States authorizing annulment of charters of corporations—to the Committee on the Judiciary.

By Mr. REYNOLDS: Paper to accompany bill for relief of Frank M. Amos, Jonathan Witt, Alexander Ballinger, and Daniel A. Lamberson—to the Committee on Invalid Pensions.

Also, petition of citizens of Colerain Township, Bedford County, Pa., favoring abrogation of the Russian extradition treaty—to the Committee on Foreign Affairs.

Also, petition of citizens of Blair County, Pa., for reduction of tariff on wheat to not over 10 cents per bushel—to the Committee on Ways and Means.

By Mr. RICHARDSON: Paper to accompany bill for relief of Preston Sandifer—to the Committee on War Claims.

By Mr. TAYLOR of Colorado: Petition of Delta County (Colo.) Business Men's Association, against any change in tariff rates on sugar—to the Committee on Ways and Means.

SENATE.

FRIDAY, *June 25, 1909.*

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

The VICE-PRESIDENT resumed the chair.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. HALE, and by unanimous consent, its further reading was dispensed with.

The VICE-PRESIDENT. The Journal will stand approved.

FINDINGS OF THE COURT OF CLAIMS.

The VICE-PRESIDENT laid before the Senate a communication from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact filed by the court in the cause of Hardinia P. Kelsey and Mildred E. Franklin, heirs of Hardin P. Franklin, deceased, *v.* United States (S. Doc. No. 113), which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

WOOL AND WOOL PRODUCTS.

Mr. HALE. I present resolutions adopted by the board of directors of the Carded Woolen Manufacturers' Association. The resolutions need not be read, but I ask that they be printed in the RECORD.

There being no objection, the resolutions were ordered to lie on the table and be printed in the RECORD, as follows:

CARDED WOOLEN MANUFACTURERS' ASSOCIATION,
Boston, Mass., June 23, 1909.

Whereas the American carded woolen industry is seriously burdened by inequalities in the present tariff on wool and wool products, to such an extent as to threaten the existence of this industry; and

Whereas the tariff bill as passed by the House of Representatives made negligible changes looking to a removal of these burdens, and the bill as approved by the vote of the Senate makes no changes at all; and

Whereas the President of the United States has in a message to Congress urged the adoption of an amendment to the tariff bill providing for a tax on the income of corporations and not of individuals:

Therefore the Carded Woolen Manufacturers' Association hereby requests the President to supplement his message to Congress by another recommendation that Congress adopt a thorough and honest amendment to Schedule K of the pending tariff bill, which will remove the present inequalities that now oppress this industry and the consumers of its products.

CENSUS APPROPRIATION BILL.

Mr. HALE. I am directed by the Committee on Appropriations, to whom was referred the bill (H. R. 10933) making appropriations for the expenses of the Thirteenth Decennial Census, and for other purposes, to report it without amendment, and I submit a report (No. 8) thereon. I ask that it be printed, and, with the leave of the Senate, I will call it up for consideration to-morrow morning after the conclusion of the morning business.

The VICE-PRESIDENT. The bill will be placed on the calendar.

BILLS INTRODUCED.

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

By Mr. PENROSE:

A bill (S. 2740) to recognize meritorious services of persons who served as officers of volunteers during the civil war; to the Committee on Military Affairs.

A bill (S. 2741) for the relief of Mary Cairney; and

A bill (S. 2742) to carry into effect the judgment of the Court of Claims in favor of the contractors for building the U. S. battle ship *Indiana;* to the Committee on Claims.

A bill (S. 2743) granting an increase of pension to Isaac Armstrong;

A bill (S. 2744) granting an increase of pension to Charles W. Abbott;

A bill (S. 2745) granting a pension to Rachel M. Hunt;

A bill (S. 2746) granting a pension to Eliza S. Blumer;

A bill (S. 2747) granting a pension to surviving officers and enlisted men of the Regular Army who served in the Philippine Islands ninety days or more;

A bill (S. 2748) granting a pension to Sarah Ann Bradford;

A bill (S. 2749) granting an increase of pension to Frank Coogan, alias Francis O'Cleary;

A bill (S. 2750) granting an increase of pension to Albion White;

A bill (S. 2751) granting an increase of pension to Jacob Foust;

A bill (S. 2752) granting a pension to Eliza Wilson;

A bill (S. 2753) granting an increase of pension to Patrick Ambrose;

A bill (S. 2754) granting an increase of pension to Annie M. Allen;

A bill (S. 2755) granting a pension to Henry Coleman;

A bill (S. 2756) granting a pension to George Crow;

A bill (S. 2757) granting an increase of pension to Eliza L. Cake;

A bill (S. 2758) granting an increase of pension to David A. Buchanan; and

A bill (S. 2759) granting a pension to Thomas J. Parker (with the accompanying papers); to the Committee on Pensions.

By Mr. BURROWS:

A bill (S. 2760) granting a pension to Joseph F. Bartini (with the accompanying papers); to the Committee on Pensions.

By Mr. BULKELEY:

A bill (S. 2761) to improve the navigation of the Connecticut River between Hartford and Holyoke and to develop water power in connection therewith; to the Committee on Commerce.

By Mr. GUGGENHEIM:

A bill (S. 2762) granting an increase of pension to John W. Goodlander (with the accompanying paper); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. BRADLEY 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 ordered to lie on the table and be printed.

Mr. ELKINS. I desire to offer an amendment to the pending tariff bill. It consists of only 5 lines, and can come in at the appropriate place. I ask that it be read.

The amendment was read, ordered to be printed, and to lie on the table, as follows:

On all goods, wares, and merchandise, and articles of every kind imported in ships or vessels of the United States, there shall be allowed a reduction of 5 per cent in the duties prescribed by law to be levied, collected, and paid on such goods, wares, and merchandise.

Mr. BEVERIDGE 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 ordered to lie on the table and be printed.

Mr. DICK submitted two amendments 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 were ordered to lie on the table and be printed.

INHERITANCE-TAX LAWS.

Mr. BULKELEY. I ask leave to have printed as a document (S. Doc. No. 114) a publication by the Department of Commerce and Labor in relation to the tax laws of Great Britain, France, and Germany, together with an outline of inheritance taxation in the United States. A limited edition was printed in 1907, but the demand for it has been very great. Upon application for copies, I was informed by the department that they had but one copy on their files, which they loaned me. The estimate for the printing is attached to the publication I send to the desk.

Mr. SMOOT. Mr. President, I wish to make a statement. I am not going to object to the printing of the document at this time, but I wish to state to the Senator and to the Senate that the Committee on Printing feel that in the future propositions to print documents ought to be referred to them, and allow them to pass upon it before an order is made without consideration. I merely want to make that statement. I do not intend to object to this order.

Mr. BULKELEY. I should like to have 1,000 additional copies printed. The estimate for an additional number is also attached to the publication.

There being no objection, the order was reduced to writing and agreed to, as follows:

Ordered, That 1,000 additional copies of Senate Document No. 114, Sixty-first Congress, first session, "Inheritance-Tax Laws," be printed for the use of the Senate document room.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

MERGER OF RAILROADS.

Mr. CULBERSON. Mr. President, the morning papers purport to give a statement of the Attorney-General with reference to the merger of the New York, New Haven and Hartford Railroad with the Boston and Maine Railroad Company, and also state that he has given out a semiofficial or an official statement on the subject. As I desire official information direct, I offer a resolution and ask that it be considered at this time.

The resolution (S. Res. 61) was read, considered by unanimous consent, and agreed to, as follows:

Senate resolution 61.

Resolved, That the Attorney-General be, and he is hereby, directed to inform the Senate whether the legal proceedings against the New York, New Haven and Hartford Railroad Company and the Boston and Maine Railroad Company, for violation of what is known as the "Sherman antitrust law," have been dismissed; and if any statement has been given out by him touching the matter within the past few days, that he attach a copy of such statement to his reply to this resolution. He is also directed to inform the Senate when such proceedings were begun and instituted.

PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. M. C. Latta, one of his secretaries, announced that the President had on the 25th instant approved and signed the following joint resolution:

S. J. R. 33. Joint resolution relating to the provisions of section 10 of the sundry civil act of March 4, 1909.

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.

The VICE-PRESIDENT. The pending question is on agreeing to paragraph 448 as amended on pages 178 and 179.

Mr. BRISTOW. Mr. President, when the Senate adjourned last night a question of order was pending. After paragraph 448 had been perfected by the committee, and before it was adopted by the Committee of the Whole, I offered a substitute. The Senator from Rhode Island, the chairman of the Committee on Finance, stated that the substitute was not in order because it changed the rates that had been fixed in the paragraph as amended. My contention was that a substitute for the paragraph was in order after the paragraph had been perfected, but before it had been adopted. I want a ruling as to whether I was right or not.

The VICE-PRESIDENT. The Chair thinks that a substitute for a paragraph is in order after the amendments to the paragraphs have been completed.

Mr. BRISTOW. That is what I wanted to know.

The VICE-PRESIDENT. Does the Chair understand, then, that the Senator has a substitute now pending?

Mr. BRISTOW. No; pending the discussion the Senator from Rhode Island moved to lay the substitute on the table, and a vote was taken, and it was laid on the table.

The VICE-PRESIDENT. Then the Chair is now simply a moot court.

Mr. BRISTOW. The Chair was deciding a question of procedure. The reason why I made the inquiry was I wanted to know what is the rule of the Senate in regard to the matter.

Mr. BACON. If the Chair will pardon me, the question was also pending and under discussion when the Senate adjourned yesterday.

The VICE-PRESIDENT. The present occupant of the chair was not present and has not as yet read the RECORD. The question is on agreeing to the paragraph as amended.

Mr. BACON. That is the paragraph with reference to shoe leather?

The VICE-PRESIDENT. The Secretary will read the paragraph as amended.

Mr. BACON. Let it just be indicated.

The SECRETARY. Paragraph 448, band and belting leather, and so forth.

Mr. BACON. I simply ask that the question be put on agreeing to the paragraph as amended.

The VICE-PRESIDENT. The question is on agreeing to the paragraph as amended.

The paragraph as amended was agreed to.

Mr. CLAPP. Mr. President, before any other paragraph is taken up, as I expect to be called from the Chamber to-day, and I have no doubt that probably early in the day the amendments to paragraphs 402 and 405 will be pressed by the committee, I desire at this time to call the attention of the Senate to these paragraphs. They relate to pulp and paper.

Mr. President, ordinarily I certainly would hesitate to challenge the view of the chairman of the Committee on Finance with my own judgment upon a matter relating to finances or commercial relations. But I believe that in these amendments there is a fatal mistake. We have now placed a duty upon print paper reducing the original existing rate from $6 to $4. We have done that upon the theory that paper may be produced in Canada cheaper than it can be produced in this country, and that that rate measures fairly and reasonably the difference in cost.

Now it is proposed, first, to provide as to pulp and wood that if an export duty is placed upon it by the Canadian government, thereupon automatically an equal duty additional shall be placed by our Government upon the importation of wood pulp and paper. Then we go further and seek to provide by this amendment that if the government of Canada interdicts the importation to this country of these articles, then, if the President determines that the discrimination is unfair, a duty shall be added to an article which confessedly by our tariff law can not be made as cheap here as it can in Canada equal to the present duty, or amounting in that case to $8 per ton upon print paper; and that in the face of the fact that the Canadian government can only impose a restriction upon the theory that Canada can do this cheaper than we can, and we have placed a duty upon it only upon the same theory that Canada can do it cheaper than we can.

Mr. BROWN. Mr. President——

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. CLAPP. Certainly.

Mr. BROWN. I wish to inquire what amendment the Senator is discussing. The chairman of the Finance Committee introduced originally one amendment to each of these paragraphs and afterwards amended it by offering another and having it printed.

Mr. CLAPP. I am discussing now the print-paper amendment.

Mr. BROWN. Both of them?

Mr. CLAPP. Both of them. I am discussing the general subject.

Mr. BROWN. One of the proposed amendments is a modification of the other.

Mr. CLAPP. Exactly. One of the proposed amendments provides that in certain cases there shall automatically be placed a duty equal to the export duty proposed by Canada, and, in the other case, upon the President proclaiming an unjust discrimination, then the duty on print paper shall be doubled.

Mr. President, in dealing with this matter, even from the standpoint of protection, we have got to regard the American people as well as the manufacturers within our own lines; and after starting in with a proposition relative to Canada's action in the proposal to raise a duty or prohibit the exportation, coupled with our own action in putting a duty on paper upon the theory that we can not make it as cheap here as it is made there, it is now proposed to double that as a tax upon the American people in the effort to retaliate against Canada for either in the one instance prohibiting the exportation of wood and pulp or in the other case putting an export duty upon wood pulp and upon paper. It does seem to me, and I desire to call the attention of the Senate to the situation, we will be in that confessedly unequal to cope with them now, because they can do this cheaper than we can. It is proposed to punish them by punishing ourselves with an $8 duty upon print paper upon certain conditions.

Mr. ALDRICH. Mr. President——

The VICE-PRESIDENT. Will the Senator from Minnesota yield to the Senator from Rhode Island?

Mr. CLAPP. With pleasure.

Mr. ALDRICH. I will say to the Senator from Minnesota that I am hoping the committee will be able after conference with all parties interested in this question to prepare and present some amendments for adoption that will have general acquiescence. I fell pretty confident that that will be done.

Mr. CLAPP. As I stated before the chairman came in, I expect to be called from the Chamber this morning, and I supposed this matter would come up before I came back, and I desired to enter my objection in the RECORD. If it is not the purpose of the chairman to bring it up until the matter has gone over to be presented in some form——

Mr. ALDRICH. It is not my purpose to bring it up until I have a chance to confer certainly with the Senator from Nebraska [Mr. BROWN] and various other Senators with a view of trying to get some arrangement that will be satisfactory generally.

Mr. CLAPP. In that view of the case, I do not care to proceed further.

Mr. LA FOLLETTE. May I inquire if it will not come up during the day?

Mr. ALDRICH. I think we will be able to take it up some time later in the day.

Mr. BROWN. I desire in this connection, as long as the committee is still further considering its amendments, to offer two proposals modifying the committee's amendments heretofore offered and have them printed. I think an understanding with Senators to take it up to-morrow morning at this hour, as the Senator from Minnesota says he will be away to-day, will be fair.

Mr. ALDRICH. I have no objection to that.

Mr. CLAPP. If that understanding is made, of course I do not care to further discuss the question now.

Mr. BROWN. I offer my proposed amendments, to be printed and printed in the RECORD.

The VICE-PRESIDENT. Does the Chair understand that the Senator from Nebraska offers an amendment to the committee substitute?

Mr. BROWN. They are amendments to the committee's modification.

The VICE-PRESIDENT. The Senator from Nebraska simply asks that they be printed in the RECORD, and they are not now to be offered.

Mr. CLAPP. Just a moment, before that is disposed of.

Mr. BACON. Mr. President——

The VICE-PRESIDENT. Will the Senator from Minnesota yield to the Senator from Georgia?

Mr. CLAPP. With pleasure.

Mr. BACON. If this question is coming up to-morrow morning, we had better hear the amendments now.

Mr. CLAPP. That is just what I was going to suggest, because we can not get them in print before to-morrow morning.

Mr. ALDRICH. Let them be read.

The VICE-PRESIDENT. Is the first amendment, which has a numeral 402, intended as a substitute for the substitute paragraph 402?

Mr. BROWN. It will not be in order to offer it as a substitute. It would be an amendment in the third degree, if not the fourth, because the committee has offered an amendment to their amendment. I simply present it and ask to have it printed as an amendment to be offered, if in order.

The VICE-PRESIDENT. Of course there will come a time when it will be in order, whether in order now or not. There must, of necessity, come a time. Without objection, the amendments will be read and ordered printed.

The SECRETARY. It is proposed to insert to stand as paragraph 402:

402. Chemical wood pulp unbleached, one-sixth of 1 cent per pound dry weight; bleached, one-fourth of 1 cent per pound dry weight. Mechanically ground wood pulp shall be admitted free of duty: *Provided*, That if the President shall make proclamation that any country, dependency, province, or any subdivision thereof has unduly discriminated against the United States by the imposition of an export duty or other export charge of any kind whatsoever upon any pulp wood, wood pulp, or printing paper exported into the United States, or has forbidden or restricted the exportation thereof in any way, either directly or indirectly, thereupon and thereafter there shall be imposed upon all mechanically ground wood pulp a duty of one-twelfth of 1 cent per pound dry weight, and an additional duty upon chemical wood pulp unbleached of one-sixth of 1 cent per pound dry weight and upon chemical wood pulp bleached of one-fourth of 1 cent per pound dry weight when imported from such country, dependency, province, or any subdivision thereof into the United States.

And in lieu of the proviso on page 158, paragraph 405, to insert:

Provided, That if the President shall make proclamation that any country, dependency, province, or any subdivision thereof has unduly discriminated against the United States by the imposition of an export duty or other export charge of any kind whatsoever upon any pulp wood, wood pulp, or printing paper exported into the United States, or has forbidden or restricted the exportation thereof into the United States in any way, thereupon and thereafter there shall be imposed upon all printing paper valued at 3 cents per pound or less an additional duty equal to the rate imposed by this section upon such paper when imported from such country, dependency, province, or any subdivision thereof into the United States.

Mr. HALE. Let these be printed as amendments in addition to the print in the RECORD.

The VICE-PRESIDENT. They will be also printed as amendments.

Mr. HALE. So that we can get them this afternoon.

Mr. SMITH of Michigan. Has any notice been given when this matter will be brought up?

Mr. ALDRICH. To-morrow morning. I ask that paragraph 453 be taken up.

The VICE-PRESIDENT. Is there objection to now considering paragraph 453? The Chair hears none. The Secretary will state the amendment of the committee.

The SECRETARY. In paragraph 453, harness, saddlery, and so forth, page 183, line 15, the committee proposes, after the word "saddlery" and the comma, to strike out the words "and whips or parts thereof."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

Mr. BACON. I think——

The VICE-PRESIDENT. Does the Senator from Rhode Island desire to retain the floor and discuss the amendment?

Mr. ALDRICH. I want to move an amendment to make the rate 40 per cent instead of 35 per cent.

The VICE-PRESIDENT. That will be an amendment additional to the paragraph. The question is on agreeing to the amendment which has been read.

Mr. SMITH of Michigan. That is a reduction of the present law.

Mr. ALDRICH. It is a reduction of the present law and an increase from the House rate of 5 per cent.

I understand that this morning a ruling was made upon a moot question which was not before the Senate. I desire to enter a protest against the ruling as I understand it, and to say that when any real question arises I shall be glad to address the Senate upon it.

Mr. BACON. I do not hear what the Senator says. It is all right, I presume.

The VICE-PRESIDENT. The remark was addressed to the Chair and the Chair heard it. It has reference to a ruling. Does the Senator from Georgia now desire the floor to discuss the pending amendment?

Mr. BACON. The question has been practically answered. I did not understand at the time what the amendment was. I understand it is in line with the prior amendments increasing the duty, in view of the fact that hides have been placed on the dutiable list.

Mr. ALDRICH. That is it. The Senator is quite right.

Mr. BACON. Five per cent additional?

Mr. ALDRICH. Five per cent additional.

The VICE-PRESIDENT. The first question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The VICE-PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from Rhode Island.

The SECRETARY. In line 16, page 183, paragraph 453, strike out "thirty-five" and insert "forty," so as to read "40 per cent ad valorem."

The amendment was agreed to.

The VICE-PRESIDENT. Without objection, the paragraph as amended is agreed to.

Mr. BACON. I desire the question to be put.

The VICE-PRESIDENT. The question is on agreeing to the paragraph as amended.

The paragraph as amended was agreed to.

Mr. ALDRICH. I ask that paragraph 116 be taken up. It is in relation to pig and scrap iron.

The VICE-PRESIDENT. Is there objection to taking up paragraph 116? The Chair hears none. The Secretary will state the amendment to the paragraph.

The SECRETARY. In paragraph 116, on page 32, iron in pigs, the committee proposes to strike out lines 15, 16, and 17, down to and including the words "per ton," in line 17, and to insert:

Iron in pigs, iron kentledge, spiegeleisen, ferromanganese, wrought and cast scrap iron, and scrap steel, $2.50 per ton.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. GORE. Mr. President, I do not care to discuss this amendment, but I have here a telegram from H. E. Mills, who is president, as I remember, of the American Manufacturers' Association, which I desire to have printed in the RECORD in this connection. I send it to the desk and ask to have it read.

The VICE-PRESIDENT. Without objection, the telegram will be read.

The Secretary read as follows:

RACINE JUNCTION, WIS., *May 29–31, 1909.*

Hon. T. P. GORE,
United States Senate, Washington, D. C.:

Reports British Iron Trade Commission, 1902, J. Stephen Geans, secretary British Iron Trade Association, says Schwab gave their visiting committee 41.1 cents best record covering labor, general charges, repairs, timekeeping, and superintendents' salaries, etc., per cost books Edward Thompson Works. Full quotation mailed. See also Quarterly Journal Economics, February, cost year, J. Russell Smith, profesor, University of Pennsylvania, 40 cents labor cost, best, biggest furnaces.

H. E. MILLS.

Mr. GORE. Mr. President, so far I have not received the document to which Mr. Mills refers, but this quotation represents Mr. Schwab as stating that 41.1 covered the entire labor

cost of producing pig iron, and not only covered the entire labor cost, but covered the cost of repairs, maintenance, and even the overhead expenses. If there be any purpose to graduate the duties in the bill to cover merely the difference in wages between this country and abroad, certainly $2.50 is too much when not merely the difference in the cost here and abroad is 41.1, but the entire labor cost is 41.1 plus cost of maintenance and overhead expenses.

Mr. CUMMINS. Mr. President, I move to strike from the committee amendment proposed and from the paragraph as passed by the House, in lines 18 and 19, the words "wrought and cast scrap iron, and scrap steel," and in line 19, after the words "per ton," all that remains of the paragraph.

The VICE-PRESIDENT. The Secretary will report the amendment.

The SECRETARY. In the committee amendment, page 32, lines 18 and 19, strike out the words "wrought and cast scrap iron, and scrap steel," and in line 19, in the House text, after the words "per ton," strike out the remainder of the paragraph in the following words:

But nothing shall be deemed scrap iron or scrap steel except waste or refuse iron or steel in such physical form as to be fit only to be remanufactured.

Mr. CUMMINS. Mr. President, it will be observed that this amendment takes from the paragraph scrap iron and scrap steel, to be dealt with hereafter as the Senate may desire. I intend to follow this amendment by another reducing the duty on pig iron to $1.50 per ton. But the first thing upon which I desire the judgment of the Senate, I do not know what it will be, is the proposition of combining in a single paragraph and under a single duty pig iron and scrap iron. While they bear some relation to each other with respect to the propriety of the duty imposed upon one or the other, in my opinion there ought to be no duty on scrap iron and scrap steel. These are purely waste material. They have already served their purpose commercially and they have already paid their duty officially.

As is well known, in this country the railways are the large producers of scrap iron and scrap steel, and there is neither philosophy nor justice in adding to the value of this material, which is simply the accumulation of use, by putting the duty that is proposed upon it. The duty simply adds so much to the cost of iron and steel. All Senators know that in one of the processes for making steel, scrap iron and old steel are necessary materials. The open-hearth process, which is now rapidly coming into favor, and which bids fair to displace the Bessemer process, requires for its successful operation a certain proportion of scrap iron and scrap steel. It seems to me that we are pushing the doctrine of protection to an undue and unjustifiable length to attempt to impose upon this waste the duty that we impose upon pig iron.

I realize that there is some apprehension on the part of some members of the committee that we might be defrauded by those who enter the practice of breaking up pig iron and importing it as scrap iron and scrap steel, but it is entirely feasible and it is altogether easy to provide, if you impose any duty upon scrap iron and scrap steel, such limitations and restrictions as will absolutely prevent any deceit or deception of this character.

I want, first, therefore, a vote on the amendment to eliminate scrap iron and scrap steel from this paragraph. After that I intend to offer an amendment reducing the duty on pig iron itself. There is no justification for a duty of $2.50 per ton on pig iron. I am not going into the details of it. I have already treated it at some length, and every Senator here is familiar in a general way at least with the production of this material. It is the basic material for the smaller independent manufacturers. I do not claim that all duty should be removed, but we ought to reduce his burden to the lowest practicable point.

Mr. OLIVER. Mr. President, every ton of scrap that enters into the manufacture of iron displaces just a little more than a ton of pig iron, because scrap, having once been manufactured, the waste in the use of scrap is less than attends the manufacture of iron from pig. Of course, scrap not being a manufactured article, there is no protection involved so far as the producers of scrap are concerned; but inasmuch as every ton of scrap displaces a ton of pig iron, it is necessary for the protection of our manufacturers of pig iron that the same protection be allowed on scrap coming into the country as is allowed on pig iron.

Mr. DU PONT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. OLIVER. Certainly.

Mr. DU PONT. I should like to ask the Senator from Pennsylvania if it is not true that in the open-hearth process of making steel, at least 40 per cent of scrap iron is absolutely necessary?

Mr. OLIVER. The Senator is undoubtedly right that in the open-hearth process a certain percentage of scrap is necessary.

Mr. DU PONT. So it is not absolutely correct to say that every ton displaces a ton of pig iron. I do not think the Senator's statement is quite correct in that.

Mr. OLIVER. All the same, Mr. President, all the scrap that is used must displace in some way that amount of pig iron. Furthermore, if this country to-day produces all the scrap that is required or that can be used in the manufacture of iron, it is nothing but fair to the producers of scrap, which are principally the great railroad corporations, that they should be to a certain extent protected in enabling them to obtain a fair and reasonable price for the scrap that is produced after it is used. Mr. President, this so far as scrap is concerned.

Replying to the Senator from Iowa [Mr. CUMMINS] with regard to the duty on pig iron, I send to the desk and ask to have read an extract from an article which was published in the Review of Reviews in February, written by a native of China, of English or American parentage, with regard to the advance that is being made in the Far East in the manufacture of pig iron.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

Fifteen hundred tons of pig iron from the iron and steel works of Hanyang, China, traveled 600 miles down the Yangtse River and 14,000 miles by sea and were laid down in Brooklyn, N. Y., in 1907, at $17.50 a ton. Thus did commercial competition come knocking at our doors to serve notice that the new China was no longer a surmise, but a fact. Under semiofficial management 3,500 workmen at Hanyang turn out daily 500 tons of pig iron and 250 tons of steel. They made the rails and much other constructive material for the 750 miles of Peking-Hankow Railroad and for most of the other Chinese lines since then, besides exporting in 1907, 37,000 tons of pig and manufactured iron. To-day they are putting up another plant for the manufacture of cars, steel bridges, and other structural material. That is a partial expression of the new China, and in such language there is no equivocation. ("The China That Is," by David Lambuth, the American Review of Reviews, February, 1909.)

Mr. BACON. Will the Senator permit me to ask him who are the proprietors—the owners—of the iron industry in China, the product of which has just been given?

Mr. OLIVER. I really do not know, but that article, which is a very interesting one, states that it is made under governmental supervision. So I suppose the Government perhaps has something to do with it.

Mr. BACON. It is not owned by Americans?

Mr. OLIVER. Oh, no; not at all.

Mr. BACON. I will ask the Senator, with his permission, what was the explanation of this importation of that iron which was brought to New York. Was it brought for a specific purpose, or sent as a sample?

Mr. OLIVER. The article does not state, but it is presumed that if any person would import 1,500 tons of pig iron, he would do it as a commercial proposition. It was delivered in Brooklyn at $17.50, which confessedly is less than our manufacturers can make it and transport it to Brooklyn for.

Now, Mr. President, this manufacture of pig iron in the Far East, of course, is a cloud no bigger than a man's hand, but the cloud that hangs over us from Germany is one that is imminent and threatening. When we come to a discussion of the pig-iron duty, I think I have facts I can present that will prove conclusively that unless we maintain this or a better rate of duty on pig iron we are going to surrender a large part of our trade to the manufacturers of the German Empire.

Mr. President, I shall not discuss that question at present, but leave this matter of scrap iron to be first disposed of.

Mr. CRAWFORD. Mr. President, did the Senator from Iowa have the floor?

The VICE-PRESIDENT. The Senator from Iowa [Mr. CUMMINS] has the floor. Does he yield to the Senator from South Dakota?

Mr. CUMMINS. If I have the floor, Mr. President, I yield to the Senator from South Dakota.

Mr. CRAWFORD. Mr. President, I simply desire to say a few words with reference to this scrap-iron proposition. I desire to say that I am heartily in favor of the amendment proposed by the Senator from Iowa [Mr. CUMMINS]. It seems to me that whatever other mistakes we may have made here, if this duty on scrap iron is to be adopted and allowed to remain in the bill, it will put upon the face of this bill the most inexcusable and ridiculous item that has been placed in it by the Senate. Scrap iron and scrap steel, under which designation old, broken stoves, every old fragmentary iron kettle, every old broken wheel, and the junk that may be put to a good use in open-hearth furnaces, are to be put under a duty for the purpose of protecting American manufacturers and American enterprise. American manufacturers of what?

Mr. GORE. Of scrap iron.

Mr. CRAWFORD. American manufacturers of scrap iron, cast-away pieces, in order that they may get a better profit for it. I hope that the Senate will consider this proposition and take second thought before they adopt it in the bill. The railroad companies are not dependent upon what they make out of scrap iron in order to establish a successful business in this country, and the Senator from Pennsylvania [Mr. OLIVER] has stated here that they are the special beneficiaries of this proposition to put $2.50 a ton upon scrap iron. Are the railways reduced to such a state of desperation and are they in such a choppy sea that, in order to protect them, it is necessary to put a tariff of $2.50 a ton on what is cast away in their industry and in their enterprise in the form of broken iron?

Mr. BURTON. Mr. President, the Senator from South Dakota [Mr. CRAWFORD] entirely misapprehends the object of this paragraph. Scrap iron is not an industry; it is a development. The reason why it should be inserted here is to protect the manufacturers of pig iron, a ton of which is always displaced by a ton of scrap; in fact, a ton of scrap amounts to a little more than a ton of pig iron. The strongest protests I have received against the Payne bill——

Mr. DU PONT. Mr. President——

The VICE-PRESIDENT. Does the Senator from Ohio yield to the Senator from Delaware?

Mr. BURTON. In a moment.

The strongest protests which I have received against the Payne bill have been from the independent furnace men on the Ohio River in the neighborhood of Ashland, Ky., from Ironton, Ohio, and from the Mahoning Valley, who say that if scrap can come in for a less duty than pig iron, their business will be very seriously impaired.

If this proposition is ridiculous, as has been, I think, rather carelessly alleged, we have been having a ridiculous schedule in the years that are past. Under the law as it now is, and as it has been for many years, the duty on scrap iron is the same as that on pig iron. It is now $4 on pig iron and also $4 on scrap iron and scrap steel. Business has adjusted itself to that uniformity of rates, and in reducing this to $2.50 a cut is made, which is all that should be asked of the furnace men.

Now I yield to the Senator from Delaware.

Mr. DU PONT. Mr. President, I only wanted to say a few moments ago that I think the statement of the Senator from Ohio that a ton of scrap always displaces a ton of pig iron is not strictly correct, because in the open-hearth manufacture of steel 40 per cent must be scrap iron. Pig iron can not be displaced, and therefore scrap iron does not displace at least the 40 per cent of scrap iron which, of necessity, does not and can not displace an equal quantity of pig iron. Pig iron is not used exclusively.

Mr. BURTON. The Senator from Delaware will admit that, if a ton of finished product is made from scrap iron, whether by the open-hearth process or by any other process, the scrap takes the place of a ton of pig iron. I do not think the Senator's estimate of 40 per cent is correct. Whether or not it is an essential element of the open-hearth process in making iron and steel, still it means the substitution for a ton of pig iron.

The one general fact to which I wish to call attention, Mr. President, is this: In this whole bill no more material or uniform reductions have been made than in the iron and steel schedule. I submit it is unjust to those who are engaged in this business to press these reductions further. If an equal decrease had been made all along the line in this bill, it might have been comparatively easy for them to adjust conditions in their business to such decreases; but theirs are entirely out of proportion with the average reductions in the bill.

As regards the talk about the railroads, I can not ascribe very much substance to that. Of course the railroads are producers of scrap iron. The real object of this paragraph, however, is not their protection, but the protection of those engaged in the manufacture of iron and steel.

Mr. CUMMINS. Mr. President, I want, first, the Senate to be clearly advised as to the scope of my amendment. It does not deal with the whole subject; it does not relate to the duty that ought to be imposed upon pig iron, although I have expressed my opinion with respect to that. It does not relate specifically to the question as to what duty should be placed upon scrap iron and scrap steel, although I feel there should be no duty whatever. The effect of my amendment, if it should be adopted, would be to eliminate from this paragraph scrap iron and scrap steel, leaving the paragraph to relate only to pig iron and one or two other iron products. I hope very much that the Senate will take out of this paragraph scrap iron and scrap steel.

Let us see for a moment whether protection, as we ordinarily understand it, embraces such a subject as this. We have declared that we will put such a duty upon competitive articles as will measure the difference between the cost of production at home and abroad. I should like some Senator to enter upon an inquiry as to the difference between the cost of producing scrap iron and steel abroad and at home. There is no conscious process undertaken in producing scrap iron and scrap steel. There are no men employed to produce scrap iron and scrap steel as a specific purpose or object. This material is simply the result of the use of another material or material made for another purpose. Therefore we ought not, and we can not in fairness and justice to the principle that we advocate here, put a duty on scrap iron and scrap steel.

I now pass to the point suggested by the Senator from Pennsylvania [Mr. OLIVER]. He says that every ton of scrap iron imported into the United States will take the place of a ton of pig iron that ought to be produced in the United States.

The Senator from Delaware [Mr. DU PONT] has well suggested to him that that is not entirely accurate; that we must have scrap iron and scrap steel; that there are certain processes for the manufacture of steel that are required to use this commodity, and that can not use pig iron in the ordinary sense in the stead of scrap iron. There is a sense, however, in which possibly that is true; that is to say, it will enable the open-hearth manufacturers to produce steel a little more cheaply, if you please, than the Bessemer manufacturers. Everybody who is acquainted at all with the iron and steel business knows that it now costs a little more to make a ton of steel by the open-hearth process than it costs to make it by the Bessemer process; and it is recommended only because the product is a little better than the Bessemer product, and it is taking its place in the trade, and it is making its way in the manufacture simply because it is a little better than Bessemer steel.

Mr. OLIVER. Mr. President——

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

Mr. CUMMINS. I do.

Mr. OLIVER. Mr. President, I simply want to correct the Senator from Iowa with regard to the relative cost of the Bessemer and open-hearth processes. In the evolution of business the time has come when open-hearth steel is produced slightly cheaper than Bessemer steel. I state, as a fact, that in the future I think open-hearth steel will be considerably cheaper. The process of making open-hearth steel is a little more expensive, but the materials out of which Bessemer steel is made are enough more expensive than the materials out of which open-hearth steel is made to more than make up the difference.

Mr. CUMMINS. Mr. President, I have no doubt that the Senator from Pennsylvania has carefully studied the matter, and I know that he has had opportunities greater than my own to become familiar with the subject, but I have studied as deeply as I can the evidence which is now before the other House and the Senate with regard to this matter, and I must adhere to my proposition that, so far as this testimony has disclosed the facts, it costs a little more to produce the open-hearth steel than to produce the Bessemer steel. However, that is but an immaterial matter. We ought not, at least, to put in the pathway of the open-hearth men the obstacle that this duty will create. I have no patience with the argument that a ton of scrap will take the place of a ton of pig iron.

Protection has nothing whatsoever to do with that phase of industry and commerce. You might just as well say that you will put a prohibitive duty on cement or forbid the use of cement because it is rapidly taking the place of steel in many structures; you might just as well say that you should not use wood in some instances in which wood is used, because if it were not employed, you would be compelled to use in its stead steel manufactured by any process whatever. That is a fallacious argument. The question is, How is it produced and does the principle of protection require that we protect and help stimulate those who are engaged in producing this waste of commerce and of industry?

Notwithstanding the fact that it has been true of former tariff laws that scrap iron was placed upon the dutiable list, that is no reason why it should continue to be on the dutiable list. I agree with the Senator from South Dakota [Mr. CRAWFORD] that if we put this old junk in the tariff upon a plane and upon a parity with pig iron, we become, as it seems to me, the subject of very great censure and criticism.

I was told not long ago that they were gathering up scrap iron and steel in the United States and taking it to Canada, because it could be used there under a duty less than our own. There is no logic in it; there is no sense in it, as it seems to me. When we reach the point that we have got to say that, in order to enlarge or in order to multiply the production of pig iron, we

have got to keep out of this country every article that would possibly come into competition with pig iron and increase the price of our own waste product accordingly, we have reached an absurdity in the doctrine of protection that sensible men will not accept.

I hope, therefore, that we will put scrap iron out of this paragraph, and then deal with it as it seems proper to deal with it. Some Senators may want to put a small duty upon it; I do not. I think it ought to be free; but at least do not commit the wrong of classifying it with pig iron and putting upon it the same duty.

Mr. CRAWFORD. Mr. President, in the discussion of these various items and in casting my vote, I have not always gone against the committee; but I think that this item is protection gone mad. I do not see how any principle of protection can be applied to it within any reasonable construction of the purposes for which we have followed the protective principle. Are we to put a duty upon old, worn-out, cast-off material that has been discarded because it was worn out, from the uses for which it was intended when it was manufactured? Are we to put a duty upon that simply to protect the manufacturer of a material which entered into the composition of this castaway material, when it can be used, as has been said here, in the open-hearth manufacture of steel, and when it does not necessarily take the place of pig iron? I say it is protection gone mad to put a $2.50 rate of duty on scrap iron.

I did hope that whatever faults it might have, I could not only vote for this bill, but could go out and smother my disappointment as to certain features of it and defend it; but I do not want to have to go before the people of the Middle West to defend a duty of $2.50 a ton on old scrap iron. I think that you are going to hurt this bill by a proceeding of that kind.

Mr. DICK. Mr. President, according to the Senators from Iowa and South Dakota, all former framers of tariff bills must have been conspicuously short of wisdom, since in every bill that has been written into a tariff law from the foundation of the Government to the present time scrap iron and steel have stood upon a parity with pig iron, and all these bills have had their defenders, and most of them were sustained by the people of this country. Regardless of the present situation, I admit it to be very difficult to even approximate the difference of cost in the production of scrap iron in this country and in other countries. If you look for the source of cost, I assume you will have to go back to the cost of the production of the manufactured article from which scrap iron necessarily comes.

Mr. BRISTOW. Mr. President——

The VICE-PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. DICK. Certainly.

Mr. BRISTOW. I should like to inquire of the Senator if the original product was not protected? Do you want to protect it twice?

Mr. DICK. The original product, of course, was protected, but not in the hands of the man who sells it. We all know how scrap iron is gathered and sold. It is not any man's monopoly, nor any individual's production. It is of almost universal barter; it is in every back yard, and upon every farm; the railroads produce it, and so it comes from almost every source and becomes a marketable thing in whosesoever hands it may fall.

But the real purpose of the protection or the rate of duty against the imported scrap iron, I assume, has already been stated in that every imported ton of scrap iron displaces a ton of pig iron. Ample protection is afforded to pig iron only by extending the duty to scrap, which would come here in tremendous and unlimited quantities if we were to remove entirely the tariff from it. Nearly every iron producer with whom I have talked, with very few exceptions, feels precisely that way about it; that it is only affording him the protection which we are willing to give to pig iron, and that the parity ought not to be disturbed.

The American manufacturers of pig iron, if the amendment of the Finance Committee is adopted, will endure a cut of 37½ per cent on their product. It will reduce the rate from $4 to $2.50 a ton, and is a heavy cut. England and Germany are heavy producers of pig iron, and the foreign cost ranges from $8.50 to $9 a ton. The freight rates from these centers of production to our Atlantic seaboard is not more than $2.50 a ton. Adding the present duty of $4 a ton, pig iron can be sold on our Atlantic coast at $15 to $15.50 a ton. The cost to our ports in the Gulf of Mexico is not more than 40 cents higher. Ocean freight rates on pig iron to our Pacific coast from England and Germany is just one-half the cost of rail transportation from the pig-iron producing districts of the United States, or $7 for the foreign manufacturer as compared to $14 for the domestic producer. This makes it practically impossible for the domestic producers in the eastern and central parts of the United States to supply the Pacific coast demand. The cost at the furnace of making pig iron in our own blast furnaces is from $15 to $16 a ton.

The reduction, therefore, in the duty of $1.50 a ton is as much as the American manufacturer should be asked to endure. When, however, in addition to the proposed reduction of $1.50 a ton in the duty on pig iron, it is proposed to reduce the duty on scrap iron and scrap steel from $4 a ton to 50 cents a ton, the very life of the American blast furnace is threatened. Even China sends pig iron to this country. The pig-iron importations into San Francisco for six months past to April 30, 1909, were 5,613 gross tons, of which 925 gross tons came from China. The greatest coal deposits known in the world are in the Yangtse Valley. Scrap iron has the same manufacturing value as pig iron in the production of steel, and should bear the same rate of duty. A ton of scrap takes the place of a ton of pig iron. In the manufacture of steel by the open-hearth furnace method, the furnaces may be charged with 20 per cent scrap and 80 per cent pig iron, or vice versa. The largest aggregate producer of scrap in the United States is the farmer. The largest producer and consumer is the steel corporation. With a 50-cent duty on scrap, pig iron would be broken up into scrap forms and imported as scrap, when the United States would become the dumping ground for scrap from all over the world and many of the blast furnaces for making pig iron would be closed down.

Scrap iron and scrap steel have always been considered the same as pig iron, and should be so considered now. These three commodities should pay the same rate of duty. Our opinion is that it should not be lower than $3 per ton. The very low rate of duty provided for scrap iron and scrap steel in the Payne bill will bear heavily against the merchant blast furnaces in the East, and will tend to reduce the value of their product by compelling them to compete with cheap foreign scrap. These eastern furnaces are entitled to the same rate of protection against cheap scrap that they receive against foreign pig iron. A very large quantity of scrap iron and steel has been accumulated by the railroad companies during the last eighteen months, and they will offer the same for sale as soon as they can afford to replace with raw material.

A tariff of 50 cents a ton on scrap would shut down every southern blast furnace. The average consumption of scrap iron and scrap steel for the past three years at a plant of the steel corporation located at Worcester, Mass., was 73,000 tons, and the consumption last year of one of its plants at Philadelphia was 110,000 tons. Every bit of this scrap was used in the manufacture of open-hearth steel.

The fact that all "iron in pigs" must be cast in sand or iron chilled molds restricts the size and capacity of the merchant blast furnaces and thus increases their tonnage cost. The capacity of these furnaces is approximately one-half that of the large furnaces making pig iron, which is taken direct to the steel works in molten state, thus omitting the casting process. The costs of materials entering into the cost of manufacture vary greatly, owing to local variations in freights, costs of coke, and cost of labor.

There are many times when the present duty does not protect and when the selling price of pig iron is less than it would be by adding the tariff to its cost.

The duty should be protective under the most adverse circumstances, such as the practice of dumping of foreign pig iron here, the payment of export bonuses, special through freights to seaboard and interior domestic points, this product being frequently carried as ballast.

There never has been a general combination as to selling prices by the merchant furnace companies of America, hence selling prices have been regulated by supply and demand; consumers, as a rule, make the prices, which have been at several periods below cost.

During the most of last year prices were profitable, but during the most of this year are unprofitable, owing to high costs, small production, and low prices through excessive competition, the production this year being but little over half that for corresponding months of 1907.

In the last analysis practically all the cost of the materials for making pig iron—ore, flux stone, coke, coal, sand, etc.—is for labor, exclusive of mining royalties or interest, and taxes.

To sum up this part of the brief: Without protection "iron in pigs" can not be made and sold at a profit in this country.

I have been furnished by various manufacturers costs of making pig iron in the principal producing districts of the United States. These costs cover operations during the year 1907. The details are submitted and attached hereto as Exhibits No. 1 to No. 17, inclusive. For convenience, these costs are summarized, together with foreign costs, so far as ascertainable, in the following table:

Furnace costs—Pig iron.

	Cost per gross ton.
Exhibit No. 1. Eastern Pennsylvania	$18.79
Exhibit No. 2. Buffalo	16.45
Exhibit Nos. 3, 4, and 5. Southern Ohio	16.44–16.19
Exhibit Nos. 6 and 7. Mahoning and Shenango valleys	16.50–17.79
Exhibit No. 8. Middle West	16.10
Exhibit Nos. 9, 10, and 11. Virginia	14.21–14.17–14.43
Exhibit Nos. 12 and 13. Alabama and Tennessee	12.93–11.00
Exhibit No. 14. Germany	8.71–10.16
Exhibit No. 14. England	9.48

The following tables are also attached and submitted as part of my remarks:

Exhibit No. 15. Comparative blast-furnace wages in the United States and England.

Exhibit No. 16. Comparative costs of foreign and domestic pig iron at principal seacoast points in the United States.

Exhibit No. 17. Pig iron freight rates from producing centers to points of consumption in the United States.

The following cablegrams are given here from an absolutely reliable source:

Translation of cablegram received December 3, 1908.

Average German cost.	Marks per 1,000 kilos.	United States gold per 1,000 kilos.	United States gold per ton of 2,240 pounds.
Coke	13.00	$3.094	$3.14
Ore, Lorraine district	2.00	.476	.48
Ore, foreign	10.00	2.38	2.42
Other German	4.00 to 5.00	.0952 to 1.19	.97 to 1.2
Pig iron, Lorraine district	36.00	8.568	8.71
Pig iron, other	42.00	9.996	10.16

Steel-making pig iron, Middlesboro district.

1 ton Spanish ore	$2.53
1¼ tons Cleveland ore, at $1.25	1.56
	4.09
1.1 tons coke, at $3.77	4.14
One-half ton stone	.25
Other items	1.00
Total	9.48

OCEAN FREIGHT FROM EUROPEAN SEAPORTS TO BOSTON, NEW YORK, PHILADELPHIA, AND BALTIMORE.

Iron ore and pig iron, 6/6, say, $1.60 per gross ton.

The export price of pig iron in Germany is nominally the same as the domestic price. In periods of depression the export price is frequently reduced to cost, or lower, in order to enable the syndicate controlling this commodity to dump the surplus into England and other foreign countries.

TRANSLATION OF CABLEGRAM RECEIVED DECEMBER 9, 1908.

Pig iron costs are present, and include economy effected by and revenue from by-products, use of gas engines, modern appliances. Works: Luxemburg, Lorraine, Sarr district, Germany; Mosalle, France; Liege, Middlesboro. Information as to lowest costs given is from principal works above districts, which represent our principal competition, but numerically as to general average does not represent cost of less favorably situated works, geographically or otherwise, which varies equivalent to £0.4.0 ($1) to £0.6.0 ($1.50) per ton. Position is similar to that in the United States in this respect.

TRANSLATION OF CABLEGRAM RECEIVED DECEMBER 10, 1908.

Pig iron costs include taxes, depreciation, interest, labor, insurance. Subdivision of these charges is not obtainable at the moment. Information given you is very reliable.

EXHIBIT No. 15.

Table showing comparative blast-furnace wages in United States and England.

	United States.	England.
Furnace keeper	$2.90	$1.82
Top fillers	2.55	1.27
Cinderman	2.30	1.21
Bottom fillers	2.30	1.12
Laborers	1.65	.91
Blast enginemen	2.90	1.37

EXHIBIT No. 16.

Comparative costs of foreign and domestic pig iron at principal seacoast points in the United States.

Point of production.	Seaboard point.				
	Philadelphia.	Boston.	Mobile.	New Orleans.	San Francisco.
Eastern Pennsylvania:					
Cost	$18.79	$18.79	$18.79	$18.79	$18.79
Freight	.60	2.10	6.72	6.72	14.00
Total	19.39	20.89	25.51	25.51	32.79
Buffalo:					
Cost	16.45	16.45	.....	.....	16.45
Freight	2.45	2.65	.....	.....	14.00
Total	18.90	19.10	.....	.....	30.45
Southern Ohio:					
Cost	16.19	16.19	16.19	16.19	16.19
Freight	2.65	3.25	6.72	6.72	14.00
Total	18.84	19.44	22.91	22.91	30.19
Mahoning and Shenango Valley:					
Cost	16.50	16.50	16.50	16.50	16.50
Freight	2.65	3.25	6.72	6.72	14.00
Total	19.15	19.75	23.22	23.22	30.50

Comparative costs of foreign and domestic pig iron, etc.—Continued.

Point of production.	Seaboard point.				
	Philadelphia.	Boston.	Mobile.	New Orleans.	San Francisco.
Middle West:					
Cost	$16.10	$16.10	$16.10	$16.10	$16.10
Freight	2.65	3.25	6.72	6.72	14.00
Total	18.75	19.35	22.82	22.82	30.10
Virginia:					
Cost	14.17	14.17	14.17	14.17	14.17
Freight	2.80	3.17	6.72	6.72	14.00
Total	16.97	17.34	20.89	20.89	28.17
Alabama:					
Cost	11.00	11.00	11.00	11.00	11.00
Freight	4.00	4.60	2.75	3.00	13.20
Total	15.00	15.60	13.75	14.00	24.20
Tennessee:					
Cost	12.93	12.93	12.93	12.93	12.93
Freight	4.00	4.60	2.75	3.00	13.20
Total	16.93	17.53	15.68	15.93	26.13
Germany:					
Cost	8.71	8.71	8.71	8.71	8.71
Freight	2.50	2.50	3.35	3.35	7.50
Duty	4.00	4.00	4.00	4.00	4.00
Total	15.21	15.21	16.06	16.06	20.21
England:					
Cost	9.48	9.48	9.48	9.48	9.48
Freight	2.50	2.50	3.35	3.35	7.50
Duty	4.00	4.00	4.00	4.00	4.00
Total	15.98	15.98	16.83	16.83	20.98

EXHIBIT No. 17.

