By Mr. STEPHENS of California: Petition of the Los Angeles Chamber of Commerce, Los Angeles, Cal., favoring the passage of legislation for an immediate reform in the banking system of the United States; to the Committee on Banking and Currency.

Also, petition of John P. Newell, Los Angeles, Cal., protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

Also, petition of the Holly Sugar Co., Huntington Beach, Cal., the California Corrugated Culvert Co., West Berkeley, Cal., and the Robert Dollar Co., San Francisco, Cal., all protesting against the proposed reduction of the tariff on sugar; to the Committee on Ways and Means.

Also, petition of Henry Hauser and 810 other citizens of the following cities and towns of California: Artesia, Anaheim, Alameda, Arroyo Grande, Alvarado, Bay City, Buena Park, Chino, Betteravia, Compton, Colusa, Concord, Daly City, Downey, El Monte, Gilroy, Garden Grove, Hueneme, Hynes, Huntington Beach, Irvington, Lompoc, Los Alamitos, Long Beach, Los Angeles, Lugo, Laws, Meridian, Moss, Monterey, Marysville, Norwalk, Ontario, Oceano, Owensmouth, Oxnard, Pacific Grove, Pleasanton, Salinas, San Francisco, Santa Maria, Santa Ana, Soledad, Talbert, Van Nuys, Watsonville, Westminster, and Woodland, all protesting against placing sugar on the free list; to the Committee on Ways and Means.

By Mr. WALLIN: Petition of citizens of the thirtieth congressional district of New York, protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

Also, petition of sundry citizens of New York, N. Y., protesting against the removal of the tariff on Philippine tobacco and cigars; to the Committee on Ways and Means.

By Mr. WILLIS: Petition of Steubenville (Ohio) Chamber of Commerce, favoring currency-reform legislation at present session of Congress; to the Committee on Banking and Currency.

SENATE.

TUESDAY, *May 6, 1913.*

The Senate met at 2 o'clock p. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

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

PETITIONS AND MEMORIALS.

Mr. LODGE. I present resolutions adopted by the General Court of the Commonwealth of Massachusetts, favoring the continuance of the present Federal policy in regard to the preservation of the national forests. I ask that the resolutions be printed in the RECORD and referred to the Committee on the Conservation of National Resources.

There being no objection, the resolutions were referred to the Committee on the Conservation of National Resources and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS, 1913.

Resolutions relative to the national forests.

Whereas it is for the interest of the whole people that Federal control of the national forests should be continued; and

Whereas the protection, administration, and development of the national forests involve a financial burden beyond the ability of any State to assume: Therefore be it

Resolved, That the General Court of Massachusetts urges that the policy established by the Government of the United States in regard to the Federal conservation and development of the national forests should be maintained, and that the control of the national forests should not be turned over to any State or to any individual or corporation.

Resolved, That copies of these resolutions be sent by the secretary of the Commonwealth to the presiding officer of each branch of Congress and to each Senator and Representative from Massachusetts in Congress.

In house of representatives, adopted April 10, 1913.
In senate, adopted in concurrence April 15, 1913.
A true copy.
Attest:

FRANK J. DONAHUE,
Secretary of the Commonwealth.

Mr. GALLINGER presented petitions of sundry citizens of Milford, Hinsdale, Stratham, and Center Sandwich, in the State of New Hampshire, policyholders in the Mutual Life Insurance Co. of New York; of Amos S. Rundlett, of Portsmouth, N. H.; Krikor Haehannasian, of Nashua, N. H.; D. P. Kingsley, president of the New York Life Insurance Co.; John Bancroft, of Wilmington, Del.; W. T. Galliher, president of the American National Bank, of Washington, D. C.; of the Chamber of Commerce of Rochester, N. Y.; and of sundry citizens of Philadelphia, Pa., praying for the exemption of mutual life insurance companies from the operation of the proposed income-tax clause in the pending tariff bill, which were referred to the Committee on Finance.

He also presented the petition of Rev. Robert C. Falconer, of Hanover, N. H., praying for the enactment of legislation providing compensation for employees of the United States suffering injuries sustained or occupational diseases contracted in the course of their employment, which was referred to the Committee on Education and Labor.

Mr. SMITH of South Carolina presented memorials of A. F. McKissick, president and treasurer of the Grendel Mills, of Greenwood; of James D. Hammett, president and treasurer of the Orr Cotton Mills, of Anderson; of Robert Chapman, president and treasurer of the Marlboro Cotton Mills, of McColl; and of John A. Law, president and treasurer of the Saxon Mills, of Spartanburg, all in the State of South Carolina, remonstrating against any reduction in the duty on cotton, which were referred to the Committee on Finance.

Mr. CLAPP. I present a memorial from citizens of the State of Minnesota, remonstrating against the income-tax section of the pending tariff bill relating to the taxation of life insurance companies operating exclusively on the mutual plan, and I ask its reference to the Committee on Finance.

I wish to call attention to the fact that somebody is misleading the men who signed this memorial. It is a prepared form and recites that the proposed tax to be imposed upon insurance companies by the pending tariff bill is in addition to and duplication of the tax now provided by the Payne-Aldrich law as a corporation tax. Whoever prepared it certainly either did not read the pending bill or is himself guilty of a willful intention to mislead.

I wish to make this statement in connection with the memorial so that the memorialists, if they read it in the RECORD, will see that they have been misled in this matter.

The VICE PRESIDENT. The memorial will be referred to the Committee on Finance.

Mr. NORRIS presented a petition of Local Union No. 107, Farmers' Educational and Cooperative Union of America, of Crowell, Nebr., praying for a reduction in the duty on sugar, which was referred to the Committee on Finance.

Mr. WORKS presented a memorial of sundry citizens of Kaweah, Three Rivers, Exeter, Hayward, Oilfields, Visalia, and Farmersville, all in the State of California, remonstrating against the transfer of the control of the national forests to the several States, which was referred to the Committee on the Conservation of National Resources.

He also presented a petition of sundry citizens of Martinez and Oakland, in the State of California, praying that currants be placed on the free list, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Ventura Chamber of Commerce, of San Buenaventura, Cal., remonstrating against a reduction in the duty on citrus fruits, which was referred to the Committee on Finance.

TARIFF DUTY ON CITRUS FRUITS.

Mr. WORKS. Mr. President, I have here a letter from Charles C. Chapman, of Fullerton, Cal., giving some facts that I think are interesting and instructive on the subject of the growing of citrus fruits in California and bearing on the question of the tariff. I ask that the letter may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

FULLERTON, CAL., *April 24, 1913.*

Hon. JOHN D. WORKS, *Washington, D. C.*

MY DEAR SENATOR: I have had the privilege of reading a copy of your letter to the Citrus Protective League, bearing date of April 11. First let me say I appreciate both your position and the spirit of the letter. Your well-known disposition to treat with fairness every question I assure you I also appreciate, and all we need to ask for in behalf of the citrus industry is fair and reasonable treatment.

I know Mr. Powell is quite capable of furnishing you any data which you may desire in order to present this question to the Senate; but I want to take the liberty of emphasizing, perhaps, a few points which occur to me as important. I speak more particularly in behalf of the orange growers, not having been in recent years a lemon grower. I have, however, been induced to put out a large lemon orchard, and naturally feel deeply interested in the outcome of legislation on the lemons. I can say, however, that some years ago I had about 35 acres of lemons, and for seven or eight years I did not make one dollar off the entire acreage. The trees bore heavily; but I could not, however, seem to realize anything from them. I therefore rebudded them to oranges. A little later protection was given the industry, and those who had lemon orchards have, I understand, done very well; but this came only after a long, discouraging struggle.

