 per cent and of 40 per cent upon the different classes of those articles.

The next paragraph in the bill relates to blankets and flannels. According to the tables furnished by the Finance Committee the maximum duty upon those articles is 165.42 per cent, and the amendment proposes to reduce the duty on the same articles to 25, 30, and 40 per cent, according to the different classification of those articles.

The next amendment is to the paragraph providing duties for women's and children's dress goods and things of that class, upon which the duty prescribed in the bill is 115.53 per cent, and in an additional paragraph on the same subject the maximum duty is 118 per cent. For those two paragraphs the amendments proposed by me will reduce the duty to 35 and 50 per cent, according to the classification of the article, the same classification being preserved as that which is specified in the bill.

The next paragraph is ready-made clothing. On articles of wearing apparel of every description the duty in the pending bill is 95.98 per cent, and the amendment which I propose is an ad valorem duty of 40 per cent.

The next paragraph is as to webbings, gorings, suspenders, braces, and so forth, upon which the equivalent ad valorem duty in the pending bill is 80.83 per cent, while the amendment proposed by me is for a duty of 45 per cent ad valorem.

The next paragraph is for the various kinds of the finer carpets, Aubusson, Axminster, moquette, and so forth, upon which the ad valorem duty in the pending bill is 66.34 per cent, and upon which the amendment proposed by me would impose a duty of 40 per cent ad valorem.

The next paragraph is upon a different class of carpets, Wilton and Tournay velvet carpets, upon which the duty in the pending bill is 72.67 per cent and upon which the proposed amendment would levy a duty of 40 per cent ad valorem.

The next paragraph is as to Brussels carpets and all carpets of like character, upon which the equivalent ad valorem duty is 75.81 per cent, and upon which it is proposed in the amendment to that paragraph to impose a duty of 40 per cent ad valorem.

The next paragraph is upon velvet and tapestry velvet carpets, upon which the equivalent ad valorem duty in the pending bill is 58.86 per cent, and upon which it is proposed in the amendment to levy a duty of 40 per cent ad valorem.

The next paragraph is on tapestry Brussels carpets, upon which in the pending bill the duty is 60.73 per cent, and upon which it is proposed in the pending amendment to impose a duty of 40 per cent ad valorem.

The next paragraph is on ingrain three-ply carpets, upon which the duty imposed in the pending bill is 66.72, and upon which the pending amendment proposes to impose a duty of 30 per cent ad valorem.

The next paragraph is on two-ply ingrain carpets, upon which the equivalent ad valorem duty in the pending bill is 58.63 per cent, and upon which the amendment proposes to levy a duty of 30 per cent ad valorem.

The next paragraph is upon carpets of every description enumerated here, Axminster and others, and including rugs, on

which the equivalent duty in the pending bill is 60.01 per cent, and upon which the pending amendment proposes to levy a duty of 40 per cent ad valorem.

The next amendment is as to druggets and bockings, printed or colored, upon which the equivalent ad valorem in the bill is 70.86 per cent, and upon which the pending amendment proposes to levy a duty of 30 per cent ad valorem.

The next is carpets and carpetings of wool, flax, or cotton, or composed in part of any of them, not specially provided for otherwise, on which the duty proposed by the pending bill is 50 per cent ad valorem, and on which the pending amendment proposes to impose a duty of 30 per cent.

I do not know, Mr. President, that it is necessary for me to say anything further in this regard, certainly not unless some debate grows out of it. The figures presented constitute a sufficient argument in themselves. The Senator from Rhode Island says that this particular schedule is not the one where revision downward should be had, but, according to my view, it is the schedule of all schedules, relating, as it does, to the clothing of the people and those other things which are essential for their warmth and comfort in their homes—the one schedule, above all others, upon which there should have been material reductions.

Mr. ALDRICH. Mr. President, I suppose the Senator from Georgia is aware that the rates which he proposes are as low, or lower, than those imposed by the Wilson-Gorman Act, which put raw wool upon the free list.

Mr. BACON. Mr. President, I will suggest to the Senator that they are not identical, but that they are in that neighborhood; and I would say to the Senator that the material difference between the amendment which I have proposed to the wool schedule and the Wilson law is the fact that, while there is no effort to impose a protective duty upon raw wool, there is the imposition of that which I think is important as a general rule in cases of raw materials—a proper revenue duty.

It is proper to say that ignoring the fact that the Wilson law permitted raw wool to come into the country free, the proposed amendment imposes a duty of 30 per cent. I am not unmindful of the argument which is made by Senators that there should be a differential duty; but the Senator from Rhode Island, above all men in this Senate an expert upon the tariff schedules, will of course recognize the fact that that is purely a protective argument and not a tariff-for-revenue argument.

I am not indifferent, Mr. President, to the suggestion that the industries of this country should have an advantage, so far as it can be legally had in the imposition of legitimate revenue duties, over industries in other countries; but at the same time I am very frank to confess, if there were no revenue required to be raised by a tariff, I myself could not, according to my view of the law, favor the imposition of a tariff simply for the purpose of raising prices in this country. I do not think we have the power to do that; and it is only under the guise of the raising of revenue that all these high-protective duties are levied. Although it would be the logical conclusion of the protective-tariff argument, yet I think it would be a bold man who, in the absence of any necessity for revenue, would impose a tariff duty simply to keep desirable articles out of the country, and in that way advance the prices of domestic articles. Therefore, in recognizing that, I go upon what I consider to be the broader principle.

Besides the important reduction in rates of duty, the distinguishing feature, I will remark in passing, between this amendment and the bill is that the amendment substitutes ad valorem duties for specific duties, which, I think, is the only fair way of collecting this tax from the people. We are taxed in direct taxation according to valuation, and we ought, so far as practicable, to be equally taxed in indirect taxation according to valuation. While it is true that the tax upon raw wool is approximately, but not altogether, as great under my amendments as upon the manufactured article, it is also true that the value of a manufactured article out of a given quantity of wool has been, by the manufacturer, increased over the value of the original raw wool, and consequently the manufactured article does not come in at the same tariff cost, even if at the same rate of duty, as that at which the raw article comes in. If a raw article costs $1, and in its manufactured state it is worth $2 when it is imported, of course the importer of the manufactured article necessarily pays twice as much duty upon a given quantity of the manufactured wool as he does when he imports raw wool.

But I will not go into that discussion, because it is not necessary. This matter has been very largely thrashed over in the Senate in the differences among the Republicans themselves, and the only difficulty which I have had with my learned and distinguished brethren on the opposite side—or rather on the opposite side of the political division, because it so happens that there are some of them sitting physically on this side—the great difficulty I have had with them is that they have not followed their arguments to their logical conclusion. The arguments which they have used here have not simply been arguments against extortionate rates, but they are arguments which, reduced to their proper analysis, have exposed in as graphic a manner as it would be possible to have any tariff-for-revenue-only advocate expose—I will not use harsh words, but I will say the injustices and the illegalities and the partiality and the favoritism which are inseparable and inevitable in the case of the imposition of a tariff for protective purposes.

Mr. BRISTOW. Mr. President, before this vote is taken, I want to repeat practically what I said preceding the other vote. If I felt that the duties provided in the amendment of the Senator from Georgia [Mr. BACON] would amply protect the labor engaged in the making of these articles for commerce from direct competition with labor abroad and would make up the difference in the cost of production, I would cheerfully vote for them; but, after having examined very briefly the data accumulated by the Senator from Wisconsin [Mr. LA FOLLETTE], it seems that these duties are somewhat less than the duties suggested in his amendments, which were figured out very carefully to provide for the difference in the cost of production here and abroad. So while voting against this amendment, or these amendments, as they are to be voted upon en bloc, I do not want it to be construed to be in any sense an indorsement of what I regard as the inordinate duties of the pending bill. I have protested against them as best I could by supporting the amendments offered by the Senator from Iowa as well as those offered by the Senator from Wisconsin, and I want to let that protest stand; but being a Republican, believing in the principles of protection, and believing that the duty should cover the difference between the cost of production here and abroad, I can not vote for these amendments because I fear such provision is not amply made.

Mr. BACON. Mr. President, for the benefit of the distinguished Republican Senators who have not, previous to my intervention, voted with the Senator from Rhode Island, I desire to call attention to one fact. Of course the suggestion which has been made by Senators on both sides of the Chamber as to any alliance or agreement between the Democrats and any element of the Republican party in this controversy, has had its complete quietus by the failure of the Republicans upon that side to vote with us upon the amendment last considered. We have voted for amendments which they have proposed simply because they were in furtherance of the views which we entertained as to the necessity of reducing the tariff in order that the people might be relieved from the burdens, the outcry against which called forth this extra session. We sacrificed very much of our particular views when we voted for certain measures which were offered here by them, because we did not, as an abstract proposition, favor any of them; but we thought it was in furtherance of a great object, to wit, the reduction of existing duties. I regret that the Senators on the other side of the Chamber whom we thus cooperated with, with the view that I have stated, have not seen fit to waive any of their particular views in order to join with us in furthering this great movement through the amendments proposed by us.

I want to call attention, in order that the importance that they should have done so may be realized, to the testimony of a Republican which I have read before to Senators in this Chamber as to the great necessity and importance, in order that the people might be relieved from grievous burdens, that this tariff should be reduced, and reduced most materially.

I heretofore in a debate called attention to it, the Senator from Rhode Island being the one from whom I particularly asked consideration when I read it before, because, Mr. President, coming from this source, it seems to me the truth of the allegations should have been inquired into by the Republican party; they should have known whether what this high Republican authority states is true or is not true. If it is the truth, as stated by him, then what is the answer to be given to the action of the Senate in the passage of the bill which has been presented to us by the Finance Committee, and which has been so tenaciously clung to by the majority of Republicans, and the opportunity to change which has not been now taken advantage of by those Republicans in the Senate who seem to recognize the propriety and the importance of this revision?

I did not intend, Mr. President, prior to what the Senator from Kansas [Mr. BRISTOW] has said, to read this, but I think it should be emphasized that we stand in the face of a tremendous injustice being done to the American people by the existing tariff law; and if what this distinguished Republican—and he avows himself a Republican—says is true, a most monstrous and unjust tribute of money is being daily levied con-

tinually upon the American people. I want Senators, if they can, whether they be the followers of the distinguished Senator from Rhode Island or whether they be those who are called "progressives," to answer the question, In what way the iniquity pointed out in the statement of this distinguished Republican is to be met by the passage of this bill, and how can it be met unless those who believe that the iniquities should be removed are ready, by joining with others, to sacrifice something of personal view in order to accomplish the end?

Mr. President, two years ago there appeared an interview in the Washington Herald with Mr. Miles, who is the chairman of the tariff committee of the Manufacturers' Association and president of the National Association of Agricultural Implement and Vehicle Manufacturers—certainly a man very strongly and closely identified with all those interests which are the peculiar care and solicitude of the Republican party, and especially that portion of it which is most concerned about the maintenance of protective duties. Here is what Mr. Miles, who avows himself in the interview to be a Republican and a protectionist—here is what this high authority said on that subject. I will read it through without stopping to comment upon it. This appeared, I repeat, in the Washington Herald:

The annual output of the manufacturers of the United States, as shown in the last census, is valued at $14,800,000,000. The tariff which covers the prices is inexact, antiquated, and inapplicable at the present time. Scarcely a single schedule has any honest and direct application at this time to the principle of protection. Under present conditions the tariff is not a protective tariff in any sense. It is a tariff of graft and discrimination, hurtful in a thousand ways.

From one-half to two-thirds of the stuff made under this tariff bears to the consumer an unjust and unreasonable price because of the tariff.

It is estimated by competent authorities that the graft, overcharge, and wrong done the American public because of the present tariff reaches $3,000,000 a working day. We have the facts, schedule by schedule, and are prepared to make the details public should we receive opposition to our demand for a permanent tariff commission, through the appointment of which a proper adjustment of the tariff can be procured.

We are not agitators or reformers. We are mostly Republicans, and all protectionists.

Mr. President, that indictment, coming from a high Republican authority, raises an issue which I respectfully submit it is incumbent upon the dominant party to inquire into. It was not a fugitive newspaper article from some irresponsible person. It was a grave charge from a man holding a high position in an important tariff organization and holding a high position in an industry materially affected by the tariff. Mr. President, I repeat that was read in the hearing of the Senate in the early part of the session, or, at least, several weeks ago. Has it been inquired into? Is it true? If it is not true, it is due to the country that the fact that it is not true should have been made plain to the people of this country.

Mr. ALDRICH. Mr. President——

Mr. BACON. If the Senator will pardon me for just a moment, but aside from that charge made by Mr. Miles, we certainly were called into session for some purpose. We are not here, I respectfully submit, as was suggested by the Senator from Rhode Island in the early deliberations of this Senate, simply for the purpose of readjusting protective duties. This session was called because the outcry which had come up from the people was so great that the Republican party could not turn a deaf ear to it—a cry based on the fact that the burdens of the people were grievous, and they were unable to bear them without an outcry.

Mr. President, this schedule, which relates to the question of the clothing of the people—the men, the women, and the children, the rich and the poor—the carpets which shall be in their houses, the rugs that shall be on their floors, the blankets and comforts which shall cover their beds—this schedule, of all others, it seems to me, is the one which should have material reduction. Can it be said that there is any material reduction? Can it be said that there is any such fixing of rates, even if there is a reduction, as would make it possible for the people of this country to enjoy the reasonable comfort of all the things which relate to the clothing of the person or the furnishing of the home, so far as concerns fabrics of this kind?

I beg pardon. Does the Senator from Rhode Island desire to interrupt me?

Mr. ALDRICH. I was about to answer the suggestions which the Senator has been making about the high character of the gentleman whose interview he has read. The universality of the support of the protective policy in the United States is nowhere better evidenced than when a man in undertaking to criticise the doctrine announces himself in the first place as a Republican and a protectionist. All through this discussion, and the things that are collateral to it, that has been the main statement of everybody who wants to say any bad things or any disagreeable things about either the policy or the party. He prefaces his statement by saying "I am a Republican, and I am a protectionist." I have no doubt this man is as far from a protectionist as any man can be. His statement shows that very plainly.

It is not incumbent upon me, I suggest to the Senator from Georgia, to read all the newspaper articles or listen to all the statements that are made throughout the United States with reference to the wickedness of protection as a policy or the high rates that are imposed by this or any other legislation. We are here to discuss, I assume, in a practical way the terms of the bill which is now under consideration and to try to ascertain whether it is fair and proper in its provisions, having in view all the time the fact that we intend to pass a protective measure. If the Senator from Georgia has any idea that, so far as I am concerned, we intend ever to pay any attention to statements and articles like that he has just read, whether they are in the press or are statements made in this Chamber or out of it, he is very much mistaken.

Mr. BACON. I do not desire to reply to that further than to say that when the Senator says he is not going to take notice of newspaper articles which may appear, of course it would be unreasonable to expect him to do so as to all of them. This particular statement was, however, read by me in the hearing of the Senator a month or more ago.

Mr. ALDRICH. The fact that it was read by the Senator in my hearing does not change my attitude toward the subject.

Mr. BACON. I understand that, but it is nevertheless unfortunate that it is so.

The VICE-PRESIDENT. The question is on agreeing to the amendments proposed by the Senator from Georgia.

Mr. BACON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). In the absence of the Senator from New Jersey [Mr. BRIGGS], with whom I am paired, I withhold my vote. If he were present, I should vote "yea."

Mr. McLAURIN (when his name was called). I am paired with the junior Senator from Michigan [Mr. SMITH]. If he were present, I should vote "yea" and he would vote "nay."

Mr. OLIVER (when his name was called). I am paired with the junior Senator from Oregon [Mr. CHAMBERLAIN]. If he were present, I should vote "nay."

Mr. TAYLOR (when his name was called). I am paired with the junior Senator from Kentucky [Mr. BRADLEY].

The roll call was concluded.

Mr. CRAWFORD. I wish the RECORD to show that my colleague [Mr. GAMBLE], who is absent, is paired with the junior Senator from Indiana [Mr. SHIVELY]. If my colleague were present, he would vote "nay."

Mr. FOSTER (after having voted in the affirmative). I desire to inquire whether the senior Senator from North Dakota [Mr. McCUMBER] has voted.

The VICE-PRESIDENT. He has not voted.

Mr. FOSTER. I withdraw my vote.

Mr. OLIVER. I transfer my pair to the senior Senator from Illinois [Mr. CULLOM] and will vote. I vote "nay."

The result was announced—yeas 20, nays 50, as follows:

YEAS—20.

Bacon	Davis	Martin	Simmons
Bailey	Frazier	Money	Smith, Md.
Bankhead	Gore	Overman	Stone
Clay	Hughes	Paynter	Taliaferro
Culberson	Johnston, Ala.	Rayner	Tillman

NAYS—50.

Aldrich	Clark, Wyo.	Frye	Penrose
Borah	Crane	Gallinger	Perkins
Bourne	Crawford	Guggenheim	Piles
Brandegee	Cummins	Heyburn	Root
Bristow	Curtis	Johnson, N. Dak.	Scott
Brown	Depew	Kean	Smoot
Bulkeley	Dick	La Follette	Stephenson
Burkett	Dillingham	Lodge	Sutherland
Burnham	Dixon	McEnery	Warner
Burrows	Dolliver	Nelson	Warren
Burton	du Pont	Nixon	Wetmore
Carter	Elkins	Oliver	
Clapp	Flint	Page	

NOT VOTING—21.

Beveridge	Daniel	McCumber	Smith, Mich.
Bradley	Fletcher	McLaurin	Smith, S. C.
Briggs	Foster	Newlands	Taylor
Chamberlain	Gamble	Owen	
Clarke, Ark.	Hale	Richardson	
Cullom	Jones	Shively	

So Mr. BACON's amendments were rejected.

Mr. SMOOT. I offer a proposed substitute for paragraph 471d, and I ask that it may be printed.

The VICE-PRESIDENT. Without objection, the amendment will be printed.

Mr. ALDRICH. I suggest to the Senator from Utah that he should state that this is the Philippine amendment, and is

offered now in order that it may be printed. It is my purpose to call it up some time to-morrow.

The VICE-PRESIDENT. The Senator from Oklahoma now asks unanimous consent to reconsider certain paragraphs.

Mr. GORE. Paragraphs 370 and 375.

The VICE-PRESIDENT. Three hundred and seventy and 375, for the purpose of offering amendments. Is there objection?

Mr. ALDRICH. I ask that the Senator's amendment may be read.

Mr. GORE. I have not reduced it to writing.

The VICE-PRESIDENT. The Secretary will take it, if the Senator will state it slowly.

Mr. GORE. At the close of paragraph 375 I move to insert:

Provided, however, That in no case shall the duty on blankets exceed 75 per cent ad valorem.

The VICE-PRESIDENT. Will the Senator state the other amendment?

Mr. GORE. Not at present. I will suggest, however, that that is the only one on which I shall probably desire the yeas and nays, and it may be proper also to say that if this amendment should happen to be adopted, it may be necessary to reform the phraseology of the entire paragraph in order to make it answer more specifically the end in view.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Oklahoma? The Chair hears none. The question is on agreeing to the amendment.

Mr. GORE. I wish to submit just one or two observations.

Mr. President, possibly I am a little supersensitive, but I may say that to me the thought is painful and pathetic that any man, woman, or child should be obliged to sleep cold by night. I would say that the toiler who sleeps so is not qualified to render the best possible service, either at the spinning jenny or the loom, on the following day. I make that practical argument as an appeal to the stand-pat revisionists in the Senate. But, sir, above and beyond that sordid consideration every human being and every American citizen has a right to buy those things which are necessary to his health, warmth, and comfort without being obliged to pay a double price or a double profit to the manufacturer who makes those articles. The right of every American to be protected in these comforts is as sacred as the privilege of the manufacturer to realize a net dividend ranging from 6 to 66 per cent.

I understand that the duty proposed by the pending bill on blankets ranges from 71 per cent to 106 and 107 per cent ad valorem. The duty of 71 per cent is imposed on the blankets of the finer fabric, which will be found only in the sumptuous palaces and in the heated apartments of the wealthy and the opulent. The duty of 106 and 107 per cent——

Mr. SIMMONS. Mr. President——

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. GORE. Certainly.

Mr. SIMMONS. If the Senator will permit me, looking at the Book of Estimates furnished us, I find that the equivalent ad valorem on one class of these blankets is as high as 165 per cent.

Mr. GORE. I am very much indebted to the Senator.

Mr. SIMMONS. And if the Senator will further permit me, I should like to say that it appears that the blankets which carry this enormous ad valorem are the cheaper class of blankets.

Mr. GORE. Certainly.

Mr. SIMMONS. I further discover, if the Senator will permit me——

Mr. GORE. With pleasure.

Mr. SIMMONS. That of blankets valued at not more than 40 cents per pound—that is a very cheap blanket, as I take it—there were imported last year 142,000 pounds; that the average value is 28.6 cents per pound. The specific duty upon a blanket of that kind, worth 28 cents a pound, is 33 cents. That is 5 cents more than the total value of the blanket, plus 50 per cent ad valorem.

Mr. GORE. I am deeply indebted to the Senator for making this very important suggestion. The blankets which bear the highest rates of duty are those of inferior quality, those which are found only—and too often are not found—in the humble homes of the poor.