Pig iron freight rates from producing centers to points of consumption in the United States.

[Rail and water rates are given in all cases where available, as they are the cheapest and most generally used.]

From—	To Boston.	To Philadelphia.	To Baltimore.
Birmingham, Ala	$4.60	$4.00	$3.85
Virginia furnaces	3.17½	2.80	2.65
Mahoning and Shenango Valley	3.25	2.65	2.55
Pittsburg	2.85	2.25	2.15
Buffalo	2.65	2.45	2.45
Erie	2.85	2.25	2.15
Emporium	2.55	1.80	1.80
Bellefonte	2.55	1.45	1.50
Harrisburg	2.10	.85	.85
Reading	2.10	.60	1.25
Temple	2.10	.65	1.25
Emaus	2.10	.75	1.40
Swedeland	2.10	.40	1.15
Other eastern furnaces (about the same as Reading)	2.10	.60	1.25

Accurate statistics regarding the scrap-iron trade are difficult to compile, because the business is of a complex nature. However, I have obtained some figures, and I roughly estimate that there is produced and consumed in the United States annually about 8,000,000 tons of scrap, which includes steel and both cast and wrought iron. The money value of this scrap is considerably in excess of $100,000,000.

Scrap comes from the manufacturers of iron and steel finished products, which in the course of various processes make large quantities of waste material, such as crop ends and shearings, useful only for remelting. The railroad companies, whose track equipment and rolling stock constantly require repairs and replacement; this scrap iron goes into the scrap heap. There are numerous other minor sources of supply.

We recommend that the duty on pig iron and steel and iron scrap be uniform, and that the rate be made $3 per ton instead of $2.50, as it appears in the Senate Finance bill, for the following reasons:

First. Every ton of scrap consumed in open-hearth practice or by foundries takes the place of a ton of pig iron; therefore the duty should be the same as pig iron.

Second. The largest producers of scrap in the United States are the railroad companies; and inasmuch as the railroad companies are the largest consumers of protected material, they should not be discriminated against.

Third. With scarcely an exception, every country on the face of the globe produces scrap in one form or another; and if the

duty should be reduced to 50 cents per ton, as proposed in the Payne bill, the United States would be the dumping ground for the world.

Fourth. There is grave danger of fraud upon the revenues being perpetrated by sending in so-called "scrap" which in reality is not scrap. The present law is faulty in its definition, and under it frauds have been perpetrated. Boiler-plate shearings, crop ends of bars, round and square, have been admitted as scrap, and have been used as billets for the production of light rods and shapes, and the boiler-plate shearings admitted as scrap have been rolled down into finished products, sheets, strips, and light plates, thereby defrauding the revenues of the Government.

A meeting of the producers of merchant pig iron was held in Cleveland, Ohio, on March 24, and was attended either in person or by proxy or by representation by 95 per cent of the manufacturers of merchant pig iron west of the Allegheny Mountains. A copy of the proceedings of this meeting is hereto attached, and is made a part of my remarks:

RECORD OF MEETING OF PIG-IRON MANUFACTURERS HELD IN CLEVELAND, OHIO, MARCH 24, 1908.

At a meeting of the pig-iron manufacturers, called and held in Cleveland, Ohio, Wednesday, March 24, for the purpose of protesting against the revised tariff bill now pending in the House of Representatives, the undersigned manufacturers were present or represented.

Mr. J. G. Butler, jr., was elected chairman and Mr. Harvey H. Brown secretary of the meeting.

The proposed tariff bill now pending in the House of Representatives was considered by the meeting, and the following resolution was unanimously adopted:

Whereas the present revised tariff bill pending in the House of Representatives places iron ore on the free list and has reduced the present tariff on pig iron from $4 to $2.50 a ton and the present duty on scrap iron and scrap steel from $4 a ton to 50 cents a ton; and

Whereas such reduction of the present tariff and the placing of iron ore on the free list will very injuriously affect the business interests represented at this meeting: Now be it

Resolved, That it is the sense of this meeting that if a reduction in the tariff on iron ore is made, it should not exceed 25 per cent of the present rate of duty; and be it further

Resolved, That reducing the duty on scrap iron and scrap steel below the duty on pig iron will simply be ruinous to the merchant blast furnaces of the United States in all sections, for the reason that foreigners will evade the law by breaking up pig iron and other material into scrap shapes, thus in effect resulting in a practical reduction of the duty on all of the material to 50 cents a ton; and be it further

Resolved, That for this reason we earnestly protest against permitting the duty on scrap iron and scrap steel to be less than the duty on pig iron, it being the judgment of the interests represented at this meeting that the duty on scrap iron, scrap steel, and pig iron should not be reduced in excess of 25 per cent of the present rate, and that in any event the duty on scrap steel and scrap iron should be the same as the duty on pig iron; be it further

Resolved, That the chairman of this meeting be, and he is hereby, *requested to* have copies of this resolution prepared and forwarded to the Senators of the United States and to the Members of the Ways and Means Committee of the House of Representatives at Washington and to such other Members of the House as he may deem wise.

Youngstown Steel Co., Youngstown, Ohio; Youngstown Sheet and Tube Co., Youngstown, Ohio; Stewart Iron Co. (Limited), Cleveland, Ohio; Brier Hill Iron and Coal Co., Youngstown, Ohio; Pickands, Mather & Co., Cleveland, Ohio; Struthers Furnace Co., Cleveland, Ohio; M. A. Hanna & Co., Cleveland, Ohio; Ohio Iron and Steel Co., Lowellville, Ohio; Shenango Furnace Co., Sharpsville, Pa.; Clinton Iron and Steel Co., Pittsburg, Pa.; Kittanning Iron and Steel Manufacturing Co., Kittanning, Pa.; United Iron and Steel Co., Pittsburg, Pa.; Sharpsville Furnace Co., Sharpsville, Pa.; Girard Iron Co., Girard, Ohio; Andrews & Hitchcock Iron Co., Youngstown, Ohio; Cleveland Furnace Co., Cleveland, Ohio; Corrigan, McKinney & Co., Cleveland, Ohio; The Hamilton Steel and Iron Co., Hamilton, Ohio; Wellston Steel and Iron Co., Wellston, Ohio; The Cleveland-Cliff Iron Co., Cleveland, Ohio; Lake Superior Iron and Chemical Co., Detroit, Mich.; Spring Lake Iron Co., Spring Lake, Mich.; Perry Iron Co., Erie, Pa.; Tonawanda Steel and Iron Co., Buffalo, N. Y.; Buffalo and Susquehanna Co., Buffalo, N. Y.; Toledo Furnace Co., Toledo, Ohio; Detroit Iron and Steel Co., Detroit, Mich.; The Columbus Iron and Steel Co., Columbus, Ohio; Federal Furnace Co., Chicago, Ill.; Zenith Furnace Co., Duluth, Minn.; Emporium Iron Co., Emporium, Pa.; Star Furnace Co., Jackson, Ohio; Salem Iron Co., Leetonia, Ohio; Hanging Rock Iron Co., Cincinnati, Ohio; Union Furnace Co., Ironton, Ohio; Detroit Furnace Co., Detroit, Mich.; Adrain Furnace Co., Dubois, Pa.; Globe Iron Co., Jackson, Ohio; Northwestern Iron Co., Milwaukee, Wis.; Thomas Furnace Co., Milwaukee, Wis.; Iroquois Iron Co., South Chicago, Ill.

A brief has been filed here asking for this reduction in duty on scrap iron and scrap steel, which bears the signatures of 22 concerns, all located in the East. I am told that one-half of these signers do not use a ton of scrap. Whether they do or not, it is a fact that they are manufacturers of highly finished steel products. Some of them manufacture their own steel, and either the pig iron or the steel billet is their raw material. They illustrate the inconsistent position so many interests in this country have fallen into of asking protection on their finished product and for a low tariff or no duty at all upon their raw material. It would be very unfair to the merchant blast furnaces of the United States and would imperil the security of their investments and the maintenance of American wages at the present high standard if foreign scrap iron could be imported at a low figure, when it is well known that every ton of scrap imported will displace a ton of American pig iron.

Mr. ALDRICH. Mr. President, as the Senator from Ohio [Mr. DICK] has said, pig iron and scrap iron have always been dutiable at the same rate, and this for an obvious reason. Pig iron and scrap iron are used substantially for the same purposes. Of course there are possibly some exceptions to that, and a certain percentage of scrap iron may be necessary to be used in the open-hearth furnaces in place of a certain other percentage of pig iron; but, in the main, scrap iron and pig iron are used for the same purposes.

I agree that there are some forms of scrap iron that perhaps ought to be dutiable at a less rate, but I suggest to the Senator from South Dakota that that is not a practical question affecting the people living in his section of the country. If they are interested at all in scrap iron, it is that the people who have scrap iron should get as high a price for it as possible. There are no industries in his section of the country that use scrap iron as a raw material.

Mr. CRAWFORD. I wish to say to the Senator from Rhode Island that the people in my section, so far as the production and sale of scrap iron are concerned, are not interested at all.

Mr. ALDRICH. That is what I supposed.

Mr. CRAWFORD. And I did not discuss this matter from any standpoint of that character. But it does seem to me to be a weak spot in this bill, and when we go out to defend it before the public, it will be one of the most indefensible provisions in it. It was because I felt that way, not because my people are interested in this item, that I spoke somewhat emphatically about it.

Mr. ALDRICH. All previous tariffs have fixed the duty at the same rate. The present law fixes a duty of $4 a ton upon pig iron and scrap iron of all kinds. The difficulty about the thing is that, if you put a duty upon pig iron at one rate and a duty upon scrap iron at another rate, all the pig iron will be introduced in the United States as scrap iron. It is easy enough to break pig iron into pieces and have it come into the country as scrap iron. I have never yet seen a definition that I was willing to trust as to what constitutes scrap iron and what constituted what might be pig iron or some other description of iron broken up into pieces for the purpose of introducing it at a lower rate of duty; in fact, I do not myself quite see what would prevent the highest forms of steel—take, for instance, steel that might be worth 6, 8, or 10 cents a pound—being introduced into this country as scrap steel. It is an extremely difficult subject to handle, and the makers of tariffs heretofore have tried to get over that difficulty by fixing the duty upon scrap iron and scrap steel and pig iron at the same rate.

There are certain manufacturers in the eastern part of the country along the Atlantic coast who desire to have lower rates on scrap iron and steel, because they use it as a raw material. There is no question but that a large class of manufacturers along the Atlantic seaboard would get an advantage by having scrap steel and scrap iron admitted at a lower rate than pig iron, because for their purposes they answer the same use.

Mr. CRAWFORD. Mr. President——

The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from South Dakota?

Mr. ALDRICH. Yes.

Mr. CRAWFORD. Where would this scrap iron come from? We have already said to the people east of the Allegheny Mountains, in Delaware and other States, though they can not get iron ore west of the Alleghenies because of the expense of freight, that they must pay 25 cents a ton on iron ore from Cuba; and if they get scrap iron that they want to use east of the mountains, they certainly will have to pay considerable freight on it, for it has got to be brought quite a distance from somewhere.

Mr. ALDRICH. It will be brought from Belgium, from England, and from continental countries, of course, where iron and steel have a less value than in the United States. It would be undoubtedly to the advantage of eastern manufacturers to have a lower rate. I will say that if this matter goes to conference, as I hope it will, in the form of the committee amendment, I shall try to find, if I can, some possible description that will let in certain classes of scrap iron and scrap steel at a lower rate.

Mr. CRAWFORD. Does the Senator from Rhode Island state to me frankly that he thinks that scrap iron from Belgium or elsewhere across the Atlantic Ocean, brought to the Atlantic coast, would jeopardize and change the industry of the production of pig iron in the districts west of the Allegheny Mountains?

Mr. ALDRICH. I say very frankly to the Senator from South Dakota that if there should be considerable importations of scrap iron and scrap steel into the Atlantic coast States for use in foundry purposes, and for various things of that sort for which it would be used, to that extent it would cut down the use of pig iron for the producers of pig iron throughout the country, wherever they are located. I think that is perfectly plain, and must be apparent to everyone. Whether those manufacturers are entitled to a lower rate than $2.50 a ton is, of course, another question. We have never yet been able to draw the line successfully between what was essentially scrap iron and steel and what might be called "manufactured iron and steel," imported for an evasion of a law or for a fraud upon the law.

Mr. BEVERIDGE. Will the Senator let me ask him a question?

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

Mr. ALDRICH. Certainly.

Mr. BEVERIDGE. The question is this: The Senator said a moment ago that when the bill got into conference he would try to find a definition for scrap iron. Does he think that that definition can be found any more readily when the bill gets to conference than here in the Senate?

Mr. ALDRICH. No; but I will suggest to the Senator from Indiana that the House has placed a much lower rate upon scrap iron and scrap steel, and it will be necessary for the conferees on the part of the Senate to meet the conferees on the part of the House on that precise question. I therefore suggest that if that question is to be arranged anywhere, it will have to be arranged in conference on account of the conflicting votes of the two Houses.

Mr. CUMMINS. Mr. President——

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

Mr. ALDRICH. I do.

Mr. CRAWFORD. Mr. President——

Mr. ALDRICH. I want to yield, but I want to finish the sentence first; that is all.

Mr. BURKETT. Mr. President, I should like to reenforce what the Senator has said——

The VICE-PRESIDENT. To whom does the Senator now yield? A Senator on each side has risen.

Mr. ALDRICH. I yield to the Senator from Nebraska.

Mr. BURKETT. I find that in the law of 1842 scrap iron was the highest. Scrap iron was then dutiable at the rate of $10 a ton, and pig iron at $9.

Mr. ALDRICH. I had forgotten about that, but I remember it now.

Mr. BURKETT. In all the rest of the acts that have been passed, both articles have had the same duty.

Mr. BURTON rose.

Mr. ALDRICH. Yes; I was thinking about recent acts. I know that in all the recent acts, in the act of 1847 and all the recent acts, scrap iron and pig iron have been taxed at the same rate. As I say, for obvious reasons it is difficult to distinguish between the two; and, in a sense, they are both used for the same purpose.

I now yield to the Senator from Ohio.

Mr. BURTON. Mr. President, if the Senator from Rhode Island will yield to me, I should like to give some citations from another tariff act, for the especial benefit of the Senator from South Dakota [Mr. CRAWFORD], who seems to be somewhat troubled by the proportion between scrap and other forms of iron and steel.

The Walker tariff of 1846 has been referred to recently as one of exceptional wisdom. It appears that in that act old or scrap iron was made dutiable at 30 per cent. The same rate was imposed on iron in bolts, pigs, rods, and castings of iron. The same rate of 30 per cent was imposed on manufactures of cotton, linen, silk, wool, or worsted, if embroidered. A 10 per cent less duty, or 20 per cent, was levied on musical instruments. A 5 per cent less duty, or 15 per cent, was levied on glazier's diamonds, set or not set, gold and silver leaf, while dropping clear to 5 per cent was the duty on copper in pigs or bars.

It appears from that that in this Walker tariff the duty on scrap iron was six times as high as that on copper in pigs or bars, twice as great as on diamonds, whether set or not, and 50 per cent more than on musical instruments. So that, at least, there is a precedent which should make it easy for the Senator from South Dakota to explain this item.

Mr. CRAWFORD. Mr. President, I decline to accept as a satisfactory explanation for a rate that is here now what was the rate in the Walker tariff act nearly seventy years ago. I can not see how these references to the Morrill Act, to the Walker Act, or to some other act passed in a generation that has gone by have anything to do with the fixing of rates in this bill in the year 1909. Have we remained stationary industrially? Have we been standing still for two generations, so that when a matter is to be considered here upon its merits Senators will refer, as a matter of precedent to guide us, to something contained in the Walker tariff of seventy years ago?

Why do we revise tariffs? What is the occasion for having a revision at all if we are to be governed by an ossified schedule, contained in some old, buried relic of the past, to determine whether we are to put a scrap-iron duty on all the old iron kettles and old broken pieces of steel that happen to cross the border for the purpose of protecting pig iron in an indirect, and I maintain, an illegitimate way, far beyond the reasonable limits of a protective tariff?

Mr. CUMMINS. Mr. President, evidently the Senator from South Dakota [Mr. CRAWFORD] does not recall the definition of "revision" quoted yesterday or day before yesterday from the Senator from Idaho. Evidently that is the definition that is guiding us here. I refresh his memory when I suggest that "revision" is simply to look at the tariff again—simply to take another view of the subject, without any attendant duty of changing any of its provisions. However, this particular matter seems to be shrouded with a good deal of mystery.

Mr. GORE. Mr. President——

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

Mr. CUMMINS. I do.

Mr. GORE. The Senator is correct about the subject being shrouded in mystery. I should like to ask either the Senator from Pennsylvania [Mr. OLIVER] or the Senator from Ohio [Mr. BURTON] what is the market price of scrap iron now as compared with the market price of pig iron? There has been no schedule furnished us on that point, and I should like to know about it.

Mr. CUMMINS. Mr. President, there is no difficulty whatsoever in guarding this statute against the dangers pointed out by the Senator from Rhode Island. I wish the Senator from Rhode Island would rise and read, if he has it, the amendment that I proposed to this paragraph and handed to the Finance Committee.

Mr. ALDRICH. If the Senator's purpose will be served just as well, perhaps the Secretary may read it.

Mr. CUMMINS. Has the Senator the amendment?

Mr. ALDRICH. No; I have not. I have not it before me. Perhaps the Secretary will be able to read it to the Senator, if he desires to have it read.

Mr. CUMMINS. I have not a copy of it; but, at the suggestion of either the Senator from Rhode Island [Mr. ALDRICH] or the Senator from Utah [Mr. SMOOT], I can not now remember which, I prepared an amendment to this paragraph to meet the very danger that the Senator from Rhode Island has suggested upon the floor.

Mr. BEVERIDGE. Has that amendment been printed?

Mr. CUMMINS. It has not. When I want a schedule changed, I consider it my duty to first go to the committee and present my views to the committee.

Mr. BEVERIDGE. Both Senators are here at the present time.

Mr. CUMMINS. And I presented to the committee long, long ago my substitute for this definition.

Mr. BEVERIDGE. This, then, seems to be the situation: At the suggestion of either the Senator from Rhode Island or the Senator from Utah, the Senator from Iowa prepared a substitute which involves this very question. It was not offered on the floor or printed, but was handed to them. Therefore they can produce it, and we can have it read, and know where we are.

Mr. CUMMINS. I do not say that I did it at the suggestion of either the Senator from Rhode Island or the Senator from Utah. But I was interested in the subject; this difficulty, which I thought the merest fanciful and imaginary one, was pointed out to me, and I did what I could in the way of putting in words a definition of scrap iron or scrap steel.

Mr. BEVERIDGE. I am very much interested in the definition. Where is it? Let us have it read.

Mr. CUMMINS. I handed it to either the Senator from Rhode Island or the Senator from Utah.

Mr. SMOOT. Mr. President, so far as the "Senator from Utah" is concerned, he has not seen it.

Mr. BEVERIDGE. Has the Senator from Rhode Island seen it, then?

Mr. ALDRICH. Who is it that is cross-examining Senators?

Mr. CUMMINS. Mr. President, I do not blame them for losing it. My suggestions have not met with very much favor, and I rather expected that the definition would not command very careful scrutiny on their part. But I can easily enough reproduce it.

Mr. SMOOT. Mr. President——

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

Mr. CUMMINS. I do.

Mr. SMOOT. I should not care to allow the suggestion or intimation of the Senator from Iowa to pass without saying that whenever he has handed me a suggestion relative to a paragraph I have always taken great pleasure in considering it very carefully, and I have always felt that the suggestion was worthy of consideration. I can call the Senator's attention to a number of paragraphs in which I have taken deep interest and about which I have accepted his suggestions.

Mr. CUMMINS. I remember one, and only one.

Mr. BEVERIDGE. Mr. President——

Mr. CUMMINS. I do not, however, mean to intimate that I was met with any discourtesy, but rather with some skepticism. I think it is the prevailing mood that "nothing good can come out of Nazareth." I think that is the way these suggestions are looked upon, and I do not wonder that this particular amendment was forgotten.

Mr. BEVERIDGE. Mr. President——

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

Mr. BEVERIDGE. Just a moment, Mr. President. It seems to me that this matter is very important at this particular moment. All through the discussion it has appeared that the matter of difficulty has been to ascertain how to define scrap iron. The Senator from Rhode Island said, a moment ago, that he had never yet seen a definition of scrap iron that was satisfactory to him. The Senator from Iowa, who has given this subject very great thought—that is recognized by everybody in the Senate—has solved the difficulty to his own satisfaction. Certainly a great many Senators would like very much to see this definition. That is made more apparent by the fact that the Senator from Rhode Island said that that was the source of difficulty; that they had expected to get up a definition in conference, but that he had never, in all his large experience, seen a definition that was satisfactory.

Mr. ALDRICH. Will the Senator from Indiana permit me to make a suggestion to him right there?

Mr. BEVERIDGE. Just a minute. I therefore think that the definition which the Senator from Iowa has prepared should be laid before the Senate at this point when we are discussing it.

Mr. ALDRICH. I will suggest to the Senator from Indiana, if the Senator from Iowa will permit me, that it has not been customary in the Senate for Senators to appear here by counsel who are to cross-examine witnesses for them; and I have never seen the slightest indication that the Senator from Iowa was not able to take care of his own case in his own way.

Mr. BEVERIDGE. Mr. President, I submit that this is not the case of the Senator from Iowa. Every paragraph in this bill is the case of the American people. Every Senator is, or should be, just as much interested in all of the paragraphs as every other Senator. As to what has been customary in the past, I think I demonstrated yesterday that a good many things have been customary in the past that are not going to be customary in the future. Things have been customary here in times gone by that will no longer be tolerated. We progress—"the old order changeth, giving place to that which is new." A new day has dawned, with new methods, when a certain way of legislating will no longer be permitted.

This has been a difficult point in the consideration of the tariff, as has been pointed out. The Senator from Rhode Island has emphasized that fact by saying that the finding of a satisfactory definition has been the difficulty of the whole scrap-iron business, and that he had never seen one that was satisfactory, but that he would try to evolve one in conference.

If the Senator from Iowa, or any other Senator who has given this subject thought, has devised a satisfactory description, it does become of great moment, not merely to him or to the Senator from Rhode Island, but to the whole Senate, that we should know what that definition is. It would throw great light upon this question. The Senator says that he gave it to one of the Senators; and I do not think it is a matter of any offense to any person, but something absolutely within our rights, to ask to see it while we are discussing this question.

Mr. CUMMINS. Mr. President, it will not be hard for me to reproduce the amendment I presented to the Finance Committee.

Mr. ALDRICH. Mr. President——

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

Mr. CUMMINS. But I can not reproduce it just at this moment. I rather assumed that when we should reach the subject, the paper I had already given the committee would be at its command, and that we would have it here. I have not on my desk a copy of the amendment, nor am I sure that I have it anywhere. But the thought is so firmly impressed upon me that I can reproduce it without the slightest trouble; and if the Senator will pass this paragraph for a little while, I can give him, in substance, the amendment that I have already given him.

Mr. ALDRICH. Mr. President, there is no mystery at all about this matter. I talked to the Senator from Iowa and told him that I had never yet seen a description that I was willing to accept classifying scrap iron and scrap steel. The Senator did hand me a suggestion. I am not sure whether I kept it or not. I was under the impression that I did not. But I think I said to the Senator at the time that I did not think his description would do. I certainly am very strongly of the opinion that it would not do, and that it would not at all cover the case. I certainly do not feel responsible, and I am sure the Senator from Iowa does not expect me to be responsible, for all the papers that are handed to me in the way of suggestions.

Mr. CUMMINS. Not at all, Mr. President.

Mr. ALDRICH. If I did, it would take all my time, and I should need to have a corps of clerks a great deal larger than I now have at my command to keep the run of all the suggestions that are made. I will say to the Senator from Iowa and to the Senate that the suggestions made by the Senator from Iowa were, from my standpoint, entirely inadmissible.

Mr. CUMMINS. In what respect were they inadmissible?

Mr. ALDRICH. In that they did not cover the case.

Mr. CUMMINS. Can the Senator from Rhode Island state from memory substantially the suggestions that I made to him?

Mr. ALDRICH. No; I can not. I can not do so, because I looked at the paper for a moment, and my impression is that I then handed it back to the Senator from Iowa. Whether I did or not, however, is not material.

Mr. CUMMINS. The Senator from Rhode Island is mistaken about that. He did not hand the paper back to me.

Mr. ALDRICH. That is not material, however.

Mr. CUMMINS. He is mistaken in that regard.

Mr. ALDRICH. It was not a public transaction; it was a private transaction between the Senator from Iowa and myself. I do not feel responsible for any papers that are handed to me by anybody, whether in the Senate or outside of the Senate.

Mr. CUMMINS. I am not holding the Senator from Rhode Island responsible.

Mr. ALDRICH. But the Senator's representative did.

Mr. BEVERIDGE. Mr. President——

Mr. ALDRICH. That is, if he may be considered his representative.

The VICE-PRESIDENT. Does the Senator from Rhode Island yield?

Mr. BEVERIDGE. I hope the Senator from Iowa will yield.

Mr. CUMMINS. In just a moment. I resent that suggestion on the part of the Senator from Rhode Island. I have no representative on this floor. There is no one who is authorized to speak for me.

Mr. ALDRICH. I did not think the Senator had; and I stated that, in my opinion, the Senator from Iowa is quite able to take care of himself.

Mr. BEVERIDGE. Mr. President, if the Senator from Iowa will please yield for a moment, I understand the situation to be that because another Senator on the floor, no matter who he is, wishes to take part in the debate by way of sustaining a view that has been expressed, the Senator from Rhode Island repeats the proceeding—which heretofore has been repeated to the point where it will not be endured or tolerated any longer—not of answering the question asked, but of making an offensive remark to the effect that the Senator is some other Senator's representative or aid or assistant counsel. That offensive way of responding to proper inquiry will not longer be submitted to, and the Senator from Rhode Island may as well understand it.

The situation has come down to this: The Senator from Rhode Island stated a little while ago that the definition of

scrap iron was the crux of the difficulty, and that he had never seen a definition that was satisfactory. I thought that was important. A little later on it appeared that the Senator from Iowa had very carefully written out such a definition. Now it develops, as the debate proceeds, that when he handed it to the Senator from Rhode Island, the Senator from Rhode Island looked at it, handed it back, and so does not know whether it was a satisfactory definition or not. And yet a moment ago the Senator from Rhode Island said, in defense of including scrap iron in the paragraph, that he did so because he had never seen a definition of it that was satisfactory. Now, it appears that when one was handed to him, he did not even pay enough attention to it to know what it was, and can not now remember it.

Mr. CUMMINS. Mr. President, it will be of vastly more consequence if we get on and see if we can find a satisfactory definition than to complain—I am speaking now of myself—of the loss of a former definition. I can give it to the Senator from Rhode Island and to the Senate almost exactly from memory, I think:

Scrap iron and scrap steel are iron and steel which have been advanced in their final form for use and, being used, have become unfit for further use and are fit only to be remanufactured.

That is my definition of scrap iron and scrap steel; and if the Senator can find any flaw in it, or if there is any omission in it, I shall be very glad to have it pointed out now. That is the definition contained in the paper that I gave to the Senator from Rhode Island.

Mr. ALDRICH. Mr. President, that would not cover pig iron, and would not cover a great variety of——

Mr. CUMMINS. Of course it would not cover pig iron. It expressly excludes pig iron. Pig iron has not been advanced to its final form for use. The definition excludes everything except that thing which has finally gone into use and which, being used, has been worn out and become unfit for further use and can be used for no other purpose save remanufacturing.

Mr. ALDRICH. Let me suggest to the Senator one thing that I think will prevent the Senator from voting for that suggestion. The appraiser in New York, or in any importing port, has to decide, in the first instance, whether the iron or steel has been advanced to the form of its final use. How is anybody going to tell that about scrap iron? The definition is absolutely impossible of execution. I do not think we need to consider it for a great while.

Mr. CUMMINS. There is no difficulty whatsoever in any man's determining that fact. If it is a part of a wheel, it has been advanced to the final form. If it is a part of a rail, it has been advanced to the form in which it is to be finally used. If it is a part of a locomotive, the same thing is true. You can not possibly confound the definition with any form of broken-up pig iron. Still that is not the point at the present time.

Mr. OLIVER. Mr. President——

The VICE-PRESIDENT. Does the Senator yield?

Mr. CUMMINS. Allow me to clear the atmosphere a little. We are now discussing the proposition of eliminating from the pig-iron paragraph all reference to scrap iron and scrap steel, leaving that subject to be dealt with after we have disposed of the paragraph as thus modified. I do not want to have the minds of Senators disturbed or obscured by a reference to a definition of scrap iron and scrap steel when we are simply considering the question, "Shall scrap iron and scrap steel remain in the paragraph affixing a duty to pig iron?"

Now I yield to the Senator from Pennsylvania, who desires to ask a question.

Mr. OLIVER. Mr. President, I merely want to say that a very large proportion of the scrap iron that is produced is scrap made in the course of manufacture, which never reaches its final form. For instance, in a wire-rod mill, approximately 5 per cent of the entire product is turned into scrap by reason of the cobbling of the rods in the course of rolling. The Senator's definition would entirely exclude that scrap.

Mr. CUMMINS. Mr. President, the Senator from Pennsylvania is arguing against his own interests.

Mr. OLIVER. I am simply trying to enlighten the Senator from Iowa about things that he does not appear to understand.

Mr. CUMMINS. The Senator from Iowa can not enlighten the Senator from Pennsylvania upon that subject. I am perfectly willing that scrap iron from rolling mills shall be dutiable. It is not pretended that the definition I gave covers or embraces scrap of that sort. Such scrap ought to be dutiable. The Senator from Pennsylvania is endeavoring, I assume, to put that scrap in the same category with the scrap iron and scrap steel which people usually understand when they see that term, and put it all on the free list. I am willing to exclude the scrap iron and steel that is the waste of manufacture and allow a duty to be levied upon it. It is the scrap iron or scrap steel that is the waste of use to which I object. And that scrap iron and scrap steel is carefully and thoroughly and securely guarded in the definition that I gave to the Senator from Rhode Island.

But let us not consider that question until we reach it. Let us first separate these two things in the tariff law, and deal with pig iron and scrap steel or iron as two distinct and separate substances.

Mr. ALDRICH and others. Question!

Mr. CRAWFORD. I call for the yeas and nays.

The VICE-PRESIDENT. The question is on the amendment of the Senator from Iowa to the committee amendment, paragraph 116.

Mr. DANIEL. I ask that the amendment be read.

Mr. STONE. I should like to have it reported.

The VICE-PRESIDENT. Without objection, the amendment will again be reported.

The SECRETARY. On page 32, line 18, after the word "ferromanganese," strike out the words "wrought and cast scrap iron, and scrap steel," and the comma; also, after the word "ton," strike out the semicolon and the remainder of the paragraph as it appears in the House text.

Mr. STONE. How will it then read?

The SECRETARY. So that, if amended, it would read:

Iron in pigs, iron kentledge, spiegeleisen, and ferromanganese, $2.50 per ton.

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

The Secretary proceeded to call the roll.

Mr. JONES (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. SMITH]. He is absent on account of sickness, and I withhold my vote.

Mr. McLAURIN (when his name was called). I am paired with the junior Senator from Michigan [Mr. SMITH]. I do not see him in the Chamber, and therefore withhold my vote. If he were present, I should vote "yea."

Mr. RAYNER (when his name was called). I desire to announce my pair with the junior Senator from New Jersey [Mr. BRIGGS] until Monday. I shall make no further announcement of this pair.

The roll call was concluded.

Mr. BRIGGS. I am paired with the senior Senator from Maryland [Mr. RAYNER]. I understand he has not voted. I therefore withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. ELKINS (after having voted in the negative). I am informed that the junior Senator from Texas [Mr. BAILEY] has not voted. As I have a pair with that Senator, I withdraw my vote.

Mr. JONES. I transfer my pair to the junior Senator from Montana [Mr. DIXON] and will vote. I vote "nay."

Mr. CURTIS. I desire to announce that the Senator from Wisconsin [Mr. STEPHENSON] is paired with the Senator from Indiana [Mr. SHIVELY], and that the Senator from Delaware [Mr. RICHARDSON] is paired with the Senator from Arkansas [Mr. CLARKE].

The result was announced—yeas 28, nays 42, as follows:

YEAS—28.

Bacon	Culberson	Fletcher	Money
Beveridge	Cummins	Frazier	Nelson
Bristow	Curtis	Gamble	Newlands
Brown	Daniel	Gore	Overman
Chamberlain	Davis	Hughes	Smith, Md.
Clay	Dolliver	La Follette	Stone
Crawford	du Pont	Martin	Taliaferro

NAYS—42.

Aldrich	Crane	Johnston, Ala.	Root
Bankhead	Cullom	Jones	Scott
Bradley	Dick	Kean	Smoot
Brandegee	Dillingham	Lodge	Sutherland
Bulkeley	Flint	McEnery	Taylor
Burkett	Foster	Nixon	Tillman
Burnham	Gallinger	Oliver	Warner
Burrows	Guggenheim	Page	Warren
Burton	Hale	Penrose	Wetmore
Carter	Heyburn	Perkins	
Clark, Wyo.	Johnson, N. Dak.	Piles	

NOT VOTING—22.

Bailey	Depew	McLaurin	Simmons
Borah	Dixon	Owen	Smith, Mich.
Bourne	Elkins	Paynter	Smith, S. C.
Briggs	Frye	Rayner	Stephenson
Clapp	Lorimer	Richardson	
Clarke, Ark.	McCumber	Shively	

So the amendment of Mr. CUMMINS was rejected.

Mr. CUMMINS. I move to strike from line 19 of the paragraph the words "two dollars" and to insert the words "one dollar."

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

The SECRETARY. In paragraph 116, page 32, line 19, strike out "two dollars" and insert "one dollar," so as to read "$1.50 per ton."

Mr. BACON. May I inquire what is the House rate?

Mr. ALDRICH. The House rate is $2.50 a ton.

Mr. BACON. The same as the committee proposes.

Mr. LODGE. The committee reports the House provision on pig iron.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Iowa.

Mr. CUMMINS. In answer to the suggestion or inquiry just made by the Senator from Georgia, I want the Senator to understand the situation. If I were to say that the House bill reports the duty at $2.50 a ton, and the duty on scrap steel and iron at 50 cents a ton, the Senate committee by its amendment raises the duty on scrap iron and steel from 50 cents a ton to $2.50 a ton, and the Senate has just refused to strike out scrap iron and steel from the paragraph. I now move to reduce the duty on both pig iron and scrap iron and steel to $1.50 a ton instead of $2.50 a ton.

I will not delay the Senate by any further argument upon this subject. I assume that you are all fairly familiar with the production of pig iron and the difference between the cost of its production here and abroad. There is no defense, there can be none, for a duty of $2.50 a ton upon pig iron when you compare the cost of making pig iron abroad and in the United States.

Mr. BURKETT. Mr. President, I supported the committee upon the other amendment, believing, as I did, that we ought not to separate the scrap iron from pig iron, because all the evidence that is here shows they are interchangeable in use and one is used in place of the other, and if you separate scrap iron and put it on the free list you might as well put that much pig iron on the free list. I voted upon that proposition, of course, without any reference to what the rate should be upon either.

I am firmly convinced of that proposition, and am sustained in that contention by all the laws of the country, showing that all other committees and all other Congresses have, upon investigation, considered it in the same light. The law of 1842, as I called attention to a moment ago, made the rate on scrap iron a dollar higher than on pig iron—the rate being on pig iron $9 per ton and on scrap $10 per ton. They are the same thing for manufacturing purposes, and I know of no reason why they should have a different rate.

But I am going to say to the committee that, having read the evidence here, I have been persuaded that $2.50 a ton is higher than has been necessary. I should not want, as big as this industry is, to do anything that would injure it. I certainly think in reading the evidence that there is nothing to indicate that $2.50 is necessary to-day. In fact, to-day I do not believe that any tariff is necessary. Yet we ought to guard against contingencies. We do not know what conditions may arise in the future.

I would not want to put it on the free list and have something develop in the industrial world which would enable somebody somewhere to unload a lot of their products onto our market to the detriment of our producers. Yet it does seem to me that we ought to put this duty as low as we consistently can with absolute safety to our own industry. I think perhaps it could go lower than a dollar and a half. Yet perhaps it would not be best to make it lower than that. But in my opinion a dollar and a half is absolutely safe.

It seems to be on a matter where it can be done with safety, as all the evidence has shown in this case we might well reduce the rate. While I regret to differ with the judgment of the committee, yet, after reading the evidence, I am persuaded that a dollar and a half is plenty. I realize that probably it will not make any difference in the price whether the duty is $2.50 or $1.50. But I think, in making up the bill, we ought to fix the rates as low as we can with absolute safety. I realize that there is a good reduction on this item, yet there are some items in the development of iron we have cut 200 per cent, as a matter of fact. This is a cut of from $4 to $2.50, yet on some other items we have found that we could make a cut of 200 per cent. On this item we could cut with perfect safety, I think, to $1.50.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BRIGGS (when his name was called). I am paired with the senior Senator from Maryland [Mr. RAYNER]. If he were present and voting, I should vote "nay."

Mr. ELKINS (when his name was called). I am paired with the junior Senator from Texas [Mr. BAILEY]. I will withhold my vote for the present, to see if the Senator comes in.

Mr. JONES (when his name was called). I am paired with the Senator from South Carolina [Mr. SMITH]. I transfer that pair to the junior Senator from Montana [Mr. DIXON], and vote "nay."

Mr. McLAURIN (when his name was called). I am paired with the junior Senator from Michigan [Mr. SMITH]. I do not see him in the Chamber, and I withhold my vote. If he were here, I should vote "yea."

Mr. SIMMONS (when his name was called). I am paired with the Senator from Illinois [Mr. LORIMER] who is absent, and I withhold my vote.

The roll call was concluded.

Mr. CLARK of Wyoming (after having voted in the negative). I have a general pair with the Senator from Missouri [Mr. STONE]. As that Senator is not present, I withdraw my vote.

Mr. BRIGGS. I am paired with the senior Senator from Maryland [Mr. RAYNER]. I transfer my pair to the senior Senator from Oregon [Mr. BOURNE], and vote "nay."

Mr. FOSTER (after having voted in the affirmative). I will state that my pair has not voted, and I withdraw my vote.

Mr. CURTIS. I desire to announce that the Senator from Wisconsin [Mr. STEPHENSON] is paired with the Senator from Indiana [Mr. SHIVELY], and that the Senator from Delaware [Mr. RICHARDSON] is paired with the Senator from Arkansas [Mr. CLARKE].

The result was announced—yeas 26, nays 45, as follows:

YEAS—26.

Bacon	Clay	Fletcher	Newlands
Beveridge	Crawford	Frazier	Overman
Borah	Culberson	Gamble	Owen
Bristow	Cummins	Gore	Paynter
Brown	Curtis	Hughes	Taliaferro
Burkett	Davis	La Follette	
Chamberlain	Dolliver	Nelson	

NAYS—45.

Aldrich	Daniel	Johnston, Ala.	Root
Bankhead	Depew	Jones	Scott
Bradley	Dick	Kean	Smoot
Brandegee	Dillingham	Lodge	Sutherland
Briggs	du Pont	McEnery	Taylor
Bulkeley	Flint	Martin	Tillman
Burnham	Frye	Nixon	Warner
Burrows	Gallinger	Oliver	Warren
Burton	Guggenheim	Page	Wetmore
Carter	Hale	Penrose	
Crane	Heyburn	Perkins	
Cullom	Johnson, N. Dak.	Piles	

NOT VOTING—21.

Bailey	Elkins	Rayner	Smith, S. C.
Bourne	Foster	Richardson	Stephenson
Clapp	Lorimer	Shively	Stone
Clark, Wyo.	McCumber	Simmons	
Clarke, Ark.	McLaurin	Smith, Md.	
Dixon	Money	Smith, Mich.	

So Mr. CUMMINS's amendment was rejected.

Mr. GORE. Mr. President, I have an extract from an article by Andrew Carnegie, in the Century Magazine for December last, which I ask to have printed in the RECORD. Mr. Carnegie shows that steel and iron are produced cheaper in the United States than in any other country on earth, cheaper than in Germany, and he shows that the labor cost in Germany is higher than it is in the United States. I will not ask to have it read.

The VICE-PRESIDENT. The Chair hears no objection to the request.

The matter referred to is as follows:

The writer has cooperated in making several reductions as steel manufacturers became able to bear reductions. To-day they need no protection, unless perhaps in some new specialties unknown to the writer, because steel is now produced cheaper here than anywhere else, notwithstanding the higher wages paid per man. Not a ton of steel is produced in the world at as small an outlay for labor as in our own country. Our coke, coal, and iron ores are much cheaper because more easily obtained and transported, and our output per man is so much greater, owing chiefly to the large standardized orders obtainable only upon our continent, the specialized rolling mills, machinery kept weeks upon uniform shapes without change of rolls, and several other advantages. Britain and Germany are the only important steel-manufacturing nations other than ourselves. I am assured by one who has recently examined the matter that he found even in Germany to-day that the cost per ton for labor was greater than with us, unusually high as our wages are at present.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the committee on paragraph 116.

The amendment was agreed to.

The VICE-PRESIDENT. The question is on agreeing to the paragraph as amended.

The paragraph as amended was agreed to.

Mr. ALDRICH. I ask to take up paragraph 160.

The VICE-PRESIDENT. Without objection, paragraph 160 will be taken up.

Mr. ALDRICH. I move to amend the paragraph by striking out, in line 1, on page 54, the word "one-fourth" and inserting "one-half." I send the amendment to the desk.

The VICE-PRESIDENT. The amendment will be reported.

The SECRETARY. On page 54, line 1, paragraph 160, strike out the word "one-fourth" and insert the word "one-half," so as to read:

160. Wire nails made of wrought iron or steel, not less than 1 inch in length and not lighter than No. 16 wire gauge, one-half of 1 cent per pound; less than 1 inch in length and lighter than No. 16 wire gauge, one-half of 1 cent per pound.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BACON. I had intended to ask the Senator from Rhode Island if I could have done so, but the proceedings are so rapid that it is impossible, what is the reason why the duty should be doubled.

Mr. ALDRICH. The committee found, upon examination, that the duty upon wire nails was less than the wire from which they were made, and in order to make the schedule——

Mr. BACON. Less than the duty on wire?

Mr. ALDRICH. Less than the duty on wire.

Mr. BACON. Would it not have been better to have reduced the duty on wire rather than raise the duty on nails?

Mr. ALDRICH. The committee thought not.

Mr. BACON. Of course I am not as familiar with this subject as the learned Senator from Rhode Island, but here is a matter of absolute and universal everyday use by everybody. It seems to me this is one place where, unless there is some paramount reason to the contrary, the House schedule should have been allowed to prevail. The committee thought the proper course was to double the rate on nails rather than reduce the rate on wire. There may be some reason for that, but not being familiar with the subject, I do not know what it is.

Mr. ALDRICH. As I remember the present rate, it is only 8 per cent ad valorem. The present rate of half a cent a pound is one of the anomalies of the present law. The rate is altogether too low, from my standpoint.

Mr. BACON. I will ask the Senator, if he will pardon me, he says it is so low, what is the equivalent ad valorem rate on wire nails at half a cent a pound?

Mr. ALDRICH. Eight per cent, as I remember it.

Mr. BACON. On one-half cent a pound?

Mr. ALDRICH. Yes; that is my recollection. The Senator from Pennsylvania [Mr. OLIVER] has the figures before him. He can give them.

Mr. OLIVER. In the statement before us the Senator can see that at half a cent a pound the equivalent ad valorem is 8.13; and at the proposed rate of a quarter of a cent a pound, in the Payne bill, it is 4.07.

Mr. BACON. I should like to ask the Senator what is the average market price of wire nails?

Mr. OLIVER. About 2 cents a pound.

Mr. BACON. If that is the case, it must be 25 per cent.

Mr. OLIVER. But the statistics show the small amount imported. In a term of years the equivalent ad valorem runs from a maximum of 17 per cent down to a rate as low, in 1907, as 8.33.

I will state, Mr. President, that, for some reason or other, the Dingley law placed an extraordinarily low duty on wire nails, and this is a case where it is just upon the lines, and where even a slight reduction will unquestionably lead to great importations.

Mr. CRAWFORD. Mr. President——

Mr. OLIVER. If the Senator will allow me to finish, I will say that of this great industry, of which the Germans are the parents, about twenty-four years ago the American manufacturers deliberately went in and captured the business from the Germans by reason of the high grade of the nails. The ad valorem is very low. The duty is less than the duty on the wire of which the nails are made. The proposed duty is less than the duty on the rods of which the wire is made, and it is less than the duty upon the steel billets of which the rods are made. I think to perpetuate a thing like that would be a crime.

The Senator from South Dakota [Mr. CRAWFORD] a little while ago said the proposed duty on scrap iron was protection run mad. I say that to place the low duty proposed in the Payne bill upon wire nails is downward reduction run raving mad.

Mr. BACON. I quite agree with the Senator that the duties upon the various classes of iron that he has mentioned, including wire, possibly are out of proper relation to wire nails at a quarter of a cent; but the place where the Senator and I differ is in what the remedy should consist—whether it should consist in doubling the duty on nails or whether it should be found in properly reducing the duty on the material out of which nails are made.

Mr. OLIVER. I suggest to the Senator that we are not proposing to double any duty, but simply to continue the duty. I may say here that I understand it is the intention of the committee to offer in the next bracket a very considerable reduction from the present duty, but these larger sizes of wire nails are now being admitted at as low a rate of duty as the business will stand, without opening upon the entire seacoast trade north and south, and particularly on the Pacific coast, not only to the competition, but to the absolute domination of the German manufacturers, who are more expert than we are really in this particular line of manufacture.

Mr. BACON. I understand the answer which the Senator gave as to the market price of wire nails related to our domestic price and not to the price at the port. If the Senator can give me that information, I will be very glad to have it. What is the approximate price? I do not ask with absolute accuracy, but approximately the price when it reaches the port. What is the value upon which the duty is assessed of imported nails where they come into competition with the home product?

Mr. OLIVER. That I can only answer from the record here. In 1907 the value per unit was——

Mr. BACON. Is it not less than the 2 cents that the Senator spoke of?

Mr. OLIVER. It is more than 2 cents. The nails that were imported were undoubtedly of the small sizes, and of course brought a higher rate per pound.

Mr. BACON. But, all things being equal, the price was less, of course, on the foreign article than on the domestic.

Mr. OLIVER. Very much less. I have the average price here of the kind of nails that we use. I will be glad to give it to the Senator.

Mr. BACON. I hope the Senator will give it. But, with his permission, I wish to say, according to the statement of the Senator, even if the price of the foreign nails was the same as the domestic product, the proposed duty of a half a cent a pound would be 25 per cent instead of 8, as stated.

I find that by the table, furnished us by the committee, of estimated revenues that the present duty is practically prohibitory, and that in the vast consumption of nails the importations are practically nothing. The revenue, according to this table, under the present law is $267. On an article of necessarily immense consumption, found everywhere every day, the entire revenue under the present law is $267. Under the proposed law as it stood it would be only $133.

Mr. CLAY. The exports are $2,498,923 worth.

Mr. BACON. My colleague kindly furnishes me a statement of the exports, amounting to over $2,000,000. It does seem to me that it is not a case at all for any such increase over the House bill as is proposed by the Senate committee amendment.

Of course I do not wish to delay the Senate upon it, but I think it is a radical matter, when the wire nails of the country are proposed to be increased 100 per cent in the amendment offered by the Senate committee. There is no revenue produced under the present rate, and there certainly will be none produced under the proposed rate. It is a matter of prime necessity, of everyday use, benefiting the rich and the poor, the high and the low.

Mr. ALDRICH. Certainly the Senator does not want to make a misstatement. Do I understand him to say that it is an increase over the Dingley rate?

Mr. BACON. I do not.

Mr. ALDRICH. Then I misunderstood the Senator.

Mr. BACON. I said the increase proposed over the House rate is 100 per cent.

Mr. ALDRICH. But not over the Dingley rate.

Mr. BACON. I did not say over the Dingley rate. The Senator from Pennsylvania had previously stated, and therefore it was not necessary for me to repeat it, that it was less than the Dingley rate.

Mr. CRAWFORD. It puts it back to the Dingley rate.

Mr. BACON. I am comparing the Senate amendment with the House provision, and I repeat the Senate amendment increases the rate over the House provision 100 per cent upon this article of prime necessity and of universal everyday use. Therefore, Mr. President, at the proper time, when the debate is over, I propose to ask for the yeas and nays on this proposition.

Mr. CRAWFORD. Mr. President, as I understand it, this restores the Dingley rate. Is not that correct?

Mr. ALDRICH. Yes; on the small sizes.

Mr. CRAWFORD. It restores the Dingley rate; and the record shows that there are absolutely no importations worth

mentioning under the Dingley rate, and it also shows that we export $2,000,000 worth. Still, it is claimed, we must restore the Dingley rate.

Mr. BACON. I have no doubt—if the Senator from South Dakota will permit me—that the nails exported are sold to foreigners very much cheaper than nails are sold to our people at home.

Mr. ALDRICH. I will call the attention of the Senator from South Dakota [Mr. CRAWFORD] to the fact that it does restore the Dingley rate on small sizes, but not on the large sizes. The present Dingley rate is a cent a pound, while the suggested rate is three-fourths of a cent a pound—a reduction of 25 per cent in existing rates on large sizes.

Mr. CRAWFORD. On one item?

Mr. ALDRICH. Yes; on large sizes.