The President, in his message to Congress on the tariff, said something about the chief need of the American producers, in order to compete with the world, was that they should sharpen their wits, or words to that effect. If he was to step into one of our modern packing houses, I am sure he would find a splendid display of the best inventive genius and application of mechanical forces to be found in the world. In my own packing house, used solely for packing my own fruit, I have equipment which cost between $7,000 and $8,000, and it requires more than an ordinary grade of intelligence to manipulate the various pieces of machinery. All of this equipment is that we might handle the fruit with greater care and put up a uniform package, both as regards quality and size and make it, as well, attractive to the trade.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I mention this, for many do not realize how much handling of the orange, and lemon as well, is necessary before it reaches the consumer. This is all done by well-paid labor. I should very much regret to be forced to reduce the wage of any of this help, but if we are forced to retrench by reason of having any of the markets taken from us among the first places we should go would be to the help, because this is the largest item which enters into the handling of the fruit.

The impression prevails that the citrus industry has been immensely profitable and that the growers have been making big money. That is not true. Many have done well, but no better than the farmers in many sections of the country have done. It requires active, enterprising, and intelligent direction of the business to produce even a reasonable income. Practically all of our growers have come here from the East, and the charms this country has for them has induced many to talk much, and, indeed, often "blow" about results. Everyone, as you know, catches the spirit and talks big of California, and this has given a wrong impression as to the real results of the efforts of a series of years. I am often pointed to as one of the most successful growers, but I could have made more money in other enterprises, either here or in the East, from whence I came, had I put into them as much of my life as I have into the citrus industry.

To my mind the great loss from a reduction of the tariff on oranges would be the loss, or largely so, of the New York market. This is the best orange market in the world. It sets the price for the entire country, and if the tariff was reduced so that oranges could be brought in freely that market would be continually demoralized. It would be unsettled, and therefore unprofitable, to the New York trade, and therefore to the California growers and shippers. It is really only a few of the New York dealers who want a reduction, and these, I am told, are mostly foreigners.

We are giving the consumers good fruit, well and honestly put up, and at very reasonable prices, and it is widely distributed throughout the Nation, so that every small village has fresh fruit continually; and I presume, if let alone, the increase of production, the lower transportation charges, and even still better facilities for handling the fruit will enable us to give it to the consumers at still lower prices; but if all this is disrupted the industry could not possibly go on in its splendid development as it has in the past 10 years.

Most of our growers—in fact, practically all of them—have come here from different sections of the East. Many came when well past middle life and invested their savings in the citrus business, expecting to pass the remainder of their life here in comparative comfort. It will be hard, exceedingly so, for these people to see the business in which they have invested their all demoralized. Many of these, for there are thousands of them, would not be able to survive the financial loss that this would incur.

It is difficult for us to say just how much reduction of the tariff may be made and our industry still survive, or even continue without serious demoralization and loss. None of us know just how much encouragement the importers would get from even a slight reduction. They have been making a great fight for reduction, with the evident intention of using our markets to the fullest extent if permitted. If they are encouraged to do this, in the very nature of the case it will greatly injure us. Both the home producer and the importer can not use the same markets with profit. One must be the loser and eventually driven out, and he would be the one who had put the most money in producing, handling, and transporting the fruit. Here we would be at a disadvantage, for in all three items we put in far in excess of double the amount of money that the foreigner does.

It does seem hard after so many of us have been putting in our best efforts for years, and all the money we could raise, in building up an industry which in itself has been highly beneficial to the whole country to have it ruined or greatly crippled by legislation made solely, it would seem, in the interest of the foreign producer.

The eastern manufacturers will feel the demoralization of the citrus industry, for our money has been spent freely in buying all sorts of implements and articles made there.

Pardon this long communication, but I know in what I am saying I voice the sentiment of a great many growers.

Thanking you for what you have done for us, and trusting that you will fight hard to preserve as nearly as possible the present rate on oranges, I am,

Sincerely, yours, CHARLES C. CHAPMAN.

DORA D. WALKER.

Mr. TILLMAN. On the 12th ultimo I introduced a bill (S. 750) for the relief of Dora D. Walker, which was referred to the Committee on Pensions. I ask that that committee be discharged from the further consideration of the bill and that it be referred to the Committee on Claims.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS INTRODUCED.

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

By Mr. WARREN:

A bill (S. 1830) granting a pension to Mary S. Bartlett (with accompanying paper); to the Committee on Pensions.

By Mr. WEEKS:

A bill (S. 1831) granting a pension to Mary Kehoe; to the Committee on Pensions.

By Mr. SAULSBURY:

A bill (S. 1832) to provide for the purchase of a site and the erection of a public building thereon at Georgetown, in the State of Delaware; to the Committee on Public Buildings and Grounds.

A bill (S. 1833) for the relief of George Hallman; to the Committee on Claims.

By Mr. GALLINGER:

A bill (S. 1834) granting a pension to Lizzie M. Smith (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 1835) granting a pension to Charles F. Lane; to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 1836) granting an increase of pension to Henry Marble (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON:

A bill (S. 1837) granting an increase of pension to George W. Robinson; and

A bill (S. 1838) granting a pension to Ada Jernigen; to the Committee on Pensions.

By Mr. BURTON:

A bill (S. 1839) granting an increase of pension to Levin A. Harvey; to the Committee on Pensions.

THE TARIFF.

Mr. JONES submitted an amendment intended to be proposed by him to the bill (H. R. 3321) to reduce tariff duties and provide revenue for the Government, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

Mr. MYERS submitted an amendment intended to be proposed by him to the bill (H. R. 3321) to reduce tariff duties and provide revenue for the Government, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENT TO SUNDRY CIVIL APPROPRIATION BILL.

Mr. MARTINE of New Jersey submitted an amendment proposing to repeal the clause in section 28 of the public buildings act approved March 4, 1913, providing that no person now in the employment of the Supervising Architect's Office shall be eligible to such employment, intended to be proposed by him to the sundry civil appropriation bill, which was ordered to lie on the table and to be printed.

LAWS OF PORTO RICO (S. DOC. NO. 20).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying volume, referred to the Committee on Pacific Islands and Porto Rico and ordered to be printed:

To the Senate and House of Representatives:

As required by section 31 of the act of Congress approved April 12, 1900, entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," I transmit herewith copies of the acts and resolutions enacted by the Legislative Assembly of Porto Rico during the session beginning January 13 and ending March 13, 1913.

WOODROW WILSON.

THE WHITE HOUSE, *May 6, 1913.*

COLLECTOR OF CUSTOMS, PORT OF PHILADELPHIA.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Secretary read Senate resolution 76, submitted yesterday by Mr. OLIVER, as follows:

Resolved, That the President be requested, if not incompatible with the public interest, to transmit to the Senate all papers and other information in his possession or in the possession of the Treasury Department relating to the demand of the Secretary of the Treasury for the resignation of Chester W. Hill, collector of customs of the port of Philadelphia.

Mr. OLIVER. I ask for the adoption of the resolution.

The VICE PRESIDENT. The question is on agreeing to the resolution.

Mr. BACON. Mr. President, I suggest the interpolation of the word "documentary," so as to read "documentary information."

The VICE PRESIDENT. Does the Senator from Georgia offer that as an amendment?

Mr. BACON. I am suggesting it to the author of the resolution.

Mr. OLIVER. Mr. President, I do not appreciate the importance of the suggestion. I think the Senate is entitled to all the information, whether documentary or otherwise. It is presumed, of course, that all the information will be documentary, but if the Secretary of the Treasury is in the possession of any other information, I think it is his duty to transmit it under the resolution.

Mr. BACON. As I understand the resolution, it is directed to the President of the United States.

Mr. OLIVER. It requests the President to transmit the information in his possession or in that of the Secretary of the Treasury.

Mr. BACON. I understand; but it is addressed to the President, not to the Secretary of the Treasury, and necessarily the President, in getting from the Secretary of the Treasury that which the resolution calls for, would be limited to documentary

evidence. You could not expect that the President of the United States would call the Secretary of the Treasury before him and put him under cross-examination to know everything he had heard. Yet that would be the result of such phraseology, or at least that would be implied, I should think. The Senator himself says it will be documentary. Why not make it specific to that effect?

Mr. OLIVER. The Senator said it is presumed that it will be documentary, but it is barely possible that the Secretary of the Treasury may have in his possession information other than documentary evidence. If there is anything within his knowledge or within the suspicion of the Secretary of the Treasury detrimental to this officer, we want to have it transmitted to us. It seems to me that the insertion of the word "documentary" would be a limitation upon the information that we ask for. I do not want to insert anything in the resolution that will limit the information which may come to us.