Mr. President, I shall not ask Senators on the other side to violate their convictions by voting to place blankets on the free list. Those Senators have just refused to sear their tender consciences by voting to fix the duty at 65 per cent ad valorem, the amendment proposed by the Senator from Wisconsin. As I have suggested, the finer blankets bear a duty of 71 per cent. If I should consult my own feelings, I would fix the duty on inferior blankets at not exceeding 71 per cent. But it seems to be a fundamental principle with the Republican party, one from which they make no deviation, to levy a higher tax upon the poor than upon the rich, and out of an enforced respect for that inviolate principle I have proposed to make the duty on these inferior blankets 75 per cent ad valorem and allow the wealthy still to purchase their blankets at 71 per cent.

I really believe it is a matter of indifference to some Senators what the duty fixed by this bill on blankets may be, for I expect the American people to make it so warm for some of these standpatters that they will not need any blankets for the coming year.

Mr. President, I simply wanted to present that issue—whether or not the poor people of this country should have blankets at not exceeding 75 per cent ad valorem when those who are more fortunate obtain theirs, as I believe, for 71 per cent. I simply desire to tender that issue. I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I am paired with the Senator from New Jersey [Mr. BRIGGS]. If he were present, I should vote "yea."

Mr. McLAURIN (when his name was called). I again announce my pair with the junior Senator from Michigan [Mr. SMITH]. If he were present, I should vote "yea."

The roll call was concluded.

Mr. FOSTER (after having voted in the affirmative). I am paired with the Senator from North Dakota [Mr. McCUMBER], and therefore withdraw my vote.

The result was announced—yeas 29, nays 43, as follows:

YEAS—29.

Bacon	Culberson	Martin	Simmons
Bailey	Davis	Money	Smith, Md.
Bankhead	Dolliver	Nelson	Stone
Bristow	Frazier	Newlands	Taliaferro
Brown	Gore	Overman	Tillman
Burkett	Hughes	Owen	
Clapp	Johnston, Ala.	Paynter	
Clay	La Follette	Rayner	

NAYS—43.

Aldrich	Crawford	Frye	Perkins
Borah	Cullom	Gallinger	Piles
Bourne	Cummins	Guggenheim	Root
Brandegee	Curtis	Heyburn	Scott
Bulkeley	Depew	Johnson, N. Dak.	Smoot
Burnham	Dick	Kean	Stephenson
Burrows	Dillingham	Lodge	Sutherland
Burton	Dixon	McEnery	Warner
Carter	du Pont	Nixon	Warren
Clark, Wyo.	Elkins	Page	Wetmore
Crane	Flint	Penrose	

NOT VOTING—19.

Beveridge	Daniel	Jones	Shively
Bradley	Fletcher	McCumber	Smith, Mich.
Briggs	Foster	McLaurin	Smith, S. C.
Chamberlain	Gamble	Oliver	Taylor
Clarke, Ark.	Hale	Richardson	

So Mr. GORE's amendment was rejected.

The VICE-PRESIDENT. Without objection, the paragraph is agreed to.

Mr. ALDRICH. I ask that the paragraphs which have not yet been agreed to in Schedule K be now agreed to.

The VICE-PRESIDENT. The Senator from Oklahoma desires to offer an amendment to paragraph 370, the Chair understands.

Mr. ALDRICH. Paragraph 375 has been agreed to, I suppose.

The VICE-PRESIDENT. Paragraph 375 has been agreed to.

Mr. GORE. I wish to say that I appreciate the indulgence of the Senator from Rhode Island, and I will abuse it for only a few moments longer. I shall not ask for a yea-and-nay vote on the amendment I now offer.

The VICE-PRESIDENT. The Senator from Oklahoma submits an amendment, which will be read.

The SECRETARY. It is proposed to add at the end of paragraph 370 the following proviso:

Provided, That upon all cloth of every description manufactured for sale, from any or all of said articles, in whole or in part, whether domestic or imported, there shall be levied, collected, and paid an excise tax of 25 cents per yard and 25 cents per pound.

Mr. GORE. Mr. President, this amendment relates to a tariff on rags. The pending bill levies a duty of 10 cents a pound on rags of various kinds.

Mr. President, I have sat here and heard a holy shriek come up on the other side of the Chamber whenever there has been a suggestion of admitting rags into this country free of duty; an acclaim of patriotic indignation has gone up from those Senators, and they have vociferously declared that they did not want anybody's old rags imported into the United States free of duty, and that they did not desire the American citizen to be clothed in a garment made of foreign rags.

Mr. President, for once I find myself in perfect accord with the stand-pat revisionists in this Chamber, and that is the only

reason which I have to suspect the soundness and the justice of my position. I confess, however, Mr. President, that my taste is not sufficiently cultivated to distinguish between domestic and foreign rags. I heard the senior Senator from Montana [Mr. CARTER] say on yesterday that the woolen manufacturers of this country manufacture cloth and clothing from rags that were picked up in the streets. We have heard a great deal of superheated eloquence during this debate concerning the well-clad American citizen. I rejoice in his apparel as much as any Senator in this Chamber, and doubtless well-clad Americans would be much amazed to learn that they were attired in apparel which had been manufactured from rags picked up in the streets.

I offer this amendment not exactly to penalize this evil further, but I want to make it a source of revenue to the Treasury of the United States. I have not conferred with my associates touching the amendment. Perhaps it reflects nobody's views but my own. I offered it merely that this record might show that I for one am opposed to the ragman, whether he be an alien or an American.

I am perfectly willing to have the amendment go to a vote without demanding the yeas and nays upon it.

The VICE-PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Oklahoma.

The amendment was rejected.

The VICE-PRESIDENT. Without objection, paragraph 370 is agreed to.

Mr. ALDRICH. I ask that the paragraphs be now taken up——

Mr. BAILEY. If these paragraphs are to provoke any debate or to consume much time I think I ought to insist on the regular order. I waited all day yesterday because I knew so many Senators were interested in this particular schedule, and I know they are still interested in it. That interest, however, has considerably abated in view of the votes that have been taken. If the Senator from Rhode Island has much more to suggest, I think it would be impossible to conclude it this afternoon, and we might as well now proceed to the consideration of the amendment which has been postponed by a vote of the Senate until to-day.

Mr. ALDRICH. I will say to the Senator from Texas, it is my present purpose to move a further postponement when the matter is up. I am quite willing to have it disposed of now, if that is agreeable to the Senator. I shall move to postpone the consideration until, say, a week, perhaps, from to-day, with the hope that before that time all these paragraphs may be disposed of, and then I shall be quite willing to take up the proposition of the Senator from Texas, my purpose being now, as it was ten days ago, to dispose of all the dutiable provisions of the bill before we take up any provision with regard to income or revenue taxes.

Mr. BAILEY. Recalling the position of some of those who are cooperating with me in favor of this amendment, and remembering that they are of the opinion that for certain reasons sufficient to themselves they would prefer to have the matter suspended until the schedules are concluded, although that is not in accordance with my own judgment, I will again agree to yield my individual judgment in the matter and consent to a postponement until the schedules are completed, provided the Senator from Rhode Island will couple with that an agreement to take a direct vote on the question.

Mr. ALDRICH. My own position on the matter, and I think the position of the Senate, has not changed with reference to that subject.

Mr. BAILEY. I hope the position of the Senate has not changed, Mr. President, for if it has not, and if it does not, the Senator might as well take the vote this afternoon as to take the vote at the conclusion of the schedules, because this amendment will go into the bill as certain as we take the vote unless the condition does change.

Mr. CUMMINS. Mr. President——

Mr. ALDRICH. I assume we will probably not get an agreement upon that particular subject at this moment. I am quite willing that the matter shall go over either by general consent or by a motion. If it is not possible to procure a unanimous agreement as to what shall be done with it, I shall make a motion to defer the further consideration of it for one week.

Mr. CUMMINS. Mr. President——

Mr. BAILEY. I yield to the Senator from Iowa.

Mr. CUMMINS. The reason why I endeavored to secure recognition was that it was utterly impossible for me to hear what the Senator from Rhode Island was saying, and, being somewhat interested in the subject, I should like to know what his suggestions were.

Mr. ALDRICH. My suggestion was that I have not changed my own attitude or opinion as to when the matter ought to come up, and I certainly could not consent to any agreement as to what disposition shall be made of it when it does come up. I think that would not be a proper thing for me to do. I am quite willing that an agreement shall be reached that it may be taken up after the schedules are disposed of. I am willing to agree or I shall make a motion to postpone the further consideration of it for one week—that is, until the 18th.

Mr. CUMMINS. Mr. President——

The VICE-PRESIDENT. The Senator from Texas still has the floor. Does he further yield?

Mr. BAILEY. Certainly.

Mr. CUMMINS. I have not changed my mind, either, with regard to the matter. I believe that the proper time, the best time, to dispose of the matter is at the conclusion of the consideration of the schedules or the paragraphs imposing duties. But I hoped that the Senator would assent to the suggestion made by the Senator from Texas that at such time we would enter upon the consideration of the amendment and dispose of it by a direct vote upon its merits. I should like to see that arrangement made now. But if it can not be made now, then we must do the next best thing.

Mr. BAILEY. Mr. President, neither have I changed my mind about this matter. I am as thoroughly convinced this afternoon as I was three weeks ago, and not more convinced then than I was two months ago, that the proper place to have decided this question was before a single schedule of the bill had been disposed of. I believed then, and I believed when this matter was before the Senate on a former occasion, and I believe now, that if the Senate had determined upon raising a given amount of revenue in this particular way, it would have been easier to have dealt intelligently with the schedules and the rates. Believing that, I have sought to force a vote at every suitable occasion.

But I want to be entirely frank with the Senate and with the country. I have had another purpose in my mind. I have been seeking to arrest and concentrate the attention of the country on what I believed was transpiring in the Senate and in influential circles at Washington. I have believed all the while what the Senator from Rhode Island has repeatedly made manifest, that it is his purpose to avoid, if possible, a direct vote on this question by making a motion to refer it to some committee. If that motion could have been made before the attention of Senators had been properly directed to it, it is my fear that some Senators might have been persuaded to vote for it who could not be persuaded to vote directly against the amendment.

But here, as in all other cases, it has happened that a due and orderly consideration has brought us to the point where in my opinion no Senator in this body will vote to refer the amendment to any committee and then go to his constituents and pretend that he was in favor of it. If I have accomplished nothing else, I have the satisfaction of believing, though I may be mistaken about that, that we have brought the matter to so direct an issue that the Senator from Rhode Island can poll as many votes against the amendment as he can in favor of his motion to refer it.

Of course the Senator can poll a larger number of votes in favor of his motion to postpone, because it is within my personal knowledge that a number of Senators who will vote with him for personal or party reasons to postpone it, as he now suggests, and who voted with him on the other occasion to postpone it until yesterday, will not vote with him either to refer it or to defeat it. I want to say here—and I do not say it in the expectation of influencing any Senator, because I will not insult the self-respect of Senators by suggesting that they can be driven to do what their conscience forbids—that it is my opinion that there are Senators here who, for one reason or another, have not wanted to break with the majority of their party and vote for this amendment, who are still more anxious not to misrepresent their people. I assume that no Senator wants to dodge, and yet it is a dodge, pure and simple, to send this amendment to a committee; and a Senator who expects to convince his people otherwise must remember that every man who is sincerely in favor of an income tax will vote against the reference, and every man who is earnestly opposed to it will vote in favor of the reference.

The people can not be deceived about it. They will despise a Senator who wants to defeat it and who seeks to defeat it in this indirect and covert way, and I hope there are no such Senators here. If they were ever here, I believe they have now learned from their people that the open, manly way is not only best, but it is safest. A man may vote against this though his people favor it, and he may lose his office; but if his conscience

commands him to vote against it he will save his self-respect. But if he be against it, and even his people were willing to excuse him for voting against it, they will not excuse him for avoiding a vote.

Mr. President, I may have too much respect for the intelligence of the American people, but I love to think that they will forgive a man for differing with them, but they will not forgive him for being afraid to differ with them. Let us in the straightforward and manly way say it ought to pass or it ought not to pass.

If I can get that kind of an agreement with the Senator from Rhode Island, I will be very glad to wait patiently until even the Senator from Rhode Island thinks the proper time has come, and I will risk the subtle influences which are counted, and have heretofore been wisely counted, potential in these matters to do their work.

After a careful and thorough canvas of the matter, my opinion is that the majority of the Senate this afternoon are in favor of this amendment, and if we could now take the vote, we would write it into this bill. If Senators shall change, I assume they will stand up here in the presence of their colleagues and the country and assign the reasons which have influenced their judgment; but if a Senator has changed and seeks to conceal it from his people, he is the man above all others whose people ought to know the reasons for his conduct.

Mr. President, I renew the request that the vote on this income-tax amendment shall be fixed for a time immediately succeeding the disposition of the schedules, with the understanding that its consideration shall then be entered upon and disposed of finally by a direct vote upon its adoption.

The VICE-PRESIDENT. Does the Senator's request contemplate a vote in the Senate as in committee, or after the bill has been reported to the Senate?

Mr. BAILEY. I will conform to the pleasure of those in charge of the bill in that respect.

The VICE-PRESIDENT. The Chair wished to put the request, and made the inquiry in order to have a clear understanding.

Mr. ALDRICH. If the Senator has concluded, I have a few remarks to make.

Mr. BAILEY. The Senator, then, wants to answer my request by making a motion to postpone?

Mr. ALDRICH. No; I do not.

Mr. BAILEY. Very well; I will hear what the Senator has to say.

Mr. ALDRICH. Mr. President, I am greatly surprised at the character of the statement which the Senator from Texas has just made. I know of no influences that have been used to restrain Senators from voting as they please upon this question. If I am not mistaken, I could construe the remarks of the Senator from Texas as a threat that if Senators did not vote as he has classified them, those Senators would be held up to execration as having deserted their principles.

Now, I do not know what the classification of the Senator may be, and I do not know what information he may have, but, so far as I know, no restraint is being exercised, and I think no restraint can be exercised, either by the Senator from Texas or myself, as to the votes of Senators upon this proposition. I certainly have no intention, and I do not know of anybody else who has any intention, of persuading Senators to vote differently from what their judgment under all the circumstances shall lead them to do.

I can not consent to the suggestion of the Senator from Texas. I think I have repeated that to him and in the presence of the Senate at least a dozen times. I am quite willing that this amendment should go over, either by unanimous consent or by a vote of the Senate. If no unanimous consent can be given, I shall then move that the further consideration of the amendment be postponed until the 18th day of June; but I do not wish to cut off anybody in the discussion.

Mr. CUMMINS. I hope the Senator from Rhode Island will withhold the motion for a moment.

Mr. ALDRICH. Certainly.

Mr. CUMMINS. I am very sorry that the Senator from Rhode Island can not see his way clear to assent to the suggestion of the Senator from Texas. I have believed that the strength of this measure upon the Republican side was growing. I believe it is growing because there is merit so obvious in the measure itself that a close, impartial investigation and study will from day to day add to those who will vote for the income-tax amendment.

I do not suggest this with a view of postponing the action of the Senate. I feel so confident with regard to the strength of the following for an income tax in this body that I would be wholly willing to take a vote upon the amendment at this time without an additional word having been said in its behalf; but I recognize that in this protective measure it is fair for Republicans to believe that the proper time to consider a vote upon the income tax is after the conclusion of these paragraphs.

However, before any motion is made which shall have for its purpose the withdrawal of the amendment offered by the Senator from Texas [Mr. BAILEY] from the consideration of the Senate, I wish to say—and in saying it I assume that the amendment offered by the Senator from Texas is now before the Senate——

The VICE-PRESIDENT. The amendment is not now before the Senate.

Mr. ALDRICH. The amendment is not now technically before the Senate.

Mr. BAILEY. Mr. President, I must respectfully dissent from that view. The amendment was pending and the Senator from Rhode Island moved to postpone it until the 10th. Yesterday, to accommodate the Senators who desired to discuss the wool schedule, particularly the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Iowa [Mr. DOLLIVER], I allowed it to pass well-nigh to the close of the day and then called it up. It was agreed that I had the right and power to call it up. I asked that it might be passed over to to-day, holding in all respects the same rights and privileges that it had yesterday. Exercising what I believed was my right under the rules, I called up the matter, and with it pending before the Senate I preferred this request. I think there can be no doubt that the amendment is now before the Senate.

Mr. ALDRICH. It is only a question of technical difference. The Senator can undoubtedly make his motion now. It is not necessary that he should go through the form——

Mr. BAILEY. I have no motion to make. I had already moved the amendment when the Senator from Rhode Island moved to postpone it on the other occasion. The amendment was then before the Senate.

Mr. ALDRICH. But it would require now the formal motion of the Senator from Texas to amend the bill as he has indicated. It is only a technical question.

Mr. BAILEY. Mr. President, I think, while not important here, it might be important on some other occasion, because a Senator would have to obtain the floor to make the motion when a measure or an amendment, as in this instance, was pending before the Senate. The Senator from Rhode Island moved to postpone the consideration of it until a given time. I think the very effect of that motion is to carry it in statu quo, preserving the status of it, to that future time. When that future time arrives, then the matter reappears precisely as it was when it was postponed.

The VICE-PRESIDENT. May the Chair call the attention of the Senator from Texas to what he finds in the RECORD? The present occupant of the chair was not here yesterday.

> Now, if the Senator will indulge me one moment—
>
> Said the Senator from Texas—
>
> I have not wanted to interfere with the consideration and conclusion of this schedule; but as soon as the schedule is completed to-morrow, or if it is concluded this afternoon and to-night, then the first thing to-morrow I will call up the income-tax amendment; if the schedule is not concluded this afternoon or to-night, then as soon as it is completed to-morrow I will call it up.

The schedule is not completed.

Mr. BAILEY. That was merely a notice of my intention. It was made when we thought we would have a vote in a few minutes and have the woolen schedule out of the way. For instance, I can illustrate to the Chair how that could be considered no more than a notice. Suppose they did not conclude the woolen schedule to-day. This matter was postponed until to-day, and then I would have lost my day in court. So I must have, under the order of the Senate, the right to call it up, and having called it up it reappears in the body precisely as it was when it was postponed.

But, Mr. President, in order to remove all possible doubt about it, I offer the amendment precisely as it was before, although I think that is not the way I would prefer. So I call the amendment up for consideration in the Senate.

Mr. ALDRICH. I think it might be considered as the pending amendment. I have no objection.

Mr. BAILEY. It is immaterial, but it will save my question.

The VICE-PRESIDENT. Without objection, the amendment will be considered to be pending.

Mr. CUMMINS. Mr. President, the amendment being now at least properly before the Senate, I desire to say just a word with regard to the matter. I have been so solicitous with respect to this amendment, I believe it to be so necessary that an income tax shall now be provided for, that I have felt no

pride of opinion with respect to my own amendment. I have felt at perfect liberty to confer with my friend, the Senator from Texas [Mr. BAILEY], in order that we might compare the amendment offered by him with the amendment offered by me. I have been exceedingly anxious to reach some plan by which there need be but a single vote upon the subject of the income tax. There were but slight differences—no essential differences—between his plan and the one found in the amendment which I last offered.

I say candidly and frankly that I have conferred with the Senator from Texas, with a view to framing this measure so that the very best elements in his amendment might be combined with the best elements in mine, and therefore command the utmost strength that the proposition to levy an income tax has in this body.

I therefore move an amendment to the amendment offered by the Senator from Texas to strike out, in line 7, page 1, the word "three" and to substitute therefor the word "two."

Mr. ALDRICH. Mr. President, if it would be convenient to the Senator from Iowa, I would suggest that this amendment be offered and printed. I am desirous, if possible, if we are to have a postponement of this proposition for a week, that we should go on as rapidly as possible with the pending schedule.

Mr. CUMMINS. Mr. President, I agree, I think, fully with the Senator from Rhode Island. I do not intend to argue these matters. I had hoped that after the amendment shall be perfected, as I believe it will be in a very few minutes, we might then have it printed, so that, before it is finally considered, it may be seen as a whole and connectedly.

The VICE-PRESIDENT. The Secretary will state the amendment proposed by the Senator from Iowa.

The SECRETARY. On page 1, line 7, before the words "per centum," it is proposed to strike out "three" and to insert "two."

Mr. CUMMINS. I also offer——

Mr. BAILEY. I suggest to the Senator from Iowa that we agree to that amendment as we go along.

Mr. CUMMINS. Precisely.

Mr. ALDRICH. I think that the Senator from Texas [Mr. BAILEY] and the Senator from Iowa [Mr. CUMMINS] ought to be permitted to modify and perfect their propositions without the approval of the Senate, because they have a right to do that—a moral right—but I should not like to have them expect the Senate to concur.

Mr. BAILEY. The Senator from Iowa and the "Senator from Texas" are doing, in the presence of the open Senate, what we have agreed——

Mr. ALDRICH. What you have already done——

Mr. BAILEY. Is a right and proper adjustment of any differences. If the Senator from Rhode Island wants the matter printed as we shall offer it, I think it fair to do it in this way.

Mr. ALDRICH. I have no objection to that; I have no objection to any modification that the high contracting parties may agree to; but I do not myself desire to be made a party to this controversy.