Mr. TILLMAN. It appears, however, that the present rate is prohibitive, and therefore it does not matter how much higher you carry it.

Mr. ALDRICH. We do not carry it any higher.

Mr. TILLMAN. But suppose you did double or treble or quadruple it or run it up 500 times, what difference does it make? The present rate keeps out importations.

Mr. BACON. It will make a great deal of difference to a man who buys nails in this country.

Mr. TILLMAN. I do not see why.

Mr. BACON. If the Senator will pardon me, it will make no difference as to revenue, of course, because the rate is prohibitive; but if you put up a wall, of course those who are inside the wall can, as occasion offers and opportunity is presented, raise the price to the consumers in this country.

Mr. TILLMAN. They can do it, anyway.

Mr. BACON. But they can not do it above a certain limit of the tariff wall.

Mr. TILLMAN. I know; but unless the rate shall admit imports from abroad, the difference between the tariff wall, whether it is high or low, does not matter, unless it is low enough to let some imports get over.

Mr. BACON. I do not agree with the Senator from South Carolina.

Mr. ALDRICH. I wish to say that the Senator from Georgia [Mr. BACON] is right about it. The present rate is half a cent a pound. The House made it a quarter of a cent, and the Senate committee propose to restore it to the present rate. Does the Senator think that is going to put up the price of nails in this country?

Mr. BACON. Beyond what it is now?

Mr. ALDRICH. Yes.

Mr. BACON. I do not know whether the manufacturers of nails have raised the price of nails to the limit which the present law will permit them. If they have, then, of course, the perpetuation of that rate would not prevent an increase of price; but it may be that there are conditions now on account of which the nail manufacturers have not raised the price as high as the tariff will permit them to do; but conditions may change, and they may do it hereafter. The contention is that that rate would not give them any greater advantage; but what I want is that it shall be put down to a rate where, whether they have availed themselves of it in the past or not, they can not avail themselves of it in the future, and that our consumers may have the benefit of the price which would be reasonably guaranteed to them by leaving the rate down at one-quarter of a cent a pound as it came from the other House.

Mr. CUMMINS. Mr. President, I may not have understood the statement just made by the Senator from Rhode Island with respect to a comparison betweeen the rates now proposed and the Dingley rates, and he will do me a great favor if he will restate that proposition.

Mr. ALDRICH. Mr. President, the rates of the existing law are, on wire nails not less than 1 inch in length and not lighter than No. 16 wire gauge, one-half cent a pound; less than 1 inch in length and lighter than No. 16 wire gauge, 1 cent a pound. The suggestion is to make the larger nails. I misstated the proposition——

Mr. CUMMINS. That is what I thought.

Mr. ALDRICH. I beg the Senator's pardon; I misstated it.

Mr. CUMMINS. I know the Senator did not intend to mislead the Senate. That was the reason I mentioned it.

Mr. ALDRICH. I should have said the smaller sizes. I just reversed the facts.

Mr. CUMMINS. Mr. President, the effect of my amendment is to restore the ordinary wire nails of commerce; that is, those generally used, to the rates established by the Dingley Act. The other House reduced the duty just one-half.

I do not intend to claim at this moment that the duty of $5 a ton upon wire nails is right if the duties upon the other products of steel, which precede in manufacture the wire nails, are right. Indeed, I believe that a duty of $5 a ton upon wire nails and a duty of from twenty to twenty-five dollars a ton upon the wire out of which those nails are made is simply absurd. I hope the committee will not take offense at that statement, because it is not intended to be offensive; but this whole schedule is so ill adjusted that it ought, as it seems to me, to be completely readjusted. I intend, when this bill gets into the Senate, to present some amendments that will, I hope, offer an harmonious whole to some, at least, of the phases of the iron and steel business. I do not do it now, because I was caught napping when we passed through these schedules—it was my own fault entirely—and some of the paragraphs were adopted before I could gather my wits about me and present the amendments which I intended to present.

Mr. ALDRICH. Mr. President, I will say very frankly to the Senator from Iowa that if he desires to have any of the votes on the iron and steel schedule reconsidered, I shall be very willing to have him do so, in order that he may be permitted to have an opportunity to offer his amendments.

Mr. CUMMINS. Very well. Then, before we have passed out of Committee of the Whole, I shall do in committee what I had expected at some time to do in the Senate; but inasmuch as I am on my feet, I desire to call the attention of the Senate to some of the inconsistencies, as I view them, of this schedule.

We have the duty, just changed, on wire nails of $5 a ton. Wire nails are the highest, the final product of a certain form of manufacture. What precedes the wire nails are the pig iron, the ingot, the billet, the wire rod, the wire, and then come the wire nails. You have attached a duty, or until this change was made of $5 a ton, upon the highest form, which embodies all the labor that preceded it, together with the labor of making the wire nail out of the wire. I think that $5 a ton is enough upon the wire nail to give to our manufacturers a complete possession of our market. I do not believe that wire nails can be imported into the United States under a duty of $5 a ton; but I am not nearly so sure of that as I am about the heavy overduties on some of the forms that precede. For instance, take the next form just before the wire nails—the wire. The duties that the Senate have attached to the very wire out of which the wire nails are made are $20 a ton, $25 a ton, and $35 a ton; in other words, if anyone wanted to import the wire out of which the wire nails could be made and enter that business, he would be compelled to pay a duty of $20 or $25 or $35 a ton, according to the sizes and the prices of the wire.

The duty imposed upon the billet is more than the duty imposed upon the wire nails; that is, on the billet that would be used in finally working it into wire nails, first into wire and then into wire nails; the duty is more upon the billet than upon the wire nails.

We have seen the duty on barbed wire reduced to $15 a ton; and it has been heralded as a great victory for the farmer, reduced to $15 a ton; and yet the duty upon wire nails even now, as suggested by the amendment just proposed by the Committee on Finance, is only $10 a ton. What justification can you present to the farmers of the United States for attaching a duty of $15 a ton on barbed wire, which is less expensive per pound and per ton than the wire nails, and attaching a duty only of from $5 to $10 a ton upon wire nails? There ought to be some harmony here; there ought to be some kind of a relation between these things, because the Senator from Rhode Island [Mr. ALDRICH] will agree with me that it costs less, everything considered, to turn wire into barbed wire than it does to turn that wire into wire nails. Does it not?

Mr. ALDRICH. Mr. President, the Senator from Iowa, I think, will, upon consideration, realize that, when he speaks about the duty on wire, he speaks about something which varies from a cent a pound to a dollar a pound. A duty on wire by itself, without any qualifying description, might mean one thing or it might mean a dozen things. The kind of wire that goes into wire nails is one thing, and the kind of wire that goes into tempered steel wire, or a great variety of other wires that may be worth a hundred times as much, is another thing. You can not undertake to fix a duty on wire because it is wire. You have to take into consideration its character and its value.

Mr. CUMMINS. The Senator is quite right with regard to the different prices of wire; but, according to the schedule as it has been adjusted now, the lowest duty upon wire that is used in making wire nails is $20 a ton. It is just as easy to differentiate with regard to wire as it is with regard to a great many other products which have been so differentiated as that no injustice will occur.

Mr. ALDRICH. Mr. President, the Senator is probably aware that wire nails never exist in the form of wire, or if they do, it

is only for the fractional part of a second. The manufacture of wire nails is a continuous process.

Mr. CUMMINS. Precisely; I know that. And yet, Mr. President, it is entirely feasible to take a coil of wire that may have been made somewhere else and turn it into wire nails by the very same machine.

Mr. ALDRICH. It is possible, but not practicable.

Mr. CUMMINS. I am not prepared to admit that; but however that may be, it does not disturb the fact that I have stated.

Again, take cut nails. There is a duty imposed upon them here of $8 a ton; and yet the very iron sheets or the steel sheets out of which the nails are cut have more duty than $8 a ton. I am inclined to think that a duty of $8 a ton is quite enough on cut nails; but it can not be differentiated when you put a duty upon the material out of which the nails are made greater than the duty that the nails themselves have.

I have not risen to present any amendment at the present time; but I have had it in mind at least to express my views in regard to some of these important tonnage products of iron and steel in a series of amendments, and I shall do that whenever it is most convenient to the Finance Committee, or when the bill reaches the Senate.

Mr. ALDRICH. I think that perhaps to-morrow I may ask the Senate to take up the structural-iron paragraph. I think the Senator has some amendments that he wants to suggest to that, and the committee desires to readjust the language of that paragraph.

Mr. CUMMINS. Very well; I shall be very glad to present them at that time.

Mr. ALDRICH. I think they might be presented then.

Mr. BACON. I should be very glad if the Senator from Rhode Island, if the information he has just given is important, would let us have it, because we could not hear a word he said over here. I have some such design as the Senator from Iowa has just expressed it, and I should like to know what was the Senator's response to him.

Mr. ALDRICH. I said that to-morrow, perhaps, I would ask to have taken up the structural-iron paragraph. The Senator from Iowa [Mr. CUMMINS] has some amendments which he desires to offer, and the committee desires to make a change of phraseology. I thought we might take that matter up to-morrow.

Mr. BACON. The question I want to ask the Senator is this: Do I understand that the entire metal schedule is open to amendment or only such paragraphs——

Mr. ALDRICH. No. I said to the Senator from Iowa that I would not object to taking up now any suggested amendment that he has to offer. Of course the whole metal schedule is not open; but I am willing to agree as to any substantial amendment or as to any desire to change something that——

Mr. BACON. It is open as to a particular paragraph, but not as to the whole schedule.

Mr. ALDRICH. Not as to the whole schedule.

Mr. CUMMINS. Mr. President, I could not hear the last suggestion.

Mr. ALDRICH. I said that I did not consider the whole metal schedule open, of course, for amendment, but I am quite willing to listen to suggestions of Senators who desire that some particular paragraph may be amended.

Mr. CUMMINS. Mr. President, it is perfectly obvious that if one offers an amendment or amendments to a certain part of a paragraph and that amendment or those amendments are adopted, it might involve changes in some other paragraphs.

Mr. ALDRICH. Undoubtedly. If the Senate should change its mind with reference to articles or items which would involve changes in other paragraphs, a further change would be necessary, but I do not apprehend the Senate is likely to do that.

Mr. CUMMINS. I confess I have not that abiding and profound hope with which I entered this debate; it has not expired altogether, however, but it may do so before long under the heat and the adverse vote.

Mr. TILLMAN. If the Senator from Rhode Island will permit me, I should like to know if he is yet ready to give us free cotton ties?

Mr. ALDRICH. I am not yet.

Mr. TILLMAN. When does the Senator expect that discussion will come up?

Mr. ALDRICH. Probably in the next tariff bill.

Mr. TILLMAN. Oh, no; you need not think you are going to get this one passed without having a good long talk—it may be for a week—on that item.

Mr. ALDRICH. I think that, perhaps, to-morrow we may be able to take up the question of a duty on cotton ties. It is my purpose to proceed, as soon as we dispose of this question, to the consideration of paragraph 181. I am taking them as nearly as I can in order.

Mr. TILLMAN. Paragraph 123 has been passed over?

Mr. ALDRICH. Yes.

Mr. TILLMAN. When will it come up?

Mr. ALDRICH. The Senator from Texas is very desirous of being present when paragraph 123 is considered.

Mr. TILLMAN. I do not want to press it now, but I want to get the progress of the Senator's mind toward justice——

Mr. ALDRICH. To-morrow, I should say.

Mr. TILLMAN. If the Senator thinks he will be in a frame of mind to give the southern cotton planters justice to-morrow, I will wait until his conscience relaxes a little. [Laughter.]

The PRESIDING OFFICER (Mr. DEPEW in the chair). The pending amendment will be stated.

The SECRETARY. On page 54, line 3, the committee propose to strike out "one-half," and to insert "three-fourths"——

Mr. BRISTOW. Did paragraph 160 go over?

The PRESIDING OFFICER. No; it did not.

Mr. BACON. The amendment offered has not been disposed of.

The PRESIDING OFFICER. It has been agreed to.

Mr. ALDRICH. I understood the first amendment was agreed to, but I am not sure.

Mr. BACON. I stated that I intended to make some inquiry, but the matter was disposed of so rapidly it was a physical impossibility to do so, and I supposed by general consent it was recognized as open.

Mr. ALDRICH. I have no objection to that.

Mr. BACON. After I had finished what I had to say, I said that after the discussion was concluded I proposed to ask for the yeas and nays upon the proposed amendment upon the proposition to increase the price of nails 100 per cent over——

Mr. ALDRICH. I have no objection to that matter being considered open. I would suggest to the Senator from Georgia that we vote upon both amendments at once.

Mr. BACON. I am willing to do that.

Mr. KEAN. On the amendment increasing one-fourth to one-half and the one increasing one-half to three-fourths.

Mr. JOHNSTON of Alabama. Mr. President, I want to ask the Senator from Pennsylvania [Mr. OLIVER] to give us the prices of nails in foreign countries. He stated that he had that information, and I want to see exactly how high or how low this tariff wall must be before it will rain nails in the United States.

Mr. OLIVER. Mr. President, according to the best information that I can obtain—and I am satisfied that it is authentic—the cost of manufacturing nails in Germany is, on the average, the equivalent of $1.36 per keg of 100 pounds each; in France, $1.40; in Belgium, $1.34. The average freight from points of production in those countries to New York is about 14 cents a keg, making the cost, free on board at New York, $1.50 a keg for the German nails, $1.54 for the French nails, and $1.48 for the Belgian nails. If to this you add the duty of half a cent a pound, you will get, in round figures, a net cost of $2 per keg delivered in New York. The cost of manufacturing nails in this country, on the average sizes, during the calendar year of 1907 was $1.94 per keg, and the average freight from the mill to New York was 17 cents, so that with half a cent duty, or, as proposed in the amendment, with an average duty of 62½ cents per keg, the foreign manufacturers could put their nails into New York on about an equality with our manufacturers.

I want to say right here, Mr. President, while the duty of 25 cents a keg, or $5 a ton, may not seem much, that I manufactured nails for years and years, and was satisfied with a profit of 5 cents a keg. The business is a close one; it is not subject to heavy profits. Nails are a staple article; they are sold in large quantities; and the manufacturer, of necessity, must be satisfied with a very small profit. So that this difference, if persisted in, would, in my opinion, inevitably give the South Atlantic and the Pacific trade entirely to the German manufacturers, who are standing ready to seize it at any moment.

Remember, Mr. President, that, in fact, the duty proposed in the Payne bill is less than the rebates which are given by the syndicate managers in Germany to the manufacturers as a bonus for export. The German manufacturer of wire products receives cumulative rebates from his associates in the same line of manufacture, which in these wire products run up as high as $5 a ton, so as to enable him to sell his goods in foreign countries at a lower price than he sells them to his own fellow-countrymen. The very thing which our people condemn the foreigners encourage. That is the reason why I am so insistent in endeavoring to have this very moderate duty maintained upon this great item of manufacture, which runs to something like fifteen or twenty million dollars a year to our people.

Mr. McLAURIN. Mr. President, according to the last statement of the Senator from Pennsylvania, instead of this being a tariff of 25 per cent, it is a tariff of more than 33⅓ per cent ad valorem. Whatever there is in the proposition that there ought to be equally as high a tariff on the importation of wire as upon the importation of nails, one thing is certain, namely, that the tariff on wire has not been sufficient to prevent the importation of wire. A great deal of wire has been imported and none exported. The tariff on nails has been sufficient practically to prevent any importation at all of nails, and there has been a large exportation of nails. That being so, I do not see how it can be claimed that the law has done any injustice to the manufacturers of wire nails, and I do not see how any injustice could be done by leaving the rate as it was in the House bill.

As was said, and well said, by the Senator from Georgia [Mr. BACON], wire nails are used a great deal and in great quantities by the farmers all over this country, and not only by the farmers, but by a great many other people in a great many other callings all over the country. There ought not to be anything done that would raise the price of nails to the people who consume them. I do not see any good reason for adopting the amendment and increasing the rates that were sent to us by the House of Representatives.

I hope when this amendment is voted upon that it will be, as suggested by the Senator from Georgia, by yeas and nays, and that it will be voted down. I should like to see that done; but I can not say that I hope it will be done, because the committee has been supported and sustained in so many efforts that have been made to raise the prices of manufactured products to the consumers that I can not say that I have any hope that that will be done; but I should like very much to see the amendment of the committee voted down.

Mr. BACON. I want to call attention to the fact that the duty is really greater than that suggested by the Senator from Mississippi [Mr. McLAURIN]. Under the suggestion of the Senator from Rhode Island [Mr. ALDRICH], both of those amendments are to be voted upon together. As the bill came from the House, the duty upon the larger sizes was one-fourth of 1 cent per pound and upon the smaller sizes one-half of 1 cent per pound, so that the average duty as provided in the House bill is greater than one-fourth; it is between one-fourth and one-half, according as the larger amount may be on the smaller nails or on the larger nails. If the Senator from Rhode Island will pardon me, I did not catch what the last amendment is. What is the amount?

Mr. ALDRICH. It reduces it from 1 cent to three-fourths of a cent. It increases the House rate from one-half to three-fourths of a cent, and reduces the existing rate from 1 cent. In other words, it is a quarter of a cent advance on both sides from the House bill.

Mr. BACON. According to the last amendment, then, it will be three-fourths of 1 cent a pound on the small sizes?

Mr. ALDRICH. On the small sizes.

Mr. BACON. And half a cent on the large sizes?

Mr. ALDRICH. That is right.

Mr. BACON. So that the average duty is more than half a cent; it is between one-half and three-quarters of a cent. I thought attention should be called to that. If it were half a cent, the duty would be about 33⅓ per cent upon the value of the imported article. But with the larger duty upon the smaller sizes, if they are of equal value in importation or in product in this country, which is the relative consideration, it would be nearer 50 per cent than 33⅓ per cent.

Mr. BRISTOW. Mr. President, it seems to me, with an exportation of nearly $2,000,000 worth of these nails, that we are not in much danger of foreign competition at home with a duty of 25 cents a keg. If the nail manufacturers of this country can compete abroad with those of Germany and sell $600 worth of our manufactured products abroad for every dollar's worth that is imported, it seems to me there is no justification for a duty of half a cent a pound. We made in this country, according to these figures, more than $24,000,000 worth in 1904, while the importations were practically nothing. We are exporting six hundred times as much as we import; and yet there is a proposition here to sustain this duty.

Mr. PENROSE. Mr. President, I ask unanimous consent to have printed in the RECORD a concise statement of the whole situation regarding wire nails.

The PRESIDING OFFICER. The Chair hears no objection.

The matter referred to is as follows:

WIRE NAILS.

The duty in the Payne bill is 50 per cent less than the Dingley law. The duty on nails 1 inch in length and not lighter than No. 16 gauge, which constitutes the bulk of the production, is thereby reduced from $11.20 per gross ton to $5.60 per gross ton, or 50 per cent.

The total production in the United States in 1907 was 11,731,044 kegs of 100 pounds, valued at $27,450,642 approximately, of which companies outside the United States Steel Corporation produced 3,609,344 kegs, valued at $8,445,865. The amount paid by the manufacturers for cooperage, staves, and hoops to mills in the West and South totaled $1,407,725.

Taking New York as a basis for importation, the average price of domestic nails f. o. b. New York, including extras over base sizes, was $2.34 per keg of 100 pounds.

At the present time the average domestic price is about $2.05 per keg of 100 pounds f. o. b. New York and seaboard cities, taking approximately the same rate of freight.

The cost of production abroad of manufacturers favorably situated for export, so far as ascertainable, is as follows:

	Germany.	France.	Belgium.
Manufacturing cost per 100 pounds	$1.36	$1.40	$1.34
Freight to United States Atlantic ports	.14	.14	.14
Total	1.50	1.54	1.48

In the British Board of Trade Inquiry Report into German Industrial Conditions, dated April 10, 1908, page 333, wages of wire drawers are given at 27 marks ($6.48) to 33 marks ($7.92) per working week of sixty-three hours, as against $15 to $24 paid in the United States, according to the skill of the employee. In the same report laborers' wages are shown at $4.32 to $5.04. In the mills in this country laborers are paid $10 to $14. This among other things explains one of the conditions that make for lower costs in Europe.

The average commercial cost of wire nails, of the principal manufacturing interests of the United States, based on the operations for the calendar year 1907, were $1.94 per keg of 100 pounds at the mill, plus freight to New York, at 17 cents per keg, made the total cost $2.11 per 100 pounds for that year. From these figures it will be seen that the average commercial costs of the principal interests for wire nails, laid down in New York or at other Atlantic seaboard points, based on a keg of 100 pounds, are 61 cents higher than the German cost, 63 cents higher than the Belgian cost, and 57 cents higher than the French cost. According to these figures, it will be readily seen that the reduced rates of duty contained in the Payne bill on this commodity will permit the dumping of German, Belgian, and French manufacturers of wire nails at all of our Atlantic seaboard points. The condition is worse on the Pacific seaboard, for the reason that the European manufacturers, on account of low ocean freight rates, as compared with our railroad rates from Pittsburg and Chicago to the territory, have the advantage over and above the situation on the Atlantic seaboard of about 40 cents per 100 pounds.

Because government statistics show exportations representing about 7 per cent to 8 per cent of the domestic consumption and comparatively little imports, the Finance Committee seemed to think that this commodity could stand a considerable reduction. Exports of wire nails, largely of special sizes and packing not used in the United States, are exported largely to Japan, China, and Australia, the Far East, and also Mexico and South American countries. The manufacturers of wire nails in this country have cultivated this business by catering to the special requirements of consumers in those countries, and have also been enabled to compete with European manufacturers by favorable ocean freight rates to the countries with which the great volume of this business is done.

If the very low rates reported in the Payne bill are allowed to stand, European manufacturers having low costs and favorably located for export will be enabled to dump their products on our Atlantic and Pacific seaboard points at prices lower than the cost of domestic manufacturers. This is bound to have a serious effect upon a great many domestic manufacturers of wire nails depending upon our Atlantic, Gulf, and Pacific coast territories for a market. For this reason it would seem that the rates in the Dingley law are none too low to protect manufacturers on our Atlantic and Pacific seaboards, whose costs are high. In any event it would seem that the rates on this commodity should not be lower than four-tenths cent per pound on the base sizes and three-fourths cent per pound on all other sizes.

The exports, according to the Department of Commerce and Labor, during 1907 amounted to 945,034 kegs, valued at $2,367,544, equal to $2.40 per keg of 100 pounds, total exports representing about 8 per cent of the domestic production.

Prices obtained for export are slightly higher than the average price for home consumption, for the reason that thinner gauges are used. The nails are put up in paper packages and are packed in strong wood boxes to enable them to withstand many transshipments to their ultimate destination. Domestic nails are packed in kegs, cost of such packing being about 25 per cent cheaper than export packing.

The manufacturers of wire nails, particularly the independents, are a unit in stating that if the rates in the Payne bill become a law that both the Atlantic and Pacific coast trade on wire nails will be lost to the American manufacturer.

Labor enters largely into the production of this article, being fully 60 per cent of its total cost from the ore up, and requires a duty equivalent to four-tenths cent per pound for nails 1 inch in length and not lighter than No. 16 gauge (wire gauge) and three-fourths cent per pound on less than 1 inch in length and lighter than No. 16 wire gauge.

The rate in the Payne bill of one-fourth cent per pound would mean the closing down of a large number of plants. Even Canada, which grants a duty of six-tenths cent per pound to her manufacturers, would supply the trade contiguous to the American border, while millions of kegs per annum would be exported from Europe to the seaboard points. A reasonable protection is all that is asked, and four-tenths cent per pound would still leave a reduction of $2 per ton from the present rate, equivalent to 20 per cent. The bounties paid by the various syndicates to wire-nail manufacturers in Germany amount to $6 per ton, from which it will be seen that the German competitors of wire-nail manufacturers in the United States receive in bounties more than the rate of duty proposed in the Payne bill.

Wire nails, cost of manufacture.

FOREIGN AND DOMESTIC.

	United States North Atlantic ports.	United States Pacific ports.	United States Gulf ports.
UNITED STATES.			
Manufacturing cost	$43.55	$43.55	$43.55
Freight, mill to United States seaboard	3.58	19.04	5.50
Cost United States seaboard	47.13	62.59	50.05
GERMANY.			
Manufacturing cost	30.60	30.60	30.60
Freight, mill to United States seaboard	3.00	8.75	3.40
Duty, Dingley tariff	11.20	11.20	11.20
Duty-paid cost United States seaboard	44.80	50.55	45.20
FRANCE.			
Manufacturing cost	31.60	31.60	31.60
Freight, mill to United States seaboard	3.00	8.75	3.40
Duty, Dingley tariff	11.20	11.20	11.20
Duty-paid cost United States seaboard	45.80	51.55	46.20
BELGIUM.			
Manufacturing cost	30.00	30.00	30.00
Freight, mill to United States seaboard	3.00	8.75	3.40
Duty, Dingley tariff	11.20	11.20	11.20
Duty-paid cost United States seaboard	44.20	49.95	44.60

The PRESIDING OFFICER. The question is upon the amendment offered by the committee to paragraph 160. On that the Senator from Georgia [Mr. BACON] asks for the yeas and nays. Is there a second?

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BRIGGS (when his name was called). I have a pair with the senior Senator from Maryland [Mr. RAYNER], and therefore withhold my vote.

Mr. FLINT (when his name was called). I am paired with the senior Senator from Texas [Mr. CULBERSON]. I transfer the pair to the junior Senator from Kentucky [Mr. BRADLEY], and will vote. I vote "yea."

Mr. JONES (when his name was called). I am paired with the Senator from South Carolina [Mr. SMITH]. I transfer the pair to the junior Senator from Montana [Mr. DIXON], and will vote. I vote "yea."

Mr. McLAURIN (when his name was called). I am paired with the junior Senator from Michigan [Mr. SMITH]. If he were present, he would vote "yea" and I should vote "nay."

Mr. SIMMONS (when his name was called). I am paired with the junior Senator from Illinois [Mr. LORIMER].

Mr. TILLMAN (when the name of Mr. SMITH of South Carolina was called). I wish to announce that my colleague is ill, and hence is absent from the Senate.

The roll call was concluded.

Mr. BRIGGS. I have a pair with the Senator from Maryland [Mr. RAYNER]. I transfer the pair to the senior Senator from Oregon [Mr. BOURNE], and will vote. I vote "yea."

Mr. FOSTER. I desire to inquire whether the senior Senator from North Dakota [Mr. McCUMBER] has voted?

The PRESIDING OFFICER. He has not voted.

Mr. FOSTER. I withhold my vote. If he were present and voting, I would vote "nay."

Mr. CURTIS. I desire to announce that the Senator from Delaware [Mr. RICHARDSON] is paired with the Senator from Arkansas [Mr. CLARKE], and that the Senator from Wisconsin [Mr. STEPHENSON] is paired with the Senator from Indiana [Mr. SHIVELY].

The result was announced—yeas 41, nays 33, as follows:

YEAS—41.

Aldrich	Cullom	Heyburn	Piles
Brandegee	Depew	Johnson, N. Dak.	Root
Briggs	Dick	Jones	Scott
Bulkeley	Dillingham	Kean	Smoot
Burkett	du Pont	Lodge	Sutherland
Burnham	Elkins	McEnery	Warner
Burrows	Flint	Nixon	Warren
Burton	Frye	Oliver	Wetmore
Carter	Gallinger	Page	
Clark, Wyo.	Guggenheim	Penrose	
Crane	Hale	Perkins	

NAYS—33.

Bacon	Clay	Gamble	Paynter
Bailey	Crawford	Gore	Smith, Md.
Bankhead	Cummins	Johnston, Ala.	Stone
Beveridge	Curtis	La Follette	Taliaferro
Borah	Daniel	Martin	Taylor
Bristow	Davis	Money	Tillman
Brown	Dolliver	Nelson	
Chamberlain	Fletcher	Overman	
Clapp	Frazier	Owen	

NOT VOTING—18.

Bourne	Foster	Newlands	Smith, Mich.
Bradley	Hughes	Rayner	Smith, S. C.
Clarke, Ark.	Lorimer	Richardson	Stephenson
Culberson	McCumber	Shively	
Dixon	McLaurin	Simmons	

So the committee amendments were agreed to.

The PRESIDING OFFICER. The question is upon the adoption of the paragraph as amended.

The paragraph as amended was agreed to.

Mr. ALDRICH. Mr. President, on page 61——

Mr. BACON. I should like to ask the Senator from Rhode Island whether paragraphs 161 and 162 have been finally disposed of?

Mr. ALDRICH. They have.

The PRESIDING OFFICER. They have been disposed of.

Mr. BACON. They were passed over originally.

Mr. ALDRICH. They have been disposed of.

Mr. HEYBURN. I desire to offer an amendment to section 181.

Mr. ALDRICH. That is the paragraph which I have just asked to be taken up.

Mr. HEYBURN. I have two amendments.

The Secretary read as follows:

On page 61, line 3, it is proposed to strike out the word "four" and insert "six," so as to make the paragraph read:

"Monazite sand and thorite, 6 cents per pound."

Mr. HEYBURN. And I also move to amend, on the same line, so that the paragraph will read as follows——

Mr. CLAPP. Mr. President, I should like to know what was done with the amendment just reported.

Mr. ALDRICH. Nothing has yet been done with it.

Mr. CLAPP. I desire to have a vote on it.

The PRESIDING OFFICER. The Senator from Idaho [Mr. HEYBURN] proposes an amendment, which will be stated.

The SECRETARY. Add at the end of the paragraph the following words:

Thorium, oxide of and salts of, and gas mantles treated with chemicals or metallic oxides, 60 per cent ad valorem. Gas mantle scrap, consisting in chief value of metallic oxides, 20 per cent ad valorem.

Mr. ALDRICH. Mr. President, the committee will accept these amendments.

The PRESIDING OFFICER. The question is upon the adoption of the amendments.

Mr. DOLLIVER. Mr. President, I should like to have the chairman of the Finance Committee make a statement as to the effect of this amendment upon the industry of manufacturing these gas mantles. This industry is one that seems to be very widely scattered over the country, and it seems to have been very hard hit by the provisions of the House bill.

Mr. ALDRICH. I think the proposition as originally made by the Senator did not take care of mantles, but the suggestion now made takes care of mantles fully, and, as I say, satisfactorily to all the manufacturers of mantles in the United States.

Mr. DOLLIVER. The complaint that came to me was that the rates imposed upon this sand and thorite operate as a very great burden upon them.

Mr. ALDRICH. They would certainly do so, if the old duty had not been allowed to remain on mantles, but the adjustment which is now suggested by the amendment reported by the committee takes full care of the manufacturers of mantles.

Mr. CUMMINS. Mr. President, I should like to have the amendment reported.

The SECRETARY. On page 61, line 3, it is first proposed to strike out "four" and insert "six," so that it will read:

Monazite sand and thorite, 6 cents per pound.

And after the word "pound," it is proposed to insert the following words:

Thorium, oxide of and salts of, and gas mantles treated with chemicals or metallic oxides, 60 per cent ad valorem. Gas mantle scrap, consisting in chief value of metallic oxides, 20 per cent ad valorem.

Mr. CUMMINS. I should like to inquire how much monazite sand has been imported into the United States in recent years; and why is a duty put upon the sand?

Mr. SMOOT. I will state that of late years there has been very little of the sand imported here, for the reason that the Brazilian Government controls virtually all of the sand in the world outside of the United States. But in this amendment, if the Senator will notice, we have made a reduction from 25 per

cent on gas mantle scrap to 20 per cent. That is done to assist the independent gas mantle manufacturers of this country. And we have increased the duty on thorium from the present rate of 25 per cent to 60 per cent, and have also included in that advance the gas mantles themselves. So that while the mantle manufacturers of the country have, in the past, had but a duty of 25 per cent, we have now included that in the rate of 60 per cent with the thorium.

Mr. CUMMINS. Mr. President, I am entirely in sympathy with the committee with regard to most of what has been stated by the Senator from Utah; but I do not see why there should be a duty upon the monazite sand. We know, I suppose, that the Brazilian monazite sand is of two kinds—one that is obtainable along the shore, that has practically been purified by the action of nature, and the other the interior Brazilian monazite sand. In this country, as I am advised, the sand has not yet been greatly exploited. Why should we exclude the raw *material* by putting so heavy a duty upon it if it be true that so heavy a duty is laid upon thorium itself?

Mr. HEYBURN. Mr. President——

Mr. CUMMINS. I can not see how we can be helped by giving to a certain company in this country—which, I understand, has practically the only workable plant now in operation—a chance to monopolize the market.

Mr. SMOOT. In relation to monopoly of the sand, I will say that I am strongly of the belief—in fact, I know positively—that the Welsbach people do not control all the monazite sand in this country. It is being mined—and the Senator from Idaho will inform the Senator as to the extent of operations—in Idaho, in North Carolina, in South Carolina, and to some extent in Connecticut.

The only reason, it seems to me, why a duty of 6 cents should be maintained upon the sand now, is that at some future time shipments may come in here and close up our mines—that is, the mining of the thorite or the monazite sand itself. We feel, therefore, that the duty should be maintained, although I will frankly state to the Senator that at the present time, with only one or two manufacturers, I doubt very much whether it has any considerable effect upon the price of the sand.

Mr. HEYBURN. Mr. President, this question is rather new to the commercial world. On the 1st day of July the power will be turned upon the first important monazite mill that has been established in the western country. Until an investigation of black sands was made a few years ago, by virtue of a provision of law, it was not suspected that these sands existed in that section in any considerable quantities. But the investigation disclosed the fact that they were more generally found than had been supposed, and in what is known as the "Boise Basin" they were found to exist in great quantities. Capital was immediately interested; and they started in, some two years ago, to develop the mining of these sands. They have now expended something over $100,000. I have here a photograph of their mills and works, but it is sufficient to say that on the 1st day of July they will start operating this mill.

The quantity of these monazite sands is very large. The Government has examined and reported upon them, and they are estimated to exist in sufficient quantities to supply, with the development that will naturally follow, as it is sure to do in the case of any profitable enterprise, all the sands that may be needed in this country. This will avoid the importation of the sands that now come in practically through Germany—that is to say, from Brazil by way of Germany—and from some other sections of the world. North Carolina has very considerable quantities of this sand, and for a long time that State produced what we used of it. But Germany cut the price, and practically drove the North Carolina sand out of the market. The industry of manufacturing these mantles, and other industries that use the material, have now, in a measure, restored the market—not completely so, because it takes some time to construct machinery and enter into operation; but it is safe to say that with the duties proposed by this amendment the industry will, at a very early day, take possession of the American market and will produce all of the material that is needed for our purposes.

Mr. CUMMINS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Iowa?

Mr. HEYBURN. I yield.

Mr. CUMMINS. May I ask a question? What proportion of thorium is found in the Idaho monazite sand?

Mr. HEYBURN. About 4 per cent.

Mr. CUMMINS. Does the Senator think that can be worked or mined profitably?

Mr. HEYBURN. Oh, that has been demonstrated. It is not claimed by anyone that these sands are not of a good character and a firm basis for prosperous enterprises.

Mr. CUMMINS. One more word. Is the company that is organized to work the Idaho sands connected in any way with the manufacture of the mantles?

Mr. HEYBURN. Not at all. I am personally acquainted, and have been for many years, with some of the men who are connected with this industry. It is one of the things that has sprung up in the local community because of the discovery of the existence and value of these deposits. I will say that the discoveries are being extended all the time, and it is impossible to say at this time where they will end.

Mr. CLAPP. Mr. President, the men who are engaged in the independent manufacture of gas mantles in this country are very much opposed to this measure.

Mr. ALDRICH. Oh, no; not opposed to it.

Mr. CLAPP. Yes; they are. I have received letters from them to that effect.

Mr. LODGE. Will the Senator permit me a moment?

Mr. CLAPP. Yes; with pleasure.

Mr. LODGE. There are in my State a number of independent manufacturers of mantles, and I have looked into this matter with the greatest possible thoroughness. The mantle manufacturers objected to this on the ground that they would have no protection at all if mantles came in at a very low rate of duty and a high duty were placed on the material essential to their manufacture. They had no objection if they were given a compensating duty, such as this amendment gives; and they had no objection to the duty being placed on thorium. I have had long letters from all of them.

Mr. CLAPP. I am not questioning the letters that the Senator from Massachusetts has. I have had letters of the kind I mentioned from the beginning of this session, the last one this morning.

What I propose to say is this: I had intended, first, to call for the yeas and nays; but I am thoroughly satisfied that the committee will carry its amendment. And making a protest on behalf of these people, who feel that the independent concerns are being crushed out by the operation of these various amendments, I submit the matter without asking for the yeas and nays.

Mr. DOLLIVER. Mr. President, if it be true that the proposition of increasing the duty on gas mantles will probably have the effect of protecting this widely scattered industry against ruinous foreign competition, it can only be, I think, at the expense of the consumers of the article. I feel it my duty to have read to the Senate the protests of the citizens of my own State against the increase of the duty on this raw material.

The PRESIDING OFFICER. The Secretary will read as requested.

The Secretary read as follows:

CITIZENS' RAILWAY AND LIGHT COMPANY,
Muscatine, Iowa, June 19, 1909.

To the Hon. JONATHAN P. DOLLIVER,
United States Senate, Washington, D. C.

DEAR SIR: Our attention has just been called to the fact that there is an amendment offered to the tariff bill now before the Senate recommending that the duty be increased on thorium nitrate from 25 per cent to 45 per cent, plus 60 cents per pound additional. You are no doubt aware that thorium nitrate is used largely, in fact, is the most important element in the manufacture of gas mantles, and all the supply of this product is refined in Germany, taken from monazite sand found on the east coast of Brazil. Some monazite sand is found in North and South Carolina, but we understand that this supply is practically controlled by one concern in this country, who are also the only refiners of monazite sand here. We believe that this concern is connected or controlled by one gas-mantle manufacturer in this country, and that they are behind this movement to increase the duty on thorium, in order to shut out the foreign product, and by so doing give them a monopoly in this country. This would probably result in closing down all of the independent gas-mantle manufacturers in this country.

There can be no good reason why the duty should be increased on thorium except to claim protection to a few who may be fortunate enough to own monazite-sand lands here or encourage the refining of monazite sand in this country. As to the former, like other rare earths, monazite-sand fields will be worked when found in sufficient quantity to warrant it; and as to the latter, if all the thorium used in this country was refined here, it would not require the services, we believe, of more than 100 men yearly, and this would not in any way offset the number that would be thrown out of employment by shutting out the independent manufacturers that must necessarily follow if the duty be more. Furthermore, it would act as a direct check on the gas-lighting business in this country and become a burden on nearly every household and merchant in all the cities throughout our land.

Therefore we appeal to you on behalf of the citizens of this community which we serve, as well as this company, to use your best endeavor to defeat this amendment; and, further, recommend that the duty be increased on manufactured gas mantles; that thorium nitrate be treated as a rare material and put on the free list. By so doing you will not only be encouraging the manufacture of gas mantles in this country, that will mean the employment of many extra men here, but at the same time will have the effect of decreasing the cost of gas mantles, without injury to the mantle manufacturers, and become a great benefit to the gas industry and the users of gas for lighting in this country.

Yours, truly,

E. M. WALKER,
General Manager.

Mr. SMOOT. I wish to say to the Senator from Iowa that I received at least 50 such letters.

Mr. HEYBURN. I got one this morning.

Mr. CULLOM. So did I.

Mr. SMOOT. If we had made no change in the amendment offered by the Senator from Ohio there would have been a great deal in the complaint in the letter just read. But the amendment which has been offered changes that situation entirely. We have no specific duty of 60 cents a pound. We simply put on a duty of 60 per cent ad valorem on thorium and have no specific duty, and in doing that we have also protected the mantle manufacturers themselves. They are on the same basis now as the manufacturers of thorium or the importers.

Mr. GUGGENHEIM. I have a circular from a manufacturer which I would like to have inserted in the RECORD without being read.

The PRESIDING OFFICER. The Chair hears no objection.

The circular referred to is as follows:

FACTS AND FIGURES CONCERNING THE MONAZITE SAND AND THORIUM INDUSTRY IN THE UNITED STATES AND GERMANY.

When Americans began the manufacture and sale of thorium a few years ago, the price of thorium was $6 per pound. Then the German syndicate suddenly lowered it to $3.50 per pound. The Americans were consequently compelled to suspend manufacturing. Then the price was advanced to $4.80, but when the sale was resumed by the Americans the price was recently reduced to $3.70.

To the honorable Members of the Senate and House of Representatives of the United States, Washington, D. C.:

Your attention is respectfully directed to the decline in the monazite and thorium industry in the United States. After spending large amounts of money to establish the business here, the interests concerned have been forced to suspend, and unless your honorable body can extend protection, a great loss will be sustained by a number of American citizens, as will appear.

Thorium is used in the manufacture of incandescent gas mantles, and is extracted by chemical process from monazite sand. Monazite, known as one of the rare and valuable earths, is found in commercial quantities only in Brazil and the United States. It is recovered in the same manner as placer gold, by washing gravel and alluvial soil in sluice troughs.

One man produces from ten to fifteen pounds of monazite sand in a day. In Brazil the monazite miner works for less than 30 cents a day; in North and South Carolina he receives from $1.25 to $1.75, and the industry there has contributed largely to the support of a numerous community, particularly in the mountainous regions where no other occupation is available.

In Brazil the monazite industry is controlled by a German syndicate, under a concession from the Government. All Brazilian monazite mined by the syndicate is taken to Germany and the thorium extracted therefrom.

It requires 16 pounds of monazite to make 1 pound of thorium. With cheap labor in Brazil the Germans obtain monazite for less than 7 cents per pound (official valuation for entry is $6\frac{1}{10}$ cents. Evans. Imports 1894–1907, p. 636). In the Carolinas the value ranges from 12 to 18 cents. (Mineral Resources of United States for the Calendar Year 1907, p. 793, U. S. Geol. Survey.)

Comparative cost of thorium in the United States and Germany.

UNITED STATES.

16 pounds of monazite, at 16 cents	$2.56

GERMANY.

16 pounds of monazite, at 7 cents	1.12
Advantage in favor of Germany in cost of monazite	1.44

By reason of the cheaper acids and cheaper labor, the cost of reduction in Germany is approximately $1 per pound of thorium. In the United States it is $1.50, making the full comparative cost as follows:

UNITED STATES.

Labor and acids		$1.50
Monazite		2.56
		4.06

GERMANY.

Labor and acids	1.00	
Monazite	1.12	
		2.12
Difference		1.94

Practically four-fifths of the difference is the difference in the value of labor.

When Americans began the manufacture and sale of thorium a few years ago, the price of thorium was $6 per pound. Then the German syndicate suddenly lowered it to $3.50 per pound. The Americans were consequently compelled to suspend manufacturing. Then the price was advanced to $4.80; but when the manufacture was resumed, the price was recently again reduced to $3.70.

The following table of thorium imports, from Imports and Duties, 1894–1907, Evans, page 138, shows the effect of the raising and lowering of prices in order to harass the American manufacturers:

Year.	Quantity.	Value.	Duty.	Value per pound.	Ad valorem rate.
	Pounds.				*Per cent.*
1903	72,990	$244,258	$61,064.50	$3.35	25
1904	71,595	261,232	65,308.00	3.65	25
1905	38,274	200,238	50,059.50	5.23	25
1906	57,892	254,858	63,714.50	4.40	25
1907	88,653	240,128	60,032.00	2.71	25

Note in the above that in 1905, when the value was $5.23 per pound, and the American manufacturer sold his product, the imports fell from 71,595 pounds the previous year to 38,274, and that when the price was reduced the imports rose to 88,653 pounds.

The following table of the production of monazite in the United States from Mineral Resources of the United States for the calendar year 1907, page 793, shows that as the imports of thorium increased the production of monazite decreased correspondingly.

Year.	Quantity.	Value.
1903	[a] 865,000	$65,200
1904	[b] 745,999	85,038
1905	[c] 1,352,418	163,908
1906	[d] 847,275	152,560
1907	[e] 548,152	65,800

[a] Including 3,000 pounds of zircon, valued at $570.
[b] Including the small production of zircon, gadolinite, and columbite.
[c] Including a small quantity of zircon and columbite.
[d] Including 1,100 pounds zircon, valued at $248.
[e] Including 204 pounds of zircon, valued at $46.

Observe the uninterrupted decline on monazite production since 1905, the year in which the imports of thorium were 38,274 pounds, as compared with 88,653 pounds in 1907. Note that in the same interval the production of monazite declined from 1,350,000 pounds in 1905 to only 548,000 pounds in 1907.

These figures, from the Government's own records, show unmistakably the effect of inadequate protection and the results of the efforts of the foreign manufacturers to prevent the continuance of the industry in this country.

Your petitioners pray merely for sufficient duty to equalize the cost in the United States with the cost in Germany. A duty on monazite sand of 8 cents per pound and on thorium of 60 cents per pound and 45 per cent ad valorem would not exclude the German product, but only enable the American manufacturers to compete in this market. No Brazilian monazite sand is at present sold, because the German monopoly prefers to convert the Brazilian monazite sand in Germany; but it is obvious that an advance in the duty on thorium would induce the sale and importation of monazite, to the injury of the American miner.

In the mountainous regions of the Carolinas, where most of the monazite is produced, agriculture is not sufficient to support the inhabitants, and they are consequently compelled to rely to a great extent on the industry of mining monazite. They take the sand into the villages and to the buying stations and receive currency from the thorium manufacturers for it. In many cases almost the only currency received by whole communities is derived from this source, since all vegetable and animal products are required at home. This industry is, however, practically at a standstill at the present time, by reason of the operations of the German monopoly. It is significant to note that since the monazite industry was established in the remote regions of the Carolinas the production and traffic in illicit spirits have stopped.

It is readily seen that protection to the thorium-producing industry would not affect the consumer of mantles. In the first place the duty on mantles is only 20 per cent ad valorem, and that prohibits an advance in the price of mantles, especially in view of the lower wages paid in the mantle factories of Germany. On the other hand, an adequate protective duty to thorium salts would give stability to the thorium and monazite industries and the allied mantle industry without cost to the consumer, as will be seen.

For example, a duty of, say, $1.90 per pound on thorium salts would be equal to about one-half cent on mantles. Mantles are sold to the consumer in multiples of 5 cents, thus, 10 each or 3 for 25 cents, 15 cents each or 2 for 25 cents. If there should be anything added, it would be added to the manufacturer's cost and paid by the jobber or distributer, to whom the distribution of the mantles is but an incident, inasmuch as he handles many other things. But the stability which would result from the protection to the home industry would, in fact, inure to the benefit of the mantle manufacturer, for at the present time he is wholly dependent upon the caprices of the foreign syndicate or trust, which raises and lowers prices in order to destroy competition in thorium here. Some obtain from the syndicate better terms than others, in consequence of which the mantle industry is always unsettled.

Since the monazite deposits in the Southern States are widely scattered over an area of many hundreds of square miles, they never can be brought into a monopoly, and consequently the protection of the thorium industry here would create active competition for the monazite sands here, to the benefit of the inhabitants of the regions mentioned.

From these facts it is seen that protection is needed for the thorium, and an increased duty is urged that would equalize the cost here with the cost in Germany under existing conditions, not giving the American manufacturer any undue advantage, but merely placing him on the same cost basis as the German manufacturer.

Such a duty would result in an increased revenue to the Government, for a time at least, since it would not altogether exclude the foreign thorium, but merely divide the business with the American manufacturer.

Respectfully submitted.

NATIONAL LIGHT AND THORIUM COMPANY,
Youngstown, Ohio.

APRIL 10, 1909.

The PRESIDING OFFICER. The Secretary will read a further paper sent to the desk by the Senator from Iowa [Mr. DOLLIVER].

The Secretary read as follows:

CAPITAL GAS MANTLE COMPANY,
Des Moines, Iowa, June 5, 1909.

Hon. J. P. DOLLIVER,
Washington, D. C.

MY DEAR SENATOR: Referring again to the proposed increase of duty on thorium nitrate, the proposition, as we understand it, is to increase the duty to approximately $2 per pound, on the basis of the present price of this commodity. We, along with the other independent mantle manufacturers of this country, are opposing this increase in duty, recognizing plainly that it would put us out of business.

The Senator from Ohio states that he proposed this duty in the interest of a Youngstown (Ohio) manufacturer of thorium, and we would call your attention to the fact that this Youngstown concern has never been able to supply the American mantle trade with goods, because they were unable to manufacture thorium of a quality such as the trade could use. Their factory in Youngstown burnt down about two years

ago and, having no outlet for their product, they have not rebuilt the same.

The only real beneficiary of the higher duty would be the Welsbach Company, of Gloucester, N. J., and Philadelphia, who own monazite mines in North Carolina, and who manufacture therefrom the thorium nitrate, which is the raw material for their incandescent gas mantles. As they are really the only producers of thorium in this country, and which they need for their own manufactures, we, their competitors in the mantle field, have necessarily to rely on imported thorium made from monazite obtained in Brazil.

It follows that the sole purpose of the proposed higher duty is to eliminate the competition in the mantle field to the Welsbach Company.

It has also been stated that imported thorium nitrate is ruled by a trust. This is not according to the fact. There is indeed a syndicate composed of five manufacturers of thorium, but there are 20 other European factories not in that syndicate. There are also a number of different companies mining the sand in Brazil, who are competitors of each other.

You will see that no monopoly exists now that is harmful to the mantle industry of America, but that it will exist if the proposed raise in the duty on thorium is adopted.

Monazite sand: As to this raw material of thorium nitrate, of which we also wrote you, our opposition claims that mines of this mineral occur in other States than only in North Carolina and Brazil, and that those mines should be protected.

We would point out that deposits in the places cited are the only practical ones in the world, are very large, easily mined, and run from 40 to 80 per cent pure sand.