Mr. BACON. I again suggest to the Senator that the resolution is not addressed to the Secretary of the Treasury, but to the President. If the President should undertake to comply with the request of the Senate, what would be his mode of procedure? Would he call the Secretary of the Treasury before him and make him unbosom himself as to everything he had heard in regard to this official, or would he say to him, "Send me any papers which you have?" While the President would naturally limit himself to sending for papers, it seems to me that in addressing to the President of the United States a request for information which he is to secure from some one else, it ought to be of a nature which will be definite and precise, and not put upon the President of the United States the duty of having a court of inquiry, or rather an inquiry, whether a court or not, as to all that might rest within the knowledge of the Secretary of the Treasury, everything he may have heard, representations which may have been made to him, some of them possibly without any foundation. Nevertheless, it would be information.

I do not think there is any precedent for anything of this kind. In the first place, I do not recall a resolution which has ever been addressed to the President of the United States requesting him to send information which is in the possession of some one else. Therefore if we are going beyond the usual limitation it seems to me we ought to make it as definite and concise as possible. It is with that view I took the liberty of suggesting to the Senator that it would be more satisfactory to limit it.

Of course if the President of the United States sees proper to communicate anything else he can do so. I do not know whether any Senator would object to the resolution. It rests altogether within the discretion of the President, and I myself am not disposed to object. When a request is simply made for information it seems to me that the information is presumed to be of a documentary character. No information is supposed to be in the possession of a department for official action except that which is in document shape, if I understand the matter correctly.

In view of the fact that the Senator says he does not anticipate that there will be any information except that which is found in a documentary shape I trust he will consent to make that change.

Mr. OLIVER. Well, Mr. President, this resolution is addressed to the President of the United States. I am perfectly willing, so far as I am concerned, to leave it to the judgment of the eminent American who now occupies that position as to the extent or kind of information which he will transmit.

Mr. MARTIN of Virginia. Mr. President——

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

Mr. OLIVER. I do.

Mr. MARTIN of Virginia. With the permission of the Senator, I should like to inquire if he is willing to state—and I suppose he is—for what purpose he desires this information? I myself am unable to see how it concerns the Senate to get this information. The President is certainly not answerable for exercising the functions of his office. He had a right to remove the incumbent in the position referred to without cause if he saw fit to remove him, and I do not understand the object to be attained by getting this information when it comes, whether it be documentary or otherwise. What use is to be made of it? Cui bono? I do not understand why the information should be asked.

Mr. OLIVER. Mr. President, if the Senator from Virginia wishes, I am very ready to state my purpose in asking for this information. When the present administration took office, about two months ago, it was definitely announced that the policy of the administration would be the policy which has prevailed for a generation past when one President succeeded another, to allow the incumbents of offices which had a definite term of service fixed by law to occupy those offices until the expiration of their terms, in the absence of some certain and specific reason to the contrary. Notwithstanding that declaration and the innumerable precedents for such action, the Secretary of the Treasury about a month ago demanded the resignation of Mr. Hill and a number of other officials occupying positions in the customhouse at Philadelphia, whose terms of service were fixed by law at four years and whose terms had not then and have not yet expired. Mr. Hill, to whom this resolution refers, replied to the Secretary of the Treasury, asking if there were any charges against the administration of his office and stating that, if so, he would decline to resign under such charges. The Secretary of the Treasury replied in effect that there were no charges pending against him, but that it was the desire of the present administration to have men in office who were in sympathy with the purposes and the policies of the administration; in other words, I presume, in short, to replace those officers who are not Democrats by those who are Democrats.

Mr. MARTIN of Virginia. Mr. President——

Mr. OLIVER. I decline to yield just now, Mr. President. I shall be very glad to yield to the Senator from Virginia later.

Mr. President, I offered a resolution in executive session to the same purport as this, but directed to the Secretary of the Treasury. It was objected at that time that the resolution should be addressed to the President, and the action on the resolution was delayed by what certain Senators on the other side termed "a filibuster." I said then, and I say now, that my purpose in offering the resolution in open session is to bring before the public the facts relating to this enforced resignation of an able, a capable, and an efficient public official.

If there is anything in the administration of Mr. Hill in the performance of the duties of his office that is open to criticism, I think we ought to know it. Notwithstanding the statement of the Secretary of the Treasury that no charges were pending against him, and that the only reason for demanding his resignation was that a man in sympathy with the purposes of the administration be put there, it has been charged on the floor of the House of Representatives by one of the Representatives from my State that this resignation was asked for, or that the officer was substantially removed because of frauds or undervaluations in the conduct of his office. If that is so, it should be investigated, and the information leading to the removal should be sent to the Senate so that the responsibility for the conduct of that office should be properly lodged and so that we should be advised whether or not there had been any misconduct, or whether the reason given was a mere pretext for substituting one kind of a man for another in a public office. That is the reason why I have offered this resolution. We want to know—and I think we ought to know—whether the present administration are going to respect the principle of maintaining efficient and honest public officers in their positions until the expiration of their terms, or whether they are going to indulge in sweeping removals without cause.

I yield to the Senator from Virginia, if he wishes me to do so.

Mr. MARTIN of Virginia. In the first place, I desire to make a parliamentary inquiry. Has this resolution been introduced this morning for the first time?

Mr. OLIVER. It was introduced on yesterday.

Mr. MARTIN of Virginia. Has unanimous consent been asked or given for its present consideration?

Mr. OLIVER. The resolution comes over under the rule, I will state to the Senator.

Mr. MARTIN of Virginia. I understood the Senator from Pennsylvania to say that it was offered this morning for the first time.

Mr. OLIVER. The resolution was offered on yesterday, and it comes over under the rule.

Mr. MARTIN of Virginia. Was it taken up yesterday? Is it not a different resolution?

Mr. OLIVER. I offered the resolution yesterday, and then asked for its present consideration. Objection was made; it went over under the rule; and it is now properly before the Senate for action.

Mr. MARTIN of Virginia. I ask the Senator from Pennsylvania if it is not a fact that there was a large sum of money paid into the Treasury recently because of violations of the customs laws at Philadelphia?

Mr. OLIVER. Mr. President, that is just exactly what we want to find out. If there was any wrongful settlement made, and if this collector had anything to do with it, then I will join with the Senators on the other side not only in confirming the nomination of his successor, but in visiting upon him any

punishment that ought to be visited upon him for such action. It is just such a thing as that that we want to ascertain, and this resolution calls for information relating to that and to any other wrongful thing that it is alleged he has done in the conduct of his office.

Mr. MARTIN of Virginia. I do not mean, Mr. President, to intimate that there was any wrongdoing on the part of the collector of customs at Philadelphia. It seems that no charges have been made against that collector of customs, but simply reasoning about the matter and having no information regarding it, I have concluded that if, in the execution of the duties of that office, one importer had so far violated the law that a compromise had to be made with him, and he had paid into the Treasury about $100,000 because the customs had not been properly collected when the goods were received, it was an indication of inefficiency, on account of which the President might with great propriety have removed the collector of customs.

I simply refer to this because I do not believe, and I hardly think there is a Senator on the floor who believes, that the President removed the collector of customs at Philadelphia in order to put a Democrat in his place. While I do not know what induced him to make the removal, I have no idea he was influenced by a consideration of that sort. It would be inconsistent with everything he has done or said, and so I am driven to the conclusion that he made the removal because he thought the service was not efficient, although no charges had been preferred; but that seems to me to be entirely immaterial. Whether he acted on that motive or on some other motive, he acted within the limits of his proper constitutional authority, and he had a right to make the removal without any cause whatever or to make the removal for cause which was satisfactory to him, and yet which he did not desire to allege. Every employer knows that there are occasions when removals are made, and yet the employer is unwilling to allege the cause which induced him to act. The idea I desired to express was simply that the information when obtained would be useless. The President has the constitutional power to make the removal without any cause whatever, and I do not, therefore, see what good will be accomplished or of what value the information will be to the Senate when it is furnished, if, indeed, it be furnished at all. I can not see the connection between the removal and the new appointment. The office is now vacant.