Mr. BAILEY. We shall try to accomplish that later.

The VICE-PRESIDENT. The Chair then understands that the Senator from Texas modifies his amendment.

Mr. CUMMINS. I offer the amendment, and I think the Senator from Texas accepts it.

Mr. BAILEY. I accept the amendment of the Senator from Iowa.

The VICE-PRESIDENT. Then it becomes a part of the amendment offered by the Senator from Texas.

Mr. CUMMINS. I also move to strike out from and including line 23, on page 3, to, but not including line 15, on page 6, and to substitute therefor that which I send to the Secretary's desk; which I say to the Senate is a substitute of the provision in my amendment respecting corporations for the provision in the amendment offered by the Senator from Texas. As originally offered, they differ only in this: That I provided for the reimbursement to stockholders of corporations, taxed under this law, whose total incomes from all sources are less than $5,000, of the amount which, as stockholders, they contributed to the tax paid by the corporation, the intent being to relieve all persons whose incomes were not more than $5,000 from the operation of this tax. I call that also to the attention of the Senator from Texas.

Mr. BAILEY. That amendment, Mr. President, is entirely understood between the Senator from Iowa and myself, and I accept it.

The VICE-PRESIDENT. The Senator from Texas [Mr. BAILEY] accepts the modification of the amendment in accordance with the suggestion of the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. Those are the only amendments which I propose to the amendment offered by the Senator from Texas. Without debating the subject at all at this time, I leave it, saying that, with these amendments, I am wholly satisfied with the measure as presented by him.

Mr. BAILEY. Now, Mr. President, I wish——

The VICE-PRESIDENT. May the Chair interrupt the Senator to request that the Secretary report the amendment moved by the Senator from Iowa to the amendment of the Senator from Texas? It has not yet been reported.

Mr. BAILEY. I thought the Secretary did report the amendment when the Senator from Iowa offered it.

The VICE-PRESIDENT. The Senator from Iowa stated the substance of it, but it has not been reported from the desk.

Mr. ALDRICH. That is not necessary.

The VICE-PRESIDENT. The Chair does not suppose that is necessary.

Mr. BAILEY. I ask that the amendment be printed in the RECORD without taking time to read it.

The VICE-PRESIDENT. That order will be made, in the absence of objection.

The modification proposed by Mr. CUMMINS to the amendment of Mr. BAILEY was to strike out from the amendment, beginning in line 23, on page 3, down to and including line 14, on page 6, and in lieu thereof to insert:

SEC. —. That there shall be assessed, levied, and collected for the calendar year 1909, and for each calendar year thereafter, a duty of 2 per cent on the net gains, profits, and income over and above $5,000 of all corporations, companies, or associations organized for pecuniary profit under the laws of the United States or under the laws of any State or Territory or doing business for pecuniary profit in the United States, no matter where or how created or organized, but not including copartnerships. The aforesaid net gains, profits, or income of any such corporation, company, or association shall include its entire gains, profits, and income save and except the amounts paid out during the year for maintenance, operation, and a reasonable allowance for depreciation; and the Secretary of the Treasury is authorized to prescribe and establish such system of bookkeeping and reports as may be necessary to insure uniformity in this respect: *Provided, however*, That nothing herein contained shall apply to corporations, companies, or associations organized and conducted solely for charitable, religious, or educational purposes, including fraternal beneficiary societies, orders, or associations operating upon the lodge system and providing for the payment of life, sick, accident, and other benefits to the members of such societies, orders, or associations and dependents of such members; nor to the stocks, shares, funds, or securities held by any fiduciary or trustee for charitable, religious, or educational purposes; nor to building and loan associations or companies which make loans only to their shareholders; nor to such savings banks, savings institutions, or societies as shall, first, have no stockholders or members except depositors and no capital except deposits; secondly, shall not receive deposits to an aggregate amount, in any one year, of more than $1,000 from the same depositor; thirdly, shall not allow an accumulation or total of deposits, by any one depositor, exceeding $10,000; fourthly, shall actually divide and distribute to its depositors, ratably to deposits, all the earnings over the necessary and proper expenses of such bank, institution, or society, except such as shall be applied to surplus; fifthly, shall not possess, in any form, a surplus fund exceeding 10 per cent of its aggregate deposits; nor to such savings banks, saving institutions, or societies composed of members who do not participate in the profits thereof and which pay interest or dividends only to their depositors; nor to that part of the business of any savings bank, institution, or other similar association having a capital stock, that is conducted on the mutual plan solely for the benefit of its depositors on such plan, and which shall keep its accounts of its business conducted on such mutual plan separate and apart from its other accounts; not to any insurance company or association which conducts all its business solely upon the mutual plan and only for the benefit of its policy holders or members, and having no capital stock and no stock or share holders, and holding all its property in trust and in reserve for its policy holders or members; nor to that part of the business of any insurance company having a capital stock and stock and share holders, which is conducted on the mutual plan, separate from its stock plan of insurance, and solely for the benefit of the policy holders and members insured on said mutual plan, and holding all the property belonging to and derived from said mutual part of its business in trust and reserve for the benefit of its policy holders and members insured on said mutual plan; nor to any part of the business of any insurance company having a capital stock and stock and stockholders except as to those gains and profits and income legally distributable to such capital stock and among such stock and stockholders. All State, county, municipal, and town taxes paid by corporations, companies, or associations shall be included in the operating and business expenses of such corporations, companies, or associations.

Provided further, Any stockholder of any corporation, company, or association the income of which is taxable and taxed under the provisions hereof, whose total income from all sources does not render him liable to the duty herein provided for, may, at any time within six months after the corporation or association of which he is a stockholder has paid the duty herein required, file a written application with the collector of the district in which he resides, in such form as the Secretary of the Treasury may prescribe, showing that his total income for the year under consideration, computed as hereinbefore set forth, did not exceed $5,000. Such application shall be under oath and accompanied by such other proof as the rules and regulations may require. If the application and proof are satisfactory to the collector, and are approved by the Secretary of the Treasury, and it further appears that the gains or profits of any share or shares of capital stock owned by any such stockholder in any such corporation have been included in the income upon which the corporation has paid a duty, then the Secretary of the Treasury shall pay to the applicant the proportionate part which his share or shares contributed to such duty, the intent being to exempt any person whose total income, computed as herein provided, is not more than 5,000

from the payment, directly or indirectly, of an income duty, and the Secretary of the Treasury is expressly authorized to establish such rules and regulations, and to provide such forms, as will enable such persons to present their claims and receive their reimbursement with least difficulty and delay consistent with the due administration of the law.

Mr. ALDRICH. I think the Senator from Texas has a right to modify his own amendment to make it agree with this joint production of the Senator from Iowa and the Senator from Texas.

The VICE-PRESIDENT. The Senator from Rhode Island is right.

Mr. BAILEY. Now, in order that the Senator from Rhode Island may have the benefit of "the joint production," to which he refers, I ask that the pending amendment as modified by these amendments shall be printed in bill form.

The VICE-PRESIDENT. Without objection, that request is agreed to.

Mr. ALDRICH. I now move that the further consideration of this amendment be postponed until the 18th day of June.

Mr. BAILEY. On that I demand the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. DAVIS (when the name of Mr. CLARKE of Arkansas was called). My colleague [Mr. CLARKE of Arkansas] is paired with the junior Senator from Delaware [Mr. RICHARDSON]. If my colleague were present, he would vote "nay."

Mr. CRAWFORD (when Mr. GAMBLE's name was called). My colleague [Mr. GAMBLE] is paired with the junior Senator from Indiana [Mr. SHIVELY]. If my colleague were present, he would vote "yea."

Mr. McLAURIN (when his name was called). I again announce my pair with the junior Senator from Michigan [Mr. SMITH]. If he were present, I should vote "nay," and he would vote "yea."

Mr. TILLMAN (when the name of Mr. SMITH of South Carolina was called). My colleague [Mr. SMITH of South Carolina] is absent on account of illness in his family. If present, my colleague would vote "nay."

The roll call was concluded.

Mr. PILES. My colleague [Mr. JONES] is absent for a few minutes. If he were present, he would vote "nay."

The result was announced—yeas 45, nays 34, as follows:

YEAS—45.

Aldrich	Crane	Frye	Perkins
Beveridge	Crawford	Gallinger	Root
Bradley	Cullom	Guggenheim	Scott
Brandegee	Curtis	Heyburn	Smoot
Brown	Depew	Johnson, N. Dak.	Stephenson
Bulkeley	Dick	Kean	Sutherland
Burkett	Dillingham	Lodge	Warner
Burnham	Dixon	Nelson	Warren
Burrows	Dolliver	Nixon	Wetmore
Burton	du Pont	Oliver	
Carter	Elkins	Page	
Clark, Wyo.	Flint	Penrose	

NAYS—34.

Bacon	Culberson	La Follette	Rayner
Bailey	Cummins	McEnery	Simmons
Bankhead	Davis	Martin	Smith, Md.
Borah	Fletcher	Money	Stone
Bourne	Foster	Newlands	Taliaferro
Bristow	Frazier	Overman	Taylor
Chamberlain	Gore	Owen	Tillman
Clapp	Hughes	Paynter	
Clay	Johnston, Ala.	Piles	

NOT VOTING—12.

Briggs	Gamble	McCumber	Shively
Clarke, Ark.	Hale	McLaurin	Smith, Mich.
Daniel	Jones	Richardson	Smith, S. C.

So the motion of Mr. ALDRICH to postpone was agreed to.

Mr. BROWN. Mr. President, I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

Mr. BROWN. I ask to have the amendment printed without reading, and that it lie on the table.

The VICE-PRESIDENT. Without objection, that order will be made.

Mr. BROWN. I desire to say, however, that the amendment proposes a joint resolution for an amendment of the Constitution, which shall give Congress the undoubted power to levy a tax on incomes. I give notice further that as soon as the amendment offered by the Senator from Texas [Mr. BAILEY] is disposed of, whenever that may be, I shall call up the amendment I now present.

Mr. FLINT. Mr. President, on the vote which was taken on the amendments of the Senator from Wisconsin [Mr. LA FOLLETTE], I inadvertently voted without noticing that my pair, the senior Senator from Texas [Mr. CULBERSON], was absent. I therefore desire to withdraw my vote.

The VICE-PRESIDENT. Is there objection to the request of the Senator from California to withdraw his vote? The Chair hears none.

Mr. BACON. Mr. President, that, as I understand, is a vote which has been passed and announced.

Mr. FLINT. It is.

Mr. BACON. I do not think, Mr President, that it is in accord with the practice of the Senate to withdraw a vote under such circumstances. The simple statement made by the Senator will accomplish the same purpose. It is not competent to change the record as it has been made.

The VICE-PRESIDENT. It can only be done by unanimous consent. Therefore, the Chair——

Mr. BEVERIDGE. The only thing that can be done is to correct the record.

Mr. BACON. I would suggest to the Senator that the announcement made by him that his vote was caused by a misapprehension, and that it did not change the result would accomplish the purpose which he has in view.

Mr. BEVERIDGE. Yes.

The VICE-PRESIDENT. The Chair thinks the Senator can withdraw his vote by unanimous consent.

Mr. BACON. Undoubtedly. I simply stated, Mr. President, that the request of the Senator from California was not in accord with our custom.

The VICE-PRESIDENT. The Chair so understood the Senator.

Mr. ALDRICH. I ask that the remaining paragraphs of Schedule K be agreed to.

The VICE-PRESIDENT. Without objection, the remaining paragraphs of Schedule K are agreed to.

Mr. CUMMINS. Mr. President, I now present the motion upon which I delivered some remarks this morning, which I ask may be stated.

The VICE-PRESIDENT. The Secretary will state the motion.

The Secretary read as follows:

Mr. CUMMINS moves to recommit Schedule K to the Finance Committee, with instructions to again consider the same and report a schedule as follows, to wit:

1. With the duties on wool unchanged.
2. With so-called "compensatory duties" to the woolen manufacturers that will measure the difference between the price which domestic manufacturers pay for wool and the price paid by their chief foreign competitors.
3. A further duty upon imported woolen manufactures that will represent the difference between the cost of production at home and abroad, with a fair manufacturers' profit added, less the compensatory duties already given to domestic manufacturers because of the higher price they are compelled to pay for wool.

Mr. CUMMINS. Mr. President, I do not intend to repeat anything I said this morning, and I said then everything I desired to say respecting this motion. I believe it embodies the Republican view of a protective tariff upon these duties and puts upon the Finance Committee a specific instruction, under which, as good Republicans, they ought now to act, by virtue of our platform. Upon the motion, if there is to be no further discussion, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McLAURIN. Mr. President, I merely wish to put in the RECORD, before the vote is taken, some statistics, furnished me by a statistician in whom I have confidence, showing that, according to the statistics of the Department of Agriculture, there were in this country in 1884, 50,360,243 sheep.

Mr. ALDRICH. Mr. President, will it inconvenience the Senator from Mississippi to allow a vote to be taken on this proposition?

Mr. McLAURIN. I will only take half a minute. In 1884 the number of sheep in this country was, as I have stated, 50,360,243; in 1890 the number of sheep was 44,336,072; in 1903 the number was 63,964,876; and in 1908 it was 54,631,000. I merely make this statement so that it may appear in the RECORD, for the purpose of showing that in years when the Wilson tariff law was not in force there was a great falling off in the sheep in this country.

The VICE-PRESIDENT. The pending question is on the motion of the Senator from Iowa [Mr. CUMMINS] to recommit to the Committee on Finance Schedule K, with instructions, on which the yeas and nays have been ordered.

Mr. TILLMAN. With what sort of instructions?

The VICE-PRESIDENT. The instructions have been read. The Secretary will again read them, if there be no objection.

Mr. TILLMAN. There is a difference of opinion in regard to the matter, and I should like to hear them again read.

The VICE-PRESIDENT. The Secretary will again read.

The Secretary again read the motion of Mr. CUMMINS.

The VICE-PRESIDENT. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I desire to announce my pair with the senior Senator from Maryland [Mr. RAYNER].

Mr. FLETCHER (when his name was called). I am paired with the junior Senator from New Jersey [Mr. BRIGGS], and therefore withhold my vote.

Mr. McLAURIN (when his name was called). I again announce my pair with the junior Senator from Michigan [Mr. SMITH]. If he were present, I should vote "nay."

The roll call was concluded.

Mr. BURROWS. My colleague [Mr. SMITH of Michigan] is unavoidably absent. He is paired with the Senator from Mississippi [Mr. McLAURIN]. I am at liberty to say, however, that if my colleague were present, he would vote "nay."

Mr. McLAURIN. Upon the statement of the Senator from Michigan that the junior Senator from Michigan [Mr. SMITH], with whom I am paired, would vote "nay" if present, I will take the liberty of voting. I vote "nay."

Mr. KEAN. My colleague [Mr. BRIGGS] is necessarily absent. He is paired with the Senator from Florida [Mr. FLETCHER]. If my colleague were present, he would vote "nay."

Mr. CULBERSON. I am requested to announce that the senior Senator from Maryland [Mr. RAYNER] is paired on this question with the Senator from Kansas [Mr. CURTIS]. If the Senator from Maryland were present, he would vote "nay."

Mr. CURTIS. In view of the announcement of the Senator from Texas [Mr. CULBERSON] as to how the Senator from Maryland [Mr. RAYNER], with whom I am paired, would vote if present, I will take the liberty of voting. I vote "nay."

Mr. LA FOLLETTE. I desire to say that I withheld my vote because I am opposed to a portion of the motion of the Senator from Iowa and in favor of a portion of it, and so could neither vote for it or against it.

The result was announced—yeas 8, nays 59, as follows:

YEAS—8.

Beveridge	Brown	Clapp	Dolliver
Bristow	Burkett	Cummins	Nelson

NAYS—59.

Aldrich	Crawford	Gore	Paynter
Bacon	Culberson	Guggenheim	Penrose
Bankhead	Cullom	Heyburn	Piles
Bourne	Curtis	Johnson, N. Dak.	Root
Bradley	Davis	Kean	Scott
Brandegee	Depew	Lodge	Simmons
Bulkeley	Dick	McEnery	Smoot
Burnham	Dillingham	McLaurin	Stephenson
Burrows	Dixon	Martin	Stone
Burton	du Pont	Money	Sutherland
Carter	Elkins	Nixon	Taliaferro
Chamberlain	Flint	Oliver	Tillman
Clark, Wyo.	Foster	Overman	Warren
Clay	Frye	Owen	Wetmore
Crane	Gallinger	Page	

NOT VOTING—24.

Bailey	Frazier	La Follette	Shively
Borah	Gamble	McCumber	Smith, Md.
Briggs	Hale	Newlands	Smith, Mich.
Clarke, Ark.	Hughes	Perkins	Smith, S. C.
Daniel	Johnston, Ala.	Rayner	Taylor
Fletcher	Jones	Richardson	Warner

So the motion of Mr. CUMMINS was rejected.

The VICE-PRESIDENT. The hour of 5.30 o'clock having arrived, the Senate stands in recess until 8 o'clock this evening.

EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

Mr. SMOOT. I ask unanimous consent that we now take up the free list for consideration.

Mr. BROWN. I should like to inquire why we should pass over——

Mr. CULBERSON. We on this side are unable to hear.

The VICE-PRESIDENT. Will the Senator please speak a bit louder?

Mr. BROWN. I want to inquire why it is necessary to pass over the schedule relating to pulp and print paper?

Mr. BEVERIDGE. For how long?

Mr. SMOOT. The committee thought it was proper to pass that over, at least for a day or two, in the absence of the Senator from Maine [Mr. HALE], who is not well enough to be here, and I would not like to have it taken up in his absence.

Mr. BROWN. Of course under those circumstances I would not insist on taking up the schedule.

The VICE-PRESIDENT. The Senator from Utah asks unanimous consent that the Senate now proceed to the consideration of the free list. Is there objection?

Mr. BEVERIDGE. Wait a minute. Pardon me a minute.

Mr. GORE. Mr. President——

The VICE-PRESIDENT. In one moment; the Chair will recognize the Senator from Oklahoma.

Mr. CLAPP. I suggest the want of a quorum.

The VICE-PRESIDENT. The Senator from Minnesota suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clark, Wyo.	Frye	Penrose
Bacon	Clarke, Ark.	Gallinger	Perkins
Bailey	Crane	Gore	Piles
Beveridge	Crawford	Heyburn	Root
Borah	Culberson	Johnston, Ala.	Scott
Brandegee	Cullom	Kean	Simmons
Bristow	Cummins	La Follette	Smith, Md.
Brown	Curtis	Lodge	Smoot
Bulkeley	Davis	McCumber	Stephenson
Burkett	Dick	McEnery	Stone
Burnham	Dixon	Martin	Sutherland
Burrows	Dolliver	Money	Taliaferro
Burton	du Pont	Nelson	Tillman
Carter	Fletcher	Oliver	Warren
Chamberlain	Flint	Overman	Wetmore
Clapp	Foster	Page	

Mr. PILES. My colleague [Mr. JONES] is necessarily detained from the Chamber to-night.

The VICE-PRESIDENT. Sixty-three Senators have answered to the roll call. A quorum of the Senate is present. Is there objection to the request of the Senator from Utah?

Mr. BROWN. Of course, on the statement of the Senator from Utah, I would not insist on an objection, but I call the attention of the Senator from Rhode Island to the fact that this bill has been before the Senate now for nearly ten weeks.

Mr. CULBERSON. Mr. President——

The VICE-PRESIDENT. For what purpose does the Senator from Texas rise?

Mr. CULBERSON. I rise to inquire what is the request of the Senator from Utah?

The VICE-PRESIDENT. That the Senate now proceed to the consideration of the free-list provisions of the bill.

Mr. BROWN. This bill has been pending in the Senate now for almost ten weeks. It came here with no report and no recommendation with respect to Schedule M, the schedule relating to pulp, paper, and books; and I should like to inquire if it is not about time that the Senate had some light as to when a report is likely to be made. The Senate, I believe—and I know I, myself—would be enlightened considerably if it were known what the report is likely to be.

Mr. ALDRICH. The committee reported on all the paragraphs of Schedule M except the clause relating to printing paper. As I stated to the Senate the other day, the report of the committee is likely to be a rate which is less than the present law and in excess of the House rate.

Mr. BROWN. That is a wide margin, Mr. President. Can we have any indication about where——

Mr. ALDRICH. It is not so very wide. The House provides for a duty of $2 a ton on print paper, and the present law is 0.3 of a cent a pound, or $6 a ton. The Senator can exercise his ingenuity within those limits in making as good a guess as he can as to what the rate will be.

Mr. BEVERIDGE. What the rate recommended by the committee will be.

Mr. BROWN. I was going to say it would take great ingenuity on the part of any man to divine what the committee will report. I want to say that the hesitation and doubt of the committee on this subject give hope to men that the increase may not be so high on this schedule as on some of the others.

Mr. ALDRICH. There is sure to be a reduction. Whether the reduction will reach the rather radical ideas of my friend, the Senator from Nebraska, I am not so sure. I have been trying in all these provisions, so far as I could, to make the reductions conform to his views.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Utah?

Mr. BEVERIDGE. The Senator from Rhode Island was addressing the Chair at that particular moment.