An effort has also been made, and is now being made, to utilize deposits of this sand which occur in Idaho, but these are impractical and can never become competitors of the larger deposits owing to the poverty of the mineral carrying the sand, which, according to a prospectus of the Centerville Mine and Milling Company, of Chicago, yields but $1 of sand per cubic yard of earth.

The insignificance of the Idaho mine is furthermore illustrated by the fact that their prospectus asks for subscriptions to $10,000 worth of stock at 20 cents a share.

You will pardon our calling your attention to this matter again, but it is all important with us.

Thanking you for your valued effort in our behalf, we remain,

Yours, very truly,

CAPITAL GAS MANTLE COMPANY,
By GEORGE CARR.

Mr. HEYBURN. Mr. President, to anyone conversant with mining this or any other product, the statement that it will yield only a dollar a cubic yard, made for the purpose of discrediting this, would be rather amusing. One dollar per cubic yard upon the processes of hydraulic mining is pretty rich ground in any claim. If you get 50 cents in gold on a cubic yard, you do not need anything else.

Mr. SMOOT. Or 25 cents.

Mr. HEYBURN. Or 25 cents.

Mr. DOLLIVER. If the writer of this letter had known of the versatility of my honorable friend from Idaho, he would never have ventured into a controversy with him as to the product of a manufacture in his State.

Mr. SMOOT. Mr. President——

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

Mr. HEYBURN. I do.

Mr. SMOOT. I was going to call attention to the fact that the letter states that the advance, of course, would be $2 a pound on thorium. Certainly the writer has not heard or known anything about the amendment the committee have offered, because the price to-day of thorium in Germany is $2.62, and 25 per cent of that is only 65 cents. So I take it for granted that he must have figured upon what the price was a year ago, and the rate of 60 cents specific duty that was proposed by the Senator from Ohio, which of course we have cut out entirely.

Mr. DOLLIVER. Would it trouble the Senator from Utah to state exactly what the committee proposes to protect?

Mr. HEYBURN. If the Senator from Utah does not mind, I should like to call attention to some facts. Here is a letter from the president of the Centerville Mine and Milling Company, which is a company operating its works at Centerville, Boise County, Idaho. It would be very well, I think, for information for it to go into the RECORD under the circumstances. It is dated June 16 and is written from the Chicago office of the company. It is addressed to myself. It is as follows:

I am in receipt of a copy of a letter written to you by Mr. S. K. Atkinson, engineer for the Centerville Mine and Milling Company, at Centerville, Idaho. The letter was in reference to the monazite industry we have been establishing there, and concerning which I wrote to you a few days ago after receiving a telegram from Mr. Atkinson, in which he repeated your telegram to him—

I telegraphed to the mine for the facts—

I want to call your attention to an apparent discrepancy between his letter and mine. In his letter he said the company to date had expended $45,000 on the properties in the Boise Basin. Mr. Atkinson merely referred to the money that has been spent there since he took hold of the mine, but did not include the money spent there during the year and a half that prospecting and preliminary work were being carried on before Mr. Atkinson took charge. This preliminary work—which, besides prospecting, included the building of dams, the construction of ditches, the installation of monitors, and a small concentrating plant, together with the usual corporation expenses—brings the total amount of money invested in the mine at Centerville to date close to $80,000. This, with the additional money that will be spent within the next two months, will bring the total to about $100,000.

In addition to what Mr. Atkinson has told you concerning the values of gold and monazite in the mine at Centerville, when replying to the statement in your telegram that circulars were being sent out stating our sand was worth only $1 per cubic yard, I would like to say that while the statement, made in a sneering way, that the mine contained only $1 per yard in monazite might make the proposition look ridiculous to the uninitiated, yet this statement made to a man who knows anything about recovering monazite or gold from placer mining tells him at once that the mine is a wonderfully rich one, for he knows that reports of the state geological survey of California show that the several scores of big gold dredges operating there are handling material averaging only 17 cents in gold per cubic yard, and the placer mine that will average 25 cents in gold is considered a very rich mine. But add to this $1 in monazite values per cubic yard and it will immediately become apparent to anyone who will study the subject for a moment that the mine at Centerville must be unusually rich in monazite if it runs $1 a yard, since the monazite is concentrated at the same time the concentration is being made for the gold and they are recovered together. Surely, if it pays to sluice a placer mine for gold that runs 17 cents to 25 cents per cubic yard, it will pay to sluice for monazite when the monazite runs $1 per cubic yard, to say nothing of the gold values.

I have tried to bring out this point clearly, since it was evident from your telegram to Mr. Atkinson you were under the impression, from what had been said or circulated, that a mine that ran $1 per cubic yard in monazite was of no consequence. Instead, it makes it one of the richest monazite mines in the world.

When the same letter that was read here, and others like it were brought in, I telegraphed these parties for information that would be accurate on the subject. Mr. Parkyn says:

In no way can we account for the attack on our modest efforts at Centerville, unless people connected with the German thorium trust, realizing the great monazite values we have in the mine at Centerville, are seeking to minimize our efforts and the value of the mine, and are putting up a fight for reduction of the duty on monazite, thus apparently making a fight over the monazite, which is not a very serious matter, while surreptitiously endeavoring to have the duty on thorium nitrate reduced, for the history of the thorium nitrate business in the United States shows that any independent manufacturer of thorium nitrate has been promptly crushed by the thorium trust; and this move against us may be the first indication of a step in that direction, since it must be evident to the trust that if we are allowed to proceed with our work under the protection of a reasonable tariff we will be able to supply the independent manufacturers of thorium nitrate in the United States with their raw material at a price that will enable them to successfully compete with the foreign trust.

Thanking you for the effort you are making in behalf of the company, and again assuring you that should you desire it, one of the officers of our company will gladly go to Washington to give you any additional information, I am,

Yours, very truly, HERBERT A. PARKYN, *President*.

That is the statement of facts in regard to the mine. I have a great deal of detailed information here, and if the subject is to be one of extended and serious consideration, I would be glad to give the Senate the benefit of it.

Mr. DOLLIVER. Are they producing this there now?

Mr. HEYBURN. They are washing it down, but they start a mill the 1st day of July. I was advised yesterday of that fact.

Mr. DOLLIVER. And this $6 a ton is to protect an enterprise that is about to begin operations?

Mr. HEYBURN. Yes; it is the beginning of an enterprise that will continue for a very long time. I will say that that country up there in which this is found, and in which these conditions exist, is probably 30 miles in length. It is the old placer mines, from which, in 1862 and 1863, over $200,000,000 in placer gold was taken out. At that time they knew nothing of the value of this sand, and allowed it to run down with the tailings.

Mr. DOLLIVER. How much is this sand worth?

Mr. HEYBURN. I can give the Senator the exact figures as to the value of the sand. It has varied. The German trust reduced the selling price in this country to $3.50 per pound, but the price prior to that was $6 a pound. So you can see it varies. They practically drove the North Carolina product out of existence.

Mr. DOLLIVER. It is almost a precious metal, then?

Mr. TILLMAN. How many pounds of monazite will it take to make a pound of thorium?

Mr. SIMMONS. Sixteen pounds.

Mr. HEYBURN. That is like asking how many pounds of quartz it will take to make an ounce of gold.

Mr. TILLMAN. No; I presume there must be a relative proportion of thorium in the monazite.

Mr. HEYBURN. I was going to say the sands are not uniform in richness. I presume I could state the average price.

Mr. SIMMONS rose.

Mr. HEYBURN. Perhaps the Senator from North Carolina has it.

The VICE-PRESIDENT. The Senator from Kansas [Mr. CURTIS] had risen to interrogate the Senator from Idaho.

Mr. SIMMONS. I can give the Senator from Idaho information as to the number of pounds of monazite in my State it takes to make a pound of thorium. It takes exactly 16 pounds of monazite as it is recovered in my State to make 1 pound of thorium.

Mr. HEYBURN. I remember now that is the exact figure I have here. The papers I have not in my hand, but that is the information I was prepared to give.

Mr. CURTIS. I should like to ask the Senator from Idaho if he knows the value of the sand; what the sand sells for per pound?

Mr. HEYBURN. That is a matter of calculation. I have the figures here, which I will give.

Mr. CURTIS. Has there been any development of the industry in your State?

Mr. LODGE. On the basis of $3.50 it would be 25 cents a pound.

Mr. HEYBURN. It is really worth more than that. I have here this article [exhibiting]. This sand here is worth a dollar and something a pound. Here is the product, the thorium.

Mr. CURTIS. The report I have before me shows that it is 9 cents a pound. That is the price, I suppose, of the southern product.

Mr. HEYBURN. I can give you the exact figures.

Mr. LODGE. I only wish to repeat the statement I made as to the attitude of the gas-mantle makers. They desire simply if their raw material is raised that they shall be put on an equality. I have letters here from two large makers of mantles in my State. One of them says:

If the raw material * * * is to have a high rate, we believe the gas-mantle fabric and semi or finished mantles should have an equally high rate.

I will not read the whole passage, but I have marked certain passages which I will ask to have printed with the signatures in the RECORD.

The VICE-PRESIDENT. Without objection, that request will be complied with.

The matter referred to is as follows:

KNIT GOODS SPECIALTY COMPANY,
Chicopee Falls, Mass., June 4, 1909.

* * * * * * *

All we ask is an equitable rate on all classes of goods (raw ramie threads, yarns, and fabrics, thorium nitrate, and the semi or finished mantles). If the raw material is allowed free entry, we will not object to the semi or finished goods coming in free. If the raw material (ramie threads and yarns and thorium nitrate) is to have a high rate, we believe the gas-mantle fabric and semi or finished mantles should have an equally high rate.

We are interested in this phase of the matter, as thorium nitrate has to be used to impregnate the gas-mantle fabric we sell to mantle manufacturers located throughout the United States. If these manufacturers should be driven out by the high rate on thorium, there would be no demand for our goods.

We believe there is a great future for the incandescent gas mantle manufacturers of this country, if they are rightfully treated. Will you kindly do what you can to secure this treatment?

* * * * * * *

Yours, very truly,

KNIT GOODS SPECIALTY COMPANY,
F. E. PATTERSON, *President.*

PERFECTED MANTLE COMPANY,
Springfield, Mass., June 7, 1909.

Hon. HENRY CABOT LODGE,
Senate Chamber, Washington, D. C.

DEAR SIR:

* * * * * * *

The point I wish to make is this, that if the duty on thorium is raised there should be a corresponding rise in the duty on manufactured mantles, otherwise the American manufacturer outside of Welsbach will have not only the increased cost of raw material to contend with but will have to face competition of Welsbach and the German trade combined, as the German mantles coming in at a low duty will be able on account of the low cost of labor in their country to easily compete with Welsbach, and unquestionably undersell the other American manufacturers if they are compelled to pay exorbitant prices for raw material.

I will cite one case which has come under my personal observation within the past six weeks, that is, of a large German manufacturer of incandescent mantles for use on kerosene burners, who, in attempting to hold their trade in competition with the kerosene mantle made by our concern, cut the price $2 per hundred and, I understand, are ready to make a further concession if by so doing they can hold their present contract.

By actual tests our mantles have proved of greater efficiency, both in durability and candlepower, than the imported article, yet at a difference of from $2 to $4 per hundred, we can not hope to enter into competition with the imported goods. Even should the duty on raw material be kept on the present basis with no increase, there should, in my opinion, be an increase on the imported manufactured mantle sufficient to offset the difference between the present duty and that on the raw material which we have to pay.

Thanking you for your courtesy in this matter, I am,

Respectfully, yours,

PERFECTED MANTLE COMPANY,
W. S. PRATT, *Treasurer.*

Mr. DOLLIVER. If the Senator from Idaho will pardon me, it appears there never has been but one year in which any of this material has been imported. A rate of 6 cents a pound would make an equivalent ad valorem of 95 per cent.

Mr. HEYBURN. We imported in 1903, 72,990 pounds; in 1904, 71,595; in 1905, 38,274; in 1906, 57,892; in 1907, 88,653.

Mr. CURTIS. Will the Senator permit me a minute on the question asked by the Senator from Iowa? I think the difficulty is that thorium is imported in the form of concentrated solutions of thorium nitrate and classified as a chemical compound.

Mr. DOLLIVER. Monazite sand and thorite as described in the act of 1897 are reported in the book of Imports and Duties under that name, but there appear to be no statistics of the importation except in the year 1902, when 190 pounds, worth $12, was imported and paid a duty of 6 cents a pound, the duty being $11.40, which is an equivalent ad valorem of 95 per cent.

Mr. HEYBURN. I have given the figures of the imports.

Mr. SIMMONS. Mr. President——

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

Mr. HEYBURN. Certainly.

Mr. SIMMONS. I can give the Senator from Iowa the imports into this country of thorium, beginning in the year 1893, if that is what he desires.

Mr. HEYBURN. I will say to the Senator that I have just read that table from 1893 to 1897. I should like to give the information requested by the Senator from Kansas. I have it in compact form.

I have here the comparative cost of thorium in the United States and Germany. In the United States 16 pounds of monazite make 1 pound of thorium, at 16 cents, $2.56. In Germany, 16 pounds of monazite, at 7 cents, make $1.12. The cost is, in Germany, $1.12, as against $2.56, leaving the advantage in favor of Germany in the cost of monazite $1.44.

Then there are other advantages in Germany than those of labor. They have cheaper raw material. They take the monazite sent from Brazil and other countries to Germany, and from Germany export it to this country, so it does not come directly from Brazil in quantities.

When Americans began the manufacture and sale of thorium a few years ago, the price of thorium was $6 a pound. Then the German syndicate suddenly lowered it to $3.50 per pound. The Americans were consequently compelled to suspend manufacturing. Then the price was advanced by the Germans to $4.80, and when the manufacture was resumed the price was recently again reduced to $3.70. That is the way they have been playing with our market, because of conditions that have existed. The American producers have not been well equipped heretofore for cheap production or for profitable production.

I have the report of the United States Geological Survey in regard to this matter, but I doubt the necessity or wisdom of entering into it.

Mr. SIMMONS. We can not hear the Senator over here.

Mr. HEYBURN. I say I have the report of the United States Geological Survey in support of this statement, and other authentic information, but I had thought it was not necessary to go into this question at length, inasmuch as the amendments I have offered have been accepted by the committee. They have given a great deal of investigation to this question and are thoroughly familiar with it. There has been a bringing together of various conflicting interests here and harmonizing all of them, until every element, from the producer of sand to the manufacturer of the product, is satisfied with this result.

Many of the letters which Senators are receiving were written before this amendment was perfected, in anticipation of a less favorable condition. The amendment is the result of a general agreement among parties that they shall receive a fair measure of protection and at the same time protect the producer of this country and tend to build up an independent source of production that will not leave us at the mercy of the foreign market.

Mr. BULKELEY. Mr. President——

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

Mr. HEYBURN. Certainly.

Mr. BULKELEY. Mr. President, the use of these nitrates in this country, I understand, is very limited. The use at present is almost entirely confined to the manufacture of mantles for gas or kerosene burners. The product is practically indestructible, along the same line as asbestos, and it is used for that reason in the manufacture for the filaments of the mantles. It is not destroyed. The sale of the mantle after the thread filaments are destroyed, all these nitrate products, is just as great as the sale of the original product itself.

All the remonstrances that have come here are apparently of a stereotyped character, and they have all come from gas companies, that are not usually looked to for really valuable information in the interest of the public.

Mr. CURTIS. Now, if I may interrupt the Senator——

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

Mr. HEYBURN. Certainly.

Mr. CURTIS. I will state to the Senator the objection I have received to the increase of this duty comes from the dealers in mantles, the small dealers. I have received a large number of letters from them; none from gas companies, but from dealers in mantles.

Mr. BULKELEY. I will say that the letters that were read from the desk were what I referred to. I have several of the same character myself.

Mr. CURTIS. I have received a number of such letters.

Mr. BULKELEY. I am not opposing a duty on this article, even for the protection of the mantle manufacturers. I shall vote for it, as I have voted for every protective duty that has been presented to this Senate.

Mr. BEVERIDGE. Mr. President——

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

Mr. HEYBURN. I do.

Mr. BEVERIDGE. Just for a question. If we do not produce as much as we consume in this country, that is one of the cases, I guess, where all protectionists agree that the duty would be added to the price. That, I believe, is correct, is it not?

Mr. HEYBURN. I had not called attention to this production, but its extent would probably surprise the Senator somewhat. It is not very large, because it is not the character of product that runs up into the millions of tons. In 1893 we produced in the United States 130,000 pounds only; in 1894 we produced 546,855 pounds; in 1895 we produced 1,573,000 pounds. Then we ran up against the German competition, and it was cut down in 1896 and 1897 to 30,000 and 40,000 pounds, respectively; but the uses for the product were growing and multiplying, so that the influence of German competition was not so disastrous or potent, and it began to grow up again. In 1898 we produced 250,776 pounds; in 1899 we produced 350,000 pounds; in 1900 we produced 968,000 pounds. We dropped down to 748,000 in 1901; in 1902 we went up to 802,000; in 1903 to 865,000; in 1904 we produced 745,000, but we produced some by-products that year in the same line. In 1905 we produced 1,352,418; in 1906 we produced 847,275; and in 1907 we produced 548,152 pounds. Now we are struggling backward and forward with the German market.

Mr. BEVERIDGE. It would appear, then, Mr. President, that this is a pretty far-reaching industry at present under the existing rates, unless the Senator means to absolutely shut out all competition of every kind; but, even then, enough is not produced for our use. Where that happens to be the case it is one of the few instances where all protectionists believe that the duty is added to the price that goes into the mantles. These mantles go into every common home in the land. It means, in the end, especially if you also not only increase the duty upon the raw material, but upon the mantles, that the persons who will be injured will be the people who buy the mantles. By the way, may I ask from what was the Senator reading?

Mr. HEYBURN. I was reading from the geological report of the Government of the United States.

Mr. BEVERIDGE. Just one thing before the Senator sits down, and that was called to my mind by the remark of the Senator from Connecticut [Mr. BULKELEY], or perhaps by the remark of the Senator from Idaho himself, as to where this appeal comes from; that it was from the manufacturers of gas mantles, and that the people who buy them have not appealed to us. Well, I have heard that statement repeatedly in reference to nearly everything, that the people themselves are not asking for it. How are they going to do so, as a practical matter? There is nothing more foolish. A family buys a mantle, and because they do not write to the chairman of the Committee on Finance from all over the United States asking for a reduction it is said that the people are not demanding it. The truth about it is——

Mr. HEYBURN. The Senator will thank me for saying to him that the people do not buy the mantles at all, but that the gas companies supply the mantles.

Mr. BEVERIDGE. I suppose the people come into this at some place, do they not?

Mr. HEYBURN. No; except in the use of them.

Mr. BEVERIDGE. It is another place where the people have nothing to do with the tariff.

Mr. HEYBURN. I do not know whether the people in the country with which the Senator is familiar use these mantles or not or whether he ever saw them used.

Mr. BEVERIDGE. I intend to read a short letter in a moment——

Mr. HEYBURN. Let me finish this statement.

Mr. BEVERIDGE. I shall not do so now, but after the Senator has gotten through I intend to present it. The matter is called up by what the Senator has read, that the resistance to this increase was evidently the machination of some manufacturers.

Mr. HEYBURN. The Senator is mistaken. I have not stated that. Some other Senator suggested that it might be construed in that way.

Mr. BEVERIDGE. The Senator did not, but it was something which he read.

Mr. HEYBURN. I was merely reading from a letter. If the Senator is not familiar with the use of this particular article, I think he would find it safe to advise himself about it. This mantle stands between coal oil and candle and electric light. It is an intermediate stage of the growth of the lighting processes of this country. We see more of it on the frontier, a great deal more in those new countries than you would see here; perhaps you would see more of it in a month than you would see here in a lifetime. Where facilities for producing electric light have not yet been brought about, they use these mantles or these various substitutes for gas or for gas burners. The use of them passes away as fast as they can get electric lights.

Mr. CURTIS. I should like to ask the Senator from Idaho if he knows how many people are engaged in this industry?

Mr. HEYBURN. I could very readily ascertain. I have the data here. If the Senator thinks it important, I shall try to get the information for him.

Mr. CURTIS. If there are only a few, of course——

Mr. HEYBURN. Mr. President, there are a great many, and there will be a great many more. The question is, Shall we develop a great home industry and produce an article of necessity, or shall we allow its production to go unprotected or unencouraged until some other tariff bill is made, and in future bring this article from abroad?

Mr. CURTIS. It has had protection for ten years, and there has not been much development of the industry.

Mr. HEYBURN. Mr. President, there are very many things that have not been developed in this country, especially in the mountainous country; and that is not surprising. It has been four years since these parties had their first suggestion, out of which their enterprise has grown. They have not been idle a day. They have been industriously engaged in bringing together the necessary conditions. There are a great many miles of flume—I will not undertake to say offhand how many, but probably 30 miles—which they cut from the solid rock. Those people have been working day and night to prepare themselves to produce this article, and I have the absolute facts here.

I have photographs of the buildings in process of construction, of the great rock cuts coming down through those mountains, that were constructed by the hand of labor, hammer, and drill. It has taken pretty nearly four years to bring together the elements that will make a success out of this enterprise. That will go on being repeated for years in the mountainous countries.

The Geological Survey says that there are many States containing these deposits. Let us see what they say:

> Appreciable quantities of monazite are found in gravel and sand beds in parts of California, Colorado, Idaho, Indiana, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

From all of those States the Geological Survey has brought actual test results, and you can get just as extended information—yes; there may be monazite mines in Indiana; and then the Senator had better be a little cautious how he denounces an enterprise that may some day be demanding his attention——

Mr. BEVERIDGE. Mr. President, the industries of Indiana do not ask that the entire American people shall be taxed for their special and particular benefit where the duty does go onto the price, as in this case.

Mr. HEYBURN. I am sorry to say that there was some evidence of that last fall, but the Senator is not in sympathy with it.

Mr. BEVERIDGE. I did not understand the Senator.

Mr. HEYBURN. There was some evidence of the fact that they did not need any protection, or thought they did not, last fall. That is not said in the way of reproach, but it is a justifiable pleasantry.

Now, Mr. President, I do not believe that the Senate desires that I shall go at greater length into this question. I desire to place in the RECORD, with the consent of the Senate, two letters in the form of statements that will convey some information.

The VICE-PRESIDENT. Without objection, the statements will be printed in the RECORD as requested.

The statements referred to are as follows:

SWORN STATEMENT OF ALEXANDER P. WHITE IN REPLY TO IMPORTERS AND MANTLE MAKERS.

CITY OF WASHINGTON, *District of Columbia, ss:*

Alexander P. White, being duly sworn according to law, deposes and says that he is the vice-president of the National Light and Thorium Company; that the said company with great effort and expense successfully established the manufacture of thorium from monazite sand; that in the year 1905, when the company began the production of said material on an extensive scale, it manufactured and sold upward of 25,000 pounds of a total consumption in this country of about 150,000 pounds; that in that year the lowest price in the United States of the thorium exported from Germany by the German trust, which controls the product outside of the United States, was $6 per pound; that coincident with the marketing of the said 25,000 pounds the imports of the material declined from 71,595 pounds the previous year to 38,274 pounds in 1905; that thereupon the said German trust reduced the selling price in this country to $3.50 per pound, thus compelling deponent's company to suspend manufacture, whereupon the imports rose to 57,892 pounds in 1906 and 88,653 pounds in 1907, after which the price was advanced to $4.80, at which price it remained until after the publication of the Payne tariff bill. Thereupon the price was again reduced and the material sold at prices varying from $3.40 to $3.70, which is less than the cost of production in United States. Coincident with this last reduction the agents of said German trust announced that they had the American producer where his "career was at an end," and that it was to the interest of the consumer to trade only with agents of said trust, lest his supply be cut off.

At the same time the said trust's agents bid up the price of mantle-factory waste, from which the thorium contents are recovered, to prices beyond its value, the avowed object being to prevent it from going into the hands of the domestic thorium producers. (See letter of Bauer to Solar Light Company, January 22, 1909, and affidavits of Granger Hartley and C. B. White.)

Deponent avers that systematic and persistent efforts by falsehood, intimidation, and coercion have been made by agents of said German trust to destroy the business of deponent's company, and, he is informed, also the business of other concerns competing with said German trust. (See letter from Peerless Light Company, Chicago, to Chemical Refining Company, March 11; letters Hipwell Manufacturing Company to same company February 1, February 11, and March 4, 1909.)

Deponent further states that, in pursuance of the efforts to destroy the business of his company, it has been subjected to serious inconvenience and great loss and damage by interference with the conduct of its manufacturing operations. By persons unknown, its employees have been corrupted. Substances of a highly deleterious nature, such as calcium (lime), were on different occasions secretly introduced into the unfinished compounds, causing great trouble and loss and involving unusual trouble and expense in order to guard against repeated attempts to ruin its business.

Deponent also states that if the industry is protected by a tariff duty, all the thorium nitrate, amounting to about 150,000 pounds per year, consumed in this country can and will in time be produced from monazite sand mined in this country. Deponent has spent months in the mountainous regions of North and South Carolina, engaged in an investigation of the occurrence of monazite in those States; that its presence is easily observed, and that he has seen it on areas extending over several hundred square miles; that the United States Geological Survey Report of 1907 states that the field covers 3,500 square miles; that it has been commercially mined there continuously since 1894, and that owing to the extent of the deposits it can not be controlled by any trust or combination. Deponent also is credibly informed that it also occurs in many of the Western States, and that it is especially abundant in Idaho, where the industry of mining it has also been established.

Deponent also states that the proposed duty of 60 cents per pound and 45 per cent ad valorem will not prohibit imports; that since the Germans can produce thorium for $2 per pound, the duty will not even fully restore the price in this country to the price existing prior to March of this year; that the proposed duty can not damage the mantle manufacturer, especially since it adds but about a quarter of a cent to the mantles which retail from 10 to 35 cents each.

Deponent also avers that the larger manufacturers of mantles not affiliated with the said German trust are in favor of a duty which will preserve the thorium industry and maintain competition in this country. Deponent is informed and believed that some of the mantle makers have been coerced into making remonstrance against the proposed duty by intimation that their supply will be cut off when the American manufacturers are forced out.

Deponent also believes that it is not the intention of the said German trust to keep down the price longer than necessary to destroy the American industry, and that after competition here is thereby removed, the price will be restored or an attempt made to control the production of gas mantles in this country.

Deponent also avers that there are no combinations among the thorium manufactures; that they are in open and unrestrained competition; that the industry is open to all with energy and capital; that the processes of manufacture are widely known, and neither the processes nor devices used for the practice thereof are controlled by patents.

ALEXANDER P. WHITE.

Sworn and subscribed to before me this 8th day of June, 1909.
[SEAL.] BENJ. VAIL, *Notary Public.*

BOISE COMMERCIAL CLUB,
Boise, Idaho, June 14, 1909.

Senator W. B. HEYBURN,
Washington, D. C.

DEAR SENATOR: Mr. Atkinson has informed me that he has received a telegram from you in regard to his monazite mine, stating that circulars are being sent out discrediting his property. In order to offset what these blackmailers are saying, I want to state that there is no question but what they have a large amount of monazite in their ground; that they are developing the same in a systematic way and are constructing a large plant to treat not less than 300 tons per day, which will be in operation not later than July 1. The men interested in the proposition are prominent and reliable business men; they are spending a great deal of money in this section for labor and supplies, and are paying their bills promptly.

I have seen a copy of the letter which Mr. Atkinson has written you, and in order that there will be no misunderstanding I want to explain where he states that the virgin ground carries an average value of 50 cents per ton in gold. This, as you know, is extremely rich placer ground and could be worked without any by-products, but, owing to the fact that part of this ground and adjacent ground was worked in the early days, when only rich pockets were being taken out, nearly their entire ground is covered with tailings, and in order to get at the virgin ground these tailings must be moved. This could not be done if it were mined for gold values alone, but by saving the monazite and other precious metals they can also mine the rich ground which has not been touched. They hydraulic about 1,000 yards per day, and after this has gone over the grizzlies about 300 tons of the fine stuff is run through their mill, from which the monazite is extracted. From this you can readily see that the ground does not average 50 cents per yard in gold, and it must be mined for all the metals which are contained in there in order to make it pay; but with the method they are using, and under the excellent management of Mr. Atkinson, I am confident that they will make a success, and I trust you will use every effort to prevent any reduction in the tariff on this metal, as well as convince the blackmailers that the proposition is absolutely legitimate.

Yours, truly,
A. E. CARLSON,
President Boise Commercial Club.

Mr. BURTON. In connection with the discussion of the monazite question, I ask unanimous consent that the pamphlet issued by the National Light and Thorium Company, which I send to the desk, be inserted in the RECORD.

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

The matter referred to is as follows:

FIGURES AND FACTS V. INNUENDO.

Many hundreds of copies of the circular letter reproduced below are being sent to gas companies, dealers in gas mantles and gas appliances generally, with the request that they be signed and sent to Members of the United States Senate and House of Representatives.

It will be noted that the circular omits to state—

That the proposed increase in duty will not even fully restore the price of thorium nitrate to the price prevailing ninety days ago, when the German trust cut the price in order to destroy the American competition. (See affidavit and correspondence following.)

That the price was then, and had been throughout the year 1908, $4.80 per pound.

That on the basis of the present entry value, $2.60, plus the proposed duty, $1.77, the cost would be $4.37, or 43 cents less than the price the past year.

That the proposed increase over the present price is equal to only about one-fourth of a cent on a mantle, which is sold to the consumer at from 10 cents to 35 cents each.

That the reduction in the price from $6.13 per pound, the price in 1906, was brought about by the competition of the thorium manufacturers—the same interests whom the petitioners would for a selfish purpose now strike down.

That the Germans did not reduce the price for the benevolent purpose of helping the consumer, and that the price will undoubtedly be advanced when the competing thorium manufacturers are destroyed, which is inevitable unless protection is extended.

That the failure to protect the thorium industry will destroy also the monazite industry and deprive several thousand persons in the remote regions of the Carolinas of means of earning a livelihood by mining monazite. The industry is already practically at a standstill. It will also prevent the development already underway in the Western States.

The circular referred to is as follows:

To the Hon. ———,
Washington, D. C.

DEAR SIR: Our attention has just been called to the fact that there is an amendment offered to the tariff bill that is now before the Senate, recommending that the duty be increased on thorium nitrate from 25 per cent to 45 per cent plus 60 cents per pound additional. You are no doubt aware that thorium nitrate is used largely, in fact, is the most important element, in the manufacture of gas mantles, and all the supply of this product is refined in Germany, taken from monazite sand found on the east coast of Brazil. Some monazite sand is found in North and South Carolina, but we understand that this supply is practically controlled by one concern in this country, who are also the only refiners of monazite sand here. We believe that this concern is connected or controlled by one gas-mantle manufacturer in this country, and that they are behind the movement to increase the duty on thorium in order to shut out the foreign product, and by so doing give them a monopoly in this country. This would result probably in closing down all the independent gas-mantle manufacturers in this country.

There can be no good reason given why the duty should be increased on thorium, except to claim protection to a few who may be fortunate enough to own monazite-sand lands here or encourage the refining of monazite sand in this country. As to the former, like other rare earths, monzanite-sand fields will be worked when found in sufficient quantity to warrant it, and, as to the latter, if all the thorium used in this country was refined here, it would not require the services, we believe, of more than 100 men yearly, and this would not in any way offset the number that would be thrown out of employment by shutting out the independent manufacturers that must necessarily follow if the duty be more. Furthermore, it would act as a direct check on the gas-lighting business in this country and become a burden on nearly every household and merchant in all the cities throughout our land.

Therefore we appeal to you on behalf of the citizens of this community, which we serve, as well as this company, to use your best endeavor to defeat this amendment, and further recommend *that the duty be increased on manufactured gas mantles, thorium nitrate be treated as a rare material, and put on the free list.* By so doing you will not only be encouraging the manufacturing of gas mantles in this country, that will mean the employment of many extra men here, but at the same time will have the effect of decreasing the cost of gas mantles without injury to the mantle manufacturers, and become a great benefit to the gas industry and the users of gas for lighting in this country.

Yours, truly,
——— ———.

(Note that instead of making definite and specific statements from knowledge the circular says "we understand," "we believe," and so forth, depending merely on innuendo for the impression.)

Few of the people induced to sign these remonstrances know anything about the thorium industry. They know that thorium is used

for incandescent gas mantles. They do not know, however, that the industry in Germany is in the absolute control of a trust that brooks no opposition, and that persistent and systematic efforts have been made to destroy all competition.

Bearing on the policy of the German trust, we quote from Mineral Industries, 1906, volume 15, which can be seen in any large library:

"In January, 1906, the German thorium convention, which controls the monazite and thorium nitrate industry, decided to kill all competition in thorium nitrate by suddenly dropping the selling price to $6.43 per kilogram less 3 per cent discount. Early in 1894 thorium nitrate was sold at $476 (equal to $216 per pound) per kilogram, but dropped in price year by year, being maintained during the period from May, 1904, to January, 1906, however, at $12.61 per kilogram. The sudden drop spread consternation throughout the gas-mantle manufacturing trade. The result has been disastrous to the small thorium works outside the ring with large stocks of high-priced material on hand. Some suspended operations, others went bankrupt, and the thorium convention was left completely master of the situation."

The following specimen letters and affidavits reveal the methods of the importing agents of the German thorium trust to destroy competition in this country:

F. M. BAUER,
New York, January 22, 1909.

SOLAR LIGHT COMPANY, *City.*

GENTLEMEN: This letter is to ask if you will kindly let me know at what price I can buy clippings and ash from you.

It is very important that the clippings and ash should not be sold to the domestic thorium manufacturers, as I find out that they manufacture cheap thorium, and sell the same to mantle manufacturers, putting them in a position to make a cheap product, and undersell you in the market right and left, and by so doing ruin the price of mantles.

It is the utmost interest to you that this should be done away with, and I request you to write me in confidence advising me at what price you will sell me ash, and in this connection I beg to say that I can pay $4.25 for ash and for clippings $1.75.

Hoping to hear from you, I am,

Yours, very truly, F. M. BAUER.

(Mantle clippings are the portions trimmed off mantles to make them symmetrical. "Ashes" represent mantles broken in process of manufacture. Both these things correspond in this art to scrap iron in the iron industry.)

STATE OF NEW YORK,
City and County of New York, ss:

Arthur Otis Granger, president Auer Incandescent Light Manufacturing Company, Montreal, Canada, being duly sworn, deposes and says: That on March 23, 1909, he held a conversation with F. M. Bauer, one of the agents of the German thorium convention, the subject of said conversation being the question of the supply of thorium nitrate to said deponent. Said Bauer informed said deponent that the *price of thorium nitrate had been reduced for the purpose of "freezing" out the manufacturers of domestic thorium nitrate;* that they, the importers, were now in such a position that they could prevent the domestic manufacturers from *securing a supply of raw material,* and that, in consequence, they would be driven out of business; that the foreign manufacturers, his principals, controlled the *only available sources of raw material,* Brazilian monazite, and that the career of the domestic manufacturers was *at an end,* or words to that effect.

ARTHUR OTIS GRANGER.

Sworn and subscribed before me this 20th day of May, 1909.

[SEAL.] F. W. ELLIOTT,
Notary Public.

PEERLESS LIGHT COMPANY,
Chicago, March 11, 1909.

CHEMICAL REFINING COMPANY,
Brooklyn, N. Y.

GENTLEMEN: We wish to report to you that we are being offered $4.40 per pound for mantle ashes and $2.20 per pound for trimmings. Kindly advise us how you wish us to handle this matter in the future. Do you want us to ship the goods in the future at this price?

We understand that *the importers are working hard to keep you from producing thorium, and we have helped you at our own disadvantage right along in sending you this material,* but we hope that you will be in a position to meet other quotations for the time being. We understand that unless you do some tall thinking you will lose 250 pounds of ashes, which is on hand at the office of the People's Gas Light and Coke Company of Chicago, as they will sell it for $4.40 if you don't get after them.

Yours, truly, PEERLESS LIGHT COMPANY,
A. S. HIRSKOWITZ, *Secretary.*

MONAZITE QUANTITIES.

Concerning the status of monazite, the mineral from which thorium is made, we quote from the reports of the United States Geological Survey. The report for the calendar year 1907 says:

"Up to the present time the production for commercial purposes has come entirely from North Carolina and South Carolina. The area in which deposits of monazite of commercial value have been found in these States lies in the central part of western North Carolina and in the extreme northwestern part of South Carolina. This area covers about 3,500 square miles and includes part or all of Alexander, Iredell, Caldwell, Catawba, Burke, McDowell, Gaston, Lincoln, Cleveland, Rutherford, and Polk counties, in North Carolina, and Cherokee, Laurens, Spartanburg, Greenville, Pickens, Anderson, and Oconee counties, in South Carolina."

It is obviously impossible to control this great territory.

The report for the same year (1907) also states:

"Appreciable quantities of monazite are found in gravel and sand beds in parts of California, Colorado, Idaho, Indiana, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. In samples of sands from some of these States the tests made by the United States Geological Survey concentrating plant at Portland, Oreg., indicated rich deposits. In Idaho samples of sands tested indicated a wide occurrence of monazite and zircon, often associated with gold, in the gravels. Near Centerville, in the Boise Basin, Idaho, mining for monazite was undertaken in 1906 and continued in a small way through part of 1907."

* * * * * * *

In 1907, as compared with 1906, there was a decrease of 204,207 pounds in quantity and of $86,558 in value. This large decrease in production is due to several causes, among which were the small amount of mining done by some of the companies as compared with 1906, and the closing out of one company in the first half of the year 1907. The lack of activity in mining was brought about by the continued low price of thorium nitrate, with a consequent drop in the price of monazite from 18 to 12 cents per pound for refined sand.

HOUSE OF REPRESENTATIVES,
Washington, June 9, 1909.

Mr. A. P. WHITE, *Washington, D. C.*

MY DEAR SIR: I have been informed that the importers of thorium are claiming that the monazite mines of North Carolina are exhausted. This, to my own knowledge, is untrue. The mines have been abandoned on the ground that the monazite miners have been unable to compete with the prices established by the German manufacturers of thorium nitrate. The monazite in North Carolina occurs in an area embracing many square miles, and it is my opinion that it would be a physical impossibility to exhaust it in many years of extensive operation. In short, I think there is enough there for everybody, and that it is only a question of greater wages as to how much is taken from the earth. I hope the industry can be protected, as it affords employment to many people in the remote parts, who need it.

Respectfully, JOHN G. GRANT.

(Mr. GRANT represents in the House the Tenth North Carolina District, in which there are large deposits of monazite.)

The thorium manufacturers in the United States are as follows:

National Light and Thorium Company, Youngstown, Ohio.
Chemical Refining Company, Brooklyn, N. Y.
Thorium Chemical Company, Maywood, N. J.
Welsbach Light Company, Gloucester, N. J.

These factories are at present producing only about enough to maintain their organizations. The Welsbach Light Company uses its thorium product; the others sell it.

Some of the mantle-manufacturing concerns, which are widely scattered about the country, already are practically dominated by the German thorium trust.

For several years until the current year about as much thorium was produced in this country as was imported. Now production is practically at a standstill here. If the Treasury statistics be examined, it will be found that the German trust rushes thorium into this country when it nominally drops the price abroad.

Respectfully submitted.

NATIONAL LIGHT AND THORIUM CO.,
By A. P. WHITE, *Vice-President.*

YOUNGSTOWN, OHIO.

SYNOPSIS OF ARGUMENTS FOR INCREASED DUTY ON THORIUM.

Price of imported thorium, including 25 per cent ad valorem duty under the Dingley law:

	Per pound.
1900	$4.60
1901	4.60
1902	4.60
1903	5.45
1904	6.10
1905	6.13
1906	3.70
1907	4.55
1908	4.80
1909	3.87

The average price of thorium for the past five years (1904 to 1908) has been $5.05 per pound.

The price during 1908 was $4.80 per pound.

The present entry price ($2.60 per pound) plus the proposed duty would be $4.16 per pound, or 64 cents less than the price in 1908, and 89 cents below the average price for the past five years.

Prior to the Dingley law, thorium was not an article of commerce. Under the Dingley law thorium has been dutiable at 25 per cent ad valorem under the blanket provision for chemical compounds.

In general use there are two sizes of mantles: One is 3½ inches long, the other 4½ inches long; the diameter of all sizes is uniform, being about 1½ inches; 60 per cent of the mantles used are of the 3½-inch size; these run from 275 to 375 per pound of thorium.

The remaining mantles (the inverted styles) run about 400 to 550 mantles to a pound of thorium. The average of thorium in all sizes and styles is about 15 grains of thorium to each mantle. This makes the total cost of thorium to each mantle about 1 cent.

Until the expiration of the patents, mantles retailed at from 15 cents to 50 cents each. At this time thorium was selling at around $14 per pound.

Since the expiration of the patents, from 1898 to 1900, the retail price has remained practically stationary at from 10 cents to 35 cents each.

Mr. SIMMONS. Mr. President, I do not desire to discuss this question. I simply want to make a statement as to this industry in my State. Most of the facts that I desired to call to the attention of the Senate have already been recited by the Senator from Idaho [Mr. HEYBURN]. I will content myself simply with the statement that in recent years the recovery of monazite sand and the production of thorium nitrate, a product of these sands, has become a very important industry in about a dozen counties in my State. The Geological Survey, referring to the industry in North Carolina, said it is scattered in that State over an area covering about 100 square miles. Much capital is invested in manufacturing thorium and many men are employed in recovering the monazite out of which it is made. In some localities of my State it is one of the chief industries.

I know, Mr. President, that at one time that industry in my State was a very prosperous one. At the time it was started thorium was selling in this country at $6 a pound, and at that price the production of both monazite and thorium was remunerative; but in recent years the price has fallen, until thorium is now selling for only about $3 a pound, that being less than the cost of production. As a result of that, I am advised by

representatives of this industry in my State that nearly all the plants in that State had to be closed, and but few are now in operation. They advised me that it is utterly impossible for them to meet the prices of the foreign thorium trust.

As the Senator from Idaho has shown, during the last three years the importations of thorium into this country have very greatly increased, growing from 38,274 pounds in 1905 to 88,653 pounds in 1907—more than double. During this period the production in this country of monazite, out of which thorium is made, has correspondingly fallen off.

The domestic production of monazite sand in 1905 was 1,352,418 pounds, and in 1907, 548,152 pounds; that is to say, Mr. President, that in the last three years the importations of thorium have doubled and the domestic production of monazite sand has fallen off about two-thirds.

The men who are engaged in these industries in my State are men of the highest character. They are among the best citizens in the section in which they live, and are entirely reliable. I have felt that it was due them that I should present to the Senate these general facts with reference to their business, as they have presented them to me.

Mr. BRISTOW. I desire to ask that the letter which I send to the desk, bearing upon this question, be read.

The PRESIDING OFFICER (Mr. GALLINGER in the chair). In the absence of objection, the letter will be read as requested.

The Secretary read as follows:

THE SUNSHINE MANTLE COMPANY,
Chanute, Kans., June 1, 1909.

Senator JOSEPH L. BRISTOW,
Washington, D. C.

DEAR SIR: We are informed that an effort is being made to have the duty on thorium nitrate raised quite materially; in fact, so much as to practically stop the importation of this article.

As you know, thorium nitrate is extracted from monazite sand. There is some monazite sand found or mined in this country, but only a little, and that is found in North and South Carolina and in Virginia. We understand also that a company in this country has practically a monopoly on this monazite sand. This being so, a material advance in the duty on thorium nitrate would work a great hardship on probably 99 per cent of the manufacturers of gas mantles in this country, for thorium nitrate is the principal ingredient in gas mantles.

The company that has a monopoly on this monazite sand in this country is directly interested, or very closely identified, we understand, with the Welsbach Company. Hence an advance in duty on thorium nitrate would work to the advantage of the Welsbach Company and greatly to the disadvantage of all other companies in the United States manufacturing mantles. The Welsbach Company is only one of probably 100 or 125 different concerns in this country manufacturing mantles; and while their production is probably the largest of any one factory, still the combined output of all the factories aside from the Welsbach makes a large majority of the mantles manufactured in this country.

The thorium nitrate used by the factories other than the Welsbach factory is imported from Germany, the monazite sand being found or mined in Brazil and shipped to Germany, where the thorium nitrate is extracted. Should the advance in duty on thorium nitrate which is sought at this time by, we will say, the Welsbach Company, or those interested in this company, be brought about, it will mean that the other factories in the United States will be compelled to close up because of the fact that the Welsbach Company would then be in a position to undersell us to such an extent that we could get no business, or if we got business, get it at absolutely no profit.

If this condition should prevail again, as it did prevail some ten or fifteen years ago, when the Welsbach Company had the entire field, the prices would very likely advance, until the consumer would be paying from 30 cents to 50 cents for a mantle which he can now buy for from 10 cents to 25 cents. We all know that fifteen years ago the prevailing price of an incandescent gas mantle was 50 cents. At that time the Welsbach Company had no competition. To-day the prevailing price of a gas mantle is not to exceed 15 cents. This reduction has been brought about by competition, and we certainly hope you will do what you can to prevent the advance in duty on thorium nitrate, which would bring about a condition which prevailed some twelve or fifteen years ago and which would also be the cause of driving out of business something like 100 prosperous industries scattered over the United States.

There are two factories in the State of Kansas manufacturing gas mantles, one at Wichita and this one here. And I believe I can safely say that we will be compelled to go out of business if the duty on thorium nitrate should be advanced to the figure sought by those now endeavoring to have it advanced.

We sincerely hope you will consider the vital importance this matter is to all of the mantle manufacturers using German thorium, and that you will use your influence to the extent of your ability to prevent a condition being brought about that will work a hardship or injustice to a lot of manufacturers in favor of some one or two manufacturers. The industry of extracting thorium nitrate from the monazite sand is as nothing compared with the industry of manufacturing gas mantles. So it appears to us there can be no argument in favor of protecting that very small industry of extracting thorium nitrate from the sand, especially in view of the fact that a protective tariff to protect that industry would be the means of practically destroying larger and more important industries.

Believing that your every effort will be to bring about results that will do the greatest good to the greatest number of our citizens, we are,

Yours, truly,

THE SUNSHINE MANTLE COMPANY,
SETH J. BAILEY, *President.*

Mr. BRISTOW. Mr. President, it was said by some Senator in discussing this question that these letters were practically machine made, and all alike. I had the letter read to demonstrate that they are not coming from one source. There is a manufacturing establishment in Kansas that feels this increased duty will work a great hardship and would compel it, in a measure, to buy the raw material which is used in the manufacture of such mantles from its competitor, which is a strong institution in this country. I think it is very unjust to enact such legislation. I ask that the letter which I now send to the desk may be printed in the RECORD. It is an argument along the same lines, but not a stereotyped letter.

The PRESIDING OFFICER. In the absence of objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

THE INCANDESCENT LIGHT AND SUPPLY COMPANY,
Wichita, Kans., May 21, 1909.

Hon. J. L. BRISTOW,
Washington, D. C.

DEAR SIR: We understand an effort is made by the miners of monazite sand of North Carolina to have the duty on thorium nitrate raised so as to practically stop importations of the same.

We wish you to take such steps as are necessary to prevent this for the following reasons:

Monazite sand is the raw material for thorium nitrate. It is found in North and South Carolina, and Virginia, in North America, and in Brazil in South America. The North American product is almost exclusively bought and worked up into thorium nitrate by the Welsbach Company, of Philadelphia, Pa., and Gloucester, N. J. The Brazilian sand is shipped almost exclusively to Germany where it is converted into the thorium.

We being competitors of Welsbach, can naturally not buy our thorium from them, which in its turn forms the raw material for our product, incandescent gas mantles. We must therefore draw our supplies of thorium from Germany, and if the imported product is raised in duty, and therefore in cost to us, it will favor our said competitor unduly, in fact, may drive us out of the market, as he could sell his finished mantles at a large profit below our cost.

The output of incandescent gas mantles is hard to establish accurately, but for the purpose of this argument, and based on the most generally accepted opinion, we will assume that the 80 or 90 mantle manufacturers who use imported thorium produce a total of 50,000,000 mantles per year, against a yearly production of 30,000,000 mantles of the Welsbach Company.

The manufacture of thorium nitrate is extremely difficult and expensive, and there are but a very few chemists in the world capable of producing a serviceable nitrate. There are probably only five or six, of which the Welsbach Company has one, while the others are employed in European factories.

It would therefore be impossible for us in any contingency to manufacture our own raw material, especially also because the deposits of monazite sand which occur in this country are largely controlled by Welsbach.

Should Welsbach through the tariff obtain a monopoly of the manufacture of mantles in this country, this would have an effect on the consumer which can perhaps best be judged by the record of the past.

From 1890 to about 1898, Welsbach had the mantle field to himself, with the exception of some small and unimportant competitors from whom he had nothing to fear. His prices to the public at that time ranged from 35 to 50 cents per mantle. These prices have since then, through growing competition, been reduced until similar quality of mantles can now be bought from 10 to 15 cents. It is not an unreasonable assumption that in the aforesaid event consumers would have to pay the former excessively high prices. Gas mantles having become a staple article, almost as necessary as sugar and coffee, practically every citizen of the United States would necessarily suffer.

As our existence is at stake, we recommend this most important matter to your most careful attention and effort.