Mr. OLIVER. The office is not vacant, Mr. President. Mr. Hill is still the incumbent.

Mr. MARTIN of Virginia. I understood the Senator to say that Mr. Hill had resigned.

Mr. OLIVER. Resigned, to take effect upon the appointment and qualification of his successor.

Mr. MARTIN of Virginia. That is substantially a vacancy.

Mr. OLIVER. No; I beg pardon, Mr. President.

Mr. MARTIN of Virginia. Whether or not the office is vacant, it is within the jurisdiction and constitutional authority of the President to send another name to the Senate whenever he pleases to do so, and it has no connection with the resignation or the removal of the present incumbent.

Mr. OLIVER. Mr. President, the name of Mr. Hill's successor has already been sent in; and, while I admit that the President has the right to remove any official at any time, I do say that information regarding the manner of removal or the manner of creating the vacancy is of great importance to the Senate in considering the question of confirming his successor; and it is for the purpose of having this information considered in connection with the nomination of that successor, who has already been named, and whose nomination is now pending, that I ask for this information.

Mr. President, I do not propose to discuss this matter longer. If Senators on the other side want to take the responsibility of suppressing this thing, they can do so. I leave it to the judgment of the Senate whether or not they will ask for this information. I say it is pertinent to the case; it ought to be asked for, and it ought to be furnished; but if the Senate refuses to ask for it, or if the President refuses to furnish it, the responsibility is with the other side of the Chamber and not with this side.

Mr. HITCHCOCK. Mr. President, I desire to move an amendment to the resolution by striking out the words "and other information." It seems to me that the Senator from Pennsylvania should be willing to consent to this amendment. In view of the fact that we are admittedly establishing a precedent, we ought not to enter into a practice which is likely to lead us into embarrassment and into an impropriety of action. In calling upon the President, even by way of a request subject to the exigencies of the public interest, it seems to me improper to go further than to ask for the papers in the case.

I sympathize with the Senator's position, that the Senate, which confirmed the present incumbent, can very properly call upon the President to send to the Senate the papers in the case relating to his removal; but it seems to me that it is going too far to call for other information which might involve a communication from the President stating his reasons, or the reasons of the Secretary of the Treasury, not based upon written documents.

Mr. OLIVER. Mr. President, if the Senator will allow me, I think that it is thoroughly safeguarded by inserting the provision calling only for such information as the President may wish to send not incompatible with the public interest.

Mr. HITCHCOCK. The resolution is not so worded.

Mr. OLIVER. The President is the judge of what information he will furnish. I am perfectly willing to trust the President to give all the information in the case, and I am satisfied that he will give all the information in the case if this request is transmitted to him.

Mr. HITCHCOCK. The Senator does not phrase his resolution so as to request the President to send only such information as he may desire to send. He asks him to send all the information.

Mr. OLIVER. The resolution reads, "if not incompatible with the public interest."

Mr. HITCHCOCK. Yes; but then it may be quite possible that that would lead to a communication from the President, if he desired to be entirely frank with the Senate, which would go outside of the papers in the case. It seems to me that it is improper for the Senate to enter into such a possible controversy with the President in this case or in any other. The Senate ought to be permitted to request the transmission of the papers in the case; and if they do not justify the President in his action, it is a matter for the Senate to judge; but certainly, in establishing a precedent, we should not use indefinite language of this kind. We should call specifically for the facts in the case upon which the department acted.

Mr. OLIVER. Do I understand that the Senator offered the suggestion as an amendment?

Mr. HITCHCOCK. I offer it as an amendment.

Mr. OLIVER. I have no objection to that, Mr. President.

Mr. KERN. Mr. President, before the Senator from Pennsylvania takes his seat I should like to ask him a question. He spoke about Members on this side of the Chamber taking the responsibility of "suppressing this thing." To what thing does the Senator refer in connection with any suppression?

Mr. OLIVER. I did not catch what the Senator said.

Mr. KERN. I said that the Senator a while ago spoke about the responsibility the Members on this side would have to assume in "suppressing this thing," as he expressed it. Now, I am asking as to what thing he refers that was about to be suppressed?

Mr. OLIVER. I will leave it to the Senator to draw his own conclusion from what I said.

Mr. KERN. I speak only for myself when I say that I hope this resolution will be defeated. Neither do I desire to influence any Member on this side of the Chamber by anything I shall say. It is conceded here that the President in the removal of this official has proceeded entirely within his constitutional right. It is now proposed to inquire into—to probe—the mental processes of the President of the United States through which he reached the conclusion that this man ought to be removed. I think we are going entirely outside of our duties when we enter that field. I think the precedent to be set is a bad one. I remember that when Mr. Cleveland went out of office in 1897 and Mr. McKinley came in Democratic officeholders all over this country went down as ripened grain before the sickle. I remember that such were the wholesale removals that if the Senate had undertaken to inquire of Mr. McKinley in each instance as to his motive in the removal of Democratic officers the Senate would have had little time for anything else during the first month of his administration.

Mr. OLIVER. Mr. President, will the Senator yield to me for a moment?

Mr. KERN. Yes.

Mr. OLIVER. If the Senator will allow me, I will state that when Mr. McKinley assumed the Presidency in 1897 Mr. John R. Reed, a very eminent Democrat of the city of Philadelphia, was the incumbent of this very office, collector of the port of Philadelphia, with two years yet to serve; and he served his term out before a Republican was appointed to the place.

Mr. SMITH of Georgia. I should like to ask the Senator if Mr. Reed did not support Mr. McKinley for the Presidency?

Mr. OLIVER. I do not think he did, but I do not know anything about that. If you are going to draw the line there, however, you will have to go high up among Democratic offi-

cials to-day. I will say that to the Senator. There are a great many men high in Democratic favor to-day who did the same thing.

Mr. SMITH of Georgia. Still, Mr. President, that was a good reason why President McKinley should not have removed him. If he supported President McKinley for President, the mere fact that he had been appointed by President Cleveland was no reason why President McKinley should not have shown the appreciation of his support which he properly should have felt.

Mr. OLIVER. I will ask the Senator if he knows whether or not Mr. Reed supported Mr. McKinley?

Mr. SMITH of Georgia. Not at all. If I had, I should not have asked the Senator from Pennsylvania the question. I asked him because I did not know.

Mr. OLIVER. I do know, Mr. President, that there was strong influence brought to bear upon President McKinley to make an immediate change there, and he refused to do it, and he continued Mr. Reed in office. I do not know whether or not Mr. Reed supported Mr. Bryan, but I do know that he continued as a Democrat, and he never surrendered his Democracy. Quite a number of men did, and came back.

Mr. KERN. Mr. President——

Mr. CLARKE of Arkansas. Mr. President——

Mr. KERN. I have not yielded the floor yet, Mr. President. I was not referring to any individual instances. I had in mind officeholders in my own State who were turned out by wholesale, even though in many instances they were under the civil service. Some 20 or 25 at one time went out; and a man who was afterwards President of the United States, then a member of the Civil Service Commission, came to Indiana and refused those men a hearing, and confirmed the action of the political end of the administration in turning them out without any hearing. The Democrats "took their medicine," to use a somewhat vulgar expression, in those days. We saw there was little use in making protests, and so we yielded; and I believe, as a rule, President McKinley's appointments were confirmed without objection in this body.

If you establish this precedent now, and the minority on the other side of this Chamber undertakes to inquire into the motives of the President for the removal of Republican officeholders, there may be time for the transaction of some other business; but while I have no authority to speak for the administration, speaking for myself, if I had my way there would be so many removals in accordance with the will of the people, as registered in November last, that it would take all of the time of the Members on the other side to make inquiry as to the motives of the President in making the removals.