The VICE-PRESIDENT. Is there objection? The Chair hears no objection.

Mr. BEVERIDGE. What is the request?

The VICE-PRESIDENT. The Senator from Indiana was not understood by the Chair.

Mr. BEVERIDGE. I was listening to the remarks of the Senator from Rhode Island, and in the midst of them the Chair suggested the order.

The VICE-PRESIDENT. The Chair did not intend to present the request until the Senator from Rhode Island had taken his seat.

Mr. BEVERIDGE. He was still on his feet. But that is a small matter. What is the request?

The VICE-PRESIDENT. The Chair regrets that he affronted the Senator from Rhode Island. He did not do so intentionally, and the Senator from Rhode Island had not complained. Is there objection to the request of the Senator from Utah?

Mr. BEVERIDGE. Now, what is that request?

The VICE-PRESIDENT. The Chair will again repeat the request—that the Senate now consider the free-list portion of the bill. Is there objection? The Chair hears none. The Secretary——

Mr. LODGE. Beginning with the free list, line 17, page 193, has been agreed to by the Senate, and I ask leave to add—it is an oversight in the bill—in line 17, after the words "Philippine Islands," the words "and the islands of Guam and Tutuila."

The VICE-PRESIDENT. The Secretary will report the amendment proposed by the Senator from Massachusetts.

Mr. SCOTT. That is a committee amendment?

Mr. LODGE. Yes; a committee amendment.

The VICE-PRESIDENT. It is a committee amendment.

The SECRETARY. In line 17, page 193, after the words "Philippine Islands," insert the words "and the islands of Guam and Tutuila."

The VICE-PRESIDENT. The Senator from Rhode Island asks unanimous consent that the amendment be agreed to. Is there objection? The Chair hears none, and it is so ordered. The Secretary will report the first paragraph passed over.

The SECRETARY. The first paragraph passed over is 472.

Mr. GORE. Mr. President, I desire to say a word concerning my vote on the last roll call before the recess was taken, and I refer to the motion of the Senator from Iowa [Mr. CUMMINS] to recommit the woolen schedule, with instructions to the Finance Committee to report the same back in accordance with the Republican platform, covering the difference between wages here and abroad plus a reasonable profit to the manufacturer. That motion was made during my absence from the Chamber, and I returned after the roll call had been concluded and upon the eve of the announcement of the result of the vote being made by the Secretary. I did not at that time fully appreciate the issue which had been raised by that motion, and I do not wish my vote against the motion to be understood as committing me in any measure to the pending bill or as committing me to any of its sections, schedules, principles, or provisions. Indeed, it was impossible for me to register my views by my vote upon that question.

I regard the pending measure as being just about as bad as human ingenuity can make it. I regard it as a great deal worse than the present Dingley law. I will vote with pleasure for any motion which might have any possible tendency either to defeat this measure or to improve it in the interest of the American people and the American consumer. The motion of the Senator from Iowa, however, was to instruct the committee to report this measure back in accordance with the Republican platform and in accordance with the principle of protection.

Mr. President, I do not believe in the principle of protection. I do not believe that the American consumer should be taxed to enrich the American producer. I believe that American people and American labor in an open contest with the rest of the world can win the race. I believe that low taxation is a blessing and that high taxation is a curse, whether that taxation be either direct or indirect. It is apparent, therefore, that I could not either by an affirmative or a negative vote register my views with fidelity and precision upon that motion. If I had been present, I should have asked to be excused from voting.

The VICE-PRESIDENT. The Secretary will report the first paragraph passed over.

Mr. STONE. It is paragraph 472.

The SECRETARY. The first paragraph passed over is No. 472.

Mr. STONE. I desire to offer an amendment to the paragraph.

The VICE-PRESIDENT. The Senator will present his amendment, and the Secretary will state it.

The SECRETARY. Amend paragraph 472 by inserting, after the word "carbolic," in line 18, the word "chlorosulphonic."

Mr. STONE. Mr. President, there is a large manufacturing chemical company in St. Louis, known as the "Monsanto Chemical Works." It is a very large and very responsible chemical concern. The president of that company was here, and, I think, conferred with some members of the Finance Committee about one or two matters, at least. I am sorry to say that he is a very pronounced Republican.

I will read to the Senate, and particularly to the Senators who are in charge of this bill, a brief statement which he made to me, with reference to this matter. He said:

In explanation: Chlorosulphonic acid is produced by injecting hydrochloric (muriatic) acid into fuming sulphuric acid, which results in a chemical reaction in the formation of a new chemical compound which is itself an acid.

Used largely in Germany in chemical manufacturing for the sulphonation of organic chemical compounds.

None manufactured in this country and none probable. We approached every acid manufacturer in the United States to produce it for us, but they refused to undertake it because of limited demand and heavy cost for installation for its manufacture.

We imported 250,000 to 300,000 pounds a year for two years, paying the assessed rate of 25 per cent as a "chemical compound," but were forced to discontinue a year ago.

None imported now and none likely so long as it is on the dutiable list. We will use about 300,000 pounds annually if placed on the free list.

MONSANTO CHEMICAL WORKS,
St. Louis.

According to this statement, in which I have absolute credence, none of this article is manufactured here and none is likely to be.

Mr. SMOOT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. STONE. I do.

Mr. SMOOT. I remember that the gentleman called at my office, and we discussed the question. I think I have an exact copy of the statement the Senator has just read.

Mr. CUMMINS. I suggest if this is a matter to be submitted to the Senate, we would like to hear what is going on.

Mr. SMOOT. I say I think I have an exact copy of the statement which was just read by the Senator from Missouri.

Mr. STONE. I have no doubt of it.

Mr. SMOOT. I have not the copy with me, and I forget whether the gentleman stated what they are using to-day in place of this particular chemical.

Mr. STONE. He does not state what they are using in place of it. I asked him that question, and he told me there was nothing they could use in place of it, and they had to discontinue the manufacture of the article in which this acid was employed.

Mr. DU PONT. I should like to ask the Senator from Missouri for what purpose this acid is used?

Mr. STONE. He says in this statement it is used for "the sulphonation of organic chemical compounds." The point I make is that as it is an acid used in a considerable degree in manufacture, as none is made here, and none can be made here, it ought to go on the free list.

Mr. ALDRICH. I have no objection to its going on the free list, and before it is reached in conference the committee will make a careful examination of it.

Mr. STONE. I am entirely satisfied with that course.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri.

The amendment was agreed to.

The VICE-PRESIDENT. The paragraph as amended, without objection, is agreed to. The Secretary will report the next paragraph passed over.

The SECRETARY. On page 194, line 6, the committee proposes to strike out paragraph 480, in the following words:

480. Ammonia, sulphate of.

Mr. ALDRICH. Several Senators who are interested in this particular amendment are not present to-night, and I think I will have to ask that it may go over.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Rhode Island? The Chair hears none. The Secretary will report the next paragraph passed over.

The SECRETARY. On page 194, line 8, in paragraph 482, after the word "imported," the committee proposes to strike out the words "by a citizen of the United States."

Mr. ALDRICH. The second amendment, in lines 10 and 11, striking out the words "whether intended to be so used by the importer himself or for sale for such purpose," the committee are satisfied would be a mistake. They therefore withdraw the second amendment.

Mr. BURKETT. I suggest to the Senator that, in my opinion, this privilege has always been given to citizens of the United States.

Mr. ALDRICH. I have no objection to withdrawing them both.

Mr. LODGE. That is not the way it is in the old law.

Mr. BURKETT. I have three or four copies of acts where it stands as it would with the clause out.

Mr. LODGE. The existing law has no limitation to citizens of the United States.

The VICE-PRESIDENT. The question is on agreeing to the first amendment, which will be stated.

The SECRETARY. In lines 8 and 9, strike out the words "by a citizen of the United States," so as to read:

482. Any animal imported specially for breeding purposes shall be admitted free.

The amendment was agreed to.

Mr. GALLINGER. I understood the chairman of the committee to withdraw the amendment.

The VICE-PRESIDENT. The chairman of the committee could not withdraw the amendment. It is a committee amendment to strike out a part of the bill, and it can be disagreed to.

Mr. GALLINGER. I ask that the matter be submitted to the Senate again. There was a misunderstanding.

The VICE-PRESIDENT. The Chair will again submit the first amendment in lines 8 and 9 to the Senate.

The amendment was rejected.

The VICE-PRESIDENT. Without objection, the second amendment is disagreed to. The Chair hears no objection. Without objection, the paragraph as amended is agreed to. The Chair hears no objection. The Secretary will read the next paragraph passed over.

Mr. DU PONT. I do not understand what action has been taken by the Senate in regard to these amendments.

The VICE-PRESIDENT. The amendments have been disagreed to and the words remain in the bill.

The next paragraph passed over will be stated.

The SECRETARY. Paragraph 488——

Mr. KEAN. I should like to move an amendment to paragraph 483 by inserting, in line 13, page 195, after the word "agricultural," the word "polo," if there is no objection to it.

Mr. ALDRICH. There is no objection to that. The paragraph will have to be reconsidered for that purpose. I ask unanimous consent that it be reconsidered.

The VICE-PRESIDENT. Without objection, it will be reconsidered. The amendment proposed by the Senator from New Jersey will be read.

The SECRETARY. On page 195, line 13, after the word "agricultural," insert the word "polo."

The VICE-PRESIDENT. Is there objection to the amendment?

Mr. MONEY. Mr. President, we can not understand what is going on when amendments are agreed to simply by paragraphs and numbers. It seems to me that the language ought to be read so that the Senate can hear it.

The VICE-PRESIDENT. The Secretary will state the amendment in connection with the language of the paragraph.

The SECRETARY. The first clause of paragraph 483, if amended as proposed, will read:

Animals brought into the United States temporarily for a period not exceeding six months, for the purpose of exhibition or competition by prizes offered by any agricultural, polo, or racing association.

Mr. ALDRICH. There should be a comma both before and after "polo."

The VICE-PRESIDENT. Is there objection to agreeing to the amendment? The Chair hears none, and the amendment is agreed to. Without objection, the paragraph as amended is agreed to. The next amendment passed over will be stated.

The SECRETARY. On page 196, line 5, paragraph 488, reads as follows:

488. Arsenic and sulphide of arsenic, or orpiment.

Mr. ALDRICH. I ask that that be agreed to.

Mr. GUGGENHEIM. I ask that the paragraph be passed over.

The VICE-PRESIDENT. The Senator from Colorado asks unanimous consent that the paragraph be passed over. Is there objection? The Chair hears none. The Secretary will report the next paragraph passed over.

The SECRETARY. Paragraph 490, page 196. The committee proposes to strike out all after the numerals down to and including the word "refunded" in line 22, and to insert:

Articles the growth, produce, and manufacture of the United States, when returned after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means; casks, barrels, carboys, bags, and other vessels of American manufacture exported filled with American products, or exported empty and returned filled with foreign products, including shooks and staves when returned as barrels or boxes; also quicksilver flasks or bottles, of either domestic or foreign manufacture, which shall have been actually exported from the United States; but proof of the identity of such articles shall be made, under general regulations to be prescribed by the Secretary of the Treasury, but the exemption of bags from duty shall apply only to such domestic bags as may be imported by the exporter thereof, and if any such articles are subject to internal-revenue tax at the time of exportation, such tax shall be proved to have been paid before exportation and not refunded.

Mr. ALDRICH. I desire to modify the committee amendment by inserting certain words.

The VICE-PRESIDENT. The Secretary will state the modification.

The SECRETARY. In line 6, on page 197, after the word "bottles," insert the words "iron or steel drums used for the shipment of acids."

The VICE-PRESIDENT. The question is on agreeing to the amendment as modified.

Mr. DOLLIVER. I called attention some weeks ago to the fact that there were decisions which have held that animals pastured in Mexico and Canada can be sent over for practically an unlimited time and brought back under this paragraph. I suggest, in line 23, on page 196, to insert after the words "United States" the words "not including animals."

Mr. ALDRICH. I think I expressed a purpose to agree to that amendment when the Senator proposed it before.

The VICE-PRESIDENT. The Secretary will report the further modification of the amendment sent to the desk by the Senator from Rhode Island.

The SECRETARY. On page 197, line 16, after the word "manufacture" insert the words "except moving-picture films" in parentheses.

The VICE-PRESIDENT. Without objection, the amendment of the committee will be so modified. The modification suggested by the Senator from Iowa will be stated.

The SECRETARY. In line 23, page 196, after the words "United States" insert "not including animals."

The VICE-PRESIDENT. The amendment will be so modified. The question is on agreeing to the amendment of the committee as modified.

Mr. SUTHERLAND. I wish to ask the chairman of the committee with reference to the provisions in lines 22 and 23, on page 196. It reads "articles the growth, produce, and manufacture of the United States." Should it not be "articles the growth, produce, or manufacture of the United States?"

Mr. ALDRICH. We simply followed the existing law. I am not sure.

Mr. GALLINGER. "Or" is better.

Mr. ALDRICH. I think "or" is perhaps better than "and," although we copied the provision of the existing law, the act of 1894.

Mr. SUTHERLAND. I suggest to strike out the word "and" and insert "or" before the word "manufacture."

The VICE-PRESIDENT. The amendment will be so modified. The question is on agreeing to the modified committee amendment.

Mr. TILLMAN. I should like to ask the Senator from Rhode Island if, on page 197, the exemption of bags from duty means wheat sacks which have been exported and are reimported?

Mr. ALDRICH. Unquestionably.

Mr. TILLMAN. I just wanted to find out whether the Senator was "toting fair" with the rest of the country. You want to help the wheat growers of the West, and I want to see if you are going to help the fertilizer users of the South who use cotton and guano sacks.

Mr. ALDRICH. The existing provision——

Mr. TILLMAN. I am talking about the duty placed in the bill in another place, instead of being put on the free list along with these articles exported and reimported. Why do you not give us the privilege of getting our guano sacks in free?

Mr. ALDRICH. That does not seem to be exactly germane to the paragraph now under consideration.

Mr. TILLMAN. We are on the free list, and you are providing for the reimportation of sacks that have been sent abroad with wheat, and when we want to get our guano sacks in free to use, you say we shall not do it.

Mr. ALDRICH. Oh, no; this applies to all sacks.

Mr. TILLMAN. But we do not export any guano; we are importing it. We want a good many things; we want nitrate of soda on the free list, and you passed over sulphate of ammonia, which is manufactured here, but it is also imported, or it could be imported. The Senator was very much in love with the South several days ago. He made a very eloquent appeal that we should help him to develop it; and I want to see whether he is going to "tote fair" with us or not. [Manifestations of applause in the galleries.]

The VICE-PRESIDENT. The Chair desires once again to suggest to the occupants of the galleries that they are guests of the Senate, and the Senate rules do not permit any demonstration of approval or disapproval by such guests.

Mr. ALDRICH. I will say to my friend from South Carolina that my advances were repulsed with more or less——

Mr. TILLMAN. There was no repulsion at all. We simply could not afford to sell out. We could not afford to join the Senator in that programme.

Mr. ALDRICH. I was not trying to have anybody sell out.

Mr. TILLMAN. Perhaps I was too blunt. The Senator did not mean it in that sense. He was very patriotic and statesmanlike in his appeal to us to protect certain things down South. We will have to look around and see. There are several things down there and we would like to get a little of old Sam's generosity.

Mr. ALDRICH. My ideas of protection are in protecting industries by levying duties on competing articles and not by putting products on the free list. The Senator's idea of protection and mine are not alike in that regard.

Mr. TILLMAN. I am not after protection. I am after an opportunity to have the farmers of the South get some of the relief which you are giving to the farmers of the West. You give them free binding twine here. I want to put bags and ties on the free list. I do not know whether the Senator will permit me to make any progress that way.

Mr. ALDRICH. The agricultural interests of the West do not have free grain bags or free wheat bags.

Mr. TILLMAN. But you are providing for their reimportation.

Mr. ALDRICH. That is a different proposition entirely. This provides that when American products are shipped out of the country in bags or coverings of any kind, upon the reimportation of those articles they shall not pay a duty, or shall not pay a duty the second time, if duty has already been paid.

Mr. TILLMAN. Does the Senator imagine that any but secondhand bags are brought back? If you allow the bags in which wheat is exported to be reimported, will not all bags be "reimported?"

Mr. ALDRICH. Oh, no; we are importing millions every year.

Mr. TILLMAN. I say you are reimporting millions.

Mr. ALDRICH. No; not reimporting, but importing new bags upon which duties are assessed and collected.

Mr. TILLMAN. I see our friend the Senator from California. He knows that the two penitentiaries of Oregon or Washington, one of those Northwestern States, and of California are the main beneficiaries of this bag duty.

Mr. FLINT. The State is.

Mr. TILLMAN. I say the State. It is a new thing that you have States in it. You are not simply going to protect American manufacturers, but you have the convict labor in the penitentiary making sacks, and you sell them to the wheat growers and to the guano manufacturers, and you think that is the right thing to do.

Mr. HEYBURN. Mr. President, perhaps the Senator from South Carolina may not be advised of the fact that that is not a money-making institution. Under the laws of the State of Washington they can not sell them to any other than the actual users, the farmers, and the price is fixed by the State. It is not a money-making institution. It insures to the farmers their grain sacks at the very lowest possible price.

Mr. TILLMAN. We do not manufacture any of those down South. We have to make our sacks there at home, but we have to import the burlaps, and we would like to get free cloth to make sacks out of, or get our sacks free, one or the other.

Mr. PILES. My colleague [Mr. JONES] has an amendment pending to put sacks on the free list.

Mr. TILLMAN. I will wait and see what becomes of it.

Mr. PILES. My colleague is not here to-night. The matter can be passed over so that he can be here to present it.

Mr. SIMMONS. I wish to inquire of the Senator from Rhode Island if he means to say that under this provision sacks containing wheat which have been shipped abroad can be reimported into this country free. I want to call the attention of the Senator from Rhode Island to the condition of things that has been brought to my attention, with reference to cotton bagging. I am told that there are in my State now at least three mills engaged in working over bagging in which cotton has been baled for use a second time by the cotton growers. I am told that a considerable part of the bagging that comes off the cotton exported from this country to Europe is worked over and sent back to this country; that probably not more than one-fourth, but still a considerable part of the bagging that is used in the South now, is bagging that has already been used once, and I think it is. I got this information from one of the manufacturers of cotton bagging—jute bagging—in this country. I ask the Senator, if that is the case, why would it not be well to provide, also, that cotton bagging might be reimported into this country free of duty? The case which the Senator from South Carolina [Mr. TILLMAN] put a little while ago as to guano does not seem to be a parallel case; but the case which I now put is on all fours with what the bill provides for.

Mr. ALDRICH. I can not see any reason why cotton bagging which has been exported should not be returned free of duty upon reimportation.

Mr. SIMMONS. I am sure there can be none, but I doubt very much whether the language here would embrace cotton bagging.

Mr. ALDRICH. There certainly could be no reason why the bagging should not be embraced, if it is not.

Mr. SIMMONS. Then I will see if I can not draw an amendment which will cover cotton bagging.

Mr. McLAURIN. If the Senator from North Carolina will allow me, I will suggest an amendment; after the word "bags," in line 2, page 197, to insert the words "cotton bagging."

Mr. SIMMONS. That would cover it, Mr. President.

Mr. McLAURIN. Then I offer that amendment, or the Senator can offer it.

Mr. SIMMONS. That is all right. The Senator can offer it.

Mr. McLAURIN. I offer the amendment.

Mr. LODGE. Let it be read.

The VICE-PRESIDENT. The Secretary will report the amendment to the committee amendment.

The SECRETARY. On page 197, line 2, after the word "bags," insert the words "cotton bagging."

The VICE-PRESIDENT. The question is on the amendment to the amendment as modified.

Mr. McLAURIN. It would probably be better instead of using the words "cotton bagging" to say "bagging for cotton." When the bagging that wraps the cotton goes to the factory in Europe it is taken off and discarded, and the amount of it is deducted from the weight of the bale; so that the bagging is an entire waste to the producer of the cotton. If it can be reimported exactly as bags for grain or anything else can be reimported free, it will give the cotton producer that much advantage in the reduction of the price of their bagging for cotton.

Mr. SMOOT. I should like to ask the Senator from Mississippi how this cotton bagging would be identified?

Mr. McLAURIN. How would any other bags be identified?

Mr. SMOOT. I will explain to the Senator as to grain sacks, for instance. One of the manufacturers on the Pacific coast manufactures grain sacks with a dark strip through, and another manufactures them with a red strip through, and they are identified and shipped back, known as "American bags." Cotton bagging is woven so loosely I can not see how you are going to identify it. In order to get the bags returned free they must be identified in some way.

Mr. McLAURIN. That would be a matter of detail for the custom-house officers. I should think it would be a matter of administration.

Mr. ALDRICH. This paragraph already contains a provision that the "proof of the identity of such articles shall be made under general regulations to be prescribed by the Secretary of the Treasury." I should think that the department probably will be able to identify the articles.

Mr. McLAURIN. I will say that I propose before the free list shall have been finished to offer an amendment putting all bagging on the free list, and I have some hopes that the committee will let that amendment pass.