Yours, very truly,

THE INCANDESCENT LIGHT AND SUPPLY COMPANY,
F. A. REED, *Secretary.*

Mr. BRISTOW. It seems, Mr. President, that an effort has been made to satisfy the manufacturers of mantles by increasing the duty on imported mantles; that is, it is proposed to increase the duty on the raw material from which the mantles are made, and then, in order to satisfy the manufacturer, who has to pay more for the raw material or buy it from his competitor, it is proposed to increase the duty so that he can sell his product enough higher to make up the additional cost which he has to pay for his raw material. The public, which uses these articles, is being milked for the benefit of a few establishments under this schedule, the same as it has been in hundreds of other items that have been enacted into this bill. For one, I want to stand here and protest against it as unjust to the American people and to those who are compelled to buy these articles that are used in every home where gaslight is used.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

Mr. DOLLIVER. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. DOLLIVER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

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

Aldrich	Burkett	Crawford	Dillingham
Bacon	Burrows	Cullom	Dolliver
Bailey	Burton	Cummins	du Pont
Bankhead	Chamberlain	Curtis	Elkins
Borah	Clapp	Daniel	Fletcher
Briggs	Clark, Wyo.	Davis	Flint
Bristow	Clay	Depew	Foster
Bulkeley	Crane	Dick	Frazier

Frye	Lodge	Page	Smoot
Gallinger	McCumber	Paynter	Stone
Gamble	McEnery	Penrose	Sutherland
Guggenheim	Martin	Piles	Taylor
Heyburn	Money	Root	Warner
Johnson, N. Dak.	Nelson	Scott	Warren
Johnston, Ala.	Oliver	Shively	
Jones	Overman	Simmons	
Kean	Owen	Smith, Md.	

The PRESIDING OFFICER. Sixty-five Senators have answered to their names. A quorum of the Senate is present.

Mr. DOLLIVER. I desire to renew my request for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. BULKELEY. As I understand, the question is on the committee amendment.

The PRESIDING OFFICER. On the amendment of the Senator from Idaho.

The Secretary proceeded to call the roll.

Mr. BRIGGS (when his name was called). I have a pair with the senior Senator from Maryland [Mr. RAYNER]. I transfer that pair to the senior Senator from Oregon [Mr. BOURNE], and vote. I vote "yea."

Mr. FLINT (when his name was called). I am paired with the senior Senator from Texas [Mr. CULBERSON]. He is absent, and I withhold my vote. If he were present, I should vote "yea."

Mr. JONES (when his name was called). I am paired with the junior Senator from South Carolina [Mr. SMITH]. I transfer the pair to the junior Senator from Montana [Mr. DIXON], and will vote. I vote "yea."

Mr. MONEY (when Mr. MCLAURIN's name was called). My colleague is paired with the junior Senator from Michigan [Mr. SMITH].

Mr. OVERMAN (when his name was called). I notice that the senior Senator from California [Mr. PERKINS] is not in his seat. I have a general pair with him, and therefore withhold my vote.

Mr. SHIVELY (when his name was called). I am paired with the junior Senator from Kentucky [Mr. BRADLEY]. I transfer the pair to the junior Senator from Colorado [Mr. HUGHES], and will vote. I vote "nay."

Mr. SIMMONS (when his name was called). I have a pair with the junior Senator from Illinois [Mr. LORIMER].

The roll call was concluded.

Mr. BACON. On this vote I am paired with the Senator from New Hampshire [Mr. BURNHAM], and therefore withhold my vote.

Mr. FLINT. I transfer my pair with the senior Senator from Texas [Mr. CULBERSON] to the junior Senator from Wisconsin [Mr. STEPHENSON], and will vote. I vote "yea."

Mr. FLETCHER. I wish to announce that my colleague [Mr. TALIAFERRO] is detained by committee work, and is paired on this vote.

Mr. DILLINGHAM (after having voted in the affirmative). I desire to inquire whether the Senator from South Carolina [Mr. TILLMAN] has voted?

The PRESIDING OFFICER (Mr. GALLINGER in the chair). The Chair is informed he has not voted.

Mr. DILLINGHAM. Then, I am compelled to withdraw my vote, having a pair with him.

The result was announced—yeas 39, nays 24, as follows:

YEAS—39.

Aldrich	Cullom	Heyburn	Penrose
Borah	Depew	Johnson, N. Dak.	Piles
Brandegee	Dick	Jones	Root
Briggs	du Pont	Kean	Scott
Bulkeley	Elkins	Lodge	Smoot
Burrows	Flint	McCumber	Sutherland
Burton	Frye	McEnery	Warner
Carter	Gallinger	Nixon	Warren
Clark, Wyo.	Guggenheim	Oliver	Wetmore
Crane	Hale	Page	

NAYS—24.

Bankhead	Clapp	Dolliver	La Follette
Beveridge	Crawford	Fletcher	Martin
Bristow	Cummins	Foster	Money
Brown	Curtis	Frazier	Nelson
Burkett	Daniel	Gamble	Paynter
Chamberlain	Davis	Johnston, Ala.	Shively

NOT VOTING—29.

Bacon	Dillingham	Owen	Stephenson
Bailey	Dixon	Perkins	Stone
Bourne	Gore	Rayner	Taliaferro
Bradley	Hughes	Richardson	Taylor
Burnham	Lorimer	Simmons	Tillman
Clarke, Ark.	McLaurin	Smith, Md.	
Clay	Newlands	Smith, Mich.	
Culberson	Overman	Smith, S. C.	

So Mr. HEYBURN's amendment was agreed to.

Mr. ALDRICH. I ask that the paragraph as amended be agreed to.

The PRESIDING OFFICER. Without objection, the paragraph as amended will be agreed to.

Mr. ALDRICH. I ask now to take up paragraph 154, on page 52; and I offer the following committee amendment.

The PRESIDING OFFICER. The Senator from Rhode Island offers the following amendment to paragraph 154, which will be reported.

The Secretary read as follows:

As a substitute for paragraph 154, insert the following:

"154. Files, file blanks, rasps, and floats of all cuts and kinds, 2½ inches in length and under, 25 cents per dozen; over 2½ inches in length and not over 4½ inches, 50 cents per dozen; over 4½ inches in length and under 7 inches, 65 cents per dozen; 7 inches in length and over, 80 cents per dozen.

Mr. BACON. May I ask the number of that paragraph?

Mr. ALDRICH. Paragraph 154. It is the committee amendment.

Mr. BACON. Mr. President, I beg the Senator's indulgence, but I could not, from the reading, catch the effect of the paragraph. What is it?

Mr. ALDRICH. It substitutes specific for ad valorem duties, and reduces the rates below those of the existing law about 15 per cent, on the average.

Mr. BACON. What is the fact with reference to its relations to the House rates?

Mr. ALDRICH. The rates are practically the same as the House rates except that the amendment substitutes specific for ad valorem rates.

Mr. BACON. Otherwise it is practically the same?

Mr. ALDRICH. Yes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the paragraph as amended will be agreed to.

Mr. ALDRICH. I now ask that paragraph 343, relating to oilcloth, be taken up. And I want to invite the attention of the Senator from Iowa——

Mr. GUGGENHEIM. Before leaving the metal schedule, I want to offer an amendment that I have. I believe we are leaving the metal schedule now?

Mr. ELKINS. Yes.

Mr. GUGGENHEIM. Mr. President, I have an amendment to offer as paragraph 115½, which I should like to have read.

The PRESIDING OFFICER. The Senator from Colorado [Mr. GUGGENHEIM] offers the following amendment, which will be reported by the Secretary.

The Secretary read as follows:

On page 32, line 9, after the words "manganiferous iron ore," insert the words "and manganiferous silver ore."

On page 32, line 12, after the words "iron ore," insert the words "and manganiferous silver ore."

Mr. BURTON. Mr. President, what is the number of the paragraph?

The PRESIDING OFFICER. Paragraph 115½, on page 32. Unless there be objection, the vote adopting the paragraph will be reconsidered. The Senator from Colorado offers the amendment which has just been read.

The amendment was agreed to.

The paragraph as amended was agreed to.

Mr. ALDRICH. I now move to take up paragraph 343, which was passed over.

Mr. CUMMINS. Mr. President——

Mr. ALDRICH. I offer, for the committee, the amendment of which I have heretofore given notice.

The PRESIDING OFFICER. The Senator from Rhode Island offers the following amendment to paragraph 343.

The SECRETARY. In lieu of paragraph 343 insert the following:

343. Oilcloth for floors, plain, stamped, painted, or printed, only, and linoleum, corticene, and all other floor oilcloth and fabrics or coverings for floors, made in part of oil or any similar product, if 9 feet or less in width, and not specially provided for herein, 8 cents per square yard and 15 per cent ad valorem; over 9 feet in width, 12 cents per square yard and 15 per cent ad valorem; any of the foregoing of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, and cork carpets, 20 cents per square yard and 20 per cent ad valorem; mats for floors, composed of any of the foregoing, shall be subject to the rate of duty herein provided for oilcloth, linoleum, corticene, or other floor oilcloth; waterproof cloth, composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, 10 cents per square yard and 20 per cent ad valorem.

Mr. CUMMINS. Mr. President, I desire to suggest to the Senator from Rhode Island that the Senator from Maryland [Mr. RAYNER] has indicated a great interest in this paragraph, and while I am entirely ready to take it up, I do not——

Mr. ALDRICH. The Senator from Maryland is somewhere about the Chamber, I think; and he knew that we were likely

to take up this paragraph. I have no objection to his being sent for, of course.

Mr. CUMMINS. I hope he will be sent for, so that he will have an opportunity to be present during the debate on this paragraph.

Mr. ALDRICH. I think the Senator from Maryland does not expect us to delay action on the bill on account of his absence. He told the Senator from New Jersey——

Mr. SMOOT. Mr. President, I have just been informed by the junior Senator from Maryland [Mr. SMITH] that the senior Senator has left the city, and is paired, and will not be here for two days.

Mr. ALDRICH. Therefore I do not think it is desirable to keep this paragraph open until he returns.

Mr. SMOOT. I know that he is very deeply interested in the paragraph.

Mr. CUMMINS. Inasmuch as we have had some conferences about it, and a former arrangement was made with the Senator from Rhode Island with regard to it, I feel it to be my duty to ask that the consideration of this paragraph be postponed until the Senator from Maryland [Mr. RAYNER] can be here, and leave entirely with the committee the responsibility as to bringing the matter on for hearing.

Mr. PENROSE. Question!

Mr. KEAN. Let us agree to it, anyway.

Mr. PENROSE. I call for the regular order.

Mr. ALDRICH. Mr. President, I suggest to the Senator from Iowa that we go on and dispose of the paragraph; and I assure him that when the Senator from Maryland returns, if he wants to reopen it in the Senate, or possibly in the Committee of the Whole, there will be no objection, if we have not already concluded the consideration of these paragraphs in Committee of the Whole. I hope we shall be able to finish all the paragraphs before to-morrow night, my idea being that we shall commence on Monday morning with the consideration of the income-tax amendment; and I certainly can not consent to having this paragraph left open until after the return of the Senator from Maryland. But I am willing to have it reopened at any time that we can consistently do so, if the Senator from Maryland so desires.

Mr. CUMMINS. With reference to the income tax, is it probable that the amendment will be reported to-day?

Mr. ALDRICH. I hope so. I think it may be reported. The committee have practically completed its preparation, and I expect to report it before the session closes to-day.

Mr. CUMMINS. I know it will very greatly facilitate its disposition if the amendment is reported soon.

Mr. ALDRICH. I assure the Senator that it will be reported before adjournment this afternoon.

Mr. CUMMINS. Mr. President, in so far as I am concerned, and so far as the paragraph goes that is now under consideration, I am now quite as ready to dispose of it as I ever shall be. What I have said has been with a desire that the Senator from Maryland [Mr. RAYNER] shall have a full opportunity of presenting his views.

This paragraph relates to oilcloth and linoleum; that is, oilcloth and linoleum are the principal subjects involved in it. Formerly the paragraph—at least, under the interpretation that I would have put upon it—included, as well, oilcloth for table and general use. But through an amendment offered by the committee that has heretofore been adopted, it is limited to oilcloth for floors and linoleum, corticene, cork carpet, and the like.

This matter, I think, very closely concerns a great many of the people of the United States. Only those who live in the country, and among the poorer people, can form any adequate conception of the extensive use of oilcloth as a covering for floors, and of the cheaper grades of linoleum for the same purpose. My objection to this paragraph is that it is lacking in proper classification and imposes the same duty upon an article that is worth 12 cents a square yard as it imposes upon an article worth $1.50 a square yard, or even more.

The duty imposed by the amendment now offered by the Senate committee is 8 cents a square yard, with 15 per cent ad valorem added, upon all oilcloth and linoleum under 9 feet in width, or not more than 9 feet in width; a duty of 12 cents a square yard upon all oilcloth and linoleum more than 9 feet in width—that is to say, plain oilcloth and plain linoleum—and a duty of 20 cents a square yard and 20 per cent ad valorem upon all oilcloth and linoleum, of whatever kind or description, if there is any design in the composition of the oilcloth or linoleum.

I have in my hand a piece of common oilcloth. It is the cheapest variety of oilcloth. I do not know about the exact retail price, but it is sold everywhere at about 12 cents a square yard. The duty upon that, if it is not more than 9 feet in width, is 8 cents a square yard and 15 per cent ad valorem, which amounts to 80 per cent ad valorem. If it is over 9 feet in width, the duty is 12 cents a square yard and 15 per cent ad valorem, or an ad valorem duty of 115 per cent. If it is so made as to include in the composition itself a design in colors, it becomes dutiable at the rate of 20 cents a square yard and 20 per cent ad valorem, or 180 per cent ad valorem.

Mr. SMOOT. Mr. President——

Mr. CUMMINS. If the Senator from Utah will allow me to finish the sentence, I believe that under the amendment the oilcloth that I hold in my hand, and that you see everywhere in the stores, will be dutiable at 20 cents a square yard and 20 per cent ad valorem, although I desire to do the committee the justice to say that it is the opinion of the committee and the opinion of one of the experts with whom the committee has consulted that this oilcloth is not made with a design in the composition itself.

I now yield to the Senator from Utah.

Mr. SMOOT. The only object I had in rising was to simply state the fact the Senator has already stated—that the piece of oilcloth he has in his hand is a printed oilcloth, so held by the appraisers, and I have no doubt in the world that it is. It is not an inlaid oilcloth, nor does it nor can it come under that clause.

Mr. CUMMINS. Mr. President, it of course has not been so held by the appraisers in an official way, because until now there never has been a law that imposed a duty of 20 cents a square yard upon oilcloth designed in this fashion, if I am right with regard to its composition.

Let me remind the Senator from Utah of the provisions of the Dingley law. After providing for oilcloth for floors, and so on, it proceeds:

> Inlaid linoleum or corticene, and cork carpets, 20 cents per square yard and 20 per cent ad valorem.

There is no provision in the Dingley law that has any relation whatever or that bears any comparison to the phrases that have now been incorporated into this paragraph.

Mr. SMOOT. Mr. President——

Mr. CUMMINS. Only inlaid linoleum and inlaid corticene came under this heavier duty. But you have now provided that oilcloth or any kind of linoleum or corticene, if including any design whatever in its composition, shall be subject to this heavier duty.

I now yield to the Senator.

Mr. SMOOT. Mr. President, I should like to call the Senator's attention to the fact that the Dingley bill says:

> Oilcloth for floors, stamped, painted, or printed.

The oilcloth that the Senator has there is a printed oilcloth; and the only reason we changed the wording in the present bill was to cover oak-plank and inlaid linoleum. The Senator must know that in the suits that have been brought by the importers the court held that that [showing sample] was not an oak-plank linoleum or inlaid linoleum. Therefore the wording has been changed so as to cover the planked linoleum, which, in fact, is as high priced and as costly to make as the best inlaid linoleum that ever was made.

Mr. CUMMINS. Mr. President, the Senator from Utah, it seems to me, does not touch the question I was just considering.

It is true that the committee has enlarged the paragraph for the purpose of including or attaching a heavier duty to some forms of inlaid linoleum than was ever before imposed upon them. But in the Dingley law there was no such thing as a duty of 20 cents a square yard and 20 per cent ad valorem upon oilcloth; and there never could have been an opportunity for the appraisers to determine whether oilcloth in any form came under that part of the law which imposed a duty of 20 cents a square yard.

Mr. SMOOT. Mr. President, I desire to call the Senator's attention to the fact that in the present law there is no such thing as a printed oilcloth that can carry a duty of 20 cents a square yard and 20 per cent ad valorem.

Mr. CUMMINS. But, Mr. President, under the old law there were no oilcloths except printed oilcloths. There were no such things as the Senator from Utah now suggests. Every kind of oilcloth, if it was of a certain width, came in at a certain rate, no matter how it was made. Under the present bill you change that and put oilcloth in the same category as certain kinds of linoleum.

Now, let me read the Senator——

Mr. SMOOT. Before the Senator reads that, I wish to call his attention to the law itself. If he will observe the old law—he has the book before him, I believe——

Mr. CUMMINS. I have.

Mr. SMOOT. It says, on page 69:

Oilcloth for floors and linoleum or corticene, 12 feet and over in width, * * * and cork carpets, 20 cents per square yard and 20 per cent ad valorem.

So the Senator certainly must be mistaken in the statement he makes.

Mr. CUMMINS. No; the Senator is not mistaken.

Mr. SMOOT. Because the present law says "oilcloth for floors."

Mr. CUMMINS. The Senator is right about that; but I am still attempting to bring to his attention the fact that in the provision of the old law there was no distinction with regard to oilcloths, except that they be over or under 12 feet in width.

Mr. SMOOT. Well, Mr. President——

Mr. CUMMINS. Let me read the entire paragraph.

Mr. SMOOT. The only distinction we make now is that we take the 12 feet and make it 9 feet or under, and we reduce the 20 cents a square foot and 20 per cent ad valorem to 12 cents a square foot and 15 per cent ad valorem.

Mr. CUMMINS. We certainly can not have any difference about the old law when it is right before us. It says—

Oilcloth for floors and linoleum or corticene, 12 feet and over in width.

That is the end of oilcloth.

Mr. SMOOT. Yes.

Mr. CUMMINS. "Inlaid linoleum or corticene and cork carpets, 20 cents per square yard."

Mr. SMOOT. That refers to the oilcloth.

Mr. CUMMINS. But does it refer to inlaid oilcloth? The Senator from Utah apparently refuses to see the point that I am attempting to make.

Mr. SMOOT. Mr. President, I do not refuse to see any point; nor can I see the Senator's point, because the oilcloth he is talking about is a printed oilcloth. It is not inlaid oilcloth.

Mr. CUMMINS. That is what the Senator from Utah says, but I say that there never could have been any such decision under the old law, because the imposition on printed oilcloth of 20 cents per square yard and 20 per cent ad valorem had no reference, so far as oilcloths are concerned, to the inquiry whether they were printed or stamped or inlaid or what not.

Mr. SMOOT. But the Senator knew that the 20 per cent ad valorem and the 20 cents per square yard did apply to oilcloth, and the Senator admitted that. I am right in that.

Mr. CUMMINS. You are quite right about that.

Mr. SMOOT. The only contention left——

Mr. CUMMINS. You are right to this extent, it applied when 12 feet or over.

Mr. SMOOT. That is exactly what I said.

Mr. CUMMINS. I agreed to that.

Mr. SMOOT. Now, the objection the Senator raises is that the sample of oilcloth he has, worth 12 cents a square yard, comes in now at 20 cents a square yard and 20 per cent ad valorem, and under the bill it is impossible to fall under that provision.

Mr. CUMMINS. I call the attention of the Senate to the language which the committee has used:

Any of the foregoing of whatever width, the composition of which forms designs or patterns whether inlaid or otherwise, by whatever name known, and cork carpets, cork mats, etc., 20 cents a square yard and 20 per cent ad valorem.

Mr. President, I submit that as to this piece of oilcloth, assuming that before it was finished was perfectly white, and you pass a machine over it and change the composition of the oilcloth into designs and colors, the composition of which would fall directly within that provision, which attaches a duty of 20 cents a square yard and 20 per cent ad valorem, there can be no judicial decisions cited to the contrary, because there has never been any such language in the law before and there ought not to be any such language now.

Mr. SMOOT. That is exactly where the Senator makes a mistake in the oilcloth that he has there and that he compares with inlaid oilcloth.

Mr. CUMMINS. I did not say it was inlaid oilcloth.

Mr. SMOOT. It is not a granite oilcloth.

Mr. CUMMINS. I did not say it was granite oilcloth.

Mr. SMOOT. Then if it is printed oilcloth, it must take the rate that is provided in this paragraph on painted oilcloth.

Let me direct the Senator's attention to the fact that the reason of the change of these words was in order to provide for granite linoleum and planked linoleum. As the Senator knows, the case was brought before the courts in New York, and they held that the so-called "granite linoleum," in the manufacture of which different colors are so introduced and laid as to penetrate the body of the plastic material from the surface to the burlap foundation, the colored materials taking such form as the pressure of the rollers and resistance of the materials give them, is dutiable as linoleum plain or figured, and not as inlaid linoleum. (United States *v.* Hunter, 127 Fed. Rep., 1022.)

So-called "plank" or "oak" linoleum held to be dutiable as plain linoleum, and not as inlaid linoleum. (G. A., 6633; T. D., 28291.)

The reason of that decision was that in the planked linoleum, I suppose the Senator knows——

Mr. CUMMINS. I hope the Senator will remember that I have not reached linoleum yet. I am talking about oilcloth.

Mr. SMOOT. Of course the Senator wants to go on with this, but I was going to explain the difference between linoleums and the sample of oilcloth he has. It is a printed oilcloth. The body of it is put on the burlap not as a figure, but the figure is printed on it, and therefore it is a printed oilcloth.

Mr. CUMMINS. The Senator from Utah is just as wrong with respect to this matter as it is possible for a mortal to be, and I discover that we can go a great way in the path of error, either here or elsewhere.

I understand perfectly the definition he is making of inlaid linoleum. I know something about the decision he has just quoted. But my contention is now, and I am speaking only of oilcloth, that in the effort to avoid the effect of that decision you have used words that will bring in the commonest oilcloth in the designation, and charge the oilcloth 20 cents a square yard and 20 per cent ad valorem, when it is sold everywhere and bought everywhere for from 11 to 16 cents a square yard.

The duty preceding, which I shall speak of presently, is altogether too great, and I wonder the committee can face the American people with an increase in the duty on oilcloth when there have not been any oilcloths imported into the United States for a long time. We have now an absolute monopoly in the manufacture of oilcloths. Why shall you seek to increase very largely the duties on this common article?

Mr. SMOOT. I want to say there is no increase in the whole paragraph, but, on the contrary, a material and a large decrease.

Mr. CUMMINS. I say there is an increase. That we will find out a little later on. I hope the Senator is right about that.

Mr. SMITH of Michigan. Mr. President, sitting between these two extremes, I hope we can reconcile these statements.

Mr. CUMMINS. We can. We will be sure to reconcile them before we get through.

Mr. BURKETT. Will the Senator let me ask him a question?

Mr. CUMMINS. Certainly.

Mr. BURKETT. The first two or three lines of this paragraph provide that oilcloths for floors, plain, stamped, painted, or printed, and so forth, shall be assessed at such a rate. A little further it says any "of the foregoing of whatever width, the composition which forms designs or patterns, whether inlaid or otherwise, by whatever name known," and so forth, 20 cents. Is it the Senator's contention that it may be construed that oilcloth similar to what he has displayed might be termed to come in the last part of the paragraph?

Mr. CUMMINS. Precisely. That is what I have been endeavoring to make clear.

Now, let us review again the purpose of this change. The Senator from Utah is right about it; it was found that there were certain linoleums that were sought to be imported that were held not to be inlaid linoleums and yet in which the composition formed some kind of a design, as it was laid upon the jute foundation.

In order to reach and to overcome that decision and to raise the rates on linoleum as the Dingley law was construed, we have another case here in which the Dingley law, after having gone into the courts, and the courts having put an interpretation upon it, in order to avoid the interpretation put by the appraisers and the courts upon it, they seek to increase the rate under the suggestion that the Dingley law did not intend these forms—that it was not held to be inlaid—to come in under the lower duty. But I will reach that presently.

Mr. SMOOT. Right there I should like to ask the Senator if granite linoleum and planked linoleum are not made as a higher-priced article than any other kind of linoleum?

Mr. CUMMINS. I am not an expert in the different prices of the different kinds of linoleum of that sort, and I can not answer the Senator.

Mr. SMOOT. Then I will say that they are just as costly to-day——

Mr. CUMMINS. That does not make any difference.

Mr. SMOOT. And I can not conceive of the Senator's thinking that a linoleum, because forsooth they call it a "granite" or a "planked" linoleum, should carry a less rate of duty than an ordinary linoleum.

Mr. CUMMINS. I am not arguing that question yet. I am only saying you have raised the rate on linoleum, and you might just as well stand here and admit it. If you say it was right and justifiable to raise the rate, that is a logical position to take; but do not insist upon the suggestion possibly that you have not raised the rate.

Mr. SMOOT. I want to say here that this linoleum, 20 cents a square foot and 20 per cent ad valorem, was cut by the committee to 12 cents a square foot and 15 per cent ad valorem; and not only that, but as to cork carpet, linoleum mats, and other mats for the floor, made in part of oil and which are subject to the rate of duty herein provided for oilcloth and linoleum, the committee reduced the other oilcloths which before came in at a higher rate. Therefore there is a great reduction in this paragraph.

Mr. CUMMINS. I have not suggested that there was not a reduction in some forms of the inlaid linoleum. I am trying very hard to confine my attention, and the attention of the Senator from Utah, to this little humble piece of oilcloth that a great many people buy, and of which we have already a monopoly in this country. We have a duty on it now that no sensible man defends, and you are seeking to raise that duty, and that is what I am protesting against at the present moment.

Now, I want to come back to the proposition that the committee has just made, that this oilcloth may not be dutiable under the last provision of your amendment. The substitute you have now offered provides:

Any of the foregoing, of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, and cork carpets, 20 cents per square yard and 20 per cent ad valorem.

That is the amendment that is offered by the committee, I believe.

Mr. SMOOT. The trouble with the Senator is this——

Mr. CUMMINS. Just a moment. I do not yield to the Senator for just a moment. I will in a minute, but I want to complete this argument. Take this piece of oilcloth; notwithstanding it has heretofore been termed "stamped or printed," the composition of which forms designs or patterns. I think those words have never before been used to describe either oilcloth or linoleum, so far as I know; they are yet to be interpreted by the appraisers and by the courts.

Now, if those appraisers or the courts should hold that designs are created or formed by the composition of those oilcloths, it would pay 20 cents a square yard and 20 per cent ad valorem.

Mr. SMOOT. Mr. President, in answer to that, I want to tell the Senator it is absolutely impossible to make a linoleum of the thickness of the oilcloth that he holds in his hands.

Mr. CUMMINS. I am not talking about linoleum. It is impossible for me to retain the attention of the committee to oilcloths.

Mr. ALDRICH. Mr. President, will the Senator allow me to ask him a question?

Mr. CUMMINS. Certainly.

Mr. ALDRICH. How many different kinds of oilcloth has the Senator ever seen except that one that he thinks would be increased in duty?

Mr. CUMMINS. I have seen a great many.

Mr. ALDRICH. It is impossible to put a specific duty on a long line of goods that may not work a hardship on some sample that might be selected among the ten thousand that are imported into the United States. Does the Senator contend that that is an ordinary form of oilcloth?

Mr. CUMMINS. Yes; the commonest, most ordinary form of oilcloth.

Mr. ALDRICH. Why does the Senator think it is not included in the first terms of the paragraph?

Mr. CUMMINS. It is included, and is also included in the last.

Mr. ALDRICH. Then it would be dutiable under the first.

Mr. CUMMINS. Why do you make it dutiable under the last? Why do you want to put on an oilcloth a duty of 20 cents a square yard and 20 per cent ad valorem? There is not an oilcloth in the United States that has ever been sold at that price.

Mr. ALDRICH. We contend that it can not come under the last clause.

Mr. CUMMINS. Then why not cut it out so that there will be no question about it?

Mr. ALDRICH. It is cut out, I say to the Senator from Iowa.

Mr. CUMMINS. I submit that it has not been cut out. It is expressly included, and yet you have to submit to the construction of these words. I read them again:

The composition of which forms designs or patterns.

I know how this oilcloth is made, and the Senator does also, in a general way.

Mr. ALDRICH. Suppose we put in here the words "not otherwise provided for."

Mr. CUMMINS. I want you to take out the oilcloth entirely from this law.

Mr. ALDRICH. The words I have suggested will cover the sample.

Mr. CUMMINS. Because in the preceding part of the paragraph you have more than equal protection to cover all kinds of oilcloth. So why not cut out the last part?

Mr. ALDRICH. If we put in "not otherwise provided for in this section" it answers every statement which the Senator is making.

Mr. CUMMINS. That is pretty nearly what is right; and if you go just a little further, and then exclude oilcloth, because you know——

Mr. ALDRICH. I can not do that.

Mr. CUMMINS. You know there is no oilcloth that ever has been made or ever probably will be made that will require any such duty as 20 cents a square yard and 20 per cent ad valorem.

Mr. ALDRICH. I am willing to put in the paragraph "not otherwise provided for in this section." That will certainly cover the contention of the Senator from Iowa.

Mr. CUMMINS. I think probably that will close out the last paragraph.

Mr. ALDRICH. That is what the Senator is contending for.

Mr. CUMMINS. But then I am going to ask you right away to reduce that duty.

Mr. ALDRICH. We can not do that.

Mr. CUMMINS. Well, you will after I am through.

Mr. ALDRICH. I think not.

Mr. CUMMINS. Well, I hope so.

Mr. ALDRICH. After the word "patterns" insert "not otherwise provided for in this section."

The PRESIDING OFFICER. The Senator from Rhode Island modified the committee amendment.

Mr. SMITH of Michigan. I understand from the Senator from Rhode Island that that cures the trouble.

Mr. ALDRICH. The trouble that the Senator from Iowa is now contending for.

Mr. CUMMINS. I think that that eliminates or excludes this oilcloth from the duty of 20 cents a square yard and 20 per cent ad valorem.

Mr. SMITH of Maryland. There is considerable opposition to it, and it seems to me if it cuts that out it brings it within the idea of the Senator from Iowa.

Mr. CUMMINS. I agree that that would be the interpretation.

The PRESIDING OFFICER. Will the Senator from Rhode Island kindly restate his amendment.

Mr. ALDRICH. After the word "known," in the tenth line of the printed amendment, insert "not otherwise provided for in this section."

The PRESIDING OFFICER. The Senator from Rhode Island modifies his amendment as follows:

The SECRETARY. In the amendment of the committee, line 10, after the word "known," insert "not otherwise provided for in this section."

Mr. CUMMINS. I accept that as the solution in answer to the question I am just arguing, but I now recur to quite as important a question, namely, the duty of 8 cents a square yard and again 12 cents a square yard upon this oilcloth. I am sure that there is not a member of the committee who believes we need a duty of 8 cents a square yard if it is not over 9 feet, and then the duty of 12 cents a square yard if it is over 9 feet.

This oilcloth is worth 12 cents a square yard. I suppose there are varieties of floor oilcloth that will run to 18 or 20 cents a square yard.

Mr. SMOOT. I call the attention of the Senator to the fact that the average value of oilcloth, the imported value, is 21.4 cents a square yard.

Mr. CUMMINS. I refuse to accept that. The suggestion just made is taken from the report made by the committee. There was evidently no oilcloth imported of this sort. That includes a great variety of linoleum as well as oilcloth. If the Senator will only analyze it, he will find that to be true. But I appeal now to the knowledge of the Senator from Rhode Island and the Senator from Utah. They know what the oilcloth of the country is worth. They know it is not an expensive article. It ranges from 11 to 20 cents a square yard. Now, why should you impose a duty of either 8 cents and then 15 per cent ad valorem, or 12 cents and 15 per cent ad valorem?

Let me refer to what you have already done with regard to table oilcloth. There is not a great deal of difference between the cost of table oilcloth and floor oilcloth. I mean——

Mr. SMOOT. Mr. President, I want to suggest to the Senator that the price of the floor oilcloth to-day certainly would be an average of 25 cents a square yard.

Mr. CUMMINS. Mr. President, I can not believe it, as much confidence as I have in the judgment of the Senator from Utah and in his knowledge and experience. I ask him this question however, to test him. Are you now speaking of the retail price or the mill price?

Mr. SMOOT. I am speaking of the mill price.

Mr. CUMMINS. The Senator from Utah is mistaken.

Mr. SMOOT. I have purchased many thousands of yards of it.

Mr. CUMMINS. The Senator from Utah is mistaken. I have tested the matter in recent days by some inquiries I made. I know the Senator is mistaken in saying the average of the mill price of oilcloth is 25 cents a yard.

Mr. SMOOT. I have pretty good authority, I assure the Senator.

Mr. CUMMINS. The Senator is all wrong, Mr. President, about that. Table oilcloth you have taken out and reduced to 3 cents a square yard and 20 per cent ad valorem.

Now, the process of making floor oilcloth is exactly the same as table oilcloth. There is no difference except in the amount of material, the paint that is put upon the cloth, and in the value of the cloth itself. You use a heavier jute cloth or something of that sort for making the floor oilcloth, whereas you use cotton or something of that kind for the table oilcloth. But if 3 cents a square yard and 20 per cent ad valorem is sufficient protection for the table oilcloth, it can not be that 8 cents a square yard, if it is under 9 feet, 12 cents a square yard if it is over 9 feet in width, and 15 per cent ad valorem will be found necessary to measure the difference between the cost of producing oilcloth here and in some other country. You can not defend that anywhere before any company of sensible and intelligent men gathered together within the limits of the United States.

Mr. SMOOT. I think the Senator can find out that the oil alone it takes to make the two kinds of cloth, the tablecloth and the floor cloth, will make a great part of that difference.

Mr. CUMMINS. The jute from which the floor oilcloth is made enters the United States free.

Mr. SMOOT. Oh, no.

Mr. CUMMINS. Unless the amendment——

Mr. SMOOT. There is six-tenths of 1 cent a pound.

Mr. CUMMINS. Shall be maintained. I do not think anybody takes that seriously.

Mr. SMOOT. On jute bagging, as you know, the duty is six-tenths.

Mr. CUMMINS. I am not talking about jute bagging, but I am talking about jute itself. It enters free and can be manufactured in our country substantially as cheaply as it can be anywhere else.

I pass from oilcloth. It seems to me that if there is an item in this whole category that deserves reduction it is oilcloth, and I really thought that the moment I called it to the attention of the committee it would be admitted as a mistake and directly corrected.

Now I come to linoleum, and there the disparity is just as striking.

Mr. BEVERIDGE. May I ask the Senator a question for information?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Indiana?

Mr. CUMMINS. I do.

Mr. BEVERIDGE. The Senator had in his hand a moment ago a piece of oilcloth which he said, as I caught it, sold at 12 cents a yard.

Mr. CUMMINS. From 12 to 20 cents a yard.

Mr. BEVERIDGE. Upon that what is the rate of duty fixed by the Committee on Finance?

Mr. CUMMINS. The rate of duty fixed, now that we have excluded it from the last paragraph, is, if it is under 9 feet in width, 80 per cent, reducing it to ad valorems, and if it is over 9 feet, the rate is 115 per cent.

Mr. BEVERIDGE. Is that the oilcloth that is used in the common homes of this country?

Mr. CUMMINS. Yes, sir; that is the kind that is used in those homes.

Now I come to linoleum. There [exhibiting] is a piece of linoleum that is of the commoner grade. That is the sort that the poor people of this country buy. Its price abroad was 16½ cents per square yard. It is dutiable under this bill, if it is imported not over 9 feet in width, at 65 per cent ad valorem; that is 8 cents per square yard and 15 per cent ad valorem. That linoleum [exhibiting], which, if I were buying linoleum, because I must buy cheap cloth, I would have to pay a duty of 65 per cent, and that is the sort which is commonly used by people of little fortune.

There [exhibiting] is another piece of linoleum made just like this piece [exhibiting], of the same material, save there is more of it, and it is richer and stronger. That piece is valued abroad at 80 cents a square yard; and if it is brought into the United States 9 feet or under in width, it also pays 8 cents per square yard and 15 per cent ad valorem, or an equivalent of 25 per cent ad valorem; if it is over 9 feet, it pays 12 cents per square yard, which is 30 per cent ad valorem.

Mr. BEVERIDGE. May I ask a question, so as to get the matter straight in my own mind? The first piece of linoleum which the Senator from Iowa exhibited is a wider and a cheaper linoleum?

Mr. CUMMINS. It costs just about one-fifth as much as this piece [exhibiting].

Mr. BEVERIDGE. I know. Therefore it is the linoleum that is used by the people to a much greater extent than the other?

Mr. CUMMINS. Precisely.

Mr. BEVERIDGE. Does the Senator from Iowa mean to say that on the cheaper linoleum, commonly used by the people, the duty has been fixed at 60 per cent ad valorem, and on the more expensive linoleum, which is not used by the common people, it is only 25 per cent?

Mr. CUMMINS. That is the effect of it. There is the same specific duty per square yard and the same ad valorem duty of 15 per cent.

Mr. BEVERIDGE. I am talking about the result.

Mr. CUMMINS. So that the cheaper linoleum pays just as much per square yard, except the difference that is made by the 15 per cent ad valorem, as the expensive linoleum that is used only in the palaces of the rich or as a convenience to great companies that desire that kind of matting or covering for their floors.

Mr. BEVERIDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Indiana?

Mr. CUMMINS. I do.

Mr. BEVERIDGE. So that the effect is, wiping out everything else, that upon the cheaper linoleum, used everywhere, the duty is nearly three times as great as upon the expensive linoleum, which is only used by those who are very rich. Is that the end of it?

Mr. CUMMINS. It is three times as great.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Utah?

Mr. CUMMINS. I do.

Mr. SMOOT. Mr. President, I do not think the Senator from Iowa [Mr. CUMMINS] wants it understood that the great majority of the linoleums are of that class which he says are used by the poor people; because, if he has had any experience whatever in buying linoleum at retail or wholesale, he would know that nearly 85 per cent of all of the linoleum is that which is medium-priced; and that the sample he shows is the lowest-priced linoleum that he could find in the United States, and selected for that very reason. It is so thin that, were it 12 feet wide, it would hardly hold up its own weight.

Mr. CUMMINS. What does the Senator from Utah say?

Mr. SMOOT. I say it is so thin that, if you will take, say, 15 yards of it unrolled and stand it on edge, it will hardly stand alone; it will not hold its own weight up; it will bend and crack.

Mr. CUMMINS. We do not buy linoleum to stand up erect. We buy it to put on the floor.

Mr. SMOOT. As to the linoleum that the Senator has just referred to as being worth three times as much as the one he has been exhibiting, you could stand it on edge and it would not crack.

Mr. CUMMINS. Precisely; but I take it there are only a few people who can afford to buy that linoleum which will stand erect like a plank, and there are a great many people who have to buy the cheap sort.

Mr. SMOOT. The only place that you will ever see a piece of linoleum such as the Senator from Iowa is exhibiting now is on a battle ship. The homes do not buy it; no man puts it on the floor of his home, but the battle ships use it.

Mr. CUMMINS. You mean the heavier linoleum?

Mr. SMOOT. Yes; that is what I mean.

Mr. BEVERIDGE. If that is so, why not make it free?

Mr. SMOOT. If the Senator from Indiana wants it made in foreign countries, we can put it on the free list.

Mr. CUMMINS. Mr. President, I do not myself want it made in a foreign country, but I want it made and sold here at a fair price. I think it is true that the battle ships and other ships, the great offices, possibly the Pullman Palace Car Company, and other institutions of that sort use this very expensive linoleum. That is why I complain, that you allow them to buy linoleum with a duty of only 25 per cent upon it, while if I want to buy a piece for my house, I have got to pay 65 and 75 per cent upon it. That is my complaint. All I ask is that you make a reclassification. I do not think the duty on this character of linoleum [exhibiting] is high enough.

Mr. ALDRICH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Rhode Island?

Mr. CUMMINS. I do.

Mr. ALDRICH. Mr. President, the Senator from Iowa realizes, of course, that the arguments he is using with these equivalent ad valorems are made all the time in these tariff discussions. It is very plain as a mathematical proposition that if an article is worth a cent per yard, that a cent duty is 100 per cent ad valorem; that if it is worth 2 cents per yard, the ad valorem duty is only 50 per cent, and if it is worth 10 cents per yard, the ad valorem duty is 10 per cent. It is quite easy for anybody to get up and say that this duty is 10 per cent and that duty is 100 per cent; but that is not the question that we have to deal with in a practical way in the construction of a tariff bill. The question is to take what is the average and fair price and value of these goods, and try to get your rate so arranged and adjusted that it will bear fairly upon every value of the article, and not to take an extremely low-priced article or an extremely high-priced article, because always with a specific duty it is possible to show great ranges and differences in the equivalent ad valorems. But I suggest to the Senator from Iowa that he ought to take the fair average value of these articles, and see what the average percentage is. If the Senator does that, I am sure that he will arrive at the conclusion that the rates fixed by the House bill or fixed by the present law upon these high-priced articles, and what has been the law for twelve years, bears fairly upon the average of the goods imported and upon the average of the goods made in the United States.

Mr. CUMMINS. Mr. President, with the principle announced by the Senator from Rhode Island I have no difference whatever. I understand fully the value of specifics; I understand that they ought to be substituted for ad valorems wherever they can be; but when you came to apply specifics to linoleums instead of ad valorems, the committee ought not to have attempted to cover so wide a range. The committee ought to have done with linoleum just as it did with cotton cloth. But I may differ, and I do differ with the committee with regard to specifics attached to cotton cloth. It proceeded upon an entirely reasonable, upon an entirely defensible plan, and it increased the specifics by small steps. It said that cotton cloth worth not less than 7 cents a yard and not more than 9 cents a yard should bear a certain specific duty; that cloth worth not less than 9 cents nor more than 11 cents should bear another specific duty. That is exactly what I asked it to do and what I ask the Senate to do if the committee fails to do it in this instance. I asked it to take linoleum, beginning, if you please, at the cheapest—although I can not agree with the Senator from Utah that this sample [exhibiting] is the very cheapest—but beginning at, say, 16 cents a square yard, and reaching up with reasonable steps and with reasonable breaks until you get to 80 cents a square yard for plain linoleum, there ought to be several specific duties between those points; and then, although you would even by that plan do a little injustice, you would not commit the obvious and glaring wrong of putting as high a duty upon an article costing 16 cents a square yard as you do on an article that costs 80 cents a square yard.

Mr. SMITH of Maryland. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Maryland?

Mr. CUMMINS. Certainly.

Mr. SMITH of Maryland. As I understand, the Senator's contention is that on the lower grades the same specific duty exists as on the higher grades, and therefore the lower grades carry very much higher duties in proportion to their value than the higher grades. Is not that correct?

Mr. CUMMINS. That is the idea I have been attempting to state.

Mr. SMITH of Maryland. I think the Senator's contention is fair. It does seem to me that the lower grades should not have the same specific duty as the higher grades; that there ought to be some difference between the specific duty on the lower grades and that on the higher grades; otherwise you increase the ad valorem very much greater on the lower grades than on the higher grades. It seems to me that the Senator's argument is perfectly fair, and I do hope that the committee will make some difference so far as the lower grades are concerned, in order to get a fair average rate of duty on the various grades.

Mr. ALDRICH. What does the Senator from Iowa suggest, say, on linoleums valued at 20 cents a square yard or less?

Mr. CUMMINS. I have to confess that I have not been able to work it out; that is, I have not attempted to work it out.

Mr. ALDRICH. Suppose we should make it 10 cents a square yard and 20 per cent ad valorem?

Mr. CUMMINS. On what?

Mr. ALDRICH. On linoleums valued at less than 20 cents a square yard.

Mr. CUMMINS. Will the Senator state that again?

Mr. ALDRICH. Linoleums valued at 20 cents a square yard or less, 10 cents per square yard and 20 per cent ad valorem.

Mr. CUMMINS. That would be a great increase on some of the cheaper linoleums.

Mr. ALDRICH. Well, make it 8 cents a square yard.

Mr. CUMMINS. You put it at 8 cents a square yard, because you find it necessary to cover such expensive linoleums as this [exhibiting]. On linoleums worth 16 cents a square yard your specific duty ought not to be more than 6 cents a square yard. Forty per cent duty upon these goods is ample protection, is it not?

Mr. ALDRICH. Well, I am not so certain about that. I think it would have to be more than 40 per cent. I should say that we might perhaps agree to 8 cents per square yard and 20 per cent ad valorem when valued at 20 cents or less; and possibly we might make it less.

Mr. CUMMINS. It seems to me that it ought to begin at about 6 cents, and a general line of 40 or 45 per cent ad valorem ought to be carried into the specifics as nearly as possible. I believe that the industry is fairly entitled to a duty of 40 or 45 per cent, but I think such an amendment as the Senator suggests here, attaching a 40 per cent ad valorem duty to all these materials, simply gives—I do not pretend to have the skill which will enable me to divide this subject and apply the specifics as they should be applied——

Mr. ALDRICH. The committee think the rates as established in the House bill and the present law are correct, but, in order to get this paragraph through, I am myself willing, and I think the committee would be, to make the duty on all linoleums valued at 20 cents per square yard or less 6 cents a square yard and 20 per cent ad valorem.

Mr. CUMMINS. Say 6 cents per square yard and 15 per cent ad valorem.

Mr. SMOOT. That is cutting the specific absolutely in two.

Mr. CUMMINS. No; it is not.

Mr. SMOOT. Yes.

Mr. CUMMINS. The specific is now 8 cents per square yard——

Mr. SMOOT. If the Senator is speaking of linoleum under 9 feet in width, that would be right; but if over 9 feet, then, of course, it would not be 6 cents.

Mr. CUMMINS. I am afraid that the suggestion of the Senator from Rhode Island would create the same injustice that is now in the bill. I think the committee ought to take linoleums and increase the rate, beginning with linoleum valued at 16 cents a yard, up to whatever the price is to the highest grade of linoleum, in steps of 10 and 15 cents a square yard, and attach a proper specific duty to each of those classes.

Mr. SMOOT. Let me call the Senator's attention to the fact that on linoleum and oilcloth that is 9 feet and under the committee amendment proposes a duty of 8 cents a yard and 15 per cent ad valorem. Twenty-five per cent off of this specific would be 6 cents, and leaving the ad valorem at 15 per cent. The average price, as will be seen from the importations, is 21.4 cents; but take 20 cents, which is almost the average of the importations, as the dividing line, and fix the duty at 6 cents per square yard and 15 per cent ad valorem, and then on the other linoleum over 9 feet wide let the specific be from 10 cents to 12 cents, with a dividing line, say, of 45 cents a square yard——

Mr. CUMMINS. I am utterly unable, with my inadequate knowledge upon this subject, to agree upon a schedule of specific rates while on the floor. I will be compelled to take a little time to think about it and to apply this suggestion to the case. I have said that I believe that 40 or 45 per cent protection is about right. I should like to see that protection go into specific rates, if the committee will put it in form.

Mr. SMOOT. I call the Senator's attention to the fact that in the Wilson bill there was an ad valorem duty only, and the men who are now objecting to this provision were the ones who desired the change from ad valorem to specific rates, because they said the undervaluations were so great that no one knew exactly what his competitors' goods were valued at or would be valued at.

Mr. CUMMINS. I am not defending the ad valorem rates.

Mr. SMOOT. I am suggesting to the Senator now a reduction with a division line almost where the average price of importation of the two kinds begins.

Mr. CUMMINS. Will the Senator from Utah put his suggestion in writing? I will not even ask that it go over to-day, but if he will put it in writing, so that I can have it under my eye, I will suspend what I am saying, and give the Senator, so far as I am concerned, my answer in a very few moments.

Mr. SMOOT. Of course, if the Senator prefers to have it in writing, I will write it, but I can state it to him.

Mr. CUMMINS. I do not comprehend such things as readily as the Senator from Utah. I am so made up that I have to see such a thing before my eyes in order to understand fully what it means.

Mr. ALDRICH. I suggest to the Senator from Iowa that we amend the paragraph as suggested by the Senator from Utah, and the Senator from Iowa can look at it in the morning.

Mr. CUMMINS. I beg the Senator's pardon; I did not hear him.

Mr. ALDRICH. I suggested that we might amend the paragraph as suggested by the Senator from Utah; then the Senator from Iowa can see it in the morning, and, if there is any objection to it, we can reopen it.

Mr. SMITH of Michigan. The Senator can see it in the morning, and it will be open in any event when the bill reaches the Senate.

Mr. CUMMINS. If the Senator from Rhode Island or the Senator from Utah will say that they will bring it up again——

Mr. ALDRICH. We certainly will bring it up again, if it is desired.

Mr. CUMMINS. In Committee of the Whole. I have no objection as to the time of considering it, nor do I care anything about this formal business of agreeing to the paragraph, if I have the assurance that it will come up again in Committee of the Whole.

Mr. ALDRICH. It will come up again, if the Senator so desires.

Mr. SMITH of Maryland. I understand, however, that the amendment is to be proposed to-day by the Senator from Rhode Island so that we may know what will be done.

Mr. ALDRICH. Yes.

Mr. CUMMINS. Very well.

Mr. SMOOT. I can state it now.

Mr. ALDRICH. I suggest that the Senator from Utah state it, and have it taken down.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. In line 5 strike out "eight" before the word "cents," and insert "six"——

Mr. SMOOT. We will have to make a division as to the price. It should read: "Valued at 20 cents and under per square yard, 6 cents per square yard and 15 per cent ad valorem; valued at 20 cents and over"——

Mr. ALDRICH. "Valued at not more than 20 cents a square yard."

Mr. SMOOT. "Valued at not more than 20 cents per square yard, 6 cents a square yard and 15 per cent ad valorem; valued at more than 20 cents per square yard, 8 cents per square yard and 15 per cent ad valorem;" and then on line 6, after the words "over 9 feet in width," insert "valued at not more than 45 cents per square yard, 10 cents per square yard and 15 per cent ad valorem; valued at more than 45 cents per square yard, 12 cents per square yard and 15 per cent ad valorem."

Mr. BURKETT. What were the first figures? I did not catch them.