Mr. OLIVER. Mr. President, I am glad the Senator from Indiana has spoken, because if this resolution is voted down it will simply be a declaration to the country that no attention is to be paid to the records of men in office, but that there are to be wholesale removals simply for the purpose of substituting a man of one party for a man of another. It is all right for the Democratic Party to take that position, but we want them to appear before the country as taking that precise position, and flying in the face of a public opinion which is to the effect that faithful officers should be retained in position at least until the expiration of their terms.

That is all I have to say.

Mr. KERN. Mr. President, I have understood it to be conceded on that side that the President was proceeding within his constitutional rights; that he was exercising a power or right which the Constitution of the country devolved upon him. I think there is no reason for complaint. Besides, I believe it is generally conceded throughout the country by fair-minded Republicans that as a result of the last election the President who received such an overwhelming plurality should have men about him, conducting the administrative affairs of the Government, who are in full sympathy with him and his administration.

Mr. CLARKE of Arkansas. Mr. President, I am not prepared to commit myself to the proposition that any action that the President takes in connection with the removal and appointment of public officials is beyond inquiry by the Senate; but I see no reason for the passage of this particular resolution, unless it is intended to question the veracity of the Secretary of the Treasury when he wrote to this gentleman who was removed that he removed him for political reasons.

I think that gentleman is in possession of a communication, or can readily obtain a copy of a communication, written by the Secretary of the Treasury, in which he says there were no charges pending against the collector which went to his integrity, but that he was removed for the sole reason that it was the desire that that great branch of the public service should be in the hands of those who were in sympathy with the administration.

That communication has been read publicly, and it is known to exist; so what broader statement of the fact do you want or could you obtain, no matter how full your information might be? If that presents any issue upon which you desire to be heard, you have an authentic statement of it now from the only source that can give it. Therefore this resolution is all a work of supererogation. It accomplishes nothing.

I presume the Secretary of the Treasury would reply in response to the resolution, if communicated to him by the President, just as he replied when inquiry was made of him by the collector or his friends; so I do not see why the resolution should be passed. If you desire to ventilate that action with a view of acquainting the American people with the fact that it has been taken, you have the most authentic evidence of it now, and you have the amplest opportunity to make such comments upon it as seem to you to be proper. You do not need information from authentic sources to confirm a rumor. The Secretary of the Treasury has made that announcement over his own signature when a specific inquiry covering the point was submitted to him.

Therefore it seems to me that the resolution is utterly useless and simply encumbers the RECORD. For that reason I think it ought not to be adopted, and it ought not to be referred to a committee, but it ought to be disposed of here—not because anybody fears the result of the inquiry, but because the utmost extent to which it can go is now closed and no new information can come from prosecuting an inquiry under it.

Of course, the Secretary of the Treasury spoke by authority when he made that answer in reply to the inquiry submitted to him as to the cause of the removal of Mr. Hill. That is all you could learn as the result of the passage of this resolution. If you desire to discuss it from that standpoint, you can find the opportunity in some of the proceedings that take place here.

I should not be swift to vote against the resolution if the matter were in doubt and you wanted to bring it out in authentic form so as to make a definite issue upon it. As it is already before the Senate, however, I do not see the use of passing the resolution at all.

Mr. TOWNSEND. Mr. President, I assume that if it were simply a question as to whether or not the present incumbent of this office had been wronged there might be some doubt as to whether we ought to ask for this information. But enough has been said on the floor of the Senate to-day and the last time this matter was up to indicate that there are certain things chargeable to this office—at least, that impression has been given currency throughout the country, and especially here in Congress—that should put the Members of the Senate on guard.

I submit, Mr. President, that Senators who are called upon to confirm a nomination—to say nothing about retaining a man in office, but simply about putting a man into office—have a right to the fullest information; and it seems to me the Senate can do no less than to pass a resolution requesting the President to submit to us for our consideration the facts in this case. I think it is but fair to the incumbent and I think it is absolutely just to us that we have this information.

There are Senators here who argue that we have no right to ask for this information. I know the senior Senator from Arkansas does not agree with that proposition. We have a right to ask for anything that we need in the discharge of any duty that comes before us. It will shortly be our duty here to confirm a man appointed in place of the collector at Philadelphia. I want to know, as one, whether or not the charges intimated by the senior Senator from Virginia a moment ago and by other Senators are correct—that, notwithstanding the statement of the Secretary of the Treasury, there are matters connected with that office which we ought to know. That will have something to do with my vote in confirming the man whose name the President has presented here.

I conceive that no harm can be done, no bad precedent can be established, by asking and receiving information which we actually need. If, as the Senator from Nebraska states, there are some things in the resolution which perhaps ought not to be there, I have no objection to its being amended. But to deny us the right to receive information which it is necessary for us to have in performing a public duty seems to me to be entirely wrong. Therefore I think this resolution ought to pass.

Mr. SMITH of Georgia. Mr. President, will the Senator from Michigan yield for a question?

Mr. TOWNSEND. I will.

Mr. SMITH of Georgia. Would not the proper way and the easy way to get that information be for the committee to

which this nomination is referred to ask for the papers? Is not that the usual way with reference to nominations? Is not that constantly done—to obtain all papers in the possession of the President or the head of the department with reference to the person to be appointed and the person removed?

Mr. TOWNSEND. If this issue had not arisen, and if it had come up in the committee of itself, I presume that would have been the proper way to proceed. But the matter has been given publicity here, and Senators are contending that we have not the right to ask for this information. I do not think the Senate can afford to let the matter rest there. It seems to me we ought to proceed now with the resolution to get the information that we have asked for.

Mr. BACON. Mr. President, I think the Senator from Michigan is mistaken in his statement that any Senator here disputes the right of the Senate to ask for these papers or any other papers which may be in the possession of the departments. There is a difference, however, between the existence of the right and the exercise of the right. The existence of the right is somthing which I will go as far as the Senator from Michigan or any other Senator in defending and maintaining. I have had something to say about that in the Senate on more occasions than one. I believe the right exists in the Senate to call for any paper in the departments, and not only to call for it but to command it. But that is a very different thing, Mr. President, from the question whether it is always expedient to call for it. The right may exist, but it may be inexpedient to exercise the right.

Mr. President, this matter does not relate to the question of confirmation. If it did, it could not be discussed in open Senate here without the consent of the Senate or the order of the Senate. If, as is conceded by all, I understand—it has been decided by the Supreme Court—the President has the arbitrary right of removal, for a reason, good or bad, or for no reason, then the question as to whether he has properly exercised that right in no way relates to the question as to whether or not the person appointed to fill the office should be confirmed. The question to be decided when an officer is to be confirmed is whether or not he is worthy and well qualified for the office; whether he is a proper man for it; whether he is one to be approved by the Senate. The question as to how the office became vacant has no relation to the question as to whether or not he is a fit and proper man for that office.

When the Senator from Pennsylvania introduced his resolution, there was nothing said about the purpose——

Mr. OLIVER. Mr. President, will the Senator from Georgia allow me to ask him a question?

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

Mr. BACON. I do.

Mr. OLIVER. I will ask the Senator from Georgia if it is not true that last winter for nearly three months the Senators on that side of the Chamber held up the confirmation of nearly all of the appointees, because, as was alleged by them, of the manner of creating the vacancies, and the fact that in certain cases, as they alleged, vacancies were created for a political purpose, and on that account the appointees should not be confirmed?

Mr. BACON. I think the Senator is approximately correct in his statement; not exactly so, but sufficiently so for the purposes of his argument. The Senators on the other side are at perfect liberty to vote against the confirmation of anyone if in their judgment a vacancy has been improperly created. But the Senator can not mean to imply that this side of the Chamber, when it took that position, called upon the President of the United States for his reasons why such and such a thing happened; but that is practically what the Senator is proposing to do here.

If the Senator has information which satisfies him that he ought to vote against the confirmation of an officer, he is perfectly free, in the exercise of his constitutional rights, to vote that way, just as Senators on this side of the Chamber in the last session were free to exercise their right to oppose confirmations. But I repeat that the question of confirmation is not a question that can be decided by this inquiry, because it is an inquiry into something which does not have any limitations as to the right of the President.