Mr. BURTON. Mr. President——

The VICE-PRESIDENT. Does the Senator from Mississippi yield to the Senator from Ohio?

Mr. McLAURIN. I do.

Mr. BURTON. Without expressing any opinion about the desirability of this amendment, I do not think its adoption would meet the desire of the Senators who are advocating it. There are several classes of receptacles and products which can be reimported without payment of duty.

First. "Articles the growth, product, or manufacture of the United States."

Second. "Casks, barrels, carboys, bags, and other vessels of American manufacture exported filled with American products."

Third. Described in lines 5 and 6, "also quicksilver flasks or bottles of either domestic or foreign manufacture."

It is evident that the first refers to an article of American manufacture, the second to a bag or other receptacle of American manufacture, and the third to an article of either domestic or foreign manufacture. Certainly that is the effect of the paragraph.

Mr. FLINT. Most of the bags are of American manufacture.

Mr. McLAURIN. At the suggestion of some of my colleagues who are interested in this subject, I will withdraw the amendment and will insist upon another amendment.

Mr. TILLMAN. I suggest to the Senator from Mississippi that the amendment he proposed would give us no relief whatever, and I for one do not want it.

The VICE-PRESIDENT. The Senator from Mississippi withdraws his amendment to the amendment.

Mr. CULBERSON. I simply suggest what is known on this side of the Chamber to practically all Senators, that there are other amendments pending putting cotton bagging absolutely on the free list, which is what is desired, if I may use such an expression, by the cotton States. The Senator from Mississippi has an amendment of that kind I understand. The Senator from Oklahoma has one. I have myself introduced an amendment of that character. I introduced it on the 3d of May, and it is intended to come in as paragraph 593½.

Mr. ALDRICH. That amendment comes up primarily in the dutiable list. The paragraph is on the dutiable list.

Mr. CULBERSON. The paragraph would be taken from the dutiable list and put on the free list as paragraph 593½ as prepared by myself, but, as I said, the Senator from Mississippi has an amendment of that kind, and so has the Senator from Oklahoma, I am advised, but I do not know where they come in. I am satisfied to have either amendment adopted, of course.

Mr. McLAURIN. I request that this question of cotton bagging be passed over for to-night.

Mr. ALDRICH. It has nothing whatever to do with this paragraph. In line 2 I think the word——

Mr. SIMMONS. Before it goes over, will the Senator allow me a moment?

Mr. ALDRICH. I was going to suggest an amendment which I think would cover the suggestions which have been made.

The word "vessels" in line 2 is the old language. It was put in when this provision only applied to casks, barrels, and carboys. The word "vessels" would not be appropriate as used in connection with cotton bagging, and I suggest that the word be changed to "containers," which is the usual word now used in tariff legislation to cover all kinds of coverings.

Mr. TILLMAN. I want to say to the Senator, he had better use the word "wraps" if he wants to get bagging in, because a bag never contains cotton. It is simply outside of it as a protection against the loss from picking off and from contact with mud and things like that.

Mr. ALDRICH. The cotton is contained in the bagging.

Mr. TILLMAN. My understanding of the word "contained" would not allow the use of the word "container."

Mr. ALDRICH. It is technically used. It has had the construction of the courts, and includes the packages which contained merchandise imported into the United States.

Mr. TILLMAN. If the technical meaning is a wrap or something outside, all right.

Mr. ALDRICH. It means just that; it means a covering.

Mr. MONEY. If the Senator will permit me, I suggest to the Senator from Rhode Island to pass this whole matter over.

Mr. ALDRICH. It is not necessary to pass over the matter, because this does not include the cotton bagging at all.

Mr. MONEY. I mean the whole question of cotton covering of any kind, because the Senator from Utah was correct in saying that it would be almost impossible, if not quite so, to identify bagging once used.

Mr. ALDRICH. I am not suggesting this change to cover cotton especially. It would cover cotton and everything else, I think. I am only making the suggestion.

Mr. MONEY. No; it will not affect cotton covering.

Mr. ALDRICH. It does not.

Mr. MONEY. Of course I have no objection to the Senator making the proposition as to anything else.

Mr. ALDRICH. I would suggest that the word "vessels" be stricken out and the word "containers" or "coverings" be inserted.

Mr. SIMMONS. Before the matter is passed over, I would, with the rest of my colleagues on this side of the Chamber, like to see all cotton bagging upon the free list. The words "containers or coverings," added by the Senator from Rhode Island, would seem to accomplish the object I have in view, and that is satisfactory to me, and also suggesting that cotton bagging which had once been used may be on the free list.

Mr. ALDRICH. I ask that the modification of the amendment proposed by me to the committee amendment be agreed to, if it has not already been.

The VICE-PRESIDENT. The Secretary will state the modification proposed by the Senator from Rhode Island to the committee amendment.

The SECRETARY. In paragraph 490, page 197, line 2, after the word "other," the committee amendment is modified by striking out the word "vessels" and inserting the words "containers or coverings."

The VICE-PRESIDENT. The question is on agreeing to the committee amendment as modified.

Mr. HEYBURN. I should like to inquire of the Senator from Rhode Island whether we have not by inserting in line 2 the word "cotton"——

The VICE-PRESIDENT. That has not yet been done.

Mr. HEYBURN. Who shall determine? I make the suggestion, while I am about it, that the language now would probably include one of the very important items that are protected. I refer to paragraph 347, which covers an article running into the millions in revenue. We want to guard that pretty carefully. Part of those bags are of cotton. Those are what we call "burlaps." They include grain bags, wrappings for furniture, and all that kind of thing, and we do not want them to come in free.

Mr. ALDRICH. I ask that the paragraph may be agreed to as amended.

Mr. HEYBURN. I should like to ask whether the words "iron or steel drums used for the shipment of acid" have been inserted in line 6, after the word "bottles?"

Mr. ALDRICH. They have been.

The VICE-PRESIDENT. Those words have been inserted. The committee have so modified their amendment. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

The VICE-PRESIDENT. The Secretary will state the other amendment to the paragraph.

The SECRETARY. In paragraph 490, page 197, line 16, after the word "manufacture," it is proposed to insert "except moving-picture films" in parentheses.

The VICE-PRESIDENT. The question is on the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 497, binding twine.

Mr. HEYBURN. Mr. President, I have paragraph 491 marked as passed over. I think we had some agreement that it should be passed over.

Mr. ALDRICH. Not that I know of.

Mr. HEYBURN. It covers asbestos, unmanufactured.

Mr. ALDRICH. I do not know anything about its having been passed over.

Mr. HEYBURN. I have it marked here as a matter for further consideration. As I say, it relates to the item of asbestos, and I ask that it be passed over.

Mr. ALDRICH. I have no objection to that, if the Senator so desires.

The VICE-PRESIDENT. Is there objection to passing over paragraph 491? No objection is heard, and it is passed over. There is no amendment pending to the paragraph.

Mr. SCOTT. I should like to ask the chairman of the Finance Committee why binding twine is put on the free list? I noticed to-day that corn is selling for 68 cents and wheat at over $1.15 a bushel. Why should the farmer be given this advantage over other portions of the citizens of this great country? Why should not the South have their cotton bags free if the farmer in the Northwest is to have his binding twine free? I should like to know why that is put on the free list?

Mr. CULBERSON. Mr. President, I offer the amendment which I introduced on the 3d of May as paragraph 493½. That is the proper place for it, alphabetically considered. I understand, however, that the Senator from Mississippi [Mr. MONEY] has proposed, and that the proposition has been accepted by the Senator from Rhode Island [Mr. ALDRICH], to have this entire matter gone over. Of course I have no objection to that; but I want to offer this amendment now, so that it may be considered as pending.

The VICE-PRESIDENT. The amendment proposed by the Senator from Texas will be stated.

The SECRETARY. It is proposed to insert in the free list a new paragraph, to be known as paragraph 493½, as follows:

493½. Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns made of jute, jute butts, or hemp, not bleached, dyed, colored, stained, painted, or printed (except for purposes of identification), not exceeding 16 threads to the square inch, counting the warp and filling, and weighing not less than 15 ounces to the square yard.

The VICE-PRESIDENT. The Chair understands the Senator desires the amendment passed over.

Mr. CULBERSON. I accept the suggestion made by the Senator from Mississippi, which I understand was accepted by the Senator from Rhode Island, that the whole matter go over.

The VICE-PRESIDENT. Without objection, the amendment is passed over. Without objection, paragraph 497 is agreed to.

No objection is heard. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over was paragraph 508, as follows:

508. Books and pamphlets printed exclusively in languages other than English; also books and music, in raised print, used exclusively by the blind.

Mr. BACON. Mr. President, I want to call attention to the fact that when paragraph 497 was heretofore before the Senate, it was passed over at my request. I still desire it to be left open for this reason: I do not desire to offer any amendment now to that paragraph or at any time unless the amendment which is offered by the Senator from Texas [Mr. CULBERSON] should fail. In that event, I wish to offer an amendment to paragraph 497. In the meantime I ask that it be passed over.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Georgia that paragraph 497 be passed over?

Mr. ALDRICH. I did not understand the Senator to desire that it be passed over.

Mr. BACON. Yes. I said that when it was first reached I had asked that it be passed over. I have it so marked on the bill. I now desire that it be passed over simply to await the action of the Senate on the amendment offered by the Senator from Texas [Mr. CULBERSON].

Mr. ALDRICH. Three or four different amendments on that subject are pending, and all of them have been passed over. It does not seem to me necessary to pass over all the provisions of the bill.

Mr. BACON. I do not understand that anything has been passed over except the amendment offered by the Senator from Texas [Mr. CULBERSON].

Mr. ALDRICH. And the amendment offered by the Senator from Mississippi [Mr. MONEY], and I think, also, one other amendment on the subject.

Mr. BACON. They are all on the same subject, and this is a cognate subject.

Mr. ALDRICH. It seems to me the pending question is not dependent on cotton bagging.

Mr. BACON. It is not dependent upon it in any degree; but I think they ought to be considered together.

Mr. TILLMAN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from South Carolina?

Mr. BACON. I do.

Mr. TILLMAN. Mr. President, I was going to suggest that I should like to see these things nailed down as we go along. What is the use of keeping on going back? Why do we not agree on bagging and settle the business to-night or disagree? If the Senator from Rhode Island is going to harden his heart and is not going to let us have it, we shall have to put up with it. That is all there is about it. The committee have had the matter under consideration for a month or more, and I do not see why we should keep on putting it off and putting it off. Why not vote on it, or let the Senator and his committee agree on it?

Mr. ALDRICH. That paragraph was properly in order on the dutiable list; and when it is reached on the dutiable list, it can be taken up and disposed of.

Mr. TILLMAN. Binding twine? I do not see any connection between the two, because if the Senator intends to give the western farmers their binding twine free and does not intend to give us free bagging, that will be done.

Mr. ALDRICH. Binding twine has been free for many years, and there has been no disposition to change it.

Mr. TILLMAN. I do not want to change it. If we can not get free bagging and ties, I do not want to rob the western farmers of their free binding twine.

Mr. BACON. I want to say to the Senator, that this matter was fully discussed twelve years ago, and at that time the Senate passed an amendment, which was offered by myself, putting bagging and ties on the free list. In the debate which occurred on that occasion what has been stated by the Senator to-night was stated by all the Senators representing the cotton States, that we did not propose, even in case the Senate should refuse to accord free bagging and ties to the South, to ask that free binding twine should be denied to the wheat farmers of the North; in other words, we thought each was entitled to it for the reason that the great agricultural interests receive little or no favor from the tariff system. They contribute a great deal to the prosperity of this country, and they are the foundation of all prosperity, and where it is possible to concede something to them, it ought to be done. Therefore when the Dingley bill was before the Senate we took the position that we desired that the western farmers should have their binding twine free, even in case free bagging and free ties were denied to the South; and I desire to reiterate to-night that I myself would not be a dog in the manger or endeavor, because of injustice done to us, to impose a like injustice on anybody else; but I can not see, Mr. President, why there should be any hesitation upon this subject. It is really a very small matter—in speaking about a small matter, I mean compared to the general items of the tariff bill—and it does seems to rest upon very solid grounds of justice. Why it should be denied I can not understand.

My purpose is this: If the amendment offered by the Senator from Texas is not adopted, I wish this paragraph to remain open, because I desire to offer an amendment of a similar nature to it, though differing sufficiently to make it in order directly in connection with binding twine, to see whether or not the Senate, in passing upon one and according it to the one, will deny it to the other. That is the object I have, and that is the object I had when it was first reached in asking that it be passed over.

I am perfectly willing that we should go on and determine the whole matter to-night; I prefer that that should be done, but if the other paragraph is to be passed over, I think that one should be passed over also.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Georgia?

Mr. ALDRICH. If the Senator insists upon it, of course there is nothing to do but to pass it over; but I do not see any connection between the two paragraphs.

Mr. BACON. I think there is considerable.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Georgia that the paragraph be passed over? The Chair hears none, and the paragraph is passed over.

The next paragraph passed over will be stated.

The SECRETARY. Paragraph 508.

Mr. LODGE. On page 199, in paragraph 502, line 6, after the word "integuments," I move to insert the word "tendons," with a comma before the word.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 199, line 6, after the word "integuments," it is proposed to insert a comma and the word "tendons."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. Paragraph 508. Books and pamphlets printed exclusively in languages other than the English; also books and music.

Mr. DU PONT. I move to strike out the word "exclusively."

Mr. ALDRICH. The committee has an amendment to strike out the word "exclusively," and insert the word "chiefly."

Mr. DU PONT. That covers it.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 200, line 5, after the word "printed," it is proposed to strike out the word "exclusively" and insert in lieu the word "chiefly."

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. Paragraph 524, chromate of iron, or chromic ore.

Mr. HEYBURN. Mr. President, I ask that that item go over.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Idaho? The Chair hears none. The paragraph is passed over. The Secretary will state the next paragraph passed over.

The SECRETARY. Paragraph 541, cotton and cotton waste, or flocks——

Mr. STONE. Mr. President, I desire to inquire about paragraph 528. Has that gone over?

The VICE-PRESIDENT. Paragraph 528 was agreed to on the first reading.

Mr. STONE. Well, I want to offer a little amendment to that paragraph, but I will wait until another time.

The VICE-PRESIDENT. The Secretary will state the amendment proposed to paragraph 541.

The SECRETARY. On page 203, line 2, the committee propose the following amendment: After the word "flocks" and the comma insert "not advanced in value or condition by any process of manufacture."

Mr. BACON. I desire to offer an amendment to the paragraph now under consideration, and to which an amendment has just been adopted.

The VICE-PRESIDENT. The amendment has not yet been adopted. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALDRICH. I will say to the Senator from Georgia that this is not the place to put a duty on cotton.

Mr. BACON. But I am not trying to put a duty on cotton. I want to offer an amendment.

The VICE-PRESIDENT. The Senator from Georgia has been recognized to offer an amendment.

Mr. BACON. I offer an amendment to paragraph 541, which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 203, in paragraph 541, after the word "cotton," where it first appears, it is proposed to insert "having fiber or staple less than 1⅛ inches in length."

Mr. BACON. Mr. President, I should like, if it can be done, that the Senate would consider the question of this amendment in connection with another amendment which I have offered and which I had at one time before the Senate, but which, at the request of the Senator from Rhode Island, was displaced for a time. I will state very frankly that I consented to its displacement at the time under a misapprehension as to what the purpose of the Senator was. The amendment had been offered by me and was being discussed by me, when the Senator suggested, as I thought, that if I would yield, he would move an adjournment. I do not, of course, mean to suggest in the remotest degree that the Senator intentionally misled me; but I was misled. It seems what the Senator said—and in the confusion I did not hear him accurately—was that if I would consent to a temporary displacement of it, in order that some unobjected paragraphs might be considered, he would then move an adjournment. I consented to the displacement of it, thinking there was to be a speedy adjournment and for that purpose, but it so happened that what the Senator thought would be an undisputed amendment turned out to be a very hotly contested one, and the debate continued during that afternoon and a considerable portion of the next day.

Mr. ALDRICH. There is no objection to the suggestion of the Senator from Georgia. The amendments suggested by him can be considered pending, and we can take up the question of the duty on cotton.

Mr. BACON. Take them up together?

Mr. ALDRICH. Take them up together.

Mr. BACON. Very well. At what time will it best suit the Senator to take them up?

Mr. ALDRICH. At almost any time, but not to-night.

Mr. BACON. Very well; with that understanding I am perfectly willing, if it will best suit the convenience of the committee, to let the two go over, so that they may be considered in conjunction, with the understanding that the Senator will consent to an early consideration of them.

The VICE-PRESIDENT. Without objection, paragraph 541 is passed over, with the amendment of the Senator from Georgia pending.

Mr. ALDRICH. I offer an amendment to paragraph 534.

The VICE-PRESIDENT. The Secretary will state the amendment.

The SECRETARY. On page 202, in paragraph 534, after the word "Coins," strike out the comma and insert the word "of," so that it will read "Coins of gold, silver, copper, and other metal."

Mr. ALDRICH. The word "or" should also be inserted, in lieu of the word "and."

Mr. LODGE. "Coins of gold, silver, copper, or other metal."

Mr. BACON. What paragraph is that?

Mr. ALDRICH. Paragraph 534.

The VICE-PRESIDENT. Paragraph 534, on page 202.

The SECRETARY. After the word "copper" and the comma it is proposed to strike out the word "and" and insert "or."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. Paragraph 548. Diamonds and other precious stones, rough or uncut——

Mr. BACON. Mr. President, that paragraph was passed over at my request in order that I might offer an amendment. I desire to offer an amendment to a previous paragraph, which has been passed over, on the subject of imposing a duty upon pearls, diamonds, and other precious stones. I have forgotten the number of the paragraph, but it was adopted at one time and was reconsidered. The Senator from New York, I think, was the Senator who made the motion for its reconsideration, and after that had been done, in order to make certain of it, I asked if I correctly understood that it had been reconsidered and was then still open, and the reply was that it had been so done. Now, I propose to offer an amendment to the preceding paragraph, by which the duty upon cut diamonds will be increased and by which uncut diamonds will be put upon the dutiable list.

The question now comes up upon the paragraph before the Senate, under which uncut diamonds are proposed to be put upon the free list. I would say to the Senator from Rhode Island, if I may have his attention for a moment, that if he prefers to give the same direction to that that was given to cotton——

Mr. ALDRICH. Oh, no; let us settle this.

Mr. BACON. Very well, that is perfectly convenient to me.

Mr. President, I would desire to know of the Senator from Rhode Island whether he desires to take up now paragraph 445 and consider it in connection with paragraph 548?

Mr. ALDRICH. Of course, the consideration of paragraph 548 involves the consideration of the other.

Mr. BACON. It does.

Mr. ALDRICH. And the Senator can address his arguments to both.

Mr. BACON. Very well. Mr. President, the amendment which I propose to offer to paragraph 445, which, if carried, would necessitate a corresponding amendment to paragraph 548, is to increase the duty on cut diamonds to 25 per cent.

Mr. CRAWFORD. If the Senator will permit me——

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from South Dakota?

Mr. BACON. I do.

Mr. CRAWFORD. Does the Senator mean paragraph 445? That paragraph appears to relate to pearls.

Mr. BACON. It relates to diamonds, pearls, rubies, cameos, and other precious stones. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 178, paragraph 445, amend by striking out the word "ten," in line 9, page 178, and insert the word "twenty-five" in lieu thereof, so that it will read "25 per cent ad valorem;" and then amend, further, in line 9, by inserting after the semicolon the words "on uncut diamonds and other uncut precious and semiprecious stones, 10 per cent ad valorem.

Mr. BACON. Mr. President, I have a very few words to say on the subject. As I understand, the only argument in favor of the admission of cut diamonds free is that if a higher duty is imposed upon them it would be such an inducement to smuggling that the collection of the revenue thereunder would not be any greater than if the duty should be left at 10 per cent. I understand that to be the argument upon which is based that imposition. I do not think that that is a good reason.

Mr. ALDRICH. Then there would be no revenue, practically, if we made the duty 25 per cent. That has been the experience of the Government.

Mr. BACON. I do not know that we have ever had any experience upon that subject, except that a duty was put on under the Wilson law, and it did seem that immediately after the Wilson law was passed there was a very great decrease in the importation of diamonds. There is no doubt about that; the statistics show that fact; and the statistics also show that there was a very great decrease in the year of 1908. In other words, there were similar conditions at both times.

Mr. ALDRICH. Mr. President, I do not know whether the fault is on the floor or in the galleries, or where it is, but it is absolutely impossible to go on with the public business unless we can have better order. I can not hear what the Senator says, and I think that is true of everybody.

Mr. BACON. I can not hear what the Senator from Rhode Island says. It is a little buzz, Mr. President, that does it. It makes a very distinct disorder, for a very slight conversation of a number of people makes a buzz.

The VICE-PRESIDENT. The Chair adds his appeal to that of the Senator from Rhode Island and the Senator from Georgia, that Senators who desire to converse, and who can not do so in a tone that is not audible, may go some other place than the floor of the Senate.