Mr. SMOOT. Six cents per square yard and 15 per cent ad valorem.

Mr. CUMMINS. The Senator intends, I assume, to carry on the same classification into the inlaid, because there is just as much difference between the cheaper forms of inlaid and designed linoleums as in the other linoleums.

Mr. SMOOT. I do not think that the Senator wants that reduction made, because the inlaid, the granite, and the plank are exceedingly high-priced goods.

Mr. CUMMINS. They are high priced, it is true, but they have no relation to each other. For instance, let me show you. There [exhibiting] is an inlaid linoleum of very common design, and the value of that is 36 cents a square yard abroad; that is the foreign value. There [exhibiting] is another linoleum made precisely like it, inlaid, and the value of that is 66 cents per square yard. Of course this is neither the cheapest form of inlaid linoleum, nor is it the most expensive form of inlaid.

Mr. ALDRICH. The rates will not be very high on either of those.

Mr. CUMMINS. There is this difference, Mr. President, and I call the attention of the Senator from Rhode Island to it: The ad valorem rate on this form [exhibiting], that is the cheaper form of inlaid, is 74 per cent, and the ad valorem rate upon the dearer form is 50 per cent.

Mr. ALDRICH. That is not so essential; it is not a very great difference.

Mr. CUMMINS. It is a difference of 24 per cent.

Mr. ALDRICH. There are always such differences in specific rates.

The PRESIDING OFFICER. Will the Senator from Utah send his amendment to the desk, if he has it in form?

Mr. SMOOT. I have not written it out.

The PRESIDING OFFICER. Will the Senator step to the desk and dictate it to the Clerk?

Mr. CUMMINS. As I understand, Mr. President, this will be in the RECORD so that we can read it in the morning?

The PRESIDING OFFICER. After it has been stated. The Senator from Utah offers an amendment, which will be reported by the Secretary.

The SECRETARY. It is proposed to insert the following in lieu of paragraph 343:

343. Oilcloth for floors, plain, stamped, painted, or printed only, and linoleum, corticene, and all other floor oilcloth and fabrics or coverings for floors, made in part of oil or any similar product, if 9 feet or less in width, and not specially provided for herein, valued at not more than 20 cents per square yard, 6 cents per square yard and 15 per cent ad valorem; valued at more than 20 cents per square yard, 8 cents per square yard and 15 per cent ad valorem; over 9 feet in width, valued at not more than 45 cents per square yard, 10 cents per square yard and 15 per cent ad valorem; valued at more than 45 cents per square yard, 12 cents per square yard and 15 per cent ad valorem; any of the foregoing of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, by whatever name known, not otherwise provided for in this section, and cork carpets, 20 cents per square yard and 20 per cent ad valorem; mats for floors, composed of any of the foregoing, shall be subject to the rate of duty herein provided for oilcloth, linoleum, corticene, or other floor oilcloth; waterproof cloth, composed of cotton or other vegetable fiber, whether composed in part of India rubber or otherwise, 10 cents per square yard and 20 per cent ad valorem.

Mr. CUMMINS. So far as I am concerned, I think that is about what I have been contending for.

Mr. STONE. I ask that the original agreement be adhered to. Let the entire amendment be printed in the RECORD.

Mr. CULLOM. Let it be adopted.

Mr. STONE. Let it be adopted, with the understanding that if we desire to open it up there will be no objection.

The PRESIDING OFFICER. The amendment of the committee will be modified as suggested in the amendment just read.

Mr. ALDRICH. Then I ask that the paragraph as amended be agreed to, with the understanding as stated by the Senator from Missouri.

The paragraph as amended was agreed to.

Mr. ALDRICH. Mr. President, the committee have no further amendments to suggest this afternoon, or, at least, until——

Mr. PENROSE rose.

Mr. ALDRICH. The Senator from Pennsylvania proposes to offer an amendment for himself on petroleum.

Mr. PENROSE. I offer the following amendment, providing for an additional paragraph, numbered 37½, reading as follows:

Petroleum, crude, one-half cent per gallon.

I hope this matter is so well understood that it will not lead to any prolonged discussion before the Senate has an opportunity to consider it. I will merely state that is it the amendment finally agreed on by the independent oil producers of the United States.

Mr. CULBERSON. Mr. President, I suggest that the amendment be reported.

Mr. PENROSE. I read the amendment.

Mr. CULBERSON. I should like to have it reported from the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Pennsylvania will be reported.

The SECRETARY. On page 10, after line 21, insert the following as a new paragraph:

37½. Petroleum, crude, one-half cent per gallon.

Mr. PENROSE. Mr. President, I desire to state that this amendment is the final conclusion of the independent oil producers of the United States, representing 89 per cent of the total crude petroleum production of the United States, and also

of the independent refiners of the country, representing some 20 per cent of that part of the business.

Mr. ELKINS. Mr. President, I suggest the want of a quorum.

Several SENATORS. There is a quorum present.

The PRESIDING OFFICER. Does the Senator insist upon his suggestion?

Mr. ELKINS. I will withdraw it, Mr. President, if desired.

Mr. CULBERSON. Mr. President, I renew the suggestion.

Mr. ELKINS. I think it is a good one.

The PRESIDING OFFICER. The point of no quorum has been made. The Secretary will call the roll.

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

Aldrich	Crawford	Guggenheim	Paynter
Bacon	Culberson	Heyburn	Penrose
Bailey	Cullom	Hughes	Perkins
Bankhead	Cummins	Johnson, N. Dak.	Piles
Beveridge	Curtis	Johnston, Ala.	Root
Borah	Davis	Jones	Scott
Brandegee	Depew	Kean	Shively
Bristow	Dick	McCumber	Simmons
Brown	Dolliver	McLaurin	Smith, Md.
Bulkeley	Elkins	Martin	Smith, Mich.
Burkett	Fletcher	Money	Smoot
Burrows	Flint	Nelson	Stone
Burton	Foster	Newlands	Sutherland
Chamberlain	Frazier	Nixon	Tillman
Clapp	Frye	Oliver	Warner
Clark, Wyo.	Gallinger	Overman	Warren
Clay	Gamble	Owen	Wetmore
Crane	Gore	Page	

The PRESIDING OFFICER. Seventy-one Senators have answered to their names. A quorum of the Senate is present. The question is on the amendment offered by the Senator from Pennsylvania [Mr. PENROSE].

Mr. CULBERSON. Mr. President, on that amendment, unless some Senator desires to speak, I demand the yeas and nays.

The yeas and nays were ordered.

Mr. BRISTOW. I should like to have the amendment reported.

The PRESIDING OFFICER. The amendment will be again reported.

The SECRETARY. On page 10, after line 21, insert a new section, to be known as 37½, as follows:

Petroleum, crude, one-half cent per gallon.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. BRISTOW. Mr. President, I desire to have read the letter I send to the desk. I will state that it is from a gentleman of wealth and intelligence, who has lately spent a month in Mexico, and is interested in oil production as well as oil refining. He is an independent oil producer, and is interested in independent oil refineries.

The PRESIDING OFFICER. The letter will be read.

The Secretary read as follows:

JUNE 1, 1909.

MY DEAR SIR: Your favor of the 7th instant, together with a copy of your letter to Senator King, was received to-day on my return home from four weeks' absence in Mexico.

I do not wish to enter into this matter at any length, as I presume the question of the duty on oil has been settled, although I have not kept up with this matter. You are mistaken about there being any 10-cent oil in Mexico. The Waters-Pierce Company and the Mexican Central Railroad have bought the production of the Dehaneys in Tampico field under contract. I understand the contract price is 50 cents gold per barrel. My understanding is that all the oil produced on the Isthmus of Tehauntepec and Veracruz field is owned or controlled by the Pearsons. There are very few if any independent producers of oil in the Republic of Mexico. There are a few oil promoters down there who are making considerable noise but not producing any oil nor drilling any wells. I do not think there is any danger from the Mexican field to American producers, and my opinion of this matter is that the Standard has been using you independents to pull their chestnuts out of the fire, as the conclusion I have reached is that the Standard fears the Pearsons may ship refined oil into this country in competition with them. In my judgment, this would be beneficial to the great masses of the people, as it might result in their getting cheaper oil. This, however, is all contingent upon future discoveries of oil in the Mexican field. There is not enough oil down there now to grease the wagons of the United States.

Yours, very truly, ——— ———.

Mr. BEVERIDGE. Mr. President, this is not a committee amendment, as I understand it, but it is presented by the Senator from Pennsylvania [Mr. PENROSE], and imposes a duty where the House put this article on the free list. It appeared that we were about to vote, and I am sure there are a good many Senators here who would like to hear some statement of reasons given, one way or the other. As was pointed out yesterday, everybody is working very hard concerning a great many matters as they come up, and I am sure that there ought to be some light thrown on this question by the proponents of the amendment, or the persons who object to it. I merely want to make that suggestion for what it may be worth.

Mr. PENROSE and others. Question!

Mr. BACON. As I understand it, this is not a committee amendment.

The PRESIDING OFFICER. As many as are in favor——

Mr. CULBERSON. Mr. President, the yeas and nays have been ordered.

The PRESIDING OFFICER. The Chair begs pardon. His attention was called in another direction, and he did not observe that. The Senator from Texas demands the yeas and nays.

Mr. CULBERSON. The Senator from Texas demanded the yeas and nays, and they have been ordered.

Mr. BAILEY. Mr. President, before the roll is called——

Mr. CULBERSON. If my colleague will pardon me a moment, I will suggest that the roll call was suspended in order that a letter might be read which was presented by the Senator from Kansas [Mr. BRISTOW].

The PRESIDING OFFICER. The Chair begs pardon for having overlooked that fact.

Mr. BAILEY. Mr. President, I should like to have the amendment read before we vote on it.

The PRESIDING OFFICER. The amendment will be again reported.

The SECRETARY. On page 10, after line 21, insert the following as a new paragraph:

37½. Petroleum, crude, one-half cent per gallon.

Mr. BAILEY. Mr. President, the effect of that amendment is to transfer oil from the free list to the dutiable list, and it is to be followed, of course, by another amendment transferring all the products of petroleum from the free list to the dutiable list.

Mr. PENROSE. I of course expect, Mr. President, to correct the bill, as far as the free-list paragraph is concerned, if the amendment should be acted upon favorably.

Mr. BAILEY. Mr. President, I shall detain the Senate but a moment. I am opposed to levying a duty on oil, for two reasons, either of them sufficient to control my vote.

In the first place, oil is an article of universal and necessary use, and I should not, therefore, be willing, except for some imperative revenue necessity of the Government, to levy a tax on it any more than I should be willing to levy a tax on coffee. When you look to the importations of oil and to the revenues that the Government has derived from those importations, you find that they amount practically to nothing.

Without having very recently examined the matter, I think I am well within the facts when I say that in no recent year has the Government collected more than $35,000 in revenue from the importation of oil. It is a matter of common knowledge, sir, that the United States produces more oil than our people consume, and that we export vast quantities. Therefore it must happen that a duty on it is levied not for the sake of raising revenue, but purely for the purpose of enabling those who produce oil to charge more for it to those who consume it. There is not in all this bill a duty more purely and essentially protective than this; and I am not willing to see this item transferred from the free list to the dutiable list without recording my protest against it.

Mr. BORAH. Mr. President, I do not care to discuss this matter, but I wish to ask the committee if any hearings were had before the Finance Committee with reference to the question as to how much crude oil is now produced by the Standard and how much by independent producers.

Mr. PENROSE. The committee heard a great many independent oil producers from all over the United States—I think one morning there must have been a hundred of them present—and the testimony was, as I have stated, that 89 per cent of the oil production is absolutely controlled by what are known as "independent oil producers" and about 11 per cent by the Standard Oil Company.

Mr. BORAH. Has the committee any doubt about there being independent oil producers?

Mr. PENROSE. I hardly understand that question. The independent oil producers of the United States, who are probably fifty or a hundred thousand in number, are among the most active and aggressive pioneers in the country. Many of them are Pennsylvanians, who, after our fields were abandoned, went to Oklahoma and the Indian Territory and California and West Virginia, still, however, maintaining their identity with the State. They are among the most intelligent, aggressive, and enterprising of our people; and I know, speaking for Pennsylvania, with which I am, of course, familiar, that no amendment to the tariff bill is more popular than the one I have just offered among the independent people directly and indirectly connected with the oil business in the western part of the State.

Mr. SHIVELY. Will the Senator permit a question?

Mr. PENROSE. Certainly.

Mr. SHIVELY. I am interested in this classification of independent oil producers. I will ask the Senator if it is not a fact that where a body of citizens incorporate themselves into

a company for the purpose of boring or mining for oil, and they put down a series of wells and strike oil and that oil is owned by them as a company—the wells having been put down, of course, by independents—that when the oil is lifted it is tapped into the Standard Oil Company's lines? Does he regard that kind of an oil producer as an independent oil producer? Does that class of oil producers fall within the percentage he has given here as some 80 per cent as independents?

Mr. PENROSE. Of course the producer is dependent upon the transportation facilities of the Standard Oil Company and of independent pipe lines. Fully 20 per cent of the transportation business is now controlled by independent companies, companies absolutely separate and independent of the Standard Oil Company. There is one in Pennsylvania, with its line extending across the State, tapping the western country and terminating at the seaboard, near Philadelphia, with its refineries, its ocean steamers, its stations in Europe, and all the appurtenances and facilities which attach to the Standard Oil Company.

They are formidable competitors in the farthest extremities of Europe and in every market. Their representatives are here to-day in Washington and have been all winter. Mr. Chamberlain, one of the gentlemen who started the independent pipe line in Pennsylvania; Mr. Lewis Emery, who has for forty years been contending for independence in the oil industry; all the independents of Pennsylvania and throughout the country have been here during the winter urging this amendment.

They do not underrate, as the gentleman did in the letter which was read, the menace to this industry in the Mexican field. This Mexican development is considered as threatening the destruction of the oil producers in the United States. Here is the statement of Mr. Lewis Emery, who has spent ten years in investigating the Mexican wells and who knows probably as much about it as any man in America. He says, as is stated in a communication addressed to the Finance Committee—

I have been over a great portion of Mexico which I describe and speak of from personal observation. We have drilled there several wells, one of them the largest ever opened in any of the world's oil fields. This was the El Bocas well, on the banks of the Tamiahua lagoon, which produced upward of 5,000,000 barrels of oil in a few weeks and is still flowing about 10,000 barrels per day and is uncontrollable.

If the Republic of Mexico would maintain the countervailing duty there would be no cause for fear of the great overflow of oil from there. But the fact that she is now producing and refining more than sufficient to supply her needs, which causes her to look for outside markets, and in order to secure entrance to the United States markets she will undoubtedly cancel the present duty, and if so our duty will go with it and she will have easier access than our own producers and refiners to all our markets on our southern land border and on the Gulf and Atlantic coasts from the Rio Grande to Eastport, Me.

In other words, if this vast supply of Mexican oil, which probably exists in quantities undreamed of, should become available and Mexico should abolish the countervailing duty, there would not be an oil well in any of the middle western country that could find a market for its products in the East. The refineries would be started in Mexico by the Standard Oil Company and by the Pearson concern, and the refined product would be shipped by cheap ocean transportation into every Gulf and Atlantic port in the country.

Mr. McCUMBER. Mr. President, I prepared a table from the tables of the Bureau of Statistics covering the exports of petroleum, showing to what countries and our foreign markets, showing the imports of petroleum and the import duties on petroleum of countries producing the same, reduced to American currency and in American gallons, the world's production of petroleum, and the percentage of the total production in each of the great subdivisions, and also petroleum by kinds for the year 1904–1907, in gallons, in the world, and the total imports.

As they all bear upon this subject, without having them read, I will ask that the tables may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, that order will be made.

The tables referred to are as follows:

EXPORTS—PETROLEUM.

The following tables are the official statement by the Bureau of Statistics of the Department of Commerce and Labor of the quantity and value of petroleum and its products (mineral oils) exported from ports and districts in the United States for the years ending December 31, 1906 and 1907:

Recapitulation by kinds, in gallons.

	Quantity.	Value.	Quantity.	Value.
Crude petroleum	148,045,315	$7,731,226	126,306,549	$3,333,715
Naphtha	27,544,939	2,488,401	34,625,525	3,676,206
Illuminating oil	878,274,104	54,858,312	905,924,296	59,635,208
Lubricating oil and paraffin	151,268,522	18,689,622	152,028,855	19,210,353
Residuum	64,644,765	1,971,305	75,774,754	2,527,582
Total	1,269,777,645	85,738,866	1,294,659,979	91,383,064

FOREIGN MARKETS.

In the following table is given a statement showing the foreign markets for our oil in the four fiscal years ending June 30, 1907:

Exports of petroleum in its various forms from the United States for the fiscal years 1904–1907, by countries and kinds, in gallons.

Country and kind.	1904.	1905.	1906.	1907.
Crude:				
Europe	91,557,224	79,358,206	91,270,179	74,875,794
North America	23,016,790	43,700,489	44,551,256	53,255,910
South America	114,576,920	123,059,010	139,688,615	128,175,737
Refined:				
Naphtha—				
Europe	13,380,996	26,705,956	27,232,694	16,691,709
North America	3,529,125	4,110,699	5,524,000	9,635,345
Illuminating—				
Europe	498,430,827	529,939,821	572,463,662	572,077,868
North America	27,910,344	22,687,482	21,528,028	21,252,558

IMPORTS—PETROLEUM, 1907.

The imports of mineral crude oil to the United States is as follows:

	Quantity.	Value.
Crude ... gallons	1,392,555	$91,547
Refined ... do	3,556,250	194,706
Mineral wax ... pounds	1,451,231	149,507

Import duties on petroleum by countries producing petroleum, reduced to American currency and American gallons.

Country.	Crude, per gallon.	Refined, per gallon.
	Cents.	*Cents.*
Austria (Gallacia)	4.967	14.36
Germany		7
Roumania	1.14	2.84
Burma (India)	1.66	1.66
Russia	2.816	16.895
Mexico	4.86	13.27
Canada	Free.	2.083

Java (Dutch East Indies), 5.19 per cent ad valorem plus 37 cents.

Japan, 20 per cent ad valorem plus 20 per cent for sundries, 4.785 cents.

WORLD'S PRODUCTION OF PETROLEUM.

The total production of petroleum for the various countries of the world, according to the report of the United States Geological Survey of 1907, was, in round numbers, 262,000,000 barrels, about 720,000 barrels per day, divided among the various countries, as follows:

Country.	1906.	1907.	1907.
	Barrels.	*Barrels.*	*Metric tons.*
United States	126,493,936	166,095,335	22,149,862
Russia	58,897,311	61,850,734	8,247,795
Sumatra, Java, and Borneo	8,662,572	[a] 8,738,302	1,178,797
Galicia	5,467,967	8,360,441	1,175,974
Roumania	6,378,184	8,118,207	1,129,097
India	4,015,803	4,344,162	579,316
Japan	1,710,768	2,010,639	268,129
Mexico		1,000,000	133,355
Canada	569,753	788,872	105,200
Germany	578,610	756,631	106,379
Peru	42,419	65,476	8,732
Italy	53,577	[a] 53,500	7,450
Other	30,000	[a] 30,000	4,000
Total	212,900,900	262,212,299	35,094,086

[a] Estimated.

Percentage of total production, 1907.

United States	63.12
Russia	23.50
Sumatra, Java, and Borneo	3.36
Galicia	3.36
Roumania	3.22
India	1.65
Japan	.76
Mexico	.38
Canada	.30
Germany	.30
Peru	.02
Italy	.02
Others	.01
Total	100.00

Petroleum, by kinds, for the years 1904–1907, in gallons.

Country and kind.	1904.	1905.	1906.	1907.
Refined:				
Illuminating—				
South America	45,598,915	50,724,250	54,984,746	55,081,352
Asia	134,313,296	174,941,348	164,893,450	196,303,228
Oceania	21,517,840	28,997,401	22,260,688	27,767,540
British Africa	741,567,086	822,881,953	894,361,210	894,529,432
Lubricating—				
Europe	67,830,877	76,537,696	117,398,470	108,153,422
North America	88,810,130	97,357,196	146,110,702	136,140,226
Residuum (barrels):				
Europe	537,155	1,165,461	1,783,472	65,228,009

Total imports.

February.	Exports.	Imports.	Excess of exports.
1909	$126,036,204	$118,635,807	$7,400,397
1908	167,757,032	84,752,651	83,004,381
1907	159,517,221	123,005,683	36,511,538
1906	141,766,558	104,232,879	37,553,679
1905	106,870,782	103,084,413	3,783,369
1904	118,800,282	89,022,500	29,777,782
1903	125,586,024	82,622,246	42,963,778

Mr. McCUMBER. Mr. President, we passed a Senate resolution inquiring into the question of this wonderful production of oil in Mexico, which was to swamp all of the American concerns. The President sent in his message, and without having the message read, I should like to have read the report of C. W. Hayes, chief geologist, who made the investigation.

The PRESIDING OFFICER. Without objection, the paper will be read by the Secretary.

The Secretary read as follows:

The conclusions of general public interest derived from my personal inspection of the Mexican oil fields are briefly as follows:

While these fields promise to yield a large quantity of crude oil, its quality is such that it can not compete under present conditions in the markets of the United States or Europe with the higher grade petroleum of the Appalachian, Illinois, or mid-continent fields. Further, the conditions are such that the demand for fuel oil and refined products in Mexico exceeds the supply available at present or in sight in the near future. There is practically no coal in Mexico, and the railroads now dependent chiefly on Texas, Oklahoma, and English coal could consume several times the present production of oil if it were generally adopted as fuel. The increased production in the Mexican fields therefore will affect the United States by reducing the demand for coal; by reducing the demand for high-grade crude oil for refining to supply the local market, and to some extent by competing in the European market with American refined products.

Finally, the conditions in the Mexican fields are not favorable for the small operator, and it is highly probable that production as well as refining will remain in the control of a very few strong companies. The geological conditions under which the oil occurs are such as to increase the hazards and uncertainties encountered in the development of an oil field, and it is probable that both the difficulty of securing a steady supply of oil and the average cost of production will be correspondingly increased.

C. W. HAYES, *Chief Geologist.*

Mr. PENROSE. In addition to the menace from the Mexican fields, which, in the opinion of all practical independent oil producers who have visited that country, is a serious one, I ought to call the attention of the Senate to the Canadian fields. I would recall the fact that to encourage production the Ottawa government enacted a law giving a bounty of 54 cents per gallon on all oil produced in the Dominion. As a result of that bounty the production has increased quite rapidly, and large operations are being started not only in eastern and central Canada, but in the far northeast.

As to the amount of the duty fixed in the amendment, I should like to call the attention of the Senate to the fact that Austria imposes a duty on crude petroleum per gallon of nearly 5 cents; Roumania, a duty of 1.14 cents; India, a duty of 1.66 cents; Russia, a duty of 2.81 cents; Mexico, a duty of 4.86 cents; and Japan, 20 per cent ad valorem.

All of the above countries have high duties on the refined product per gallon. Therefore the amount of duty as fixed in the amendment which I have offered is smaller by over a half than any duty imposed by any other country in the world.

Mr. GUGGENHEIM. Mr. President, the oil industry is a very important one in the State of Colorado. To protect that industry, I shall vote for the amendment offered by the Senator from Pennsylvania. In connection with that matter, I have a clipping here from a very important newspaper of Denver, which I send to the desk and ask to have the Secretary read.

The PRESIDING OFFICER. Without objection, the paper will be read.

The Secretary read as follows:

TWO NEW STRIKES OF OIL IN SECTIONS WIDELY APART GIVE PROMISE OF GREAT DEVELOPMENT OF THE INDUSTRY.

An industry that has long been a part of the commercial and industrial life of Colorado and that last year received a strong impetus through new development is the oil industry. For twenty years there have been a large number of good producing wells in Fremont County, near Florence, and the past six years have seen a new field developed in the Boulder district that is netting handsome returns to a number of operating companies; but in 1908 new strikes were made in two sections of the State that promise extensions beyond the $2,000,000 a year that is now produced. Discoveries were made in Rio Blanco County, on the western slope of the Rocky Mountains, and in Lamar, in the Arkansas Valley, which is believed to be the same field as in the Florence district.

PRODUCE 3,300 BARRELS A DAY.

The wells in the Florence district produce about 3,000 barrels a day, and those in the Boulder district about 10 per cent as much. The crude product is handled by refineries located in the districts, and gasoline, kerosene, and the numerous other products of petroleum are manufactured on an extensive scale.

The wells supply a large portion of this commodity that is consumed in Colorado and the States adjoining on the north, south, and west. Development is going on all the time in the Florence field and every few weeks a new well is opened that adds to the wealth of the community. In 1908 a large wax factory was opened at Florence to further increase the value of the residue from the refining process that was formerly sold for $1 a barrel, and the profits of the operating company will be increased by a handsome figure.

The business in the Florence field is practically controlled by the United Oil Company and that of the Boulder field by the Inland and Colorado companies.

MILLION AND A HALF FROM ONE WELL.

Explorations in the Florence field have developed about 275,000 acres of oil-bearing land, and there is about one well for each 750 acres. One well has produced nearly 1,500,000 barrels of oil and has netted the owners not less than $1,500,000 above operating expenses.

Development has not progressed far enough in the new districts to base any prediction on their future. The operators in the Rio Blanco County district declare their wells are located on the same field as the newly opened wells in the Bluff City (Utah) district, which has been heralded as the greatest oil district opened since the Texas and Kansas and Indian Territory fields.

Mr. OWEN. Mr. President, the State which I have the honor in part to represent has a present output of crude oil which is larger than was the entire production of crude oil in the United States at the period of the last census. It has a capacity of over 50,000,000 barrels output per annum at this time. That oil is being sold at from 20 cents to 41 cents a barrel, of 42 gallons—a very low price indeed. If refined oil was sold at any measurable degree in proportion to the cheapness of the crude oil of Oklahoma, it could be sold for illuminating purposes at not exceeding 5 cents a gallon wholesale. It costs only half a cent a gallon to refine the oil. The high price of petroleum in this country for illuminating purposes is not due to the high price of crude oil, but to artificial high prices fixed by the worst monopoly on earth, the Standard Oil Company. It is in spite of the very low price of crude oil that refined oil is still maintained at a high figure by the commercial machinery of the Standard.

Mr. President, I call the attention of my Democratic colleagues to the fact that the Wilson bill, the only tariff measure that the Democrats have presented to the country since the war, carried a 40 per cent ad valorem on crude oil and on its products. This tax on oil was presented in the Senate by Senator James K. Jones, the leader of the Democracy at that time. Without an objecting voice, it was adopted by the acquiescence of every Democratic Senator in this body. This item imposing a 40 per cent ad valorem tax on oil went to the House of Representatives. It was adopted by the House of Representatives, then controlled by the Democrats, and became the law.

I do not, because of that, say to the Senate that it was necessarily a wise or judicious thing to do, nor that it is worthy to be followed now, unless for other reasons this tariff is justified, but I do insist that a tax on crude oil of half a cent a gallon can not be regarded as un-Democratic with this Democratic precedent. The suggestion has just been made that the independent producer and independent refiners are being used as the cat's paw of the Standard Oil Company.

Mr. President, I confess that I have but little sympathy with that charge. I have caused to have presented to the Senate heretofore the proceedings of the independent oil refiners and oil producers in their session in this city on the 21st of April, 1909, which will be found in Senate Document No. 88 of the present session of Congress, and there is recorded a long list of men notable in the production and refining of oil in this country, men whose business acumen, whose business sense, whose skill, and whose good faith ought not to be impugned. They deserve better treatment at the hands of the Senate than either to be discredited in motive or in the intelligence of their prayer.

I grant that any duty carries with it some measure of protection, because any duty whatever put upon our statute book to that extent interposes a barrier against competition from

abroad, but this tax will interpose a barrier alone to the anticipated shipments of the Standard.

As far as my State is concerned, I favor this small import duty, because if the producers and refiners in my State are right in their apprehensions it will operate as a barrier to the Standard and give our independents a better chance to devlop competition with the Standard; and if the Mexican oil is brought in, it will compel the Standard to pay a revenue into the Federal Treasury.

"Oh," is is said, "we have never imported any oil and we never will, and therefore this tax is not justified." Very well; if that be true, I respectfully represent that the opposition to the tax is not justified as the tax, on this theory, is harmless.

Suppose, however, that this production in Mexico, which the producers so greatly fear, should grow by leaps and bounds, as it has done in Oklahoma. Mr. President, I call attention to the rapid growth of this production in Oklahoma. Only a few short years ago, in 1903, the total midcontinnental production was only 1,500,000 barrels, and now in Oklahoma alone I think it is no exaggeration to say that the output is 50,000,000 barrels. Mexico in 1906 had 1,000,000 barrels, in 1907, 4,000,000 barrels. Suppose the output in ten years, before another tariff bill may pass, is 100,000,000 barrels and the Oklahoma producer put out of business. What then of the consumer?

The good faith of the men who fear the Mexican production is abundantly vouched for not only by their own high character, but also by letters which they present from the highest officers of this Government; one from Martin A. Knapp, chairman of the Interstate Commerce Commission, which, without reading, I will ask to place in the RECORD.

The PRESIDING OFFICER. Without objection, that order will be made.

The letter is as follows:

INTERSTATE COMMERCE COMMISSION,
Washington, May 21, 1909.

Mr. C. D. CHAMBERLAIN,
Secretary, etc., New Willard Hotel, Washington, D. C.

DEAR SIR: In response to your request of 20th instant, I write to say that, so far as I have information or belief, either official or personal, the producers and dealers of oil which you represent are entirely independent of and have no affiliation with the Standard Oil Company.

In the various investigations which the commission has conducted, both in formal proceedings under the act to regulate commerce and in compliance with the joint resolution of the Congress, nothing has been disclosed or suggested to indicate that the members of your association are not actual and active competitors of the Standard Oil Company. I have no reason to doubt that they are entirely independent and rival concerns. Nothing has come to my knowledge which would warrant a contrary belief.

Yours, very truly, MARTIN A. KNAPP, *Chairman.*

I hereby certify that I have compared the foregoing copy of a letter from Martin A. Knapp with the original bearing his signature, and find it a true copy.

Witness my hand and seal this 22d day of May, 1909.

[SEAL.] WARREN M. MITCHELL,
Notary Public, District of Columbia.

Mr. OWEN. Here is a letter from Frank B. Kellogg, who is prosecuting with all his might the Standard Oil Company, and who can not be suspected of any sympathy with them. I ask that the letter may go into the RECORD without reading.

The PRESIDING OFFICER. It is so ordered.

The letter referred to is as follows:

DAVIS, KELLOGG & SEVERANCE,
St. Paul, Minn., May 26, 1909.

C. D. CHAMBERLAIN,
New Willard Hotel, Washington, D. C.

MY DEAR SIR: The refiners which you have represented in the past, members of the National Petroleum Refiners' Association, are, I have no doubt, independent of the Standard Oil Company. In the very thorough investigation we made and in all the testimony taken before the special examiner in the Standard Oil case, these refiners were treated as independent, and I believe them to be so.

I do not agree with you about the tariff on petroleum and its products. It does not seem to me that it will in any way injure you to have the tariff taken off. I do not wish, therefore, to be understood in any way as advocating the tariff on petroleum and its products. I am not, however, in the business, and every man is entitled to take a position to suit himself.

Very truly, yours, FRANK B. KELLOGG.

Mr. OWEN. Here is a letter from C. B. Morrison to like effect, which I ask may go into the RECORD.

The PRESIDING OFFICER. Without objection, that order will be made.

The letter referred to is as follows:

MORRISON, BROWN & GOULD,
Chicago, May 25, 1909.

Mr. C. D. CHAMBERLAIN,
New Willard Hotel, Washington, D. C.

DEAR MR. CHAMBERLAIN: Yours of the 20th instant just reached me, and in reply I have to say that if the question as to whether the petroleum interests which you represent are independent of the Standard arises at any time you are at liberty to call upon me, and I think I can satisfy any person that those interests are independent. From the time we commenced the suit in behalf of the Government against the Standard Oil Company and its affiliated companies you and those connected with your office were of great help to us, not only in posting us as to the facts, but in assisting us in gathering the testimony and in presenting it to establish the facts; and if there is any one thing that I learned thoroughly during the progress of that lawsuit, it was that you and the companies engaged in the petroleum business with which you were connected were wholly and completely independent of the Standard companies and independent of Standard interests. And you were not afraid to have your hostility to those interests known to everybody, because what you did in assisting the Government in its prosecution was done openly and fearlessly, and was greatly appreciated by the attorneys representing the Government.

It seems strange to me, knowing the facts as I do, that anyone at all posted should ever raise the question as to the independence of the companies which you represent. However, I can readily understand that one not going through it as we did might not be so thoroughly posted upon the situation as I am. I can also well understand how the real independent interests might be accused by honest men with affiliation with the Standard, because, as you know, it developed upon the taking of testimony that the Standard has at different times run, managed and controlled companies which held themselves out to be independent; and in one case some of these bogus independent companies employed counsel to appear before the legislature of Georgia and represent that they were real independent companies, and that the bill which they opposed was a bill in the interest of the Standard Oil Company, when, as a matter of fact, the Standard, and not the independent companies, was back of the opposition to the bill and paid the attorneys who appeared before the legislature and opposed the bill. So that after all it may not be strange that a real independent company should be suspected of affiliation with the Standard.

I wish you success in your efforts to uphold and advance the independent oil interests of the country.

Very truly, yours, C. B. MORRISON.

Mr. OWEN. Now, Mr. President, the increase of the production in Oklahoma has jumped in a few short years from nothing to 50,000,000 barrels per annum. These producers come here and submit their petition, which I submitted for the information of the Senate in Senate Document No. 88, parts 1 and 2. They point out what they expect from Mexico. Doctor Day's report only two days ago showed that Mexico from practically no production had jumped to a million barrels, then to 4,000,000 barrels the following year, and Lewis Emery, in his statement, which is before the Senate (S. Doc. No. 88), a man who has distinguished himself all his life as the most untiring opponent of the Standard Oil Company, nominated by the Democracy as its candidate as governor of Pennsylvania because he had distinguished himself as the opponent of the Standard Oil Company, comes here and points out in the most emphatic manner from personal experience what may be expected from the Mexican field.

I have in my hands a map of Mexico upon which Lewis Emery marked out the various fields in which oil had already been found. In a field near the Rio Grande, adjacent the Texas border; a field down the coast, below Tampico; a field down near to Veracruz; a field down on the Isthmus; and he states that for a distance of 800 miles these measures are oil bearing. He himself put down on the coast of the Gulf of Mexico, just below Tampico, a well which was so remarkable its story was published all over the world. He put down a well, an 8-inch hole, which struck a flow of oil that became an artesian fountain of oil and hot salt water, turning up the soil for 30 or 40 acres, boiling out two rivers of water, and pouring out an incredible volume of oil mixed with hot salt water of 159 degrees temperature, destroying the oil, but proving beyond the shadow of a doubt the enormous potentiality of the great oil-bearing measures of Mexico.

Mexico now charges us over 4 cents a gallon on crude petroleum, for any petroleum we may ship into Mexico . This amendment proposes only one-half of a cent a gallon on crude petroleum.

Mr. President, in my opinion the first duty of a legislator is to consider the welfare of the great body of the people of the country, to consider, as far as this oil matter is concerned, first of all the consumer; and in his name alone I shall speak in behalf of this proposed tax. His welfare is absolutely dependent on the development of competition by the independent producer and refiner. In 1887 the independent refiners refined only 5 per cent of the oil in this country, and now, by virtue of our more considerate interstate-commerce laws, the anti-rebate laws, and so forth, they have increased, and very much more rapidly in recent years than previously, until they have an output of 20 per cent of the refined oil used in this country.

The producers are afraid, because the Standard Oil Company purchases over 80 per cent, approximately, of the crude petroleum of the country, that if the Standard Oil Company controls the Mexican fields, it will naturally withdraw as chief purchaser of the crude oil of the American producer. Why should it not? Why should not the Standard Oil Company buy the cheapest oil available?

Any man in business, and in that business to make money, would buy his crude oil where he could get it the cheapest, and this Mexican field will furnish the cheapest oil in the world. If the Standard Oil Company does buy its supplies of crude there and can ship those supplies of crude into the United States

without tax, why should it continue to buy from the independent producer, who now produces 89 per cent of the oil of this country? And if the Standard ceases to buy, the independent producer in that degree is thrown out of business, the towns now dependent on the oil production and the allied industries dependent thereon fall into decay, the taxes paid to town, county, and State from such sources will cease, and Oklahoma might receive in this way an enormous injury. It shall not happen if my voice will prevent it.

When the independent producer diminishes and grows less and less and gradually goes out of business, the Standard Oil Company can thereafter the more easily control the crude oil in this country by purchase of a large part of such valuable production as remains, and, controlling the volume of production remaining, are in position to embarrass and destroy the independent refiner by irregular, defective, or deficient oil supply.

I earnestly call the attention of the Senate again to the important fact that, under our improving laws, the independents have increased from 5 per cent to 20 per cent. They are getting their refineries established all over the West, in Kansas, Oklahoma, Illinois, and at various other points. In Senate Document No. 88, Sixty-first Congress, first session, I submitted a map showing the price of refined oil where there was competition in refined oil by the independents and where practically there was no competition. That map, which I hold in my hand, shows that the price of oil goes down very decidedly where there is this competition.

I think it proper to say to the Senate that the competition in refined oil has to be most skillfully and carefully conducted by those who engage in it, for fear of their great antagonist, which has known no mercy in the past and has destroyed many and many an independent concern, as the history of the Standard Oil Company abundantly proves.

Mr. President, I believe that it is better for the consumer that we should have competition in this country. I believe that if oil is brought in from Mexico it will be brought in, not by the little independent, who has no oil fleet, but it will be brought in, if brought in at all, by the Standard Oil Company alone.

I think, if it is brought in, if the fears of the independent producer and refiner be well founded, there is no good reason why a small tax should not be imposed upon the crude oil, which would add to our revenues and at the same time would afford incidental protection to the independent producers and refiners. I for one will stand by the interests of my own State and the desire of my people, who believe that they are in jeopardy in this matter, and who have by their industry and enterprise developed an enormous industry in Oklahoma. I therefore shall cast my vote for this amendment. It has sound Democratic precedent, and was voted for by W. J. Bryan when he voted for the Wilson bill in 1904, not to mention every Democrat then in the Senate and, I believe, all who voted in the House. It is justified from a prospective revenue standpoint, and is in the best interest of the consumer.

Mr. GORE. Mr. President, it had been my purpose to offer an amendment to the pending amendment, limiting its operation to the Republic of Mexico; but I have just conferred with the junior Senator from New York [Mr. ROOT], and he expresses it as his impression that the subsisting treaty between the United States and that Republic contains the "favored-nation" clause, and that such an amendment would fly in the face of that treaty obligation. I shall, therefore, not offer the amendment which I had intended to propose.

Perhaps I should say, however, that I should not have voted for the pending amendment, whether my own amendment had been adopted or rejected. My colleague [Mr. OWEN] has forcibly stated the situation as it exists in our State, and has reflected the feeling that prevails among the independent producers and refiners in the State of Oklahoma. But, for my own part, I regard the Mexican oil field as being, in great measure, a Mexican myth. I regard it, at least up to the present time, as being almost as much a myth as the story of the eagle, the serpent, and the cactus. My information is that crude oil is now selling to the railroads in Mexico at 25 cents per barrel, and that refined oil is retailing in Mexico at 34 cents per gallon. Of course, it is subject to an import duty of about 13 cents per gallon.

It is my information, and I think it is undisputed, that the Standard Oil Company is transporting crude oil from the United States in order to supply its refinery at Tampico, Mexico. This statement is based upon our consular report. Mexico maintains an enormous tariff against oil from the United States, and if Mexican oil needs this protection against our oil, it seems inconceivable that our oil should need protection against Mexican oil.

Mr. President, there is no doubt that there are a great many independent oil producers in the United States; that the vast majority of the producers are independent, as much so as anyone can be who is dependent upon any one overpowering concern for a market. There is good business sense on the part of the Standard Oil Company in not engaging largely in the production of crude oil. It is infinitely better for that concern to allow private individuals, to allow independent producers, to take the risk of sinking a dry hole, or a "duster," as it is called, the Standard reserving to itself the power to fix the price upon the output of crude oil.

Mr. President, I say without reserve that if I were convinced that there were an unlimited oil field in the Republic of Mexico, if I were convinced that the Standard Oil Company owned and controlled that field, if I were convinced that if free oil were adopted here the Standard would import Mexican oil with which to crush and destroy the independent producers and the independent refiners of the United States, I should not hesitate for one moment to cast my vote in order to shield the independent producer, in order to shield the independent refiner, and, more than all, in order to shield the American consumer. I would not base my vote upon any claim or pretense of protection in the way of tariff protection. I would not base it upon any idea or pretense of a tariff for revenue only. I would vote for it to safeguard and shield the independent producer, the independent refiner, and the American consumer against the coil of that serpent whose full embrace is death. I confess there is a good deal of human nature in me. I wish that this cup might pass from my lips. Many of the independent producers in the State of Oklahoma are my personal and my political friends. They would render me any possible service, and I would reciprocate. I would render them any possible service that I could without violence to my conscience and my convictions. Perhaps my attitude on this occasion is attributable rather to verdure than to virtue. Perhaps when I have grown older in statecraft and in political finesse I may revise both my views and my policies.

Mr. President, I am not unaware that I may now be making a serious, a fatal political mistake. I am not unaware that I may be ordering a political casket. I am not unaware that I may be like the ancient queen lighting my own funeral pyre.

But, sir, I shall never demand a protective duty in behalf of a product or an industry in my own State until I am willing to concede protection to every other industry in every other State of the American Union.

Mr. FLINT. Mr. President, the State of California is one of the largest producers of crude petroleum and oil. I have received communications from the various commercial bodies in the State asking me to vote for a duty upon oil. In addition to that, we had a hearing before the Committee on Finance in reference to this subject. Independent oil producers from every State in this Union producing oil appeared before the committee and stated that it was absolutely necessary for them to have a duty on oil or they could not exist; that the Mexican field would be such an important factor in the future that without this duty they would be driven from business, and that the entire oil business of the country would be left in the possession of one corporation. They convinced me that the only way that the independent oil companies could survive was by this duty, and for that reason I intend to support the amendment offered by the Senator from Pennsylvania.

Mr. CUMMINS. Mr. President, I have given this matter some thought. I shall not detain the Senate surely more than five minutes in expressing the conclusions that I have reached.

First, I have no doubt about the attitude of the independent oil refiners and the attitude of the independent oil producers. Indeed, nearly all the oil producers are independent. The Standard Oil Company and the independent refineries together produce but a small fraction of the oil used in the United States and exported from our country. I have no doubt they are entirely honest in their belief that they have something to fear from Mexico. Therefore they are entirely natural in their desire to build this wall between our country and our southern neighbor. I am not willing, however, to accept the judgment of the independent oil refiners. I would not accept it more quickly than I would accept the judgment of the Standard Oil Company.

I would not accept the judgment of the independent oil producers. They each have their view, and they are each entitled to a fair hearing; but it is for us to determine whether there is any reason for imposing this high protective duty upon oil.

In my opinion, the Standard Oil Company is just as well served with a duty on oil as any other manufacturer is served with a duty upon his product. The Standard Oil Company is

especially well served with a duty on oil, because, as I understand, there is no suggestion of repealing the provision which permits the Standard Oil Company to be reimbursed for all the duties which it pays upon imported oil. The Standard Oil Company—and if I am wrong about that, I beg to be corrected now—if I understand the law aright, if this great refiner of oil imports oil and pays a duty upon it and then exports the oil, it is then reimbursed for 99 per cent of the duty that it has paid; and it is not only reimbursed for the duty it has paid upon oil, but it is reimbursed the duty it has paid upon any package in which that oil may be contained.

Impose this duty upon oil and what is the result? The Standard Oil Company, if the time shall come, will import oil from Mexico, if the fears of the independent refiners are realized; it will pay the duty on that oil; it will export the oil to other countries of the world; and it will be repaid by the Government of the United States the duty it has expended. The proposition therefore is a little worse, as it seems to me, for the independent refiners and the independent oil producers than free oil.

If a duty on oil is tolerable at all, it is only tolerable in connection with a repeal of the provision which gives the oil refiner the opportunity to receive a rebate or reimbursement for the duty. That is true, because the United States is a very large exporter of oil, and we will continue to be a large exporter of oil, and if the Standard Oil Company takes this oil from Mexico without duty and uses it for export, it will displace just so much of the domestic oil that it has been in the habit of buying.

Mr. OWEN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. CUMMINS. I do.

Mr. OWEN. I call the Senator's attention to the fact that the Standard Oil Company has three refineries in Mexico—one at Tampico, one at Veracruz, and one at the City of Mexico. So if they desire to ship abroad the refined product, they would not bring it into the United States and then ship it out, although they might do so.

Mr. CUMMINS. Precisely; and yet that is the very thing which is feared. The only reason that is suggested for the imposition of the duty on oil is the danger of the Standard Oil Company importing oil from Mexico, refining it here, and in that way having the Mexican oil take the place of the domestic oil.

Mr. OWEN. The Senator, I think, does not understand the argument of the independent producer, because while of course the foreign market would be open to the refineries of the Standard Oil Company in Mexico or in this country, for that matter, under the theory on which the Senator now speaks it is not that market which would in anywise be affected by the tariff one way or the other, but it is the market within our own borders.

Mr. CUMMINS. Mr. President, I understand that; but the result is precisely the same. The foreign market takes so much oil and the domestic market takes so much oil; and if the Standard Oil Company can reach those markets, even though you impose a duty upon the oil, without paying any duty, it makes no difference whether the Standard Oil Company exports it from Mexico or whether it exports it from the United States.

Mr. PENROSE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. CUMMINS. I do.

Mr. PENROSE. In answer to the objection which the Senator from Iowa has made, I desire to state, for his information and the information of the Senate, that it is my purpose to offer a proviso at the proper time and at some suitable place in the bill abolishing the drawback provisions so far as they may apply to crude petroleum; but I do not understand that the Finance Committee has yet definitely acted on a drawback provision in this tariff bill, and therefore I withhold the amendment until the proper occasion and in the proper place.

Mr. CUMMINS. Mr. President, I am very much gratified to hear that the abolition of the drawback is under consideration; but we ought to deal with the two things at the same time, because, as it seems to me, they are inseparably connected with each other. We might impose a duty on oil, and, even though the Senator from Pennsylvania afterwards offers the provision that he suggests, we might fail upon that, and in that way fall between these two propositions. I hope the Senator from Pennsylvania, if that be his purpose, will in some way couple it with the amendment that he has now offered.

Mr. PENROSE. Then, I will offer it now, Mr. President, and ask to have both amendments voted on together.

Mr. CUMMINS. I have no hesitation in saying that such a proposition makes the duty on oil much more consistent with my views of what should be done than the absence of that proposition.

The PRESIDING OFFICER. The Senator from Pennsylvania submits a further amendment, which will be read for the information of the Senate.

The SECRETARY. It is proposed to add a provision at the end of the paragraph as follows:

Provided, That no drawback shall be allowed on exportations of petroleum or the products thereof.

The PRESIDING OFFICER. The Senator from Pennsylvania makes the request that the two amendments offered by him be voted upon together.

Mr. PENROSE. That they be considered as one amendment.

The PRESIDING OFFICER. That they be considered as one amendment. Is there objection to that request?

Mr. BANKHEAD. I desire to suggest, Mr. President, that I do not think those two propositions ought to be coupled together. I should like them to be voted on separately.

Mr. CRAWFORD. Mr. President, I think that provision is hardly fair to those who wish to vote against the duty on oil, but wish to vote for the provision abolishing the rebate.

The PRESIDING OFFICER. Objection being made, the amendments will be voted upon separately. The question is upon the first amendment submitted by the Senator from Pennsylvania [Mr. PENROSE].

Mr. CUMMINS. I have not yet concluded what I desire to say. I repeat the statement that the duty on oil, which I do not favor in any event, is only made tolerable by the suggestion just made by the Senator from Pennsylvania. I think many of the evil effects of the duty upon oil would be removed by the adoption of that amendment, although I am opposed to a duty on oil at the present time under any circumstance, and I will briefly submit to the Senate my reasons for that opposition.

I do not want the product of Mexico to supplant the product of the United States, and, as I have suggested more than once, I shall be perfectly willing to vote for an amendment or a proposition that will establish this arrangement: That whenever the imports of oil amount to 5 per cent of our domestic production, then there should be laid a duty on oil that is provided for in the amendment of the Senator from Pennsylvania; but we have never had any such imports, and, in my opinion, we never will, and we are legislating against a mere fear, a chimera.

I beg to recall the attention of the Senate to a message of the President of the United States, which was transmitted in response to a resolution that I had the honor to introduce some time ago, and which gives the results of the visit of the geologist, Doctor Hayes, to Mexico. I was unable to get the details. There was a confidential seal, apparently, placed upon the investigation, which prevented a full disclosure; but I want to read to the Senate the report actually made by Doctor Hayes to the Geological Survey.

Mr. SCOTT. If the Senator will allow me, that statement has already been put in by the Senator from North Dakota [Mr. McCUMBER].

Mr. McCUMBER. I just had it read, I will say to the Senator.

Mr. CUMMINS. If that be true, I will not then either add to the volume of the RECORD or consume the time of Senators in reading it again. But if there is anything that can be safely proceeded upon at this time as established as a reasonable basis for procedure, it is that we are in no danger of importations from Mexico, at least, at this time.

Mr. SUTHERLAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Utah?

Mr. CUMMINS. Yes.

Mr. SUTHERLAND. If the Senator is correct in thinking that we are not menaced by any threatened importations of oil, and if the Senator is correct in thinking that there will be no importations of oil from Mexico, what harm does the Senator see in the adoption of the proposed amendment?