If the law were that the President should not remove a man except for just cause, then it would be another question; but that is not the law. The law, as declared by the Supreme Court of the United States, is that the President can remove arbitrarily and without cause in the exercise of his will. If he does so in an improper manner, there is a certain method pointed out by the law by which he can be called into question for it; but there is no other method by which it can be done.

As I was about to say when the Senator interrupted me, when the Senator from Pennsylvania offered this resolution, while some of us possibly had the purpose of it in mind, it was not disclosed by him. Therefore in the exercise of a right which I think is equally unlimited—to call for papers—I was not disposed to be critical about it, and, it being left in the discretion of the President, if nothing had been said it would not have amounted to a precedent, and I was willing to let it go. But when the Senator avows in his place that the resolution has for its purpose an inquiry with regard to the creation of a vacancy to fill which an officer has been nominated for confirmation, then for us to pass this resolution is to set a precedent, and one which will return to plague us so long as the present majority shall constitute the majority, and hereafter, when in the fortunes of political warfare those who are now the minority may become the majority.

In the thousands and tens of thousands of nominations which are sent to the Senate, if this is to be established as a precedent, if this is to be recognized as a right, if this is to be recognized as an expedient thing to be done, I will not say simply as a right, it is one which can be exercised in every nomination which may hereafter be sent to the Senate.

I repeat, Mr. President, for that reason I quite agree with Senators who have gone further than I went when I first addressed the Senate upon this subject. I quite agree with them that with the purpose disclosed it is not a proper thing, it is not an expedient thing to do, while I do not dispute the fact that we have a right to do it.

Mr. CLAPP. Mr. President, if it is proper in legislative session to make the inquiry, I should like to inquire whether the appointment involved in this case has been reported by the committee to which it was referred?

Mr. OLIVER. It has not, Mr. President.

Mr. CLAPP. Then it rather strikes me for one that the committee could get these papers in the first instance, or, failing to do so, that the Senate could do it.

Mr. SMITH of Georgia. There is not, Mr. President, I think, a bit of trouble about the Senator having done what he wants done, or rather what he announces he wants done, by getting this information from the committee. That is a simple process that is always taken; and if we deviate from it now, on every occasion when there is a nomination and any information is wanted from a department we will be told that a resolution should be passed calling on the President to furnish it.

Mr. OLIVER. Mr. President, it seems to me there is a good deal of difficulty. I offered the resolution in executive session for obtaining this information and failed to obtain action. I stated then that I would offer it in open session, which I have now done. I am going to fail to obtain action on this resolution. I am not at all confident that if the resolution should be referred to the Committee on Commerce, notwithstanding the fact that I am a member of the committee, the information would be obtainable through the medium of that committee.

Before I sit down, Mr. President, I should like to have read and inserted as a part of my remarks the letter of the Secretary of the Treasury in response to Mr. Hill, stating his reason for calling for his resignation.

The VICE PRESIDENT. That may be done. The Secretary will read as requested.

The Secretary read as follows:

WASHINGTON, *April 9, 1913.*

SIR: Replying to your letter of the 7th instant, there are no pending charges against you. Your resignation has been requested because, in the judgment of the department, it is essential that the officers of the port shall consist of persons who are in sympathy with the purposes and policies of the administration.

Respectfully,

(Signed) W. G. McADOO, *Secretary.*

Hon. C. W. HILL,
Collector of Customs, Philadelphia, Pa.

Mr. REED. Mr. President, what is the purpose of this resolution? It seems to me to be a curious performance, any Senator holding in his hand the written and avowed reason, which he denounces by innuendo at least as wicked, possessing this evidence——

Mr. OLIVER. Mr. President——

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

Mr. REED. I do.

Mr. OLIVER. It is not the first time the Senator from Missouri has placed words in my mouth that never issued from it. I want him to be careful about the language he attributes to me.

Mr. REED. Ah, Mr. President, the Senator, occupying a delicate position, is in a very sensitive mood. I have put no words in the Senator's mouth. I have said that at least by innuendo

he has charged there is an improper motive. I reiterate it. He has in the last few moments argued that removal for political reasons is such an act as demands and challenges the attention of the country. He has called on the Senate to pass this resolution in order that that evidence of iniquity, for that must have been his meaning, or disregard of his public duty, for that must have been his meaning, should be laid bare and naked before the country, in order that the people might gaze upon it, appalled and horrified.

Now, it transpires that the evidence of that very reason which the Senator states he wants to have exposed was in his hands. Therefore he has now all he could possibly obtain if he had all the papers in the possession of the President, unless it be the fact that there was some cause other than the political cause, which has been referred to here, for the removal of this man. If there be such a cause, if there has been dereliction in duty, if there has been failure to properly conserve the interests of the country by the officer in charge of this position, then that fact would throw no light whatever upon the confirmation of the successor to this office. It would not affect the moral character of the man who has been appointed. It would not affect the question of his capacity. It would not affect the right of the President to appoint him or of the Senate to confirm him.

Therefore there could be no reason for calling for that information, and if it did come it would only come to offer a stronger reason than the one that has already been given in the letter of the Secretary of the Treasury. Manifestly, therefore, this resolution has for its object only the purpose of exposing to the country the awful crime of having removed a Republican from office just on the eve of the fact that the people of the country did their best to remove the entire party from office.

Mr. President, some comment has been made here in regard to the right of the President to remove. We are not even confronted with that question. The President has not removed this officer. He removed himself by resignation. It matters not that that resignation was requested. If he thought he was entitled to his office, if he considered that the office belonged to him as of right, he ought to have retained it and to have submitted himself to an actual removal. On the contrary, this gentleman saw fit to voluntarily resign his office, for it was voluntary when it was not compelled.

In the next place, Mr. President, I want to offer this observation: Some Senators upon the other side, the Senator from Michigan [Mr. TOWNSEND] in particular, said that if there had been anything wrong with the conduct of the office at Philadelphia that fact ought to be known to the Senate. I grant that. But is this the way to secure that information? Is this a proposition to investigate that office? Is this a resolution calling for the facts in regard to either malfeasance or misfeasance in that office or negligence in that office? It is nothing of that kind. If the Senator from Michigan desires to have light upon that, if the Senate desires light upon that, then the proper method to pursue is to offer a resolution to investigate that office. But I do not hear the Senators upon the other side asking for that sort of an investigation. The whole kernel and meat of this matter is found in the attitude of the Senator from Pennsylvania. He brought this question before the executive session, where it properly belongs, and, having failed there to carry his point, he took a change of venue to the open session, in order that there might be public discussion; and having now been gratified, I trust the resolution will be defeated.

The VICE PRESIDENT. The question is upon the amendment proposed by the Senator from Nebraska [Mr. HITCHCOCK]. The Secretary will read the amendment.

The SECRETARY. On page 1, line 3, after the word "papers," strike out the words "and other information," so as to read: "to transmit to the Senate all papers in his possession," and so forth.

The amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the resolution. [Putting the question.] The noes appear to have it.

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

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

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. CULBERSON]. As he is not in the Chamber, I will withhold my vote.

Mr. KERN (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BRADLEY] and therefore withhold my vote. If I were at liberty to vote, I would vote "nay."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. SMITH]. I will transfer that pair to the senior Senator from New Mexico [Mr. CATRON] and vote "yea."

Mr. OLIVER (when his name was called). Has the senior Senator from Oregon [Mr. CHAMBERLAIN] voted?

The VICE PRESIDENT. He has not voted.

Mr. OLIVER. I have a pair with the senior Senator from Oregon [Mr. CHAMBERLAIN]. I transfer that pair to the junior Senator from Idaho [Mr. BRADY] and vote "yea."

Mr. ASHURST (when the name of Mr. SMITH of Arizona was called). My colleague [Mr. SMITH of Arizona] is necessarily absent from the Senate on important public business. He is paired with the Senator from New Mexico [Mr. FALL].

Mr. WILLIAMS (when his name was called). I have a standing pair with the Senator from Pennsylvania [Mr. PENROSE], who seems not to have voted. I transfer that pair to the Senator from New York [Mr. O'GORMAN] and vote "nay."

The roll call was concluded.