Mr. BACON. I do not think, Mr. President, that what I have referred to is a good argument, and I can not conceive that the suggestion made by Senators that there would be no

revenue can be a correct statement of what will occur. There are in other countries very careful provisions made by which spies are set upon those who are presumed to be engaged or endeavoring to engage in the crime of smuggling, and the penalty is very great. It is true, now, that the inducement would only be to the amount of 15 per cent over and above the rate which is imposed in the present bill; in other words, in raising the duty from 10 per cent to 25 per cent there is only the inducement to save 15 additional per cent as an inducement to smuggling. On the other hand the penalty is the utter loss of the article smuggled, and we constantly see in the papers that attempts at smuggling precious stones are foiled; and we know the fact that there are agents in other countries where diamonds are bought and sold who are constantly on the outlook for those who are engaged in such business, and as a consequence the officials on this side are put upon notice and those who attempt to smuggle are frequently caught in the act.

I have no doubt in the world that it is perfectly feasible and would be found to be effective to so guard this matter that the importation of diamonds by smugglers could be prevented. They would be detected in the effort; and the penalty is so disproportionate to the possible advantage that I can not see how it can be considered as a probable thing that an increase of this duty to 25 per cent will result in such wholesale smuggling that there will be no duty collected whatever.

Mr. President, we certainly have in this country very large importers of diamonds who are recognized as honest men. Those who are legitimate importers certainly would not go to smuggling in order to save 15 per cent; and it is an unthought of thing that to raise this duty to 25 per cent would result not only in the increase of smuggling, but in the loss of all revenue whatsoever. That is an impossibility to my mind. Of course we all recognize the general proposition that luxuries of this kind should be highly taxed; and I think this is one case where nothing but the most peremptory, controlling consideration should put such articles as diamonds almost on the free list.

Mr. President, that is all I care to say on the subject of cut diamonds themselves; but on the uncut diamonds it seems to me that bringing them in free is absolutely indefensible, and I wish to make a suggestion to the Senator. But before I pass from this, I want to state another fact. I have had some conference with diamond experts upon the subject, and have had, through them, some little information as to the diamond trade. I have had this fact, which it seems to me is not an insignificant fact, presented, and that is, that the increase in the price of diamonds does not deter their importation. I am told that within the past six years, I think it is—I have had the information in my desk, but I was not anticipating this matter coming up, thinking that we would return to the other clause—but within six years—I think it is six years—diamonds have increased about 50 per cent in value, and yet the importation of diamonds has not decreased, but, on the contrary, has increased. Therefore the imposition of this increase of 15 per cent would not deter the importation, nor can I conceive that, except in the case of a few dishonest men, it would to any large degree increase the effort at smuggling; nor can I conceive, with the great precautions that we have, that it would increase the success in smuggling. Therefore I think that by all means we ought to put on this duty.

Mr. President, it does not look right to me, in a tariff bill in which most of the great necessities of life are taxed between 100 and 150 per cent, even upon the most common articles the people have to use for their comfort and their health, that diamonds should be put at the low rate of 10 per cent. It does look to me to be indefensible. But I shall not elaborate on that.

I want to say, however, on the subject of uncut diamonds, that it seems to me the proposition to admit them free is not supported by any good reason. A certain amount of diamonds are demanded in the United States for the trade; a certain amount of diamonds are bought by those who desire to use them; and if no uncut diamonds were imported, the amount of cut diamonds imported would be equal to the cut diamonds now imported plus the uncut diamonds, because the uncut diamonds, when imported, take the place of cut diamonds and supply the demand to that extent. The effect is this: I am told that the enhanced value of the uncut diamonds in cutting is about 20 per cent. Twenty per cent is a reasonable amount to credit as the increased value on the uncut diamond when it is cut. So that the importer of the uncut diamond receives for his work a compensation of 20 per cent, and in addition to that he gets in that diamond less the 10 per cent which is paid upon the cut diamond. I am speaking upon this now upon the assumption that the present rate upon cut diamonds will stand. If the present rate on cut diamonds stands, the Government loses the revenue upon that amount of cut diamonds which is represented by the uncut diamonds when cut.

The importer of the uncut diamonds gets not only the enhanced value of 20 per cent, but he gets also the 10 per cent.

I am told there are no regular establishments in this country for the cutting of diamonds, as there are in Amsterdam, where it is a regular business; that the cutting of diamonds is pursued in this country only in connection with the jewelry business; that there are a few large houses in New York—possibly, although I am not sure, some in Boston; at any rate, but a few in the largest cities—I think, limited to New York, although of that I am not sure—which have it as a side business to their regular business. There is no establishment in the United States for the cutting of diamonds. There are no people engaged in that business as their principal business. It is only in the large jewelry establishments, where they have it as a side business.

I should like to know upon what theory it can be defended. I am told that about half the diamonds imported are the uncut diamonds. I think I looked it up in one of the documents here. About half of the importations of diamonds are uncut diamonds, and in that way the Government loses the revenue upon one-half the diamond importation, as small as it is. If it remains at 10 per cent, the Government loses the 10 per cent on about one-half the diamonds imported into the United States, by allowing the uncut diamonds to come in free.

Mr. ALDRICH. What becomes of the uncut diamond?

Mr. BACON. It is cut.

Mr. ALDRICH. By whom?

Mr. BACON. By the diamond cutter in this country, after it has come in free, however.

We will say, for instance, there would be $20,000,000 of diamonds imported in a year, $10,000,000 of cut diamonds, $10,000,000 of uncut diamonds. The Government gets a revenue upon $10,000,000 of diamonds. The trade demands $20,000,000, and if no uncut came in there would be $10,000,000 additional cut diamonds. But as the uncut diamonds are permitted to come in free, the jeweler makes his 20 per cent in cutting the diamonds and in addition is allowed the 10 per cent practically that the Government imposes upon the cut diamond. So he not only gets his compensation—a liberal compensation—of 20 per cent in the cutting of the diamonds, but he is also allowed practically to put in his pocket—it is true it does not come out of the Government, except the Government is deprived of it; it never gets it in its pocket—but he is put in a position where he can charge and does charge the public 10 per cent more than he would charge if the 10 per cent were not upon the cut diamonds. He gets his 20 per cent advantage in the cutting of the diamond, and he gets the 10 per cent on the diamond which the Government imposes on the cut diamonds, and which it does not derive from these diamonds which take the place of the cut diamonds. Therefore I think this ought to be done.

There is no doubt about one thing, that the diamond dealers of this country want the rate at this low figure. It is not simply that the Government is seeking to impose this rate in order to insure revenue, but the diamond dealers and the diamond cutters want this low rate, and they have been around this Capitol and have sent for me to argue with me that they ought to be allowed this low rate of duty, and have pulled out of their pockets and showed to me samples of diamonds or facsimiles of diamonds in glass and talked to me about it.

It is not simply the interest of the Government that is exciting the action of those on the outside, at least, and I think that of all things in the world we ought to do two things—first we ought to impose a higher rate of duty, but if we do not impose a higher rate of duty by all means the uncut diamond ought to be charged the same rate as the cut diamond, from the fact that the cutter of the diamond has his full reward in cutting the diamond and the diamond which he cuts takes the place of cut diamonds to an equal amount, and the Government to that extent loses its revenue.

Mr. LODGE. Mr. President, everyone will admit, I suppose, that we ought to collect upon diamonds the highest possible rate; and the Senator's amendment is either too much or not enough. I should be very glad if we could collect a hundred per cent upon diamonds, and at the time of the passage of the Wilson bill, when I was here in the Senate, I was strongly in favor of the imposition of 25 per cent duty. It is a mere question whether you will collect any duty on diamonds or whether you will collect 10 per cent. You can get a large revenue at 10 per cent. If you raise it substantially higher—20 or 25 per cent—you get substantially no revenue.

In 1891 the imports of diamonds were $12,380,000 and the duty was $1,238,000. In 1892 the imports of diamonds were $12,261,000, and the duty collected was $1,226,000. In 1896, under the 25 per cent rate, there was $3,351,000 of cut diamonds imported, with a duty collected of $750,000; and in 1897,

$1,378,000 were all that were imported, and the revenue had fallen to $285,000.

The explanation that these were bad times and that, therefore, there was a decrease does not explain this condition, because the retail sales of diamonds during 1896 and 1897 were larger than in 1891 and 1892. More diamonds were sold in New York in those years than there were in the years when $12,000,000 was imported and $1,200,000 was collected.

In 1906 we imported $29,000,000 worth of diamonds, with a corresponding duty of $2,900,000. In 1907 we imported $30,000,000 worth of diamonds with $3,000,000 revenue.

It is simply a question of how high we put the rate and have it remain a collectible rate. It has been proved that if we lift the rate so as to make any substantial increase, smuggling takes the place of lawful introduction, and the revenue disappears. The diamond is so easily smuggled; the chances of detection are so small in most cases, and the profit is so large, that the temptation is irresistible, and the honest importer ceases to import. He can not compete with those who have smuggled diamonds. He ceases to import and buys his diamonds in the home market, because they are smuggled diamonds which he buys. That is exactly what happened when we had the 25 per cent rate. The honest importer ceased to import. He suspended his importations, and the revenue declined to $250,000.

The times may have been depressed; they undoubtedly were, but I do not think there was any such depression as to account for that, and the retail stores showed an increase over the two years which I have cited for comparison—1891 and 1892. It is extremely easy to smuggle diamonds.

Mr. BACON. Will the Senator kindly permit me to make an inquiry of him?

Mr. LODGE. Certainly.

Mr. BACON. Does the Senator think it is as easy to smuggle diamonds as laces?

Mr. LODGE. Very much easier.

Mr. BACON. I should not think it would be nearly so easy.

Mr. LODGE. Take the case of one historic diamond that probably everybody has read about, the diamond which everybody who has been to Paris has seen in the Louvre, that famous diamond known as the "Regent diamond," which was known first as the "Pitt diamond," because at the beginning of the eighteenth century it was brought by Thomas Pitt or his nephew to England. That diamond was smuggled out of the mines in an uncut state by a slave, who inserted it in a cut in his leg. It was brought to England, because they found great difficulty in transporting valuable stones in those times, by the nephew, I believe, of Thomas Pitt, who inserted it in the heel of his shoe. That is one of the largest diamonds in the world. I do not remember how many karats it weighs, but it is one of the famous historic diamonds and one of the most beautiful diamonds.

A diamond can be very easily concealed, more easily than anything else, and, of course, it has more condensed value than anything else. What is true of diamonds is equally true of any precious stone or of a pearl.

I should like to collect a hundred per cent on diamonds. I wish we could, and, as I say, in 1894, when this was proposed, at the time of the Wilson bill, I was heartily in favor of raising the duty to 25 per cent. I thought it was an excellent thing to do. It seemed to me that there was a place where we ought to get revenue, and the result was we lost all our revenue.

Now, so far as the uncut stone is concerned, that is a simple matter of whether you will put all the diamond cutters in the United States out of business or not. There are six or seven firms in New York alone which are cutting diamonds. It is a skilled and highly paid occupation. If you put an equal rate of duty on the diamond cut and the diamond uncut, of course the cut stones will come in, and the diamond-cutting industry, which exists not only in New York, but in different parts of the country, will cease. It would end the diamond-cutting industry in this country, which is a very important industry and employs highly skilled labor.

Mr. BACON. If the Senator will pardon me, I should like to know whether he has made any investigation, as I have, a partial one, as to the profit there is in the cutting of diamonds. My information is, after consulting a number of lapidaries, that the profit in cutting diamonds in this country is 20 per cent. That is a sufficient inducement for the importation of uncut diamonds.

Mr. LODGE. I do not know just what the percentage of profit is. Undoubtedly it is a business which yields a good return.

I happened to be in Amsterdam last summer, and went to the greatest diamond-cutting establishment there, and saw the cutting of the Cullinan diamond—the largest diamond known in the world, which made three stones, that went to the King of England, each one of them larger than any existing stone in the world. They told me that it cost $75,000 to cut the three stones which were made from it, and that they lost money on it, and that they only did it because it was a great advertisement to do it. So it is an expensive work, and I had not supposed that it was a work of very great profit. They can not be making any very extravagant profits in this country when within a year they have brought $30,000,000 of cut stones into the country.

Mr. BACON. I have not any statistics as to the importations later than 1907. It appeared then that the importations of cut diamonds were $23,965,438, and the importations of uncut diamonds were $11,154,152. Of course, as to the uncut diamonds, after they were cut they had an increased value, and those uncut diamonds when cut took the same place in supplying the demand of this country as if they had been imported as cut diamonds. Therefore the Government, by having the uncut diamonds free, loses the duty upon some twelve or fourteen million dollars' worth.

Mr. LODGE. Undoubtedly it would get the revenue on the cut stone. But the diamond industry and diamond cutting employ a great many skilled workmen. Whatever money the diamond cutters make, either the workmen or the employers, is paid by a class which I think can afford to pay it. The people who buy diamonds can afford to pay a reasonable profit to the cutter in this country.

Mr. BACON. I am speaking of the Government losing that amount.

Mr. LODGE. The Government probably loses some revenue, because if we placed a duty on the uncut stones, we would undoubtedly import nothing but cut stones.

Mr. BACON. I do not see that.

Mr. LODGE. It would end the business here. There would be no profit in it. We should have them all cut abroad, and we would end the business here. It is obviously cheaper to do it there. The duty on diamonds is necessarily low. Therefore it is impossible to make a differential. You have to allow the uncut stone to come in, and the uncut stone is the only thing that creates the American industry. As for raising the duty, that is equivalent to abolishing the duty, or very nearly so.

Mr. ROOT. Mr. President, I think the Senator from Georgia [Mr. BACON] is at variance with practically the universal judgment of those who have had experience in attempting to collect customs duty upon precious stones. I have prosecuted a great many people who have been caught smuggling them; forfeited a good many; and I have no doubt whatever, and none of the people who five years ago were enforcing the customs laws have any doubt, that it was only the low rate of duty which made it possible for the honest importers to compete with smugglers.

The ease with which a diamond can be smuggled is such that there is very little possibility of detection. You can press diamonds into a cake of soap, and bring in four or five thousand dollars' worth of value. A woman can put them in her hair or in her cheek. There is an infinite number of ways in which it can be done, and if you put the duty so high as to make it an object for men to go into the business of smuggling diamonds, you lose your revenue.

The detection by means of agents abroad does not amount to very much. We have some people there who hang around the hotels and railroad and steamship offices, and they get into conversation with Americans and occasionally some foolish fellow or some foolish woman will talk about what plans he or she may have for bringing in some precious stones. But that is a very exceptional case.

Our revenue in 1907 from diamonds was nearly $2,400,000. I would be very glad to impose a higher duty upon diamonds, but I do not believe it is practicable to collect it.

Mr. BACON. I suggest to the honorable Senator that a similar consideration does not actuate the law-making power when we come to impose duties upon laces, which are so easily concealed, and some of which are of very high value.

Mr. ROOT. It is more difficult to conceal laces than precious stones. With precious stones the value in proportion to size, and consequently the greater variety of ways in which they can be smuggled, is very much higher than the value of laces.

There is a class of precious stones in the same paragraph to which the same rule does not apply, or it does not apply to the same degree, and regarding that I offered an amendment the other day; that is, the semiprecious stones. I think a much higher rate of duty can be imposed upon them without incurring the danger of smuggling taking the place of honest importations. At the same time it would protect the American lapidary, who is now not protected at all, in the cutting of these semiprecious stones—the amethyst and the garnet and the aquamarine and a great variety of very beautiful stones, the value of

which is very much lower than that of the diamond, the ruby, and the sapphire. So the 10 per cent amounts to very little in proportion to the cost of the cutting. There is a very large body of very excellent workmen in the United States, many of them, it is true, with jewelry houses, but many of them not connected with those houses. I know them; I have been to their places—lapidaries engaged in the general business for all comers.

So far as concerns the cutting of diamonds and the hard precious stones, they exist; they are making a living. It is a flourishing trade. But so far as concerns the semiprecious stones we can not compete with the European Continent. If this paragraph is to be deemed as before the Senate generally, rather specially for the amendment proposed by the Senator from Georgia, when the amendment of the Senator from Georgia is disposed of I should like to bring up the amendment I propose to offer.

Mr. BACON. I shall not detain the Senate further than to say there are two amendments proposed by me. Whatever may be thought as to the amendment on the subject of cut diamonds I have not heard anything satisfactory to my mind why this large amount of uncut diamonds should be allowed to come in free and in that way displace an equal amount of cut diamonds from which the Government would get revenue.

We have just had the statement by the honorable Senator from New York that so far as the cutting of precious stones in this country is concerned it is a flourishing business, which accords with the information which I have from lapidaries whom I have consulted—that it is a flourishing business, a highly profitable one, and they put it at a minimum of 20 per cent as the clear profit upon cutting diamonds.

It seems to me the Senator from Massachusetts is not borne out in his suggestion that if a duty were put upon the uncut diamonds no uncut diamonds would be imported, and that there would be only cut diamonds imported, as suggested by him. If that were true, the Government would get its duty upon the cut diamonds. But with the 20 per cent as an inducement, it seems to me it is an unwarranted assumption that to impose a duty upon uncut diamonds would stop the importation of uncut diamonds. We have before us the very pertinent fact—it seems to me it ought to be the controlling fact—that the uncut diamond takes the place of a corresponding number of cut diamonds. The custom of the country requires a certain amount of diamonds to meet the demand. That demand is met in part—two-thirds, it seems—by the cut diamonds and one-third by the uncut diamonds. Under this bill the Government gets its revenue upon the cut diamonds, but upon the diamonds cut here the Government gets no revenue whatever.

Twenty per cent as the minimum, as I am informed, is an ample inducement to the importation of cut diamonds, and if you impose upon them the same rate of duty that is imposed upon cut diamonds there will still be a profit to the diamond cutter and still a revenue to the Government.

I want to call attention to a very remarkable condition of affairs, to show how far the desire to protect industries in this country will carry people, to the utter ignoring not only of the interests of the community at large, but of the Government. In a case where there are competing industries in this country we insist upon the imposition of a high duty to prevent importations, but in a case where there is an industry which will not be benefited by a high duty, but which will be injured by a high duty, we sacrifice the interests of the Government altogether and take off all the duty. That is just the difference between the two.

In the case suggested by the honorable Senator from New York, as to semiprecious stones, the semiprecious stones in this bill have a very much larger tariff against them than the precious stones. I have forgotten how much; two and a half times as much, I think. I will look at it in a moment and see.

Mr. CLAPP. What is the duty on diamonds?

Mr. BACON. Ten per cent only, and free on uncut, and on imitation precious stones, for use in the manufacture of jewelry, and so forth, it is 20 per cent. It is twice as much as on diamonds. The imitation stone is not used by the wealthy people. It is used by the common people, and why these little matters of ornamentation should be made additionally expensive to them I can not see.

Mr. CLAPP. Mr. President——

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Minnesota?

Mr. BACON. I yield with pleasure.

Mr. CLAPP. What rate does the Senator propose to put on the uncut diamond?

Mr. BACON. I propose to put 10 per cent.

Mr. CLAPP. Does the Senator propose to raise the rate of duty on cut diamonds?

Mr. BACON. I have two amendments. One is to raise the proposed rate of duty of 10 per cent on cut diamonds to 25, but the two are absolutely independent, so far as that goes.

Mr. CLAPP. Yes; except, the Senator will pardon me——

Mr. BACON. Certainly.

Mr. CLAPP. It is an inquiry. Except if we put the same duty on the uncut diamond that we put on the cut diamond, of course the importations will be entirely of cut diamonds.

Mr. BACON. That is where I think the Senator is in error, if he will pardon me, for the reason that, under the undisputed testimony, the minimum profit on the cutting of a diamond is 20 per cent. There is that inducement.

Mr. ROOT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from New York?

Mr. BACON. Certainly.

Mr. ROOT. Does the Senator understand that 20 per cent is profit?

Mr. BACON. I do.

Mr. ROOT. I understood the Senator to say it had that increased value.

Mr. BACON. No; that is not my information.

Mr. ROOT. My understanding is that 20 per cent is what goes to the lapidary. It includes the cost of cutting over and above the cost of uncut stones.

Mr. BACON. I have no information as to the cost of cutting.

Mr. ROOT. Stones can be cut much more cheaply in Amsterdam than in any American city. If you put a duty on cut stones, you wipe out the trade of the lapidary in the United States, because there will be no uncut stones brought in. The cheap cutting of Amsterdam will supersede the cutting of the American cities.

Mr. BACON. I want to make a suggestion. I do not know what the importation in 1908 was, but in 1907 the uncut-diamond importation was over $11,000,000. That is the price of the uncut diamond, of course, after it was cut. If you only added 20 per cent to the value, as suggested by the Senator from New York, there would be between thirteen and fourteen million dollars of cut diamonds. If there were no profit whatever in the cutting of the diamonds, there is at the rate of 10 per cent one million and two or three hundred thousand dollars of profit to the jewelry stores of the city of New York which have offices of precious-stone cutters as a side show to their business. It is an absolute profit if there was not a dollar of profit in the cutting. If there was not a dollar of enhanced value over and above the cost of the cutting, there would be a profit of one million and between two and three hundred thousand dollars, which is that much taken out of the Treasury of the United States Government.