Mr. CUMMINS. My answer to that is this: It is wholly impossible to unravel all the skeins of commerce. I do not know to what evil purpose the duty may be put. I may not be able at the present time to point out any danger, just as the Senator from Utah may be unable to point out any good, that will follow the imposition of the duty. But if I understand the policy of this country, it is not to put a duty upon an article until there is something to be protected here, and some danger to be apprehended from competition abroad. Therefore I take the safer course, and believe in keeping the channels of commerce open until we see that it is necessary to obstruct them in some fashion or other.

Mr. SUTHERLAND. I did not intend by my question to indicate my own position with reference to the matter. So far as the information I have is concerned, I am inclined to think

there is very great danger of the importation of oil from Mexico.

Mr. CUMMINS. If that be the conclusion which the Senator from Utah has reached, it will necessarily determine his vote upon this proposition. I have reached a different conclusion, and therefore must register my vote against the duty on oil.

Mr. PENROSE. Mr. President, I desire to withdraw the amendment I have just offered providing for the abolishing of the drawback.

The PRESIDING OFFICER. That is the Senator's privilege.

Mr. PENROSE. I now offer it again as an amendment to my original amendment. The vote will then be taken first on the amendment to the amendment—the drawback amendment.

The PRESIDING OFFICER. The Chair was laboring under the impression that when the amendment was first offered, it was an amendment to another section of the bill. As a matter of fact——

Mr. PENROSE. It was a new paragraph.

The PRESIDING OFFICER. As a matter of fact, the Chair understands that the Senator did offer it in the first place as an amendment to his amendment. The question, then, will be upon the amendment to the amendment, which will be stated.

The SECRETARY. At the end of the paragraph, add the following words:

Provided, That no drawback shall be allowed on exportations of petroleum or the products thereof.

Mr. GORE. Mr. President, I do not think this is the proper procedure. The yeas and nays have already been ordered on the other amendment. I make the point of order that it is not in order to offer this amendment now. I desire to vote for the last amendment offered, and against the first. I shall be obliged to vote against both, if this course of procedure is adopted; and I insist that the roll be called, as it had been ordered on the original amendment. I make the point that this amendment is out of order.

The PRESIDING OFFICER. The Chair sustains the point of order made by the Senator from Oklahoma, and the roll will be called upon the first amendment.

The Secretary proceeded to call the roll.

Mr. CLAY (when his name was called). I have a general pair with the senior Senator from Massachusetts [Mr. LODGE], who is necessarily absent from the Chamber; but he informed me before leaving that he would vote the same way that I would on this proposition. He authorized me to state that he is paired with the senior Senator from New Hampshire [Mr. GALLINGER], and that he would vote "nay," if present. I will therefore vote. I vote "nay."

The PRESIDING OFFICER (when Mr. GALLINGER's name was called). The present occupant of the Chair is paired on this vote with the senior Senator from Massachusetts [Mr. LODGE]. The Senator from Massachusetts, if present, would vote "nay," and the Senator from New Hampshire would vote "yea."

Mr. JONES (when his name was called). I am paired with the junior Senator from South Carolina [Mr. SMITH]. I transfer the pair to the junior Senator from Montana [Mr. DIXON], and will vote. I vote "nay."

Mr. SHIVELY (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. BRADLEY]. I transfer the pair to the junior Senator from Tennessee [Mr. TAYLOR], and will vote. I vote "nay."

Mr. OVERMAN (when the name of Mr. SIMMONS was called). My colleague is temporarily absent from the Chamber. He is paired with the junior Senator from Illinois [Mr. LORIMER]. If my colleague were present, he would vote "nay."

Mr. TILLMAN (when the name of Mr. SMITH of South Carolina was called). My colleague is ill, and therefore absent. If present, he would vote "nay."

Mr. WARREN (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. MONEY], which I transfer, so that he will stand paired with the junior Senator from Wisconsin [Mr. STEPHENSON]. I vote "yea."

The roll call was concluded.

Mr. BRIGGS. I have a pair with the senior Senator from Maryland [Mr. RAYNER]. I transfer the pair to the senior Senator from Oregon [Mr. BOURNE] and will vote. I vote "yea."

Mr. BANKHEAD. The junior Senator from Mississippi [Mr. MCLAURIN] is absent, with the understanding that he had a pair with the junior Senator from Michigan [Mr. SMITH]. I notice that the junior Senator from Michigan has voted.

Mr. SMITH of Michigan. I did not hear the statement of the Senator from Alabama.

Mr. BANKHEAD. I beg pardon; that is all right.

Mr. SMITH of Michigan. I understood that the Senator from Mississippi if present would vote "nay."

Mr. BANKHEAD. That is true.

Mr. SMITH of Michigan. And I voted "nay."

Mr. BANKHEAD. I did not observe that. I beg the Senator's pardon.

The result was announced—yeas 34, nays 40, as follows:

YEAS—34.

Aldrich	Clark, Wyo.	Guggenheim	Perkins
Borah	Cullom	Hale	Scott
Brandegee	Curtis	Heyburn	Smoot
Briggs	Depew	Kean	Sutherland
Bulkeley	Dick	McEnery	Warner
Burnham	du Pont	Nixon	Warren
Burrows	Elkins	Oliver	Wetmore
Burton	Flint	Owen	
Carter	Frye	Penrose	

NAYS—40.

Bacon	Crawford	Gore	Overman
Bailey	Culberson	Hughes	Page
Bankhead	Cummins	Johnson, N. Dak.	Paynter
Bristow	Davis	Johnston, Ala.	Piles
Brown	Dillingham	Jones	Root
Burkett	Dolliver	La Follette	Shively
Chamberlain	Fletcher	McCumber	Smith, Mich.
Clapp	Foster	Martin	Stone
Clay	Frazier	Nelson	Taliaferro
Crane	Gamble	Newlands	Tillman

NOT VOTING—18.

Beveridge	Dixon	Money	Smith, S. C.
Bourne	Gallinger	Rayner	Stephenson
Bradley	Lodge	Richardson	Taylor
Clarke, Ark.	Lorimer	Simmons	
Daniel	McLaurin	Smith, Md.	

So Mr. PENROSE's amendment was rejected.

Mr. OWEN. Mr. President, I offer an amendment, to be numbered section 37½.

Mr. PENROSE. There is an amendment pending, Mr. President, which I suppose I might as well withdraw, under the circumstances. I withdraw the drawback amendment.

The PRESIDING OFFICER. The Senator from Oklahoma submits the following amendment, which will be reported.

The SECRETARY. Insert in the bill a new paragraph, 37½, as follows:

Provided, That no person, firm, association, or corporation doing an interstate business and engaged in the production, manufacture, distribution, or sale of petroleum oil or of any of its products, shall, for the purpose of creating a monopoly or destroying competition in trade, discriminate between different persons, associations, or corporations, or different sections, communities, or cities, of the United States, by selling such commodity at a lower rate in one section, community, or city than in another, after making just allowance only for the difference, if any, in the grade, quantity, or quality, and in the actual cost of transportation from the point of production or manufacture.

The PRESIDING OFFICER. The Chair will suggest to the Senator the propriety of striking out the word "Provided."

Mr. OWEN. I will strike out the word "Provided."

Mr. President, one way in which the Standard Oil Company has heretofore oppressed its independent competitor has been by raising the price of oil in one part of the country to pay the expense of lowering the price where there is competition, and in that way breaking down a competitor in one locality and reimbursing itself by raising the price in another locality. This has gone to so great an extent that 13 different States of the Union have passed a similar proviso for the control of that character of manipulation, to wit, Minnesota, North Dakota, South Dakota, Iowa, Kansas, Oklahoma, Missouri, Arkansas, Louisiana, Mississippi, North Carolina, South Carolina, and Nebraska.

I regard the proposed amendment as a very important provision of law—one which will go far to abate the triumphant march of monopolies over their weaker competitors—and I hope that it will receive the support of those who are in charge of this bill, and that they will give their acquiescence to it.

Mr. ALDRICH. Mr. President, the amendment is not in order. It is practically an amendment to the Sherman Act. That, certainly, is against our agreement to proceed with the consideration of the schedules, and to dispose of them before taking up any administrative matters. I raise the point that it is not in order.

The PRESIDING OFFICER. The Chair sustains the point of order.

Mr. OWEN. I offer this, then, as an amendment at the end of the bill.

Mr. ALDRICH. That is not in order now. We are proceeding under a general order to dispose of the dutiable paragraphs before taking up any administrative matters.

Mr. OWEN. Then I give notice that I shall, at the proper time, offer this as an amendment to this bill.

Mr. ALDRICH. I ask that we now take up paragraph 433, and I offer the following amendment——

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. ALDRICH] offers an amendment to paragraph 433, which will be reported.

The SECRETARY. Paragraph 433, on page 173: Modify the committee amendment by inserting, on page 173, line 20, after the word "dollars," the words "and 25 cents;" and on line 21 by striking out "thirty" and inserting "forty."

Mr. BAILEY. Mr. President, yesterday after I concluded my address to the Senate, and while I was resting from the fatigue of it, the Senator from Oklahoma [Mr. GORE], as a part of his remarks, printed an extract from an article contributed by Mr. Carnegie to some magazine. I know that the Senator from Oklahoma would not willingly do any man an injustice, least of all a dead man, who can not speak in his own defense, but I feel that I owe it to the late Senator from Maryland, Mr. Gorman, to correct the misstatement Mr. Carnegie has made and which the Senator from Oklahoma has reproduced.

I will go out of my way to say that I do not believe that Mr. Carnegie would willfully misrepresent any man or any circumstance, but he has evidently very much confused his facts.

That part of the magazine article which the Senator from Oklahoma had printed begins in this way:

> To two Democrats belong the chief credit of defeating the revolutionary features of the Wilson bill—Senator Gorman, Democratic leader of the Senate, and Governor Flower, of New York, an influential leader in the House.

Mr. President, the honorable Roswell P. Flower was not a Member of the House of Representatives when the Wilson bill was pending in that body. He was elected to the Fifty-second Congress, but resigned his membership in that body in September, 1891, and was elected governor of New York the following November. Obviously, therefore, Mr. Carnegie is mistaken when he says that Governor Flower, as "an influential leader in the House," assisted him. I know just as well that he is mistaken in what he says about Senator Gorman as I do know that he is mistaken in what he said about Governor Flower.

The statement proceeds further to say that Mr. Carnegie wrote out the steel schedule, and Senator Gorman incorporated it in the Wilson bill exactly as Mr. Carnegie had prepared it. I waive the reflection upon the members of the committee, though I do not believe that the Finance Committee would have permitted Mr. Carnegie to write its schedule. The Democratic portion of the committee was composed of Daniel W. Voorhees, of Indiana; John R. McPherson, of New Jersey, who was sick and absent and whose place on the committee was filled by the Hon. Roger Q. Mills, who was, as I recall it, designated by special resolution of the Senate to act in the absence of the New Jersey Senator. Also on that committee was the late Isham G. Harris, of Tennessee; the late Senator Vance, of North Carolina; the late Senator Vest, of Missouri; and the late Senator James K. Jones, of Arkansas; and Senator Gorman was not even a member of the Finance Committee at that time.

Therefore Mr. Carnegie's recollection must be at fault, unless, indeed, we assume that the members of that committee would have permitted Senator Gorman to take from the hands of Mr. Carnegie a tariff schedule which he had prepared and that they would write it in the bill at Mr. Gorman's request.

It happens, Mr. President, that but one Democrat who served on that committee then is living to-day. He is a distinguished citizen of my own State, and although I have not always been able to agree with him on political questions, I pay him the tribute to say that no living man could have made Roger Q. Mills accept a tariff schedule written by Mr. Andrew Carnegie. I think I owe it to Senator Gorman, and I think I owe it to the other Democrats, to incorporate this statement in the RECORD.

Senator Gorman has in many places been held responsible for many of the matters that appeared in that bill with which the public was never quite content, and he has been represented as the man who prevented the framing of a bill acceptable to the Democratic masses of the country. There never was a greater injustice done any man, living or dead.

I happened once to be at a conference where there were assembled a number of Democrats charged with the responsibility of that bill, and I remember that Senator Gorman said to them:

> Gentlemen, I am ready to vote for the bill whenever you call the roll. I am simply trying to adjust the differences between my Democratic colleagues, if I can; and if you choose to call the roll tomorrow, I will vote for it. But I warn you there are others who will not.

And while he did exert his great talents and occupy himself day and night in an effort to reconcile the differences which existed, he was the one man in this Chamber who never threatened to assist in the defeat of that bill.

As to the particular question of iron ore, Mr. Gorman was not the Senator who insisted upon that. The Senators from Alabama—Senators Morgan and Pugh—were the ones who demanded a duty upon iron ore. There sat in this Chamber yesterday afternoon while I was addressing the body an ex-Member of the Senate who was a Senator in 1894, and he said to a Senator who sat beside him that the Senators from Alabama demanded the duty on iron ore, and the Senator to whom he made that statement now sits before me.

A Senator now near me heard one of the Senators from Alabama say that he would not vote for the bill unless a duty was laid on iron ore. I do not doubt that he meant it when he said that, though I have always doubted if he would have done it had he been put to the test. But if any man can be criticised for that provision, it is my duty to relieve the memory of Senator Gorman from the aspersion. He was my friend, and I do not hesitate to say, here and elsewhere, that I felt honored by his confidence and his friendship. I came here a very young man, and I found him always a wise counselor, but never a selfish one. His political methods were not what I had been taught to practice; but, sir, whatever of question there could have been about them, his methods were always employed on behalf of the Democratic party, and never for the benefit of Arthur P. Gorman.

Mr. GORE. Mr. President, I certainly had no disposition yesterday or at any other time to do any injustice either to the living or the dead. I have always remembered, and I have always practiced, the maxim that noble spirits war not with the dead. It was my own recollection that Governor Flower was not a Member of the House at that time. I was not distinct in that memory.

So far as what Mr. Carnegie said with reference to Senator Gorman, of course I had no way of verifying his statement. I do regard it as somewhat exceptional, as my remarks on yesterday abundantly proved. I stated then that I would have Mr. Carnegie's statement printed for whatever it was worth, and that every Senator could accept it or reject it in response to his own judgment.

Mr. ALDRICH. Mr. President, the Senator from Texas [Mr. BAILEY] has called attention to this magazine article. The rules of the Senate forbid Senators from ascribing motives to Members of the body. There certainly ought to be a feeling on the part of every Member of the Senate about presenting and having published in the RECORD of this body any article written by responsible or irresponsible parties ascribing motives to those who have left us.

I knew Arthur P. Gorman as well as any man. I served with him in this body for nearly twenty years, and I know that whatever his opinions were and whatever his acts were, they were his own opinions and his own acts. He did not attempt to legislate at the suggestion or the dictation of any man, especially any man whose interests ran, perhaps, counter to the interests of the public generally.

I am very glad the Senator from Texas has called this matter to the attention of the Senate, and I hope that there will be no further insertion of articles in the RECORD ascribing motives to dead Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

Mr. STONE. Mr. President, I desire to ask the Senator from Rhode Island a question or two. He is proposing to increase the duties by the amendment pending on blasting caps and mining and blasting fuses, increasing them not only above the House bill and above the bill as first reported to the Senate, but above the Dingley law.

Mr. President, the last statement was not wholly correct, but partly so. It is proposed, as I understand the amendment, to increase the duty on mining and blasting fuses above the Dingley law. The Dingley law imposed 35 per cent; the House bill continued 35 per cent; and the Senate committee proposed in the first instance to reduce it to 30 per cent; and now it is proposed to raise it to 40 per cent. In the case of blasting caps the Dingley law was $2.36 per thousand. Both the House bill and the Senate committee bill as first reported fixed the duty at $2 per thousand. It is now proposed to make it $2.25 per thousand.

Mr. President, I see that in 1897 the amount of duties collected on blasting caps was a little over $14,000, and on the fuses mentioned about $4,000. The importations were very

small. The revenues were small. I should like to know what is the necessity for this increase in duty.

Mr. ALDRICH. Mr. President, there is a decrease in the duty on blasting caps. The present duty is $2.36.

Mr. STONE. I remarked that there was a decrease of duty of 25 cents a thousand, but there is an increase of 5 per cent——

Mr. ALDRICH. On fuses.

Mr. STONE. On fuses.

Mr. ALDRICH. I will modify the amendment by making it 35 per cent instead of 40 per cent.

Mr. KEAN. I am told that it really ought to be 45 per cent.

The PRESIDING OFFICER. The amendment as modified will be stated.

The SECRETARY. In line 21, page 173, paragraph 433, it is proposed to strike out "thirty" and to insert in lieu thereof "thirty-five."

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Rhode Island as modified.

The amendment as modified was agreed to.

The PRESIDING OFFICER. Without objection the paragraph as amended is agreed to.

Mr. ALDRICH. The next paragraph that has been passed over is paragraph 419.

The PRESIDING OFFICER. The paragraph will be read.

The Secretary read paragraph 419, on page 168, as follows:

419. Brushes, brooms, and feather dusters of all kinds, and hair pencils in quills or otherwise, 40 per cent ad valorem.

Mr. ALDRICH. I ask that the paragraph be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the paragraph.

The paragraph was agreed to.

Mr. ALDRICH. The next paragraph passed over is paragraph 465, on page 186.

The PRESIDING OFFICER. It will be read.

The SECRETARY. In paragraph 465, page 186, lines 3 and 4, the committee proposes to strike out the words "10 per cent ad valorem" and to insert, "or other material, black, 1½ cents per ounce; colored, 2 cents per ounce; copying, 3 cents per ounce," so as to read:

465. Pencil leads not in wood or other material, black, 1½ cents per ounce; colored, 2 cents per ounce; copying, 3 cents per ounce.

Mr. ALDRICH. The committee proposes to modify that amendment. The Senator from Utah [Mr. SMOOT] will present the modification.

Mr. SMOOT. The committee modify the amendment by striking out "one and one-half" and making it "1 cent" on black, 1¾ cents instead of 2 cents on colored, and 2¾ cents instead of 3 cents on copying.

The PRESIDING OFFICER. The amendment as modified will be read.

The SECRETARY. It is proposed to modify the amendment so as to read:

Pencil leads, not in wood or other material, black, 1 cent per ounce; colored, 1¾ cents per ounce; copying, 2¾ cents per ounce.

Mr. DOLLIVER. I desire to have the Senator from Utah, if he has the information, make a statement as to the actual effect of this change in the classification of this paragraph and in the mode of assessing the duty and the amount of the duty.

Mr. SMOOT. Mr. President, the paragraph in the Dingley law carries only 10 per cent ad valorem. Since the passage of that law there has grown up in this country virtually a new business under it. Certain men have started manufacturing lead pencils by importing the pencil leads at 10 per cent ad valorem duty and incasing them with wood and selling them as American manufactured pencils. That has grown to such an extent that if the duty on pencil leads is not increased the manufacture of pencil leads in this country will cease entirely.

I will frankly admit that this is an advance, and I was interested in knowing just how much advance it was. I wrote a letter to the appraiser's office in New York to find out. I will say to the Senator from Iowa that Mr. Best, I think, is the man who is objecting to this increase.

The Richard Best Pencil Works, of New Jersey, has sent, I suppose to all Senators, a statement claiming that it is an increase of some thousand per cent, or, in some cases, even more, but from the report received from the appraiser's office this is not the case. With the duty now, as submitted by the Finance Committee, of 1 cent for black, 1¾ cents for colored, 2¾ cents for copying, the increased rate is about 35 per cent instead of 10 per cent ad valorem.

I asked the question whether it would be proper to raise the ad valorem on pencil leads from 10 per cent to 35 per cent, and the appraiser said that it would be almost impossible of administration. The only way they could tell the value of the lead was to make an examination of every shipment, and that was next to impossible. But the duties provided here will make so little difference in the cost of lead pencils, and will make no difference whatever in the cheap lead pencils that sell at 35 cents a gross, because Mr. Best has never tried to import such leads, that to the great bulk of the American people it simply means no advancement to them whatever.

But if the present rate is not changed, there is no doubt in the minds of the committee but that the manufacture of pencil leads will be transferred to a foreign country.

Now, Mr. President, nearly everything that pencil leads are made of is dutiable. All the colors are dutiable. We find that the duty of 10 per cent in the Dingley law amounts to about 1.9 cents per gross upon the leads, whereas the duty upon the chemicals and colorings that the leads are made of amounts to 4 cents. Therefore we feel positive that this change should be made, and we ask the Senate to consider it favorably.

Mr. DOLLIVER. Mr. President, I do not care particularly about the matter, except that my attention has been called to it by a gentleman residing at Irvington, N. J., and I will ask my friend the Senator from New Jersey [Mr. KEAN], if he is present, to verify what I say, that this is an upright, straightforward man. I intend to read what he says about it. I have here his letter to the Committee on Finance of the Senate, in which he says:

The Senate amendments to paragraph 465 of the Payne bill, covering pencil leads, increase the rates 666 per cent to 1,350 per cent, as shown by the accompanying statement. Such rates, if adopted, would absolutely prohibit importation and entirely deprive the Government of any revenue from imports under this item.

The present duty of 10 per cent ad valorem has been unchanged since 1883, and as pencil leads are in a measure one of the "raw materials" in the manufacture of lead pencils the duty should not be increased, particularly as the materials, graphite and clay or chalk, are largely produced in this country. Moreover, 90 per cent of the pencils consumed in this country are produced here, owing largely to the high duty on this article of necessity, and the prices are controlled by a trust or community of interest, viz:

The Eagle Pencil Company, the American Lead Pencil Company, Joseph Dixon Crucible Company, and Eberhard Faber, who fix the prices for lead pencils.

I was formerly an importer of lead pencils, handling chiefly the goods of the well-known firm of Johann Faber, Nuremberg, Bavaria.

Owing to the high protective rates of the Dingley bill, I was compelled in order to retain any portion of the pencil trade, to manufacture lead pencils in this country, basing my calculations on the duty on pencil leads of 10 per cent, which rate had been in existence ever since 1883, believing if there was to be any change it would be more likely in lowering than in raising the duty.

In view of the fact that myself and a few others started to manufacture lead pencils in this country, the trust concluded to ask for prohibitive duties on pencil leads, in order that they might continue to control the lead-pencil business and entirely crush out any competition from the few independent makers who dared enter this field, like myself.

I do not want to go on with this letter unless the Senator from New Jersey [Mr. KEAN] will corroborate the statement that I made, that this is an upright and square-dealing man.

Mr. KEAN. I do not happen to know the gentleman personally.

Mr. DOLLIVER. Do you know the reputation of Mr. Best, of New Jersey?

Mr. KEAN. I do not. I have never taken any occasion to find out.

Mr. DOLLIVER. Then I will proceed.

Mr. SCOTT. Will the Senator from Iowa let me ask him a question?

Mr. DOLLIVER. Certainly.

Mr. SCOTT. Do I understand that the letter and the argument the Senator from Iowa is making are in behalf of the independent establishments as against this trust?

Mr. DOLLIVER. Yes; this man claims to be manufacturing lead pencils.

Mr. SCOTT. A few minutes ago we had a vote when we were trying our best to protect the independent oil people of this country as against the greatest monopoly the country has ever seen, and I believe the Senator registered his vote against the independents.

Mr. DOLLIVER. I was a little in doubt as to the exact attitude of the various oil wells toward the Standard Oil Company. That is not a question involved here. Mr. Best says that he and others started in to manufacture lead pencils in this country, and that if these rates are adopted the only competition that exists against this lead-pencil combination is entirely crushed out.

I intend to print the whole of that letter, and I also intend to print a statement made by Mr. Best as to the present and the proposed rate of duty on lead pencils, the present duty being 10 per cent ad valorem on black leads, and the proposed duty, as I understand, a cent and a half per ounce. Am I correct?

Mr. KEAN. No; it has been reduced.

Mr. DOLLIVER. One cent an ounce. Therefore these figures are not applicable to the rate proposed, although they are of such a character as to indicate that the proposed rate is a very substantial and startling increase over the existing rate. These figures have the peculiarity that they are taken from invoices covering the importation of lead pencils, and can be verified in the New York custom-house. According to this statement:

These figures refer to my own importations only—

Mr. Best says—

but it is a well-known fact that other parties import cheaper leads, in which case the increase in duty will be proportionately higher.

I desire also to add Mr. Best's letter to the Ways and Means Committee of the House of Representatives, and to add just one word for myself. Of course I do not grow very enthusiastic as to the process of defeating these increases; but it seems to me that we make a vital error, when we find men struggling under adverse circumstances to maintain a little business like this, to so change the phraseology of our tariffs, as they have existed for a great many years favorable to such an enterprise, as to destroy the enterprise and leave even a small business like the manufacture of lead pencils in the hands of a group of corporations and individual manufacturers who, according to this statement and other statements in which I at least have confidence, have shown a very marked tendency to monopolize the trade and control the price, without regard to the public interest.

The PRESIDING OFFICER. In the absence of objection, the papers referred to by the Senator from Iowa will be inserted in the RECORD. The Chair hears none.

The papers referred to are as follows:

RICHARD BEST PENCIL WORKS,
Irvington, N. J., April 22, 1909.

To the honorable Committee on Finance,
United States Senate, Washington, D. C.

GENTLEMEN: The Senate amendments to paragraph 465 of the Payne bill, covering pencil leads, increase the rates 666 per cent to 1,350 per cent, as shown by the accompanying statement. Such rates, if adopted, would absolutely prohibit importation and entirely deprive the Government of any revenue from imports under this item.

The present duty of 10 per cent ad valorem has been unchanged since 1883, and, as pencil leads are in a measure one of the "raw materials" in the manufacture of lead pencils, the duty should not be increased, particularly as the materials, graphite and clay, or chalk, are largely produced in this country. Moreover, 90 per cent of the pencils consumed in this country are produced here, owing largely to the high duty on this article of necessity, and the prices are controlled by a trust or community of interest, viz:

The Eagle Pencil Company, the American Lead Pencil Company, Joseph Dixon Crucible Company, and Eberhard Faber, who fix the prices for lead pencils.

I was formerly an importer of lead pencils, handling chiefly the goods of the well-known firm of Johann Faber, Nuremberg, Bavaria.

Owing to the high protective rates of the Dingley bill, I was compelled, in order to retain any portion of the pencil trade, to manufacture lead pencils in this country, basing my calculations on the duty on pencil leads of 10 per cent, which rate had been in existence ever since 1883, believing if there was to be any change it would be more likely in lowering than in raising the duty.

In view of the fact that myself and a few others started to manufacture lead pencils in this country, the trust concluded to ask for prohibitive duties on pencil leads, in order that they might continue to control the lead-pencil business and entirely crush out any competition from the few independent makers who dared enter this field, like myself.

During the hearings before the Committee on Ways and Means, the aforesaid lead pencil companies, comprising the trust, filed a statement asking for an increase of duty on pencil leads as follows: Ten cents per gross and 10 per cent ad valorem on black leads; 10 cents per gross and 25 per cent ad valorem on colored and copying leads; claiming that a profitable industry might be established by importing these leads for the purpose of extracting the colors. I called Mr. PAYNE'S attention to the fact that inasmuch as these leads only contain 12 per cent to 20 per cent coloring matter, this would be both impracticable and unprofitable, with the result that the Committee on Ways and Means did not change the duty on pencil leads. (Copy of my statement to the committee is attached hereto.)

It seems to me that your honorable committee must have been misled as to the weights and values of pencil leads, since the increased duties, as shown by the accompanying statement, which is reliable in every particular and can be verified at the New York custom-house, are prohibitive, amounting to an advance of 666 per cent to 1,350 per cent, which I can not believe was ever the intention of your honorable committee.

I submit that if any change is to be made, it should be in the nature of a reduction rather than an increase, particularly if assistance and protection is to be given to the upbuilding of an independent pencil industry.

Respectfully submitted.

RICHARD BEST.

Statement showing the present and proposed duty on pencil leads.

Number on consular invoice.	Dutiable value (per gross).	Present duty (per gross).	Weight of leads (per gross).	Proposed duty. Equals (per gross)—	Proposed duty. Equal to—	Advancing present duty by—
BLACK LEADS.[a]						
	Cents.	*Cents.*	*Ounces.*	*Cents.*	*Per cent.*	*Per cent.*
1001	10	1	6⅔	10	100	1,000
1003	15	1½	6⅔	10	66⅔	666
COLORED LEADS.[b]						
1046 blue	35	3½	21	42	120	1,200
1047 red	35	3½	24	48	135	1,350
COPYING LEADS.[c]						
1081 H	43	4.3	10	30	70	700

[a] Present duty, 10 per cent ad valorem; proposed duty, 1½ cents per ounce.

[b] Present duty, 10 per cent ad valorem; proposed duty, 2 cents per ounce.

[c] Present duty, 10 per cent ad valorem; proposed duty, 3 cents per ounce.

These are the actual figures taken from my invoices covering importations of pencil leads, and can be verified at the New York custom-house.

These figures refer to my own importations only, but it is a well-known fact that other parties import cheaper leads in which the increase in duty will be proportionately higher.

RICHARD BEST PENCIL WORKS,
Irvington, N. J., January 27, 1909.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: You have before you an application for an increase in duty on black, colored, and copying leads for pencils from 10 per cent ad valorem to 10 cents per gross and 10 per cent ad valorem on black leads and 10 cents per gross and 25 per cent ad valorem on colored and copying leads. I submit that the increase in duty asked for on the basis of importations during the past year would compare with the duty now in force as follows:

	Per cent.
Black leads, average dutiable value per gross, 15 cents:	
Present duty	10
Proposed duty equal to	76.66
Colored and copying leads, average dutiable value per gross, 50 cents:	
Present duty	10
Proposed duty equal to	45

The duty has been unchanged at 10 per cent ad valorem since 1883, or over twenty-five years, and the very fact that at least 90 per cent of all pencils sold in this market are of domestic manufacture should be of sufficient proof that this industry is not in need of any increased protection at this time. On the contrary, if a change in duty is made, I, as an importer of leads and a manufacturer of pencils in this country, submit that it should be reduced and not advanced. As to the statement advanced that under the present ad valorem duty of 10 per cent a profitable industry might be developed by importing leads for the purpose of extracting colors, I submit that the percentage of color in leads varies from 12 per cent to 20 per cent, and as the cost of extraction would exceed the value of the color, the statement referred to is not worthy of serious consideration.

Yours, respectfully, RICHARD BEST.

Mr. SMOOT. Mr. President, I received an exact copy of the letter to which the Senator from Iowa [Mr. DOLLIVER] has referred, and a statement showing the present and proposed duty on pencil leads submitted by Mr. Richard Best. Upon the receipt of the letter, as I stated when this paragraph was before the Senate some time ago, not having had time to go into the details of it, I wrote to the appraisers' office in New York, submitting the statement of Richard Best to the appraisers, and I am in receipt of a letter from the general appraiser that I should like to place in the RECORD without reading, and also a table showing——

Mr. DICK. I would suggest to the Senator from Utah to read it. It covers a rather important point, I think.

Mr. SMOOT. I have the samples of lead pencils, and I can read the letter, if the Senator so desires. It is as follows:

UNITED STATES CUSTOMS SERVICE,
Port of New York, June 9, 1909.

SIR: This office is in receipt of your letter of June 4, 1909, requesting Examiner Webster to get up a full line of imported pencil leads and a table showing their weights and values per gross; also a line of "The Best" pencils of different grades, stripping the wood off same, weighing the leads, and indicating what the dutiable value of the complete lead pencils is from which the leads were taken.

In reply I submit herewith a sample line of pencil leads imported by Richard Best from Johann Faber, with a corresponding line of pencils from which leads were taken, and a tabulated statement herewith showing—

1. The serial number of the sample.
2. The designation of corresponding pencil.
3. Value of the pencils per gross in reichmarks and United States currency.

4. Value of the leads per gross in reichmarks and United States currency.
5. Weight of the leads per gross, each sample being marked with the weight and value per gross.

Respectfully, GEO. W. WANAMAKER, *Appraiser.*

The letter enumerates the samples, and I have the samples here, showing each one, with the leads taken from the pencil itself, the output, also the invoice price, the duty paid, the effect of the present duty, and showing the difference between the present rate and the proposed rate. I will not go any further, but will place in the RECORD, if there is no objection, this table without reading.

The PRESIDING OFFICER. Without objection, permission to do so is granted.

The table referred to is as follows:

Designation of pencil.	Sample number.	Value of pencil.	Value of lead (per gross).	Weight of lead (per gross).
		Rm.	*Rm.*	*Ounces.*
Ajax	1	9.45=$2.27	0.60=$0.144	6⅛
Alligator	2	8.70= 2.08	.60= .144	6⅛
Jupiter	3	7.95= 1.91	.60= .144	6⅛
235	4	7.20= 1.75	.60= .144	6⅛
Pencil not imported	5	.....	.40= .096	6⅞
517	6	9.87= 2.36	1.40= .336	22⅝
518	7	9.87= 2.36	1.40= .336	19⅝
Golden Rod 261	8	10.60= 2.54	2.75= .66	17⅞
100	9	9.50= 2.28	1.70= .408	6⅛
504	10	17.10= 4.10	2.75= .66	23⅝
650	11	6.45= 1.55	1.75= .42	9⅝
505	12	14.10= 3.38	2.75= .66	19⅝
Press 260	13	9.25= 2.20	2.75= 66	17⅞
Siberian	14	19.75= 4.74	5.00= 1.20	5⅝
Ledger	15	13.65= 3.28	3.50= .84	6⅛
Adonis copying	16	19.20= 4.61	5.00= 1.20	7⅝

Mr. SMOOT. Mr. President, I take it that there is no Senator here who will think for a minute that 10 per cent duty on leads and 40 per cent upon lead pencils is correct. It is true that Mr. Best was an importer of lead pencils for years, and is to-day representing in the United States the German firm of Johann Faber, a German pencil manufacturer. He now imports the pencil leads and incases them, and claims to be a pencil manufacturer. He has only a duty of 10 per cent to pay on the leads, whereas the duty on lead pencils is now 40 per cent, and the committee proposes that the 10 per cent duty be raised to about 35 per cent, or even less than that, on the lead pencils themselves.

Mr. President, the 10 per cent was imposed as a duty on a very small lead pencil that has never been made in this country, which goes into a pocket lead-pencil holder. Nobody ever dreamed the law would be evaded until Mr. Richard Best and others thought that money could be made by importing the leads, incase them here, and get the advantage of the difference between the ad valorem duty on the leads of 10 per cent and the duty on lead pencils of 40 per cent.

Mr. DICK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I do.

Mr. DICK. It would appear to me that the manufacture of lead for pencil making would be much more difficult and costly than the manufacture of the wood which incases it, and that if a larger duty were to be placed on either, it would be upon the lead inclosed in a pencil.

Mr. SMOOT. That is correct.

Mr. DICK. Pencil leads are only imported for manufacturers' use. They are not of interest to the general public. The present duty of 10 per cent on colored pencils is less than the duty lead-pencil manufacturers have to pay on the material they have to import to make the same.

German and Austrian pencil manufacturers have started so-called "factories" in this country. They import the leads and cover them with wood in the United States. The black leads used by the Eagle Lead Pencil Company, of New York, cost them to make in this country 23 to 30 cents per gross. Foreign leads of the same quality are invoiced and pass through the customs at New York at a valuation of 14.4 cents per gross. Add to this 10 per cent, and the duty-paid price is less than 16 cents per gross.

Ten per cent is the duty levied on unmanufactured crude articles. That is less than is levied on any manufactured article. Making pencil leads requires skill and hand labor in their construction. Ten per cent is absolutely inadequate, and it is an unfair discrimination against the pencil manufacturers of this country.

This amendment, I understand, reduces the committee rates from 1½ cents per ounce on black leads to 1 cent per ounce. As shown by the statistics furnished by the appraiser at New York, based upon all importations, this rate equals an average equivalent of not more than 27 per cent—a rate of duty that is far below the average of all imported merchandise.

The cost of pencils to the consumer will not, in my judgment, be affected, as the duty on finished pencils has been reduced from the House bill. No change will therefore be made from the present selling prices.

But I want to ask a further question. What would be the ad valorem rate, approximately, as it is made in this proposed amendment which has been offered by the Senator?

Mr. SMOOT. About 35 per cent.

Mr. DOLLIVER. If the Senator will permit me, that, of course, would depend entirely upon the weight of a gross of these leads.

Mr. SMOOT. Certainly; but as they increase in weight so do they increase in price; and the ad valorem rate upon the leads would be about 35 per cent. That is the reason we made the difference in the copying rates, the colors, and so forth.

Mr. DOLLIVER. Mr. Best took his actual figures from invoices of importations of lead, which, he says, can be verified at the custom-house, giving the number of the consular invoices; and he says that the dutiable value per gross is 10 cents, which would carry a duty of 1 cent under the present law; that the weight of that gross is 6⅞ ounces, which, at 1 cent an ounce, would be 6⅞ cents, which is evidently six times the duty that is now paid.

Mr. SMOOT. Mr. President, Mr. Best is figuring upon 1½ cents upon black, 2 cents on colors, and 3 cents upon copying.

Mr. DOLLIVER. He seems to be figuring on the duties he has actually paid.

Mr. SMOOT. I have here the different kinds of pencils that Mr. Best imports; and the statement that is made by Mr. Best is not correct, according to the appraiser's own statement in a letter to me in relation to the leads that Mr. Best has imported. This fact was brought to my attention:

As importer, the records of the Treasury Department will show that Richard Best undervalued his imported goods for years and years, until it was discovered, when he had to pay heavy fines and penalties to the United States Government.

I wanted to satisfy myself as to the facts, so I had a telegram sent to New York, and received the appraiser's further reply. This is what he says:

NEW YORK, *June 16.*

Undervaluations have frequently been detected in lead pencils imported by Richard Best, agent for J. Faber, and advances made thereon have always been upheld by General Appraisers.

WANAMAKER, *Appraiser.*

I know of no more just and reasonable advance in rates than the rate asked for by the committee in this particular case.

Mr. STONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. SMOOT. Certainly.

Mr. STONE. I do not know the value of the pencils or the amount of the consumption of pencils in the United States per annum, but it must be very large. Lead pencils are used by everybody, from school children to business men. The duty heretofore has been 10 per cent.

Mr. SMOOT. Only on the lead; not on the lead pencils.

Mr. STONE. Ten per cent; and it is now proposed, I understood the Senator to say, to increase it to 35 per cent.

Mr. SMOOT. That is the proposition.

Mr. STONE. Has not the importation under the 10 per cent duty been very small?

Mr. SMOOT. I will tell the Senator in just a moment. Since the Dingley law was passed the importations have increased from a few thousand dollars up to $135,000 in leads alone. The Senator can hardly conceive the number of leads represented in $135,000 worth of them, which were imported in 1908.

Mr. STONE. That embraces the lead that goes into the wood.

Mr. SMOOT. Just the lead alone—not the pencils.

Mr. STONE. Well, the duty on that would have been about twelve or thirteen thousand dollars.

Mr. SMOOT. That is correct.

Mr. STONE. That seems to me, without having the data at hand, to bear rather a low proportion to the entire consumption.

Mr. SMOOT. Mr. President, I can not say as to the relative proportion of consumption of lead pencils, but it does represent an immense number of pencils. I can not figure it out, because I can not say as to how many ounces there are in every gross of leads, but they run from 6⅞ up to 16 ounces per gross.

Mr. STONE. The point I have in mind is that if the present duty of 10 per cent keeps out practically the great bulk of leads used in pencils, and it keeps out lead pencils, so as to give a practical monopoly of the business to American manufacturers, I do not see the object of increasing this duty 350 per cent.

Mr. SMOOT. The increased importation of leads has been of late years. The duty on lead pencils has been 40 per cent, while leads have been carrying a duty of only 10 per cent. If this increase is not made, the practice of importing leads and putting them into cases in this country will go on until all of the leads are imported and none of them made in this country.

Mr. DOLLIVER. If it will not trouble the Senator from Utah, I should like to make an inquiry. In the Book of Estimates the statistics relative to the importations of "black and colored leads not in the wood" are omitted. I should like to know what figures he is using.

Mr. SMOOT. The Senator means as to the importation of leads?

Mr. DOLLIVER. Yes, sir.

Mr. SMOOT. Mr. President, in explanation of what the Senator says, I will say that all the pencil leads, black, colored, and copying, are now included "in pencil leads not in the wood," because of the fact that the kinds were never mentioned separately before.

Mr. DOLLIVER. But there seem to be statistics as to black, colored, copying, or lead not in the wood. None of them seem to be estimated upon in this book.

Mr. SMOOT. They have never been heretofore specially mentioned in any bill. Under the present law they are simply designated "pencil leads," and that includes the black, the copying, and the colored leads.

Mr. DOLLIVER. So that we are without the official estimate of the committee as to what this change of specific assessments on these leads actually amounts to.

Mr. SMOOT. So far as the Estimate Book is concerned, yes; because there are no figures in the department showing that, for they have all come in under one head as "pencil leads."

Mr. DOLLIVER. But "pencil leads" are not put down here.

Mr. SMOOT. Yes; "pencil leads" are there. The Senator will find that in 1907 there were $113,000 worth of them imported, and that in 1908 there were $135,000 worth. He will find that in the Book of Estimates. I have the figures from the department showing an increase in a year of $22,000.

Mr. STONE. Mr. President, it seems to me it is a very great waste of time to be "monkeying" here over a little increase of 350 per cent. Why not go on?

Mr. SMOOT. We are simply trying to protect an industry that, if forced to go on in the way it is now, will be wiped out of existence in this country.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was agreed to.

Mr. ALDRICH. I ask now to take up paragraph 442.

The SECRETARY. Page 176, paragraph 442—hats, bonnets or hoods, and so forth.

Mr. ALDRICH. The committee, after a careful and long investigation of this subject, became satisfied that the House provision was better than the Senate provision, and the committee desire to withdraw their amendment to the House provision.

The PRESIDING OFFICER. The question is on the amendment of the committee.

The amendment was rejected.

Mr. BULKELEY. Has that paragraph been agreed to?

The PRESIDING OFFICER. The paragraph as it came from the House of Representatives will be agreed to in the absence of objection. The Chair hears no objection.

Mr. ALDRICH. I ask to take up paragraph 468.

The SECRETARY. Paragraph 468—agricultural implements.

Mr. ALDRICH. I ask that the committee amendment be agreed to. The Senator from Georgia [Mr. BACON] has an amendment to offer, I believe.

The PRESIDING OFFICER. The Chair will inquire of the Senator from Rhode Island if the committee amendment is to strike out the proviso?

Mr. ALDRICH. Yes; the committee amendment is to strike out the proviso. The Senator from Georgia [Mr. BACON], I think, objected to striking it out, though I am not sure. He asked to have the paragraph go over, at any rate.

Mr. BACON. Mr. President, I asked that the paragraph might go over, because I had an amendment which I desired to offer. It is in the nature of an amendment, although it would come in at a different place in the bill. It recites the language of the paragraph prior to the proviso, except there are certain words interpolated. I have previously presented the amendment to the Senate; it has been printed and, I presume, it is on Senators' desks.

It proposes to strike out that paragraph which imposes a duty on agricultural implements and in lieu of it to insert one on the free list, using the same language, with this exception: I call the Senator's attention to the fact that two classes of machinery are specified which are not in his amendment, and which I think ought to be in the amendment—that is, it inserts the words "forage and feed cutters." These are important articles among agricultural implements. I will ask that the amendment be read from the desk. I suppose it is there.

The SECRETARY. Amend by inserting the following paragraph in the free list, on page 214, to be designated as paragraph 651½, as follows:

Plows, tooth and disk harrows, harvesters, forage and feed cutters, reapers, agricultural drills and planters, mowers, horse rakes, cultivators, thrashing machines, and cotton gins: *Provided*, That articles mentioned in this paragraph, if imported from a country which lays an import duty on like articles imported from the United States, shall be subject to duties existing prior to the passage of this act.

Mr. BACON. Mr. President, I do not desire to discuss this amendment at length. I simply wish to call the attention of the Senate to the fact that the articles there specified which are manufactured in this country are not articles with which any articles of foreign manufacture come into any important competition. There are practically no importations of harvesting and agricultural machinery. The tariff duty in the present law keeps out practically all importations of agricultural machinery and agricultural tools and implements.

Mr. CLAPP. Will the Senator pardon me a moment?

Mr. BACON. I will.

Mr. CLAPP. I think that in the last two or three years some of our large manufacturers have erected plants in Canada. If this amendment is adopted, it may be that, while their products would be made by American capital, they would be Canadian-made products that would come in by reason of these matters going on the free list. I would not particularly object to voting with the Senator, and then the matter can be looked into further in conference. That is the only thing I think of that would seriously militate against the Senator's position.

Mr. BACON. Mr. President, there is nothing in which the country is more generally and deeply interested, at least so far as the agricultural interest is concerned, than this matter of agricultural machinery and agricultural tools and implements. I do not by any means pose as a farmer. I am only an amateur one, and as such I contribute more to the support of the industry than the industry contributes to my support, so I am not sailing under any false colors. But I do have some little practical knowledge of the fact that the prices of these articles in this country are absolutely exorbitant and extortionate. The makers of them have a monopoly, which enables them to fix prices to such an extent that I know of my own personal knowledge that eighteen months ago, in the midst of the panic, when everyone else was lowering prices, the prices of these articles were put up. And they have a monopoly to such an extent that dealers in these articles can not sell them at a reasonable rate to their customers, even if they wish to do so. They absolutely dictate the prices at which those to whom they sell these articles can dispose of them to others. If any man who bought one of these articles dared to sell it to somebody else at a less price, he would be made to suffer for it in one way or the other, either by the people thereafter refusing to let him have any further goods or in some other way.

I do not think the suggestion of the Senator from Minnesota [Mr. CLAPP] should be controlling as to articles of such prime necessity, articles which are essential to use in the preparation, cultivation, and harvesting of the great crops of the country—cereals, cotton, and all other crops—and upon which the prosperity of this country absolutely rests. If the agricultural industry of the country were destroyed, all other industries would necessarily fail. The smoke would die out in the factory chimneys and grass would grow in the streets of our cities.

Mr. CLAPP. Will the Senator pardon me a moment?

Mr. BACON. If the Senator will pardon me until I finish what I am saying, I will yield with pleasure. The suggestion the Senator makes is one which had some corresponding suggestions from the Senator from Rhode Island, if I recall correctly, when this matter was first suggested by me. If I remember correctly, the Senator from Rhode Island called the attention of the Senate to the fact that there had been either some information given by him or some suggestion to him that these very parties who have the monopoly in this country were possibly preparing to manufacture them in Germany. I think the Senator made a statement of that kind, did he not?

Mr. ALDRICH. Mr. President, the International Harvester Company, who are the principal manufacturers in the United States, are building plants in Germany, in France, I think in Russia, and possibly in some other countries. It seemed to me to be absolute folly to remove the duty in the United States, when these manufacturers can easily send here free of duty their machinery made in Germany, when the cost of production in those countries would be a great deal less than it is in the United States. It seems to me that those facts furnish conclusive evidence that the amendment of the Senator from Georgia ought not to be adopted.

Mr. BACON. Mr. President, the idea upon which I go is this: That anything so essential to the prosperity of this country as the machinery and the tools with which the farmers work, with which they prepare the ground, cultivate the crops, and harvest the crops, ought to be as far as possible removed from the opportunity of this great corporation to monopolize the trade and dictate the prices to those who have to use these agricultural machines and tools.

Mr. CLAPP. Mr. President——

Mr. BACON. I yield to the Senator from Minnesota.

Mr. CLAPP. The point is right here: If the men who went to Canada or to Germany or to France to build the plant were some one other than the men who already have the business in their hands in this country, I could readily see how, by letting those articles in, even perhaps at a sacrifice of American production, we would get a benefit in price.

But here is where I fear the trouble lies with this proposition: So far as the Canadian business is concerned, I am very certain that the same men who make the thrashing machines or other implements here will go over into Canada and make them cheaper than they make them here, and would still, being the only makers of the machines, have a monopoly of our market. We would gain nothing by that; they would gain something; and we would transfer the work of producing the machines from our own country over to Canada or somewhere else, because they are to-day the only makers of this kind of machinery. The whole farm-machinery business is to-day practically in one set of hands. If, by taking the duty down, we could get some one else to go into the manufacture, very well; but if it is going to be the same men, they would still have the same grasp on our market, and we would gain nothing.

I am willing to vote with the Senator, and then have the matter looked up later. That is the only thing I see in the way of objection to his amendment.

Mr. BACON. Mr. President, I of course like to have the support of the Senator; but I confess I am not in sympathy with the suggestions which are so freely thrown out that we are simply proposing things, and that the conference committee at last is going to do the legislating. I am not in sympathy with that view. I think the Senate and House of Representatives should legislate, and not the conference committee.

Mr. CLAPP. I did not mean that, Mr. President.

Mr. BACON. Oh, I know that. I know that the Senator did not mean that in the broad sense. But, I say, the Senator's remark brings up that suggestion. The suggestion is frequently made that the matter is going to be arranged in conference.

If the Senator will pardon me, and I may resume, Mr. President, it is a conceded fact, a recognized fact, an undisputed fact, that this harvester company has a grand and practically an exclusive monopoly of these machines and tools and implements that are absolutely essential to the carrying on of the great work of agriculture in this country. The agricultural interest is the basis of all other industries and of all other prosperity; and here is a great monopolizing company that actually dictates prices and holds the entire trade in its essential implements in its grasp.

Mr. President, conceding for the argument that the protective policy is sound, if there ever was a time when the maintenance of that policy ought to be varied, it seems to me that this is the time. As far as the Senator from Rhode Island is concerned, I recognize entirely the motive which inspires his objection. It is that he does not in any way wish to invade the protective policy for any reason whatever. I do not understand that the Senator from Rhode Island or any other Senator in this Chamber desires to uphold this gigantic monopoly in its extortions upon the great agricultural interests of this country. But that in the devotion to the protective principle, it is thought better that that monopoly should continue, with its resulting extortions, than that the protective policy should in any instance and for any reason be varied to the extent of removing from it the barriers it has against foreign competition.