Mr. ASHURST. I understand that I am recorded as having voted in the affirmative, and if it be so recorded I do not particularly appreciate the company in which my vote appears to place me.

Mr. SMOOT. I should like to ask the Senator if it is on account of the company or if he has changed his mind.

Mr. ASHURST. I should be recorded in the negative.

The VICE PRESIDENT. The Senator from Arizona is recorded in the negative.

Mr. JACKSON. I wish to inquire if the senior Senator from West Virginia [Mr. CHILTON] has voted.

The VICE PRESIDENT. He has not voted.

Mr. JACKSON. I have a general pair with that Senator, and, as he is not present, I will not vote. I would vote "yea" if the Senator from West Virginia were present.

Mr. GALLINGER. I have been requested to announce that the junior Senator from Maine [Mr. BURLEIGH] is paired with the senior Senator from Indiana [Mr. SHIVELY], and that the junior Senator from West Virginia [Mr. GOFF] is paired with the senior Senator from Alabama [Mr. BANKHEAD]. The pair of the Senator from New Mexico [Mr. FALL] with the Senator from Arizona [Mr. SMITH] has been announced. The Senator from New Mexico is absent on important public business.

The result was announced—yeas 31, nays 42, as follows:

YEAS—31.

Brandegee	Gallinger	Norris	Stephenson
Bristow	Gronna	Oliver	Sterling
Burton	Jones	Page	Sutherland
Clark, Wyo.	Lippitt	Perkins	Townsend
Colt	Lodge	Root	Warren
Crawford	McCumber	Sherman	Weeks
Cummins	McLean	Smith, Mich.	Works
Dillingham	Nelson	Smoot	

NAYS—42.

Ashurst	Johnson, Me.	Pomerene	Stone
Bacon	Johnston, Ala.	Ransdell	Swanson
Bryan	Lane	Reed	Thomas
Clapp	Lea	Robinson	Thompson
Clarke, Ark.	Lewis	Saulsbury	Thornton
Fletcher	Martin, Va.	Shafroth	Tillman
Gore	Martine, N. J.	Sheppard	Vardaman
Hitchcock	Myers	Shields	Walsh
Hollis	Newlands	Simmons	Williams
Hughes	Overman	Smith, Ga.	
James	Owen	Smith, S. C.	

NOT VOTING—23.

Bankhead	Chamberlain	Jackson	Pittman
Borah	Chilton	Kenyon	Poindexter
Bradley	Culberson	Kern	Shively
Brady	du Pont	La Follette	Smith, Ariz.
Burleigh	Fall	O'Gorman	Smith, Md.
Catron	Goff	Penrose	

So the resolution was rejected.

ARMOR PLATE FOR VESSELS OF THE NAVY.

Mr. ASHURST. Mr. President, I submit a resolution which I ask to have read and for which I ask immediate consideration.

The Secretary read the resolution (S. Res. 78), as follows:

Whereas bids were opened by the Secretary of the Navy in February, 1913, for furnishing armor plate for the dreadnought Pennsylvania; and

Whereas the representatives of three firms manufacturing armor plate in the State of Pennsylvania, while pretending to bid as competitors, after a conference submitted bids which did not vary more than $1 per ton: and

Whereas the then Secretary of the Navy, notwithstanding an intimation made on the floor of the Senate of the United States that it was alleged there existed collusion among different manufacturers to advance the price of armor plate and divide the profits of the contract, awarded the contract on March 3, 1913, by dividing, for all practical purposes, the award of 8,000 tons of armor plate among the three companies; and

Whereas it is alleged that this action of the said firms reveals that they comprise an armor-plate trust, and that the price named in the contract awarded by the Secretary of the Navy is in the neighborhood of about $25 per ton higher than the previous awards by the Department of the Navy for armor plate: Therefore be it

Resolved, That the Secretary of the Navy be, and he is hereby, directed to forward to the Senate, at as early a date as practicable, a

report on the amount of armor plate ordered by the Department of the Navy during the past 25 years, the prices paid in each award, and the names of the firms or corporations to whom the contracts were awarded.

The VICE PRESIDENT. The Senator from Arizona asks unanimous consent for the immediate consideration of the resolution.

Mr. GALLINGER. Let it go over, Mr. President. I object.

Mr. ASHURST. Mr. President, I merely wish to state that this is identical with the resolution introduced by me on the 17th of March last, which was referred to one of the committees of the Senate, but which has not yet been reported because of the great amount of work pressing upon various members of the committee. It does seem to me that this matter ought to be given attention. I hope the distinguished Senator from New Hampshire [Mr. GALLINGER] will withdraw his objection to the present consideration of the resolution. I am advised that the Secretary of the Navy is willing, as it is his duty, to send this information at the earliest possible date. Indeed, it is my understanding that the Secretary is now compiling the data demanded by this resolution. I wish the objection would be withdrawn.

Mr. GALLINGER. Mr. President, I do not feel like withdrawing my objection. There is a pretty serious allegation contained in the resolution against the retiring Secretary of the Navy which ought to be inquired into a little before we pass the resolution, and I now give notice that when the resolution properly comes before the Senate I shall move to refer it to the Committee on Naval Affairs.

The VICE PRESIDENT. Under the objection the resolution goes over.

SUNDRY CIVIL APPROPRIATION BILL.

Mr. MARTIN of Virginia. Mr. President, in pursuance of the unanimous-consent agreement of the Senate, I ask that the Senate proceed to the consideration of the sundry civil appropriation bill.

Mr. ASHURST. I move that the Senate proceed to the consideration of the resolution I offered, the objection to the contrary notwithstanding.

Mr. GALLINGER. Mr. President, I make the point of order that that motion has to go over under the rules of the Senate.

The VICE PRESIDENT. The Chair rules that it must go over. The Senator from Virginia [Mr. MARTIN] asks that, in pursuance of the unanimous-consent agreement of the Senate, the Senate now resume the consideration of the sundry civil appropriation bill.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2441) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1914, and for other purposes, the pending question being on the amendment proposed by Mr. GALLINGER on page 129, line 13, to strike out all after the numerals "$300,000" down to and including the word "products," in line 24, as follows:

Provided, however, That no part of this money shall be spent in the prosecution of any organization or individual for entering into any combination or agreement having in view the increasing of wages, shortening of hours, or bettering the conditions of labor, or for any act done in furtherance thereof, not in itself unlawful: *Provided further*, That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who cooperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products.

Mr. OWEN. Mr. President, I wish to ask the Senate to consider at this time the resolution reported with amendments by the Committee to Audit and Control the Contingent Expenses of the Senate, authorizing the Committee on Banking and Currency to have hearings, if it be agreeable to the chairman of the Committee on Appropriations.

Mr. MARTIN of Virginia. I have no objection to having the sundry civil appropriation bill temporarily laid aside for the consideration of the resolution, if it leads to no debate.

Mr. SMOOT. Mr. President, we are proceeding under a unanimous-consent agreement, and, under the rule, that can not be done. So I object to the consideration of the resolution.

Mr. OWEN. I make no further request.

Mr. GRONNA. Mr. President, I offer a substitute for the amendment offered by the Senator from New Hampshire [Mr. GALLINGER], which I send to the desk, and ask to have read.

The VICE PRESIDENT. The amendment proposed by the Senator from North Dakota will be stated.

The SECRETARY. On page 129, line 13, in lieu of the amendment proposed by Mr. GALLINGER, it is proposed to strike out all after the numerals "$300,000," and to insert:

Section 1 of the act of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraint and monopolies," is hereby amended by adding the following proviso: "*Provided*, That this act shall not be construed to apply to any arrangements, agreements, or combinations between laborers made with the view of lessening the number of hours of labor or of increasing their wages; nor to any arrangements, agreements, or combinations among persons engaged in horticulture or agriculture made with a view of enhancing the price of agricultural or horticultural products."

Mr. GALLINGER. Mr. President, I make the point of order against the amendment that it proposes general legislation on an appropriation bill.

Mr. GRONNA. Mr. President, I trust the Senator will withhold his point of order, as I wish to make some observations on the proposed amendment.