Mr. ALDRICH. I was unable to follow the Senator from Georgia in his reasoning. He says the diamond cutters make 20 per cent of the value of the diamonds for cutting, and that the 10 per cent differential as reported by the committee is too great, and then he offers an amendment which makes a differential of 15 per cent.

Mr. BACON. No; I do not.

Mr. ALDRICH. Then I did not understand the Senator's amendment.

Mr. BACON. I did not offer a differential.

Mr. ALDRICH. He proposes a duty of 25 per cent upon diamonds cut and a duty of 10 per cent on diamonds uncut, making a differential of 15 per cent, when he says 10 per cent is too high.

Again, he says there is 20 per cent profit in diamond cutting in the United States, when to-day, with only 10 per cent, it is a well-known fact that the lapidaries of Amsterdam are the most skillful men in the world in this connection, and that diamonds can be cut much more cheaply in Amsterdam than in any other place of the world. They have had a pretty large monopoly of this business.

The question of a duty on diamonds was first brought to my attention in 1883, in the consideration of the tariff act of that year. From 1861 up to 1872 there was a duty on diamonds of 25 per cent. In 1874 it was reduced to 10 per cent, and the question came up in the consideration of the act of 1883 as to whether the duty of 10 per cent should be increased to 25 per cent. The universal testimony of the government experts was against it; and the government experts of that time, in 1883, I think, were the brightest men I have ever known in the customs service.

The principal of those men was Colonel Tichenor, whose name has been mentioned frequently in this debate. All these customs experts said it was absolutely impossible, from the experience of the Government during those years, to collect a duty higher than the lowest revenue duty upon diamonds. Not only did the revenue fall, between 1861 and 1872, but all the

honest importers were driven out of the business. It was impossible for any diamond dealer like Tiffany, or men of that class, to import any diamonds into the United States. They had to buy them here of people who smuggled them in various ways, and diamonds could be bought on the market in New York at not over 5 per cent above the price in Paris or London.

Not only was it the universal testimony of these customs experts, but the universal testimony of the leading jewelers in New York was to the same effect. They appealed to Congress to protect them by the imposition of a duty which would allow them to import their own diamonds, instead of having to go into the market and buy them from people who, they knew to a moral certainty, had smuggled them into the country without the payment of the duty. So not only was the revenue destroyed by this increased duty, but the business of importing diamonds was forced into the hands of people who were destroying the Government all the time.

Mr. CULLOM. Thieves.

Mr. ALDRICH. Yes; they might properly be denominated "thieves," as the Senator from Illinois characterizes them.

This went on and in 1890, with this experience staring us in the face, the act of 1890 still maintained the rate of duty at 10 per cent. In 1894, without consideration, and by a motion made upon the floor, something like this has been made to-night, the duty was increased to 25 per cent. What was the result? The same result that had followed in the years between 1861 and 1872. The revenue decreased and the business of importing diamonds left the honest importers, like Tiffany & Co., and went once more into the hands of those men who were cheating the revenue and smuggling diamonds into the United States.

So I can say, without the slightest danger of having the statement criticised, that the universal experience of every customs officer who has ever had anything to do with this question and of every diamond importer who has had anything to do with the importation of diamonds was that 10 per cent was about as high as it was possible to fix the rate and secure the revenue and prevent smuggling to a very great extent. I have no question whatever but that a differential rate of 10 per cent between cut and uncut diamonds is necessary to preserve the industry of cutting diamonds in the United States.

Mr. CLAPP. May I ask the Senator how long the rate established in 1894 lasted?

Mr. ALDRICH. For three years—from 1894 to 1897.

Mr. CLAPP. Then, what was it fixed at in 1897?

Mr. ALDRICH. At 10 per cent.

Mr. CLAPP. Then the importations increased?

Mr. ALDRICH. The importations increased, and the revenue has increased.

Mr. CLAPP. If the rate was lowered and the importations increased, of course the revenue would increase.

Mr. BEVERIDGE. Will the Senator pardon me? From the figures given by the Senator from Massachusetts, curiously enough the importations decreased, and, of course, the revenue decreased when the 25 per cent duty was put on in 1896; the importations sank enormously and the revenue sank enormously. Then 10 per cent ad valorem was put on and the importations increased and the revenue increased.

Mr. CLAPP. If the Senator will pardon me a moment, of course anybody can see that if on a commodity so easy to hide as a diamond you put the duty too high undoubtedly you will stimulate smuggling. But, notwithstanding these government experts, according to the statement of the Senator from Rhode Island, it just happens, and I am not saying this in any spirit of fault-finding, that the importations decreased and simultaneously the rate was raised and simultaneously there was a time of depression in this country.

Mr. BEVERIDGE. I think the figures presented by the Senator from Massachusetts happen to cover that point. For instance, there was the depression in 1907, yet under the 10 per cent ad valorem the importations increased, and of course the revenue increased. It does not seem that periods of depression keep pace with the decrease.

Mr. CLAPP. You can not call the little temporary bank scare of 1907 a depression. The Dingley law was enacted in 1897, and the rate was lowered at that time. The importations and the revenue, according to the statement of the Senator from Rhode Island, increased from that time on.

Mr. BEVERIDGE. Mr. President, just one word.

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Indiana?

Mr. CLAPP. I do.

Mr. BEVERIDGE. I will say to the Senator from Minnesota, that taking such a bank scare, as he calls it, as occurred in 1907, which affected chiefly the rich, it is precisely that kind of a depression that would affect the purchasers of diamonds and not such a depression as we had in the other years which affected all people who could not import diamonds.

I agree with what I think the Senator has in mind. These rates are not right, and I propose to offer an amendment myself. But I must say in all frankness that the figures offered by the Senator from Massachusetts do not cover both years; that is to say, when the rate was raised to 25 per cent the importations and revenue did fall off; and further, that was not due entirely to depression, because we find that in 1907 there was a depression exactly among those people who are the kind of people who buy diamonds. If the amendment now proposed should fail, I myself propose to offer an amendment that I think will cure the difficulty.

Mr. CLAPP. How much was the rate increased at the outbreak of the war, when people naturally were not buying diamonds?

Mr. ALDRICH. But from 1866 to 1872 more money was expended for luxuries than in any other period.

Mr. CLAPP. I am not so certain about that time.

Mr. LODGE. Mr. President——

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. CLAPP. Certainly.

Mr. LODGE. I gave the figures for 1891 and 1892. There were, in round numbers, $12,000,000 of importations of diamonds in each of those years. I compared those with the years under the 25 per cent rate, showing an immense decline in revenue and importations, but the retail sales in New York during the years 1896 and 1897 were larger than during the years 1891–92, when we imported $12,000,000 worth. During 1896 and 1897 we imported $3,000,000 worth one year, and thirteen hundred thousand dollars the next year; and then, I say, the retail sales were larger in New York.

Mr. CLAPP. Larger in what years?

Mr. LODGE. In the two years when the imports were lowest.

Mr. CLAPP. What were the years, if the Senator will pardon me?

Mr. LODGE. I have given the years 1896 and 1897.

Mr. CLAPP. They were large?

Mr. LODGE. The importations were very small and the retail sales were larger than in 1891 and in 1892, when the importations were $12,000,000 a year.

Mr. CLAPP. Of course in 1896 we began the upward stride again.

Mr. LODGE. In 1896?

Mr. CLAPP. In 1896 and 1897.

Mr. LODGE. Were those good years?

Mr. CLAPP. 1897 was a good year.

Mr. ALDRICH. After the election.

Mr. CLAPP. Yes; but according to the statement of the Senator from Rhode Island, in 1895 the importations fell off, and simultaneously they increased, but also simultaneously that followed the universal depression in this country.

Mr. LODGE. More diamonds were bought and sold in New York in the years when we imported $3,000,000 and $1,000,000. That seems to me to be of great force.

Mr. CLAPP. That was a part of the argument of the Senator from Rhode Island. He brought two facts before the Senate: One can be established as a fact by the import record; the other was the statement that diamonds were bought, for which we must take the say so, and a sort of judgment based on guesswork after all.

Mr. LODGE. As to the retail business.

Mr. CLAPP. As to who bought them.

Mr. LODGE. The statements about the retail sales in New York came, of course, from the people who sold the diamonds themselves.

Mr. CLAPP. Exactly; and we can not have the data in that respect as we have as to importations.

Mr. LODGE. I think a reputable firm like Tiffany would not willingly state that there were more diamonds sold in that year if there were not.

Mr. CLAPP. That firm would not state that there were more unless there were; but who has taken the time to ascertain the total sales of diamonds in the great city of New York for any year? It would be a task that no man would be called on to perform.

Mr. LODGE. They could find enough to make a comparison.

Mr. CLAPP. But the record of importations the Senator from Rhode Island bases his figures on is a fact, and measuring the diamond trade by that definite fact the importations go up and down with the depression in the country. But it so happened that from each time, from the Senator's argument,

the rate was attached accordingly. So it strikes me that there is perhaps more force given to the rate than there ought to be given to it in view of the business conditions of the country. I would be personally in favor of putting more duty on the uncut diamonds and correspondingly raising the duty on the cut diamonds.

Mr. ALDRICH. The Senator fails in my judgment as to the years between 1866 and 1872 entirely. I do not think there was ever a time in the history of the country when as much money was spent for luxuries in proportion to the wealth of the country and extravagantly spent as in the period from 1866 to 1872. It was a period of immense inflation, but lapsed of course in 1873, and in that period diamonds and all other articles of luxury were purchased freely by the people of the United States.

Mr. CLAPP. I admit there is not quite as clear an illustration of that time as there is in the effect sought to be placed on the law of 1894.

Mr. ALDRICH. The statements which I have made are based upon the opinion of people who ought to know, and so far as I know we have no other means of information in considering and deciding upon the terms of a tariff bill. The men who have had experience and judgment are the men we ought to rely upon certainly in the absence of any conflicting testimony.

Mr. BACON. Of course I can have no possible object in this matter except that which is best for all concerned. I presume the Senator recognizes that there is nothing partisan in any suggestion I have made in this regard. I would be willing to come to any kind of agreement by which there could be possibly a small rise on the cut diamond and a smaller duty upon the uncut diamond. I do not think the uncut diamond ought to come in free.

Mr. BEVERIDGE. Will the Senator permit me?

Mr. BACON. Certainly.

Mr. BEVERIDGE. I wish to make a suggestion in view of the statement which the Senator from Georgia has just made. I have been listening with great interest to this important discussion. My suggestion is to split the difference, as it were, between the amendment of the Senator from Georgia and the present law. I suggest the following, since the Senator from Georgia now invites any possible rate: I suggest that on paragraph 445, pearls and other precious stones, provided on line 9, instead of 10 per cent we put 15 per cent; on line 12, instead of 20 per cent we put 25 per cent; and instead of putting paragraph 248 on the free list—that is, diamonds in the rough—we put the rate at 10 per cent. This makes the differential.

I think the Senator from Massachusetts has demonstrated beyond all question that a rate of 25 per cent defeats its own purpose, which is of course exclusively that of revenue. As the Senator from Massachusetts has said, if the revenue would be derived he and everybody else would be in favor of 100 per cent, because this distinctly falls upon those who can afford to pay, upon those who indulge in luxuries. But it is the experience of the Government that by reason of the extraordinary facility with which these small things are smuggled, when the rate gets to 25 per cent the revenues and importations fall off, and 10 per cent makes them greater. But it would seem in listening to this discussion that 5 per cent might be added to the 10 per cent which now prevails.

Now, Mr. President, in 1906, instead of $2,904,248.26 that would have brought in $4,356,472.39, and in 1907 instead of bringing in $3,013,577.75 it would have brought in $4,520,261.50 of revenue; that is, to raise it from 10 per cent to 15 per cent. It would appear that the extra 5 per cent would not be such a discouragement to the legitimate importers of diamonds as to discourage the business as 25 per cent does to encourage smuggling; and, on the other hand, it would add that much, which is so much needed for the Government.

Pursuing that portion, we add to line 12, 25 per cent, instead of 20 per cent.

Mr. ALDRICH. Oh, no.

Mr. BEVERIDGE. I am proposing a duty which seems to me to be reasonable. Instead of putting diamonds and other precious stones that are rough and uncut on the free list, I propose that we put them at 10 per cent. We will then have a proper differential, even, according to the Senator from Rhode Island, on the uncut, and we have an undeveloped source of revenue derived from 10 per cent on the uncut stones. In view of the fact that this is purely a revenue feature, and in view of the further fact——

Mr. ALDRICH. In order to avoid what seems to me to be an interminable discussion——

Mr. BEVERIDGE. I hope the Senator does not apply that to me.

Mr. ALDRICH. Not at all. I will agree to put up the duties on cut diamonds to 15 per cent and make the duty on uncut 5 per cent, and then we will consider it in the committee hereafter.

Mr. BEVERIDGE. That is right. It is understood that in line 9——

Mr. ALDRICH. I want to avoid further discussion, if I can.

Mr. BEVERIDGE. We are delighted to get this large revenue for the Government, which involves two or three millions, at the purchase of a few minutes' conversation.

Mr. ALDRICH. Provided we get it.

Mr. BEVERIDGE. I think the Senator can get it. It is understood that in line 9, paragraph 445, instead of 10, the rate shall be 15.

Mr. BACON. I desire to say to the Senator from Rhode Island that I will be content with that change.

Mr. ALDRICH. I can not consent to the rate on semi-precious stones or imitation stones being put up. That is ridiculous. There is no occasion for that.

Mr. BEVERIDGE. If it is ridiculous of course the Senator's statement would not establish that fact. He might advance some argument against the proposition.

Mr. ALDRICH. Let it be 5 per cent on uncut diamonds and 15 per cent on cut.

Mr. BEVERIDGE. Very well; that is a very good solution. We shall perhaps add a million and a half of revenue by a half hour's talk.

The VICE-PRESIDENT. Does the Senator from Georgia withdraw his amendment?

Mr. BACON. I will modify it, in accordance with the suggestion of the Senator from Rhode Island.

The VICE-PRESIDENT. The Secretary will report the modified amendment.

The SECRETARY. Paragraph 445, page 178, line 9, strike out "ten" where it occurs and insert "fifteen," and at the end of paragraph 548 insert the words "5 per cent ad valorem."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE-PRESIDENT. Without objection, the paragraph as amended is agreed to.

Mr. ALDRICH. Paragraph 548 will have to be transferred to paragraph 445.

The VICE-PRESIDENT. Paragraph 548 is transferred. It no longer remains in the free list.

The SECRETARY. With the addition of the words "5 per cent ad valorem."

Mr. BAILEY. I ask unanimous consent to recur to paragraph 483, page 195.

The VICE-PRESIDENT. If the Senator from Texas will permit the Chair one moment, paragraph 445 as amended is agreed to, if there be no objection. The Chair hears none. Is there objection to returning to paragraph 483? The Chair hears none. The Senator from Texas offers an amendment.

Mr. BAILEY. After the word "of," line 12, I move to insert the word "breeding," and a comma.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 195, line 12, after the words "purpose of," insert the word "breeding" and a comma, so as to read:

Animals brought into the United States temporarily for a period not exceeding six months, for the purpose of breeding, exhibition, or competition for prizes, etc.

Mr. ALDRICH. There is no objection to that, Mr. President.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

The VICE-PRESIDENT. The paragraph as amended is agreed to, if there be no objection. The Chair hears no objection. The Secretary will report the next paragraph passed over.

The SECRETARY. Paragraph 549, page 203, miner's diamonds, whether in their natural form or broken. The committee proposes, in line 18, after the word "broken," to strike out "and bort; any of the foregoing," so as to read:

Miner's diamonds, whether in their natural form or broken, not set, and diamond dust.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE-PRESIDENT. Without objection, the paragraph as amended will be agreed to. The Secretary will report the next paragraph passed over.

The SECRETARY. Paragraph 573, page 206, grasses and fibers.

The VICE-PRESIDENT. No amendment was offered to

this paragraph. If there be no objection, the paragraph is agreed to.

Mr. ALDRICH. In paragraph 569, page 206, line 8, the final letter in the word "skins" should be struck out, so as to read, "fur skin of all kinds," and so forth.

The VICE-PRESIDENT. Without objection, the amendment is agreed to. The Chair hears no objection.

Mr. NELSON. It seems to me that paragraph 573 ought to be corrected. My impression is that we put jute and jute butts on the dutiable list on the motion of the Senator from Kentucky [Mr. BRADLEY].

Mr. LODGE. The committee has an amendment to offer to that paragraph.

The VICE-PRESIDENT. Without objection paragraph 569 is agreed to as amended. The Chair hears none.

Mr. ALDRICH. In paragraph 566, after the word "dried," I move to insert the words "and fruits in brine," so as to read—

Fruits, or berries, green, ripe, or dried, and fruits in brine, and so forth.

The amendment was agreed to.

The VICE-PRESIDENT. Without objection the paragraph as amended is agreed to.

Mr. ALDRICH. In paragraph 573, page 206, line 19, after the word "fiber," I move to strike out the words "jute, jute butts."

Mr. DOLLIVER. Why are those words stricken out?

Mr. ALDRICH. Jute and jute butts were placed on the dutiable list.

Mr. DOLLIVER. Has the committee recommended any changes in the paragraphs that apply to cloths manufactured from jute?

Mr. ALDRICH. Not yet; the committee are considering that question now.

The VICE-PRESIDENT. The question is on agreeing to the amendment to paragraph 573.

The amendment was agreed to.

The VICE-PRESIDENT. Without objection the paragraph as amended is agreed to.

The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 576, in which the committee proposes an amendment in line 7, after the word "manure," to insert "including basic slag, ground or unground;" so as to make the paragraph read:

576. Guano, manures, and all substances used only for manure, including basic slag, ground or unground.

The VICE-PRESIDENT. The question is on the amendment.

The amendment was agreed to.

Mr. ALDRICH. The committee have another amendment to that paragraph, which I send to the desk.

The VICE-PRESIDENT. The amendment proposed by the Senator from Rhode Island on behalf of the committee will be stated.

The SECRETARY. After the word "unground," in line 7, it is proposed to strike out the period, insert a comma, and insert the words "and calcium cyanamid or lime nitrogen."

The amendment was agreed to.

Mr. SIMMONS. Mr. President, I should like to inquire of the Senator from Rhode Island what was done with paragraph 480?

Mr. ALDRICH. The paragraph to which the Senator from North Carolina refers was passed over.

Mr. SIMMONS. I was not in when the paragraph was passed over. I wish to ask the Senator what was the objection to including sulphate of ammonia with basic slag? Sulphate of ammonia is also an ingredient of fertilizer, as well as basic slag.

Mr. ALDRICH. That is one of the complicated things in this bill, one of the things the committee are trying to ascertain whether it should be dutiable or whether it ought to be on the free list.

Mr. SIMMONS. Sulphate of ammonia is used probably for other things besides fertilizer. My suggestion was that you put it on the free list, or put that part of it on the free list that is used in the making of fertilizer and let the other remain on the dutiable list.

Mr. ALDRICH. Does the Senator from North Carolina know any way in which one could distinguish what was to be used in fertilizers and what was not?

Mr. SIMMONS. This paragraph says:

Guano, manures, and all substances used only for manure, including basic slag, etc.

If the words "sulphate of ammonia" were added after the words "basic slag," that would be putting sulphate of ammonia used in the manufacture of guano on the free list.

Mr. ALDRICH. It is impossible to distinguish sulphate of ammonia used for fertilizing purposes from sulphate of ammonia used in a thousand other ways.

Mr. SIMMONS. Is not basic slag used for some other purposes than for fertilizer?

Mr. ALDRICH. The Senator has not, perhaps, read the paragraph. I wish the Senator would read it again. He will see it provides:

576. Guano, manures, and all substances used only for manure, including basic slag, ground or unground.

It is used for other purposes. It includes all basic slag, whether used for one purpose or another.

The VICE-PRESIDENT. Without objection, paragraph 576 as amended is agreed to.

Mr. HEYBURN. Mr. President, I should like to inquire of the Senator from Rhode Island, having the bill in charge, whether that would include phosphates? The language is not protected in the usual form. It says:

Including basic slag, ground or unground.

Mr. ALDRICH. Paragraph 648 relates to phosphates.

Mr. HEYBURN. But this paragraph does not use the language generally used "except otherwise provided for in this section." I think that exception ought to be in. Crude phosphates are provided for in paragraph 648, but if not crude they are made dutiable.

Mr. ALDRICH. I think this description is all right.

Mr. HEYBURN. Just so that it does not put them on the free list.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

Mr. ALDRICH. That is paragraph 575, to which the Committee on Finance has an amendment, which I send to the desk.

The VICE-PRESIDENT. The amendment proposed by the Senator from Rhode Island will be stated.

The SECRETARY. In paragraph 575, page 207, line 1, after the word "grease," it is proposed to insert the words "fats, vegetable tallow."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. The next paragraph passed over is paragraph 578, hair of horse, cattle, and other animals, cleaned or uncleaned, and so forth.

The paragraph was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 579, hide cuttings, raw, with or without hair, and all other glue stock.

Mr. HEYBURN. I ask that that be passed over.

Mr. LODGE. That has nothing to do with the question of hides. Those articles have been free in every tariff bill.

Mr. ALDRICH. That has nothing to do with the hide question.

Mr. HEYBURN. But paragraph 581 has.