It seems to me there are exceptions to all rules. A man who believes in a revenue tariff only may sometimes find an instance where the public interests require a higher rate of duty than he otherwise would approve of. And it seems to me that a man who is in favor of a protective tariff may recognize that there may be a situation so unbearable as to justify and require the abandonment, for the time being, in that particular instance, of the protective policy, and that in a case such as this, the world should have the opportunity to compete with those who are thus doing wrong to this great body of our citizens engaged in this most fundamental and most important of all industries.

Of course, if there are no other agricultural-implement manufacturers in the world, if there are none that can be found in Germany or France or England, that will send machinery here and compete with these monopolies, of course this legislation will be idle. If it be true that these people are going over to Germany to manufacture, and that there will be no Germans also to manufacture, and that they are going into France and that there will be no Frenchmen to manufacture, and that the same is true in England, it would be idle to pass the bill. But if we remove the tariff barrier from this undisputed, gigantic, extortionate monopoly, and if it be true that removing the barrier will give to the great farming interests of the country, North, East, South, and West—because they are all suffering under the burden—the opportunity to get cheaper foreign machinery than they now have the opportunity to get it at home, this is the time when it ought to be done. The present conditions and the great burden which they impose on the agriculturists in all parts of the country call aloud to Congress for this much needed and highly deserved relief.

I do not know, Mr. President, that I could express myself more fully if I were to continue to discuss the matter. There are just two points. One is that there are now no importations. To remove the duty will not lose any revenue to the Government, because there are practically no importations. The second is the undisputed fact of a gigantic monopoly under the protection of the tariff law, dictating and extorting exorbitant prices from the agriculturists of the country, who themselves receive no benefits under the protective tariff. The question is whether we shall permit it to go on in the same way or whether the great rule of protection is to be varied by the Republican party in this instance and an opportunity given to the farming classes of this country to obtain agricultural machinery and tools and implements at reasonable rates, even if it has to be made in another country. That is the view I take of it.

Mr. ALDRICH. Mr. President, protectionists are not in favor of regulating trusts by putting the articles they produce upon the free list.

Mr. BACON. I am not either, as a general rule.

Mr. ALDRICH. That is what the Senator's argument means. I do not know what he is in favor of.

Mr. BACON. No. Let me interrupt the Senator.

Mr. ALDRICH. In the confusion of the new Democratic doctrines which have been promulgated in the Senate within the last ten days——

Mr. BACON. The Senator——

Mr. ALDRICH. The Senator will excuse me for a moment—these doctrines about putting a duty upon raw materials and putting finished articles on the free list—I do not know where our Democratic friends are going; where they are tending. The Senators have been voting with more or less unanimity to put revenue duties upon raw materials, and now the Senator from Georgia is trying to get us to put all kinds of manufactured articles upon the free list. I do not know whether or not that is consistent, according to his ideas of the way a tariff should be constructed. It does not agree with mine, certainly.

Mr. BACON. The Senator will permit me to interrupt him?

Mr. ALDRICH. Yes.

Mr. BACON. I can not be led off of this matter by a discussion as to whether the general principle cited by the Senator is a correct one—that all trust-manufactured articles should be put upon the free list. I simply desire to say that I myself do not accord with any such view. Similar articles may be made by concerns and organizations that are not trusts. I only approve it where the trust has a monopoly and extorts from the people. But leaving out altogether the question as to the general proposition that trust-made articles should be put upon the free list, for I recognize the impracticability of that for the reason stated, I say, in this particular case, not as a general rule, where we find an undisputed, gigantic monopoly having entire control of this business, dictating prices and exacting exorbitant prices upon a matter so important as the agricultural machinery and agricultural implements used in the entire United States, from one end of it to the other, from the East to the West and from the North to the South—I say that in this particular case the rule might be applied, whether it is in general a correct rule or not.

Mr. ALDRICH. Senators upon the other side—I am not so sure about the Senator from Georgia—have within a comparatively recent time voted to put a duty upon iron ore.

Mr. BACON. Yes. I will say to the Senator——

Mr. ALDRICH. And a duty upon lumber. Iron and lumber are the principal components of agricultural implements. After voting, and their votes having been controlling, I think, to put a duty upon iron and upon lumber, they now propose to turn around and put upon the free list a combination of iron and lumber, upon which a considerable percentage of American labor has been expended. That may seem consistent with the views of the Senator from Georgia, but it strikes my uneducated mind as quite inconsistent.

Mr. BACON. If the Senator will pardon me a moment, I will interrupt him long enough to say that I would be delighted to put not only lumber and iron ore, but the products of iron ore, such as iron and steel used in manufacturing agricultural machinery, upon the free list, if the Senator will agree to put agricultural machinery and agricultural implements upon the free list.

Mr. ALDRICH. Is the Senator one of Mr. Bryan's disciples or is he not?

Mr. BACON. Let me say to the Senator——

Mr. ALDRICH. I do not know whether or not the Senator has expressed his views at length upon the new Democratic theories. I am not certain.

Mr. BACON. The Senator asked me a question, and he should let me answer.

Mr. ALDRICH. I am not able at this moment to classify the Senator from Georgia, to know whether he is a disciple of Mr. Bryan or whether he is impregnated with the idea that we ought to have duties upon some kinds of raw materials.

Mr. BACON. Let me say to the Senator, I am no man's disciple. I am here in a much higher capacity.

Mr. ALDRICH. No; I understand that. The Senator from Georgia has——

Mr. BACON. The Senator must let me reply——

Mr. ALDRICH. The Senator from Georgia has his disciples. He is a prophet.

Mr. BACON. The Senator must let me reply. The great question whether those who use agricultural implements in this country, the agriculturists of practically a continent, are to be put in a position where they can have them at a reasonable price, is not to be downed by the Senator attempting to divert us into a semipolitical discussion. I will meet the political discussion at the proper time, but we are not to be diverted now.

The question is whether the Senator believes, regardless of what my political opinions may be, that the agricultural people of this country, the millions of them engaged in all sorts of agriculture, shall be left at the mercy of this merciless, extortionate trust, this conceded, undeniable, controlling monopoly, or whether relief shall be had through appropriate legislation. We are not going to be diverted from that issue by any side issues. I have no doubt the honorable Senator would be delighted if this great issue could be sidetracked by a political discussion.

Mr. ALDRICH. Is the Senator through with his question?

Mr. BACON. I think the Senator in that question implies a transgression of which he himself is frequently guilty.

Mr. ALDRICH. I thought I had the floor, and I did not know whether the Senator had asked his question or not.

Mr. BACON. The Senator is about as frequent a transgressor in that direction as anyone I know.

Mr. ALDRICH. I think very likely.

Mr. BACON. Therefore, while I plead guilty, I to that extent claim his companionship.

Mr. ALDRICH.. The Senator from Georgia says there is a combination in this country that has control—I think he said it had a monopoly—of the manufacture of agricultural implements. I think that is not precisely correct. I think there are in the United States a large number of people engaged in the manufacture of agricultural implements of various kinds. That there is in this country one large concern engaged in the manufacture of agricultural implements is true.

That combination, I am glad to say, sell their agricultural implements, and the fact is beyond question, to the people of the United States more cheaply than they can sell them in any country abroad. They are unlike perhaps some of the other companies.

Mr. OVERMAN. How long have they been doing it?

Mr. ALDRICH. All the time; for years.

Mr. OVERMAN. I have read articles, and one of the traveling men told me he went all through, and they were selling them 50 per cent cheaper abroad.

Mr. ALDRICH. I have seen myself the record evidence of my statement.

Mr. OVERMAN. I have been trying to get record evidence here.

Mr. ALDRICH. It will be placed before the Senate in answer to a resolution of the Senate, offered by the Senator from Kansas [Mr. CURTIS] some time ago. It will soon be placed before the Senate in an official form from the Department of Commerce and Labor.

Mr. OVERMAN. I want to say——

Mr. ALDRICH. If the Senator will please excuse me.

The PRESIDING OFFICER. The Senator will please address the Chair.

Mr. OVERMAN. If the Senator does not yield to me——

Mr. ALDRICH. I will yield for a question. I do not want to go into an argument as to what a company is doing. If the Senator desires to ask a question, I will yield.

Mr. OVERMAN. I want to correct the Senator. I think he is mistaken.

Mr. ALDRICH. The Senator can not correct me on that subject, because I think I am better advised than he is. I have been examining the evidence on that subject. Whether that is true or not, it is not necessary for the argument which I am trying to make. The International Harvester Company have not only large plants in the United States, but they have, as the Senator from Minnesota has already suggested, large plants in Canada, and they are erecting large plants in three or four foreign countries. They fix the prices for their own product both here and abroad. I do not say that they fix the prices of the agricultural implements in the United States, because I do not think they do, but they fix the price of their own products, which are well known throughout the world.

If this company should make agricultural implements in Germany or in France or in Canada more cheaply than they could in the United States, they might transfer the manufacture altogether to those countries and sell their product in the United States at the same price they do now, because they have no competitors in that field, according to the Senator from Georgia.

The sole result of this suggested legislation might be to enable the International Harvester Company to make their machines in Belgium and send them to the United States and sell them here at their own prices, having manufactured them at a less cost abroad than here. If there were no other reason why the amendment of the Senator from Georgia should not be adopted, that is a first-class reason, according to my idea.

Aside from that, as I stated before, protectionists—and I mean to include all grades of protectionists so far as I know—are not in favor of putting manufactured articles on the free list, because, in a certain case, there happens to be a combination for the time being in their manufacture. They believe that that action would necessarily prevent competition in the United States and would put the whole industry into the hands of existing combinations beyond recovery. It seems to me there can be no question about that at all. So, I can not understand how any Senator who believes in caring for American industries should be in favor of putting agricultural implements upon the free list.

Mr. BACON. I simply desire to ask the Senator this question: If he concedes the proposition that there is a large monopoly, and that they are charging exorbitant prices——

Mr. ALDRICH. I do not concede either one of those propositions.

Mr. BACON. Then there is no use for me to press the question, because if the premise is not conceded, the conclusion, of course, can not be claimed. But I will say to the Senator that failing to concede that he refuses to recognize what every well-informed man in this country knows to be a fact, that they do charge the most exorbitant prices, and that they dictate prices throughout this country.

Mr. OVERMAN. It was stated here by a Senator who lives on the Canadian line, a Republican Senator from North Dakota, last January that these machines were sold in Canada across the line at from 25 to 50 per cent cheaper than they are sold in this country. He also stated, and no one denied it at that time, that the reaper and binder that was sold in North Dakota at $150 was manufactured for $48 and cost $125 to the Canadian.

He also introduced a resolution at that time which was passed through the Senate, requesting the Department of Commerce and Labor to investigate these facts, and during the present session I have asked the Secretary myself for that report, and I have not been able to get it. He has sent me some sort of a report which the Senator speaks of, but it is no report such as the Senator asked for at that time. It is a very strange thing to me that we could not get the facts and figures on the subject.

Mr. ALDRICH. The resolution of inquiry which I refer to was a resolution offered by the Senator from Kansas [Mr.

CURTIS] a few weeks ago. No answer has yet been received from the Department of Commerce and Labor, but I have myself seen the report and examined the details. I assure the Senators that when that report comes here it will establish the fact beyond question that the prices of all kinds of agricultural implements charged by the International Harvester Company are less in the United States than in any foreign country.

Mr. OVERMAN. It is extremely strange that when I go there I can not get that information, but I am told that it is scattered about in such places that it can not be gotten together, that it has not been printed, and they have not been able to furnish it. The Senator says he can get it. Not more than two weeks ago I was informed that I could not get it, that they were not able to furnish it, that it was scattered around in pigeonholes, and they could not get it together.

I would rather take the word of the Senator who stood on the other side of the Chamber last January and made that statement, speaking from his own experience, living on the Canadian line, who knew the facts and knew that those machines were selling in Canada for $125 when they were sold here for $150, and who knew the fact, furthermore, that it costs only $48 to make the machine. That is the evidence of a Republican Senator who sat on the other side of the Chamber, and the Senator remembers it.

Mr. ALDRICH. I think the Senator refers to the Senator from North Dakota, not now a Member of the body. I know that the Senator from North Dakota, not now a Member of the body, introduced a series of resolutions on the subject. I do not remember any statement which he made with reference to the sales.

Mr. OVERMAN. I will furnish the record. I have no doubt the Senator from Missouri [Mr. STONE] remembers the controversy, because he took part in the debate.

Mr. STONE. Mr. President, I listened with interest to the colloquy which occurred a few moments since between the Senator from Georgia [Mr. BACON] and the Senator from Rhode Island [Mr. ALDRICH] on the subject of free raw material. The Senator from Rhode Island appears to be profoundly disturbed with respect to the doctrinal attitude of the Democratic party as to raw material in a tariff law. It seems to me that vastly more attention has been recently given this subject, both in and out of Congress, than its importance deserves. For myself I wish to say that I do not consider either free raw material or taxed raw material as a fundamental and recognized Democratic doctrine.

Mr. ALDRICH. The matter seems to be rather in a formative period; I might say, in rather a chaotic condition.

Mr. STONE. No; it is not in a formative nor chaotic condition. There is no question of principle directly involved in it; it is a question of policy rather than of principle. It may be said that a principle is indirectly involved, and in this way: It is an old Democratic doctrine that taxation, in whatever form, should be equal as nearly as possible, and so distributed as to make all the people share as nearly equal as may be in the burden. In other words, this old principle is well stated in the phrase, so often used, "Equal rights to all and special privileges to none." Outside the scope of this ancient doctrine of treating all alike, there is no principle involved when, in making a tariff law, we come to determine whether a given article—either raw material or a finished product—shall go on the free list or dutiable list, and, if on the dutiable list, what the rate shall be. I think raw material should be dealt with just as manufactured products should be dealt with, and each case should be determined according to its own circumstances. Some raw material I would put on the free list and some I would not. The same might be said of products which come from the hands of the manufacturer. This much further I wish to say with emphasis, that I do not, as a general rule, believe in giving free raw material to the manufacturer, and then, at the same time and in the same law, give a high protective duty to the manufacturer on the product he fabricates out of that raw material, and especially would I never willingly vote to give free raw material to a great monopoly and at the same time give the monopoly protection on what it produces.

Mr. ALDRICH. Will the Senator allow me?

The PRESIDING OFFICER (Mr. GALLINGER in the chair). Does the Senator from Missouri yield to the Senator from Rhode Island?

Mr. STONE. I do.

Mr. ALDRICH. I know the Senator from Missouri is a patriotic Senator and that he recognizes the interests of his own constituents. I assume that locality has something to do with the judgment of Democratic Senators as to whether raw material should be on the free list or not.

Mr. STONE. Not with me; and, in my judgment, that should not be true of any Senator. I think a question of that kind should be weighed and decided from a higher and broader point of view. A Senator poorly discharges his duty, in my opinion, who votes for protection or free trade on any article solely because of some local interest. While vigilant in guarding the interests of his own constituency, he should nevertheless strive first to advance the welfare of the whole people. I do not think the suggestion of the Senator is warranted. I do not think, generally speaking, it has any substantial basis of truth. I did not arise, however, to discuss the subject of raw material, but to discuss the question immediately before the Senate. I was diverted into saying what I have by the colloquy between the Senator from Georgia and the Senator from Rhode Island.

I turn now to the question immediately in hand. To-day, while the Senator from Rhode Island was debating this proposed amendment to put agricultural machinery on the free list, the Senator from Georgia propounded this question to the Senator from Rhode Island:

> I simply desire to ask the Senator this question: If he concedes the proposition that there is a large monopoly, and that they are charging exorbitant prices?

The Senator from Rhode Island answered:

> I do not concede either one of those propositions.

That answer is tantamount to denying the existence of the monopoly or that exorbitant prices are charged for agricultural implements. I intend to prove that both the allegations made by the Senator from Georgia are true, and to give some reasons why such machinery should go on the free list.

Mr. President, to begin with I will read a clause from the Denver platform, hoping I will not thereby give occasion for either resentment or derision. I read as follows:

> We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list.

I indorse that declaration. It announces a sound party policy and a sound economic policy. I would like to see it crystallized into law and then enforced. I am going to prove that the case in hand furnishes an instance where that policy ought to be observed and enforced.

First, is the International Harvester Company of New Jersey, coupled with its twin corporation, the International Harvester Company of America, a monopoly which has control of the American market in agricultural machinery? I answer, yes; and now for the proof.

Mr. President, the attorney-general of Missouri, Hon. Elliot W. Major, was here to-day, returning home from New York, where he had been taking the depositions of Mr. George W. Perkins, of the firm of J. P. Morgan & Co. Mr. Perkins is the man who organized this harvester trust. This he did some seven or eight years ago by combining five of the leading establishments then engaged in manufacturing farm machinery into one great corporation, known as the "International Harvester Company of New Jersey," organized under the laws of New Jersey, with an authorized capital of $120,000,000. The McCormick, the Deering, the Champion, the Plano, and the Milwaukee were the concerns first taken over into the combine. They were the original members of the union, but other concerns were subsequently absorbed. Their general properties, franchises, and so forth, were transferred to the New Jersey corporation and paid for in the stocks of that corporation.

Later on what is known as the "International Harvester Company of America" was organized in Wisconsin, with a capital, as I understand, of $3,000,000. This corporation is merely an adjunct of the New Jersey corporation, used solely as a selling agent to dispose of the products of the New Jersey corporation. The Wisconsin concern buys only from the New Jersey concern. The latter manufactures, but does not sell to the public. The former sells, but does not manufacture. The New Jersey corporation sells exclusively to the Wisconsin corporation, and the Wisconsin corporation buys exclusively of the New Jersey corporation. In other words, the New Jersey corporation is a manufacturing concern, and uses the Wisconsin corporation to sell and distribute its products.

This combine has taken practical possession and control of the markets of the country. It is as near to a complete monopoly as can well be conceived of. Competition is so small, weak, and ineffective as to be unworthy of notice. Several of the Middle Western States, acting through and on the relation of their respective attorneys-general, have instituted suits against this corporate combination to oust it from doing business in those States, on the ground that it was organized and is operating in violation of the state laws.

A suit of that kind was brought in my State and another was brought in Kansas. These suits were brought before the supreme courts of the States, and each court appointed a commissioner to take testimony, make findings, and report. The Missouri court appointed as commissioner the Hon. Theodore Brace, a former member of the court, a man of fine character

and a great lawyer. The commissioner appointed by the Kansas court is also a gentleman who commands the highest respect. This commissioner, I am informed, has concluded his work and reported. He has reported the testimony with his findings, and he finds that the defendant corporation is a trust—a monopoly—and that it is conducting business in contravention of the laws of Kansas. The suit in Missouri is still in progress. Depositions of the president and other officers of the corporation have been taken. The deposition of Mr. Perkins, the organizer of the trust, was taken by the attorney-general in the city of New York on Tuesday last, and with that deposition I understand the State will close its case.

Mr. President, I have in my office a transcript of all the testimony taken up to Tuesday last. The attorney-general, while here to-day, was interviewed by certain newspapers. His interview was offered to the Associated Press, but for some reason the manager of that great news agency declined to handle it. But I have a copy of the interview, and I intend to read it, not only that it may go into the RECORD, but for the information of the Senate, and in support of my contention. It is as follows:

I am on my way home from New York City, and have stopped in Washington on official business connected with my department.

I was in New York for the sole purpose of taking the evidence of George W. Perkins, of the firm of J. P. Morgan & Co., in the ouster suit of the State of Missouri against the International Harvester Company of America, charged with violating its antipool trust and conspiracy laws.

The State secured from Mr. Perkins valuable and necessary evidence to make a case, and the State is now satisfied to close with his evidence.

Among other things he squarely contradicted the evidence of Mr. McCormick, president of both the International Harvester Company of America and its mother corporation, the International Harvester Company of New Jersey. Mr. Perkins is himself a director in both of these corporations, and both corporations have the same officers and directors. The New Jersey corporation is the manufacturing concern and the America is its selling agent.

J. P. Morgan & Co., through Mr. Perkins, promoted the merger of practically all the harvesting-machine interests in the country. The International Harvester Company of New Jersey merged all the properties of the McCormick Harvesting Machine Company, the Deering Harvesting Machine Company, the Champion, the Plano, and the Milwaukee Harvesting Machine Company. The new corporation continues to manufacture the machines of these separate companies, preserving their separate makes and identities, and sells them at a uniform price, and there is now no competition as to the prices on these machines and the makes of other companies it has since purchased. The new company does 85 per cent of the harvesting-machine business, not only of the State of Missouri, but of the entire United States.

Mr. Perkins admitted that the stockholders of each one of these independent companies which transferred its properties to the International Harvester Company did so knowing at the time that they would be paid for the property transferred by taking and receiving stock in the new corporation, the International Harvester Company.

Mr. Perkins further admitted that J. P. Morgan & Co. through him controlled the entire business of the International Harvester Company. He further admitted that the new corporation after its organization bought the D. M. Osborne Company's business, because it cut the prices of harvesters and mowers abroad and at home.

He further testified that he had kept his eye on the harvesting machine business, and that the McCormick Harvesting Machine Company, with the prestige of J. P. Morgan & Co., could have controlled the situation alone had not the balance of the companies came in and transferred their companies. That being true, they can certainly control it now. He further admitted that William Lane, to whom the properties of all these companies were first transferred, was merely the conduit through which the title was passed to the International Harvester Company.

Mr. Perkins said he was familiar with and controlled the business of the New Jersey corporation, yet did not know whether or not he was a director in the International Harvester Company of America—

That is the selling concern—

This seemed strange, especially when the International Harvester Company of America was the selling agent of the New Jersey concern and organized by him for that special purpose, and whatever moneys the New Jersey concern received from the harvester business it had to receive through the International of America.

The International of America being a subsidiary corporation of the International of New Jersey, and both corporations having the same president, we have a novel situation.

President McCormick, of the New Jersey concern, must contract and deal with President McCormick, of the International of America. Which corporation derives the better bargain? An answer is unnecessary, because the stockholders of the New Jersey corporation get the profits anyway, and it is simply a question of which hand shall be used in placing the money in their pockets.

Mr. Perkins, Cyrus H. McCormick, and Charles Deering compose what is called the "voting trust" and hold all the stock, not only of the New Jersey corporation, but also all the stock, save $900, in the International of America. They vote these stocks as they please, and it does not take a philosopher to solve the situation.

The evidence of Mr. Perkins was taken in the office of J. P. Morgan & Co. before Alexander Taylor, a notary public, the evidence being reported by J. L. Roberts, of Marshall, Mo., the official reporter in the case. The only other parties present were myself and my assistant, C. G. Revelle, for the State, and Judge Seldon P. Spencer, of St. Louis, and Mr. Bancroft, general counsel for the company. The State, being satisfied with the evidence given by Mr. Perkins, will close its side of the case on July 12.

Mr. President, I offer that statement as one item of proof to show the existence of one of the worst monopolies that has ever cursed our land. And right here let me add that not only did Mr. Perkins, acting for J. P. Morgan & Co., organize this trust and finance it, but Judge Gary, president of the United States Steel Corporation, also bore an important part in the organization of those gigantic corporations, in both of which he is a director.

Mr. OVERMAN. Right along that line I desire to ask the Senator a question, if he will permit me to interrupt him.

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from North Carolina?

Mr. STONE. I do.

Mr. OVERMAN. I desire to ask the Senator from Missouri if he has the Hansbrough statement in regard to this matter?

Mr. STONE. I have it here.

Mr. OVERMAN. Very well.

Mr. ALDRICH. Mr. President, will the Senator from Missouri yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Rhode Island?

Mr. STONE. I do.

Mr. ALDRICH. I desire to report from the Committee on Finance an amendment to the pending bill providing for a tax upon corporations. The amendment is in print, and Senators can obtain copies of it. I desire again to state that I expect on Monday morning, or as soon as the consideration of the paragraphs of the pending bill are concluded, to proceed with the matter.

The PRESIDING OFFICER. Does the Senator desire the amendment, which he has just reported, printed in the RECORD?

Mr. NELSON. Mr. President, when will the committee be prepared to report the constitutional amendment in regard to an income tax?

Mr. ALDRICH. Although the committee have not had any formal meeting, I think they are prepared to report it now, but I should not like to report the amendment until after the formal action of the committee. We shall report it to-morrow.

The PRESIDING OFFICER. Does the Senator from Rhode Island desire the amendment which he has just reported printed?

Mr. CUMMINS. I did not hear what the Senator from Rhode Island said.

Mr. ALDRICH. I desire to have the amendment printed in the RECORD and also printed as an amendment.

The PRESIDING OFFICER. That order will be made in the absence of objection.

The amendment referred to is as follows:

Amendment reported by Mr. ALDRICH, from the Committee on Finance, to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes: Add as a new section the following:

SEC. 4. That every corporation, joint stock company or association, organized for profit and having a capital stock represented by shares, and every insurance company, now or hereafter organized under the laws of the United States or of any State or Territory of the United States or under the acts of Congress applicable to Alaska or the District of Columbia, or organized under the laws of any foreign country and engaged in business in any State or Territory of the United States or in Alaska or in the District of Columbia, shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by such corporation, joint stock company or association, or insurance company, equivalent to 2 per cent upon the entire net income over and above $5,000 received by it from all sources during such year, exclusive of amounts received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed, or if organized under the laws of any foreign country, upon the amount of net income over and above $5,000 received by it from business transacted and capital invested within the United States and its Territories, Alaska, and the District of Columbia during such year, exclusive of amounts so received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies subject to the tax hereby imposed.

Second. Such net income shall be ascertained by deducting from the gross amount of the income of such corporation, joint stock company or association, or insurance company from all sources, (first) all the ordinary and necessary expenses actually paid within the year out of income in the maintenance and operation of its business and properties; (second) all losses actually sustained within the year and not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums required by law to be carried to premium reserve fund; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year; (fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed: *Provided*, That in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, such net income shall be ascertained by deducting from the gross amount of its income from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia, (first) all the ordinary and necessary expenses actually paid within the year out of earnings in the maintenance and operation of its business and property within the United States and its Territories, Alaska, and the District of Columbia; (second) all losses actually sustained within the year in business conducted by it within the United States or its Territories, Alaska, or the District of Columbia not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums required by law to be carried to premium reserve fund; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other

indebtedness, not exceeding the proportion of its paid-up capital stock outstanding at the close of the year which the gross amount of its income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia bears to the gross amount of its income derived from all sources within and without the United States; (fourth) the sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, and insurance companies, subject to the tax hereby imposed.

Third. That there shall be deducted from the amount of the net income of each of such corporations, joint stock companies or associations, or insurance companies, ascertained as provided in the foregoing paragraphs of this section, the sum of $5,000, and said tax shall be computed upon the remainder of said net income of such corporation, joint stock company or association, or insurance company for the year ending December 31, 1909, and for each year thereafter; and on or before the 1st day of March, 1910, and the 1st day of March in each year thereafter, a true and accurate return under oath or affirmation of its president, vice-president, or other principal officer, and its treasurer or assistant treasurer, shall be made by each of the corporations, joint stock companies or associations, and insurance companies, subject to the tax imposed by this section, to the collector of internal revenue for the district in which such corporation, joint stock company or association, or insurance company has its principal place of business, or, in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, in the place where its principal business is carried on within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth (first) the total amount of the paid-up capital stock of such corporation, joint stock company or association, or insurance company outstanding at the close of the year; (second) the total amount of the bonded and other indebtedness of such corporation, joint stock company or association, or insurance company at the close of the year; (third) the gross amount of the income of such corporation, joint stock company or association, or insurance company received during such year from all sources, and if organized under the laws of a foreign country the gross amount of its income from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia; (fourth) the amount received by such corporation, joint stock company or association, or insurance company within the year by way of dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax imposed by this section; (fifth) the total amount of all the ordinary and necessary expenses actually paid out of earnings in the maintenance and operation of the business and properties of such corporation, joint stock company or association, or insurance company within the year, and if organized under the laws of a foreign country the amount so paid in the maintenance and operation of its business within the United States and its Territories, Alaska, and the District of Columbia; (sixth) the total amount of all losses actually sustained during the year and not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums required by law to be carried to premium reserve fund, and in the case of a corporation, joint stock company or association, or insurance company organized under the laws of a foreign country all losses actually sustained by it during the year in business conducted by it within the United States or its Territories, Alaska, and the District of Columbia, not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums required by law to be carried to premium reserve fund; (seventh) the amount of interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company outstanding at the close of the year, or in case of a corporation, joint stock company or association, or insurance company organized under the laws of a foreign country interest so paid on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year which the gross amount of its income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia bears to the gross amount of its income derived from all sources within and without the United States; (eighth) the amount paid by it within the year for taxes imposed under the authority of the United States or any State or Territory thereof; (ninth) the net income of such corporation, joint stock company or association, or insurance company, after making the deductions in this section authorized. All such returns shall as received be transmitted forthwith by the collector to the Commissioner of Internal Revenue.

Fourth. Whenever evidence shall be produced before the Commissioner of Internal Revenue which in the opinion of the commissioner justifies the belief that the return made by any corporation, joint stock company or association, or insurance company, is incorrect, or whenever any collector shall report to the Commissioner of Internal Revenue that any corporation, joint stock company or association, or insurance company, has failed to make a return as required by law, the Commissioner of Internal Revenue may require from the corporation, joint stock company or association, or insurance company, making such return such further information with reference to its capital, income, losses, and expenditures as he may deem expedient; and the Commissioner of Internal Revenue, for the purpose of ascertaining the correctness of such return or for the purpose of making a return where none has been made, is hereby authorized, by any regularly appointed revenue agent specially designated by him for that purpose, to examine any books and papers bearing upon the matters required to be included in the return of such corporation, joint stock company or association, or insurance company, and to require the attendance of any officer or employee of such corporation, joint stock company or association, or insurance company, and to take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons; and the Commissioner of Internal Revenue may also invoke the aid of any court of the United States to require the attendance of such officers or employees and the production of such books and papers. Upon the information so acquired the Commissioner of Internal Revenue may amend any return or make a return where none has been made. All proceedings taken by the Commissioner of Internal Revenue under the provisions of this section shall be subject to the approval of the Secretary of the Treasury.

Fifth. All returns shall be retained by the Commissioner of Internal Revenue, who shall make assessments thereon; and in case of any return made with false or fraudulent intent, he shall add 100 per cent of such tax, and in case of a refusal or neglect to make a return or to verify the same as aforesaid he shall add 50 per cent of such tax. In case of neglect occasioned by the sickness or absence of an officer of such corporation, joint stock company or association, or insurance company, required to make said return, the collector may allow such further time for making and delivering such return as he may deem necessary, not exceeding thirty days. The amount so added to the tax shall be collected at the same time and in the same manner as the tax originally assessed unless the refusal, neglect, or falsity is discovered after the date for payment of said taxes, in which case the amount so added shall be paid by the delinquent corporation, joint stock company or association, or insurance company, immediately upon notice given by the collector. All assessments shall be made and the several corporations, joint stock companies or associations, or insurance companies, shall be notified of the amount for which they are respectively liable on or before the 1st day of June of each successive year, and said assessments shall be paid on or before the 30th day of June, except in cases of refusal or neglect to make such return, and in cases of false or fraudulent returns, in which cases the Commissioner of Internal Revenue shall, upon the discovery thereof, at any time within three years after said return is due, make a return upon information obtained as above provided for, and the assessment made by the Commissioner of Internal Revenue thereon shall be paid by such corporation, joint stock company or association, or insurance company immediately upon notification of the amount of such assessment; and to any sum or sums due and unpaid after the 30th day of June in any year, and for ten days after notice and demand thereof by the collector, there shall be added the sum of 5 per cent on the amount of tax unpaid and interest at the rate of 1 per cent per month upon said tax from the time the same becomes due, as a penalty.

Sixth. When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such.

Seventh. It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee of the United States to divulge or make known in any manner whatever not provided by law to any person any information obtained by him in the discharge of his official duty, or to divulge or make known in any manner not provided by law any document received, evidence taken, or report made under this section except upon the special direction of the President; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both, at the discretion of the court.

Eighth. That if any of the corporations, joint-stock companies or associations, or insurance companies, aforesaid, shall refuse or neglect to make a return as above specified on or before the 1st day of March in each successive year, or shall render a false or fraudulent return, such corporation, joint-stock company or association, or insurance company, shall be liable to a penalty of not less than $1,000 and not exceeding $10,000.

That any person authorized by law to make, render, sign, or verify any return who makes any false or fraudulent return or statement, with intent to defeat or evade the assessment required by this section to be made, shall be guilty of a misdemeanor, and shall be fined not exceeding $1,000 or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.

That all laws relating to the collection, remission, and refund of internal-revenue taxes, so far as applicable to and not inconsistent with the provisions of this section, are hereby extended and made applicable to the tax imposed by this section.

Jurisdiction is hereby conferred upon the circuit and district courts of the United States for the district within which any person summoned under this section to appear to testify or to produce books, as aforesaid, shall reside, to compel such attendance, production of books, and testimony by appropriate process.

Mr. CUMMINS. I understand there is no suggestion as to the time for taking up the amendment?

Mr. ALDRICH. Yes; I stated that I hoped that we shall finish the consideration of the paragraphs of the dutiable list and of the free list to-morrow; and that, if we should finish them to-morrow, I shall ask to proceed to the consideration of the income-tax amendment and this amendment on Monday.

Mr. CUMMINS. That is, that the amendment already offered by the Senator from Texas [Mr. BAILEY] and myself and this amendment be taken up immediately after the disposition of the schedules?

Mr. ALDRICH. That is my purpose.

I ask the Senator from Missouri [Mr. STONE] to also yield to me that I may report a new paragraph to the bill, which I ask may be printed. I do not ask to have it read, but printed as an amendment.

The PRESIDING OFFICER. Does the Senator desire to have the amendment printed in the RECORD?

Mr. ALDRICH. Let it be printed in the RECORD also.

The PRESIDING OFFICER. In the absence of objection, that order will be made.

The amendment referred to is as follows:

345½. All laces, edgings, insertings, galloons, flouncings, nets, and veils, composed of cotton, silk, or other material (except wool), made on the Lever's or Gothrough machine, costing 5 cents or less per dozen yards, 2 cents per dozen yards; costing more than 5 cents per dozen yards, two-fifths of 1 cent for each cent in value and in addition thereto on all of the foregoing, 30 per cent ad valorem: *Provided*, That no wearing apparel or articles of any description composed wholly or in chief value of any of the foregoing shall pay a less rate of duty than that imposed upon the articles or the materials of which the same are composed.

Mr. OVERMAN. I did not exactly hear the suggestion of the Senator from Rhode Island. As I understand, it is the intention to take up the income-tax amendment on Monday. Is that the arrangement?

Mr. ALDRICH. That is my purpose, if we get through to-morrow with the paragraphs of the dutiable list and the free list.

Mr. OVERMAN. But it will not be called up to-morrow?

Mr. ALDRICH. It will not be called up to-morrow. It is my purpose to-morrow to have the Senate adjourn as soon as we get through with the dutiable paragraphs and the free list.

Mr. STONE. Mr. President, one of the witnesses who was called to the stand in the suit brought by the attorney-general of Missouri was Cyrus H. McCormick, who is president of both the New Jersey and Wisconsin corporations. He was questioned at great length. He stated, in substance, that the competition between the various companies then operating independently of each other was sharp, severe, and, as he expressed it, "fierce;" that they were put to large and unnecessary expense in exploiting their business; and that because of that condition it was thought that if the competing companies could be combined into a single holding, they could control the market, carry on business at less expense, and realize larger profits. Of course, in all that he was right beyond peradventure. The presidents of the other companies concurred with Mr. McCormick, and then Perkins came in to work out the details. The five companies I have named were combined, and soon after that the D. M. Osborne Company was taken in, and other interests have since been added. Mr. McCormick explained how the combination was brought about and how it was organized. He was questioned as to the total amount of business the new combination controlled. I read from his testimony:

Q. What percentage of the entire business of the United States did the business of these six companies constitute?

That is, the six companies which had gone into this combination—

A. I think about 80 per cent; I think about that much.

Q. That would be your judgment from a general knowledge of the business?—A. Yes, sir.

These six companies, while doing business independently and without concert, controlled, in the judgment of President McCormick, about 80 per cent of the business of the country. They have since taken over other smaller concerns and, according to the statement of Attorney-General Major, are now doing about 85 per cent of the total business done in all the States. I offer that as another proof of the existence of a monopoly.

Mr. President, I wish now to read an excerpt from the deposition of Mr. William H. Jones, formerly of the Plano Company, and now one of the vice-presidents of this new combined corporation. He is one of the witnesses examined for the State in the Missouri case. I read as follows:

Q. You think the McCormick was crowding you out of the home market?—A. No question about that. The survival of the fittest.

Q. You think McCormick was the survivor?—A. Yes, sir; had more capital and the best chances in more ways than the rest of us.

Q. So, in order to get rid of this fierce competition, you formed this new organization?—A. We had to do it or wind up the business. If we had not, we would have thrown all of our men out of business. The best to do was to get rid of the fierce competition; to get rid of the canvassers. We have not half as many canvassers to-day as we did have.

Q. The canvassers were made necessary to maintain your competition?—A. Before that we did it to beat one another out of business.

Q. Is that not what you call competition?—A. Pretty sharp competition.

Q. It was to get rid of that you made your combination?—A. Yes, sir; to better the entire thing; no question about that.

There is a statement made by the vice-president of the combine, which is a confession without disguise, that the sole purpose of the combination was to destroy competition and create a monopoly.

Mr. OVERMAN. Does the Senator know how many men were thrown out of employment? He read, as I understood, that the combination was made also to throw out and to get rid of certain employees, and that by reason of the monopoly they were able to get along with fewer men.

Mr. STONE. That is correct. The Senator repeats the substance of the statement, but I am not able to say how many men lost their places. I read further from Mr. Jones:

Q. Mr. Jones, what led you to sell in July, 1902, when Judge Gary asked you to come to New York?—A. Simply because the business was so demoralized that there was no profit in the business.

Q. Tell his honor what you mean by that.—A. I tell you what I mean: The prices had gotten down practically so there was no margin in the business, and competition was fierce. The farmer lost by it because canvassers persuaded farmers in their fierce competition to buy new machinery when it was not needed. The farmer was not to blame for that. It was competition. Everything was demoralized, and the price of material of late years was continually going up and the labor the same way, and we could make no money, particularly the last few years we were in business. We made no profit in this country—it was all in the foreign trade.

Mr. President, later on I will show that Mr. Jones was mistaken about profits. He admits there was profit in the foreign trade. I will show that there was profit also in the domestic trade, notwithstanding the hot competition between the rival concerns.

Mr. ALDRICH. It is evident that the Senator can not complete his remarks to-night. There is a desire for a short executive session; and if it will not inconvenience the Senator, I will ask him to yield.

Mr. STONE. Very well; I yield to the Senator.

EXECUTIVE SESSION.

Mr. ALDRICH. I move that the Senate proceed to the consideration of executive business.

Th motion was agreed to, and the Senate proceeded to the consideration of executive business. After three minutes spent in executive session the doors were reopened, and (at 6 o'clock and 55 minutes p. m.) the Senate adjourned until to-morrow, Saturday, June 26, 1909, at 10 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate June 25, 1909.

COLLECTOR OF CUSTOMS.

Henry G. Nelson, of Florida, to be collector of customs for the district of St. Marks, in the State of Florida, to take the place of Fred C. Cubberly, resigned.

SECRETARIES OF LEGATIONS.

Philip M. Hoefele, of Missouri, now secretary of the legation at Santo Domingo, to be secretary of the legation of the United States of America at Madrid, Spain, vice William H. Buckler, resigned.

Jordan Herbert Stabler, of Maryland, to be secretary of the legation of the United States of America at Quito, Ecuador, to fill an original vacancy.

APPOINTMENT IN THE ARMY.

MEDICAL RESERVE CORPS.

Dr. Walter Bensel, of New York, to be first lieutenant in the Medical Reserve Corps, with rank from June 22, 1909.

PROMOTIONS IN THE ARMY.

CORPS OF ENGINEERS.

Lieut. Col. Frederic V. Abbot, Corps of Engineers, to be colonel from June 24, 1909, vice Col. Ernest H. Ruffner, retired from active service on that date.

Maj. Harry Taylor, Corps of Engineers, to be lieutenant-colonel from June 24, 1909, vice Lieut. Col. Frederic V. Abbot, promoted.

Capt. Edward H. Schulz, Corps of Engineers, to be major from June 24, 1909, vice Maj. Harry Taylor, promoted.

First. Lieut. Wildurr Willing, Corps of Engineers, to be captain from June 24, 1909, vice Capt. Edward H. Schulz, promoted.

Second Lieut. James J. Loving, Corps of Engineers, to be first lieutenant from June 24, 1909, vice First Lieut. Wildurr Willing, promoted.

POSTMASTERS.

CALIFORNIA.

F. H. Howell to be postmaster at Newcastle, Cal., in place of John C. Boggs, deceased.

J. L. Talbott to be postmaster at Lompoc, Cal., in place of John F. Rudolph, resigned.

COLORADO.

Ahiman V. Bohn to be postmaster at Leadville, Colo., in place of John Alfred, deceased.

A. C. Moulton to be postmaster at Meeker, Colo., in place of Ernest E. Fordham, resigned.

DELAWARE.

M. Howard Jester to be postmaster at Wilmington, Del., in place of Henry C. Conrad, resigned.

GEORGIA.

William H. Blitch to be postmaster at Statesboro, Ga., in place of David B. Rigdon. Incumbent's commission expired January 13, 1909.

Hardy C. Fryer to be postmaster at Blakely, Ga., in place of Hardy C. Fryer. Incumbent's commission expired May 9, 1906.

IOWA.

W. R. Harris to be postmaster at Hamburg, Iowa, in place of George A. Danforth, resigned.

KENTUCKY.

C. F. Taylor to be postmaster at Greenup, Ky., in place of Thomas E. Myers, removed.

LOUISIANA.

Lou S. Flournoy to be postmaster at Ruston, La., in place of Lou S. Flournoy. Incumbent's commission expired March 3, 1909.

James C. Weaks to be postmaster at Monroe, La., in place of Pinckney Weaks. Incumbent's commission expired December 12, 1908.

MINNESOTA.

Edwin G. Braden to be postmaster at Wayzata, Minn. Office becomes presidential July 1, 1909.

NEW HAMPSHIRE.

Arthur H. Copp to be postmaster at Wolfeboro, N. H., in place of Forrest W. Peavey, deceased.

NEW JERSEY.

Alonzo Hand to be postmaster at Highlands, N. J. Office becomes presidential July 1, 1909.

William K. Van Iderstine to be postmaster at Maplewood, N. J. Office becomes presidential July 1, 1909.

NEW YORK.

Elijah P. Raynor to be postmaster at West Hampton Beach, N. Y. Office becomes presidential July 1, 1909.

Lincoln Sackett to be postmaster at New Lebanon, N. Y., in place of Kathryn C. M. McGrath. Incumbent's commission expired December 13, 1908.

NORTH CAROLINA.

James B. Winders to be postmaster at Warsaw, N. C., in place of James B. Winders. Incumbent's commission expired February 10, 1909.

NORTH DAKOTA.

Jesse M. Pierson to be postmaster at Granville, N. Dak., in place of Edward T. Pierson, resigned.

J. M. Stewart to be postmaster at Mayville, N. Dak., in place of David Larin, resigned.

OHIO.

William O. Custis to be postmaster at Jamestown, Ohio, in place of William O. Custis. Incumbent's commission expired February 10, 1909.

SOUTH DAKOTA.

William H. Doherty to be postmaster at Lemmon, S. Dak. Office becomes presidential July 1, 1909.

Herbert B. Tysell to be postmaster at Britton, S. Dak., in place of Frederic J. Brown, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate June 25, 1909.

POSTMASTERS.

COLORADO.

Ahiman V. Bohn, at Leadville, Colo.

IDAHO.

Claude H. Duval, at Nampa, Idaho.

IOWA.

Oswell Z. Wellman, at Arlington, Iowa.

MARYLAND.

Mary W. Tise, at Hyattsville, Md.

MASSACHUSETTS.

George C. Look, at Woods Hole, Mass.
Elisha Peterson, at Duxbury, Mass.

NEW JERSEY.

Charles G. Melick, at Milford, N. J.
George Phillips, at Branchville, N. J.

SENATE.

SATURDAY, *June 26, 1909.*

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. KEAN and by unanimous consent, the further reading was dispensed with.

The VICE-PRESIDENT. The Journal is approved.

MERGER OF RAILROADS.

The VICE-PRESIDENT. The Chair lays before the Senate a communication from the Attorney-General, transmitting, in response to a resolution of the 25th instant, certain information relative to the legal proceedings against the New York, New Haven and Hartford Railroad Company and the Boston and Maine Railroad Company for a violation of what is known as the "Sherman antitrust law," and so forth.

The communication will be referred, with the accompanying papers, to the Committee on Commerce and printed (S. Doc. No. 116).

Mr. CULBERSON. I ask that it may be printed as a document.

The VICE-PRESIDENT. It will be printed.

Mr. KEAN. It should not go to the Committee on Commerce, I think.

Mr. CULBERSON. It ought to go to the Committee on the Judiciary, it occurs to me.

Mr. KEAN. Either the Committee on the Judiciary or the Committee on Interstate Commerce.

Mr. HALE. Let it go to the Committee on the Judiciary.

The VICE-PRESIDENT. Without objection, the former reference made by the Chair is abrogated and the communication will be referred to the Committee on the Judiciary.

Mr. CULBERSON. I understand the order is, also, that it shall be printed as a document.

The VICE-PRESIDENT. It will be printed under the rule as a document.

Mr. CULBERSON. It might be printed in the RECORD also. It is a short statement, I think.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
OFFICE OF THE ATTORNEY-GENERAL,
Washington, D. C., June 25, 1909.

SIR: I have the honor to acknowledge the receipt of a copy of a resolution adopted by the Senate on June 25, 1909, as follows:

"That the Attorney-General be, and he is hereby, directed to inform the Senate whether the legal proceedings against the New York, New Haven and Hartford Railroad Company, and the Boston and Maine Railroad Company, for violation of what is known as the 'Sherman antitrust law,' have been dismissed; and if any statement has been given out by him touching the matter within the past few days, that he attach a copy of such statement to his reply to this resolution. He is also directed to inform the Senate when such proceedings were begun and instituted."

In reply, I beg to state that I have directed the United States attorney for the district of Massachusetts to dismiss the legal proceedings brought by the United States against the New York, New Haven and Hartford Railroad Company and the Boston and Maine Railroad Company for violation of what is known as the "Sherman antitrust law." In connection with that matter, a statement was given out by me touching the matter, a copy of which accompanies this communication.

The proceedings were begun and instituted by the filing of a bill in equity in the circuit court for the district of Massachusetts on May 22, 1908.

I have the honor to be, sir,
Very respectfully,

GEO. W. WICKERSHAM,
Attorney-General.

The PRESIDENT OF THE SENATE.

JUNE 24, 1909.

The Attorney-General received to-day a certified copy of the act passed by the legislature of Massachusetts and approved last Friday by the governor of that State, creating the Boston Railroad Holding Company. This act authorizes the new corporation created under it to acquire and hold all or any part of the stock and bonds of the Boston and Maine Railroad Company, and further authorizes any railroad corporation theretofore incorporated under the laws of Massachusetts to acquire and hold the stock and bonds of the Boston Holding Company.

The purpose and effect of this statute, as publicly announced and as contemplated by its terms, is to authorize the consolidation of the Boston and Maine Railroad Company and the New York, New Haven and Hartford Railroad Company. This is to be accomplished, first, by the Boston Holding Company acquiring the control of the Boston and Maine Railroad Company, and, next, by the New York, New Haven and Hartford Railroad Company acquiring control of the Boston Holding Company.

The statute referred to further provides that the stock of the Boston and Maine to be acquired by the holding company shall not hereafter be sold without express authority from the legislature, and that the stock of the holding company, if acquired by the New Haven road, shall not hereafter be sold without express authority of the legislature. Finally, it is provided that the Commonwealth of Massachusetts may, at any time, by an act of the legislature, upon one year's notice, take for its own use, by purchase or otherwise, all the stock and bonds of the holding company upon certain terms designed to protect creditors and secure just compensation, the whole plan and purpose being to permit the consolidation of the Boston and Maine with the New Haven Company, and to provide for their operation hereafter under one management, with safeguards to protect the interests of the people of Massachusetts.

In view of the fact that the suit of the United States now pending against the New York, New Haven and Hartford and the Boston and Maine Railroad companies for a violation of the antitrust act rests almost entirely upon a claim that these companies had already consolidated by means of stock ownership, and since the community most directly affected is the State of Massachusetts, whose laws now expressly authorize such consolidation, the Attorney-General has determined to dismiss the Government's action.

In that action the further complaint was made that the New Haven Railroad had acquired a number of trolley lines in Massachusetts and adjoining States, and that this was a combination in restraint of interstate commerce. Since the Government's suit was determined upon, however, the supreme judicial court of Massachusetts, in a case involving the right of the New Haven road to acquire trolley properties in Massachusetts, has decided that the railroad company has no such power, and that company has been parting with such trolley properties. Upon this question the Attorney-General is convinced that whatever may have been the merit of the claim when the suit was begun, there is not now in this case any such element of competition in interstate commerce by reason of such ownership of trolley lines as would justify a further prosecution of the action.

The Attorney-General has directed that the case of the United States against the New York, New Haven and Hartford Railroad Company and the Boston and Maine Railroad Company et al. will be dismissed at once.