The VICE-PRESIDENT. Without objection, paragraph 579 is agreed to. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 580, hide rope.

The paragraph was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 581, hides of cattle, raw or uncured, whether dry, salted, or pickled.

Mr. LODGE. Let that be passed over.

The VICE-PRESIDENT. Without objection, paragraph 581 will be passed over. The next paragraph passed over will be stated.

The SECRETARY. The next paragraph passed over is paragraph 582, hones and whetstones.

The paragraph was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 592.

Mr. CULBERSON. Mr. President, I have an amendment to come in as paragraph 583½, the effect of which is to place cotton ties on the free list. I wish to strike out paragraph 123 and to put cotton ties on the free list as paragraph 583½. The question of cotton bagging has gone over, at the suggestion of the Senator from Mississippi [Mr. MONEY], and if the Senator from Rhode Island [Mr. ALDRICH] desires the cotton-ties amendment proposed by me to go over with the cotton-bagging amendment,

it will be satisfactory. I think the Senator from Mississippi has gone home, on account of illness.

Mr. ALDRICH. There is no objection to the suggestion of the Senator from Texas.

The VICE-PRESIDENT. The amendment proposed by the Senator from Texas will be considered as pending, and will be passed over. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 592, iron ore, and so forth.

Mr. ALDRICH. I ask that the paragraph be agreed to.

The VICE-PRESIDENT. The committee amendment to the paragraph will be stated.

The SECRETARY. The committee propose to strike out paragraph 592, as follows:

592. Iron ore (except such as is used chiefly in the production of pigments and colors), including manganiferous iron ore, and the dross or residuum from burnt pyrites; basic slag, ground or unground.

The VICE-PRESIDENT. The question is on the amendment proposed by the committee.

The amendment was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 608—licorice, extracts of, in paste, rolls, or other forms.

The VICE-PRESIDENT. The amendment proposed by the Committee on Finance to the paragraph will be stated.

The SECRETARY. The Committee on Finance propose an amendment to strike out the paragraph.

The amendment was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. The next paragraph passed over is paragraph 618, manganese, oxide and ore of.

The paragraph was agreed to.

Mr. ALDRICH. Mr. President, the committee recommends striking out paragraph 617. The articles contained in that paragraph are included in the dutiable list, and they should be stricken from this part of the bill.

The VICE-PRESIDENT. The amendment proposed by the Committee on Finance will be stated.

The SECRETARY. The Committee on Finance propose to strike out paragraph 617, as follows:

617. Magnesium not made up into articles.

The amendment was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. The next paragraph passed over is paragraph 633, nuts.

The VICE-PRESIDENT. The amendment proposed by the committee will be stated.

The SECRETARY. The Committee on Finance propose an amendment in paragraph 633, line 8, after the word "nuts," to strike out "Palm" and to insert "Brazil nuts, cream nuts, palm."

The amendment was agreed to.

The paragraph as amended was agreed to.

Mr. PENROSE. Mr. President, I desire to call the attention of the chairman of the Committee on Finance to an additional paragraph, which I understand he will accept, about miners' rescue appliances. It ought to be paragraph 626½. It was introduced as an amendment by the Senator from Ohio [Mr. DICK], and I offer it now.

Mr. ALDRICH. The committee had that amendment to offer as a committee amendment. It escaped my attention for the moment. I intended to offer it.

The VICE-PRESIDENT. The amendment proposed by the Senator from Pennsylvania [Mr. PENROSE] will be stated.

The SECRETARY. It is proposed to add as a new paragraph on page 210, to be known as paragraph 626½, the following:

626½. Miners' rescue appliances, designed for emergency use in mines where artificial breathing is necessary in the presence of poisonous gases, to aid in the saving of human life, and miners' safety lamps shall be admitted free of duty until January 1, 1912.

Mr. CULBERSON. I ask the Senator from Ohio why the time is limited at all?

Mr. DICK. Mr. President, these safety appliances are not made in this country. They are coming into very general use. The purpose of their admission free of duty is to make their use more general in the rescue of human lives that have been endangered in the explosions which occur so frequently in mines, particularly in coal mines. That, in brief, is all that can be said about it.

Mr. CULBERSON. Evidently the Senator did not hear my inquiry. I agree, of course, that these appliances ought to go on the free list; but why is the provision limited to a certain time? I ask that the amendment be read again.

Mr. DICK. It is limited in the hope and with the idea that by the time set it will be possible that inventions of this kind may be made in our own country and such apparatus produced here.

Mr. CULBERSON. I move to amend the amendment by striking out the limitation.

The VICE-PRESIDENT. The Secretary will state the amendment to the amendment.

The SECRETARY. Strike out the words "shall be admitted free of duty until January 1, 1912."

Mr. CULBERSON. No; strike out all after the word "duty."

The VICE-PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. PENROSE. In connection with the amendment just adopted, I ask unanimous consent to have inserted in the RECORD a brief letter from the head of the United Mine Workers of America, who asked for the adoption of this amendment.

The VICE-PRESIDENT. In the absence of objection, permission is granted.

The letter referred to is as follows:

UNITED MINE WORKERS OF AMERICA,
Indianapolis, Ind., May 14, 1909.

Hon. BOIES PENROSE,
Washington, D. C.

DEAR SIR: I am taking the liberty of forwarding to you the paragraph which, in my judgment, should be inserted in the proposed amended tariff bill.

You will probably understand that there is great necessity for doing something to increase the facilities for protecting the lives and health of those engaged in the occupation of mining in this country.

There were over 3,000 men killed in the coal mines in the year of 1900. This is a tremendous sacrifice of life.

The Government has begun a good work in the establishing of experimental rescue stations in different parts of the country in which men can be given a thorough training in rescue work when disasters occur in the mines as a result of explosions of gas or from other causes.

The mine workers of the country are deeply interested in everything that is being done to protect their lives and health, and will appreciate anything that you can do to help along this splendid cause.

Yours, very truly,

T. L. LEWIS, *President.*

Mr. LODGE. In paragraph 627, which has not been read this evening because it had been previously agreed to, on behalf of the committee I offer an amendment, after the word "models" in line 14, to insert the words "or patterns" and strike out the committee amendment.

The VICE-PRESIDENT. Without objection, the votes by which the committee amendment was agreed to and the paragraph as amended were agreed to will be reconsidered. The amendment will be stated.

The SECRETARY. On page 210, paragraph 627, after the word "models," insert the words "or patterns" and disagree to the committee amendment in line 15.

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. Paragraph 637——

Mr. ALDRICH. In paragraph 633 the committee have an amendment to offer.

The VICE-PRESIDENT. Paragraph 633 has been agreed to.

Mr. ALDRICH. Then I ask that it be reconsidered for the purpose of offering an amendment.

The VICE-PRESIDENT. In the absence of objection, the paragraph will be considered as open. The amendment offered by the Senator from Rhode Island will be stated.

The SECRETARY. After the words "cream nuts," in the committee amendment, in line 8, it is proposed to insert "marrons, crude."

The amendment was agreed to.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. Paragraph 637. The committee propose to strike out all of the paragraph and to insert in lieu thereof——

The VICE-PRESIDENT. The amendment has heretofore been read.

Mr. ALDRICH. The committee have several amendments to that paragraph. I think perhaps it had better go over. One amendment is in line 10, to strike out the words "orange oil," which I think might be agreed to now.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. In line 10 of the committee amendment, on page 212, it is proposed to strike out the words "orange oil" and the comma.

Mr. ALDRICH. This paragraph contains provisions regarding crude and refined petroleum. I understand that amendments will be offered to that paragraph, and I ask that it be passed over.

Mr. KEAN. I suggest that another amendment be made before the paragraph is passed over, by inserting "nut oil or oil of nuts," which by amendment are made dutiable at 8 cents a gallon in paragraph 35½.

The VICE-PRESIDENT. The Chair desires to inquire of the Senator from Rhode Island whether he desires a vote upon the amendment which he offered in line 10 before the paragraph is passed over?

Mr. ALDRICH. Yes; I ask that the Senate agree to the amendment striking out "orange oil."

The VICE-PRESIDENT. The question is on the amendment.

The amendment was agreed to.

The VICE-PRESIDENT. Now, the Senator asks that the entire paragraph be passed over.

Mr. ALDRICH. Before that is done, I move to insert in line 9 the words "nut oil or oil of nuts."

Mr. BURTON. After the words "enfleurage grease," which occur at the end of line 9, the words "nut oil or oil of nuts" should be inserted.

Mr. ALDRICH. That is the amendment I have just suggested.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. After the word "grease," at the end of line 9, it is proposed to insert the words "nut oil or oil of nuts" and a comma.

The amendment was agreed to.

The VICE-PRESIDENT. In the absence of objection, the paragraph will be now passed over.

Mr. BEVERIDGE. That is the oil of the alurites cordata, or the Chinese nut, is it not?

Mr. ALDRICH. The Chinese nut.

The VICE-PRESIDENT. In the absence of objection, the paragraph will be passed over.

Mr. CULBERSON. I will say that the Senator from Mississippi [Mr. MONEY] desires to move to put on the free list oleo stearin. He has been called away from the Senate to-night on account of sickness; but whatever may be done to preserve his rights in the matter, I wish to do.

Mr. ALDRICH. The Senator refers to oleo stearin?

Mr. CULBERSON. Yes.

Mr. ALDRICH. I will offer that amendment. I move to insert a new paragraph to be known as paragraph 637½, "Oleo stearin."

Mr. PENROSE. Mr. President, I should like to ask the chairman of the committee whether there have been inserted, in line 13, page 212, after the word "palm," the words "palm kernel?"

Mr. ALDRICH. Not yet; but I am willing that that shall be done.

Mr. PENROSE. I offer that amendment. I understand it has been offered in the Senate by the Senator from Ohio, and I ask for its adoption.

The VICE-PRESIDENT. The Senator from Rhode Island has already presented an amendment which has not yet been acted upon. In the absence of objection, that amendment will be laid aside, and the amendment proposed by the Senator from Pennsylvania will, without objection, be now considered. The amendment will be stated.

The SECRETARY. Paragraph 637, page 212, line 13, after the word "palm," it is proposed to insert the words "palm kernel."

The amendment was agreed to.

Mr. ALDRICH. I have another amendment to that paragraph, while we are upon it. I move to strike out, in line 12, after the word "use," the words "and valued at not more than 60 cents per gallon."

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. In line 12, page 212, after the word "use," it is proposed to strike out the words "and valued at not more than 60 cents per gallon."

The amendment was agreed to.

Mr. ALDRICH. I ask that the amendment inserting oleo stearin be agreed to.

Mr. KEAN. I have another amendment to paragraph 637, which I was going to ask the Senator if he would accept. It is to insert the words "soya-bean oil."

Mr. ALDRICH. I presume I will have to take the Senator's statement that it is all right.

Mr. BEVERIDGE. I should like the Senator from New Jersey to explain what that oil is.

Mr. KEAN. It is oil used in the making of soap.

Mr. BEVERIDGE. I know; but what is the oil?

Mr. KEAN. It is soya-bean oil, which is used in the making of soap.

Mr. STONE. Is soap on the free list?

Mr. KEAN. No; it is not; but this is one of the materials of which soap is made.

Mr. DOLLIVER. Mr. President, I desire to understand what new article is suggested for the free list.

The VICE-PRESIDENT. The Secretary will state the amendment.

The SECRETARY. After the words "nut oil, or oil of nuts," insert "soya-bean oil," at the end of line 9, page 212.

Mr. DOLLIVER. I was going to suggest to the Senator from New Jersey that, while I have been familiar with that subject for a long time, I never heard of oil being produced from beans. [Laughter.]

Mr. KEAN. I think if the Senator would examine the bean family he would know that there is a great deal of oil in beans.

Mr. PILES. Should not the words "soya bean" be used in place of "soya-bean oil?"

Mr. KEAN. That is what I desire.

Mr. PILES. I move to amend so that it will read "soya bean."

Mr. SMOOT. The amendment comes in under the heading of "Oils," and all that it is necessary to say is "soya bean."

Mr. KEAN. That is all.

Mr. DOLLIVER. That simplifies it. [Laughter.]

The VICE-PRESIDENT. The Secretary will again state the amendment.

The SECRETARY. After the amendment inserted at the end of line 9, it is proposed to insert the words "soya bean."

The amendment was agreed to.

Mr. CULBERSON. Mr. President, I call the attention of the Senator from Rhode Island to the amendment which he has proposed and which has not been adopted.

Mr. ALDRICH. The amendment to insert "oleo stearin?"

Mr. CULBERSON. Yes.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 212 it is proposed to add as a new paragraph the following:

637½. Oleo stearin.

The amendment was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. Paragraph 638, orange and lemon peel, not preserved, candied, or dried.

The paragraph was agreed to.

Mr. ALDRICH. I ask to reconsider paragraph 641 for the purpose of offering the amendment which I send to the desk.

The VICE-PRESIDENT. In the absence of objection, the vote by which the paragraph was agreed to is reconsidered. The amendment will be stated.

The SECRETARY. In paragraph 641, on page 213, line 1, after the word "bagging," insert "and all other waste."

The amendment was agreed to.

The SECRETARY. Also in line 2, after the word "bags," strike out "fit only to be converted into," and insert in lieu thereof "used chiefly for."

The amendment was agreed to.

The SECRETARY. And also after the word "paper," at the end of the paragraph, insert the word "making."

The amendment was agreed to.

Mr. FLETCHER. If the words which are proposed to be stricken out, as the amendment has been reported by the Secretary, were to be replaced by the words mentioned by him, the paragraph would not make sense.

Mr. ALDRICH. Is the Senator speaking of paragraph 641?

Mr. FLETCHER. Yes; paragraph 641. I think the amendment does not read properly.

The VICE-PRESIDENT. If there be no objection, the Secretary will read the paragraph as amended.

The Secretary read as follows:

641. Paper stock, crude, of every description, including all grasses, fibers, rags (other than wool), waste, including jute waste, shavings, clippings, old paper, rope ends, waste rope, and waste bagging, and all other waste, including old gunny cloth and old gunny bags, fit only to be converted into paper making.

Mr. BURTON. I do not think that is quite correct. It should read "used chiefly for paper making." The words "fit only to be converted into" should be stricken out, and in place of those words should be inserted the words "used chiefly for."

Mr. ALDRICH. That is correct, "used chiefly for paper making."

The VICE-PRESIDENT. That is the way the amendment reads as it has been agreed to.

Mr. DOLLIVER. The Senator from Georgia was speaking some time ago of the discrimination in the free return of bags that had been used in the conveyance of wheat in our exports of wheat as against the free importation of cotton bagging. I call his attention to the fact that the cotton bagging seems to return to the United States free, just as other bagging does, except that it happens to come back as paper stock and waste of jute fit for paper stock, and commonly used as such. So that any additional legislation is unnecessary, as they are practically on the same basis now.

The VICE-PRESIDENT. The question is on agreeing to the paragraph as amended.

The paragraph as amended was agreed to.

The VICE-PRESIDENT. The Secretary will state the next paragraph passed over.

The SECRETARY. Paragraph 651, plumbago.

Mr. HEYBURN. I should like to inquire if the language of paragraph 641 as to paper stock would not include wool?

Mr. ALDRICH. Oh, no.

Mr. HEYBURN. Well, it reads "paper stock, crude, of every description."

Mr. ALDRICH. Oh, no; it does not include that.

Mr. FLINT. "Paper stock * * * other than wool" is the language used.

The VICE-PRESIDENT. The question is on agreeing to paragraph 651.

The paragraph was agreed to.

The VICE-PRESIDENT. The next paragraph passed over will be stated.

The SECRETARY. Paragraph 652, potash, crude, or "black salts." In line 7, after the word "crude," the committee propose to insert "or refined."

Mr. KEAN. I hope that amendment will not be agreed to. It puts refined saltpeter on the free list.

Mr. ALDRICH. Very well; I withdraw the amendment.

The VICE-PRESIDENT. The amendment is withdrawn. In the absence of objection, the paragraph is agreed to.

Mr. CLARK of Wyoming. I desire to ask that this paragraph be passed over. I have an amendment that I think I shall want to propose to it, but I do not desire to do so at present.

Mr. KEAN. I have no objection to the paragraph being passed over if the words "or refined" are withdrawn, and that has already been done.

The VICE-PRESIDENT. Paragraph 652 will be passed over, with the committee amendment disagreed to.

Mr. ALDRICH. It is almost 11 o'clock, and I think we might as well conclude our labors. I therefore move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 58 minutes p. m.) the Senate adjourned until to-morrow, Saturday, June 12, 1909, at 10.30 o'clock a. m.

SENATE.

SATURDAY, *June 12, 1909.*

The Senate met at 10.30 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, D. D., of the city of Washington.

The Journal of yesterday's proceedings was read and approved.

PETITIONS AND MEMORIALS.

Mr. SCOTT presented a memorial of sundry citizens of Wheeling, W. Va., remonstrating against an increase of the duty on print paper and wood pulp, as proposed in the so-called "Payne tariff bill," which was ordered to lie on the table.

Mr. OLIVER presented petitions of sundry citizens of Lawrenceville and Armagh, in the State of Pennsylvania, praying for a reduction of the duty on raw and refined sugars, which were ordered to lie on the table.

Mr. DEPEW presented memorials of compositors, stereotypers, pressmen, and mailers employed by the Binghamton Press, of Binghamton, N. Y., remonstrating against any change in the rates on pulp and paper as fixed by the House bill, which were ordered to lie on the table.

He also presented petitions of sundry citizens of New York, praying for the restoration of the duty on foreign oil production, which was ordered to lie on the table.

CALLING OF THE ROLL.

Mr. HEYBURN. Mr. President, I suggest the absence of a quorum.

The VICE-PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Clay	Gallinger	Page
Bacon	Crane	Guggenheim	Paynter
Beveridge	Crawford	Heyburn	Penrose
Borah	Culberson	Hughes	Piles
Bradley	Cullom	Johnson, N. Dak.	Root
Brandegee	Cummins	Kean	Scott
Briggs	Curtis	La Follette	Smoot
Brown	Davis	Lodge	Stephenson
Bulkeley	Dillingham	McCumber	Stone
Burkett	Dolliver	McLaurin	Sutherland
Burnham	du Pont	Martin	Taliaferro
Burrows	Fletcher	Money	Tillman
Burton	Flint	Nelson	Warner
Carter	Foster	Oliver	
Chamberlain	Frazier	Overman	
Clapp	Frye	Owen	

Mr. PILES. My colleague [Mr. JONES] is unavoidably detained for a short time this morning.

Mr. CRAWFORD. I desire to state that my colleague [Mr. GAMBLE] will necessarily be absent during the day. He is paired with the Senator from Indiana [Mr. SHIVELY].

The VICE-PRESIDENT. Sixty-one Senators have answered to the roll call. A quorum of the Senate is present. The introduction of bills and joint resolutions is next in order.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OWEN:

A bill (S. 2602) for the relief of widows and orphans of marshals or special officers killed in the service of the United States while in the performance of their duty; to the Committee on Claims.

A bill (S. 2603) to authorize the President to appoint Brig. Gen. Frank D. Baldwin to the grade of major-general in the United States Army and place him on the retired list; to the Committee on Military Affairs.

THE TARIFF.

The VICE-PRESIDENT. The morning business is closed, and the first bill on the calendar will be proceeded with.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

Mr. OVERMAN. Mr. President, I have voted to reduce the duties provided for in every schedule in the bill where a vote has been taken, as I shall vote against the whole bill when it comes up on its final passage. I shall vote against it because it is unjust and full of inequalities; because it does not guarantee equal and exact justice to the whole people of this country, but it is, in my judgment, framed in the special interest of the privileged few, while the great mass of the consumers of this country will continue to groan under its heavy burdens of increased taxation. I believe it to be one of the most iniquitous tariff bills ever passed by Congress, as pass it will.

According to the reports of the last census, there were in the United States in 1900 (I speak in round numbers) more than 29,000,000 persons engaged in the five principal groups of occupation. Of these groups more than 10,000,000 people were engaged in the agricultural pursuits, 7,000,000 in manufacturing and mechanical pursuits, 5,000,000 in trade and transportation, and the others were engaged in domestic, personal, and professional services. Out of this grand total of 29,000,000 persons engaged in business in this country, only the small number of 243,000 were reported as manufacturers and officers, and so forth, and, I should say, only about 150,000 of these were manufacturers.

In deducting this privileged and protected class from the grand total we have more than 28,000,000 of our countrymen who are directly affected by this legislation, upon whose backs and appetites is to fall the burden of this indirect taxation. In behalf of this great toiling mass of our laboring people, the wealth-producing people of this country, these people who support the Government in time of peace and fight its battles in time of war, the great majority of whom make their living by the sweat of their brow, I desire to enter my protest against the passage of this bill, which carries a duty of about 46 per cent ad valorem; and when the maximum duty of 25 per cent ad valorem is added to each item on the 31st of March next, as provided in the maximum and minimum rate amendment, the average rate will be something like 71 per cent, making it the highest tariff bill that has been passed in this country, or by any legislative body in the world's history. The average duty in the Dingley bill is 44.88 per cent. This is a reduction with a vengeance; and this is the way the Republican party keeps its promise to the people. No one now has any doubt