Mr. GALLINGER. I will withhold it.

Mr. GRONNA. Mr. President, the amendment to the Sherman Antitrust Act which I have offered is identical with the one which, as was stated on the floor of the Senate yesterday, was offered by Senator Sherman when the bill which bears his name was under consideration, and which was accepted by the Senate.

I might say that the purpose of this amendment is the same as of the proviso for which it is offered as a substitute. I believe that it is preferable to action of the committee, however, for several reasons. If a law in its operation proves more far-reaching than it is believed it should be, the proper way, it appears to me, is to change the law, and not to refuse to enforce it. If the Sherman Antitrust Act has been construed so as to apply to labor unions and farmers' associations and it is believed that such organizations should be exempted from its operation, it appears to me that the proper thing to do is to amend the law so as to exempt such organizations from its operation, and not in effect to encourage violation of the law by specifically providing that funds appropriated for the enforcement of the law shall not be used in case certain classes violate the law. Any Congress has the power to repeal or amend laws enacted by former Congresses, and if Congress believes that such laws should be repealed or amended it is its duty to take such action; but if Congress does not see fit to use its power to repeal or amend such laws, I do not believe that it is justified in encouraging the violation of such laws. It may be argued that it was not the intention at the time the law was enacted to include labor unions and farmers' organizations within its scope, and that in providing that this appropriation shall not be used to prosecute such organizations we are merely insisting on the original intent of the act. It seems to be well settled, however, that the law has been construed by the courts as applying to such organizations, and if the purpose is to exempt them, the logical and proper way appears to me to be to write the exemption into the law. Let us make the law read the way we think it ought to read, prohibit the acts which we think it ought to prohibit, and then let us enforce it without fear or favor, impartially and efficiently. I believe the Sherman Antitrust Act has been one of the best laws ever placed on the statute books, and I also believe it would have proved of far greater benefit than it has if it had been rigorously enforced from the outset. I believe that many of the problems which are confronting us to-day arise from the fact that many trusts and combinations the creation of which this law was designed to prevent were left almost unmolested for a decade after the law had been enacted, with no systematic and efficient attempt to enforce its provisions.

But, returning to the proviso in this bill, I must say that I am not clear as to what effect it will have if retained in the bill. Even without this provision, there is nothing in this bill making it necessary for the Department of Justice to use money appropriated in this paragraph to prosecute the organizations which the proviso, at least apparently, aims to exempt; and, on the other hand, if the department or the President decides that certain organizations of this kind violate the law and should be prosecuted, I believe there are funds available with which such a prosecution could be carried on, even if none of the money appropriated in this paragraph can be used for such a purpose. If the Department of Justice decides that such combinations are not in violation of law, this provision is unnecessary; if, on the other hand, the Department of Justice decides that such combinations are in violation of the law and ought to be prosecuted for its violation, this provision will not save them from such prosecution. It is to be further noted that this apparent exemption from prosecution would extend only until June 30, 1914, the end of next fiscal year. Is there any reason, if these organizations ought to be exempt from prosecution under the Sherman Act, why such exemption should end with the next fiscal year? These organizations either are or are not operating in violation of the Sherman Act, and the provisions of the act either ought to apply to them or ought not to apply to them. If they are not violating the act in its present form, the provision in this bill is unnecessary; if these organizations are in violation of the act, this provision will not exempt them from prosecution. If the Sherman Act prohibits such organizations and we are satisfied that they should be exempted from

its operation, the reasonable and effective way to do it is to amend the act and not to pass this bill, containing a pretended exemption, which, at most, can last only one year.

I do not favor the practice of placing general legislation in appropriation bills, as it often results in the enactment of hasty legislation; but, as Senators know, it is often done, and in this particular instance I believe the amendment which I propose is so simple that no long consideration is necessary in order to understand its effect.

This amendment will definitely exempt these organizations from the operation of the law. The provision contained in the bill, while it apparently exempts them for one year, in reality gives no such exemption.

Mr. President, I trust the Senator from New Hampshire will withdraw his point of order and let us have a vote upon the amendment I have proposed to the amendment submitted by him.

Mr. CLAPP. Mr. President, I inquire if the amendment has been read?

The VICE PRESIDENT. It has been.

Mr. GRONNA. It has been read; but I will ask that it be again read.

Mr. CLAPP. I ask that it be again read. It escaped my attention.

The VICE PRESIDENT. The Secretary will again read the amendment.

The Secretary again read the amendment of Mr. GRONNA to the amendment of Mr. GALLINGER.

Mr. WORKS. Mr. President——

The VICE PRESIDENT. Does the Chair understand that the Senator from New Hampshire raises a point of order against the amendment?

Mr. GALLINGER. The Senator from New Hampshire does make the point of order against the amendment.

The VICE PRESIDENT. Does the Senator from California rise to the point of order?

Mr. WORKS. I do not wish to address myself to the point of order, if the Chair desires to rule upon it.

The VICE PRESIDENT. The Chair desires to rule upon the point of order, if the Senator from California will suspend for a moment. By the third clause of Rule XVI it is provided that—

> No amendment which proposes general legislation shall be received to any general appropriation bill, nor shall any amendment not germane or relevant to the subject matter contained in the bill be received; nor shall any amendment to any item or clause of such bill be received which does not directly relate thereto; and all questions of relevancy of amendments under this rule, when raised, shall be submitted to the Senate to be decided without debate.

As this is not a question of the relevancy of the amendment to the subject matter of the bill, but as it raises the question as to whether or not it is general legislation, it is the duty of the Chair to rule without submitting the question to the Senate, and the Chair accordingly rules that the amendment is not in order.

Mr. WALSH and Mr. WORKS addressed the Chair.

The VICE PRESIDENT. If the Senator will suspend for a moment, if there is a desire to appeal from that ruling, the Chair will be glad to have it settled. The Chair tried to construe the rule correctly.

Mr. MARTIN of Virginia. Mr. President, I am sure no one desires to appeal. It has been ruled that way universally, certainly for the last 20 years.

Mr. GRONNA. Mr. President, just one word. As the one who presented the amendment certainly I do not wish to appeal from the decision of the Chair. I know the decision is correct according to our rules, but I had hoped that the amendment would be accepted. We have heard much and there was much said on the floor of the Senate yesterday in favor of labor organizations and farmers' organizations, and I know that the particular amendment which I have offered would give permanent relief. On the other hand, the provision contained in the bill is only a makeshift.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Hampshire [Mr. GALLINGER].

Mr. WALSH. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Montana.

Mr. WALSH. Mr. President, the discussion of this measure has, to my mind, gone far beyond the limits which the amendment proposed by the Senator from New Hampshire legitimately fixes. The clause to which it is addressed offers no warrant whatever for the suggestion of connivance with crime on the part of the Congress of the United States; neither does it properly open up for inquiry at all the question of the wisdom of Congress in making the Sherman Act so comprehensive in its scope as to include labor organizations and farmers' associations. I think, Mr. President, he must go far afield indeed who finds in it any room for discussion of the views of Mr. Haywood or Mr. Ettor in relation to any of the controversies between labor and capital.

The provision of the bill that is so obnoxious to some of the distinguished Senators who have been heard in reference to it has been denounced as class legislation. Why, Mr. President, that particular part of the measure to which is attached this proviso which the amendment seeks to excise is class legislation. It singles out a particular class of crimes against the National Government and makes a special appropriation for the prosecution of them—$300,000 for the enforcement of the antitrust laws. It contemplates as well other appropriate proceedings for the suppression of the evils against which those laws were aimed, but the enforcement of the criminal laws against trusts comes within the purpose of the appropriation, if it is not its main object.

From out the long category of crimes against the United States these particular crimes are made the subject of a special provision. The violation of one particular statute is singled out and a liberal provision is made by this act for its enforcement. Are we to infer, accordingly, that the people of the United States are unconcerned about other crimes, or that they are willing to connive at their perpetration—murder, arson, and piracy? Why, no. In addition to the general provisions of the act for the pay of judges, attorneys, marshals, and other court officers, found under the head of "Judicial," page 132, et seq., a specific appropriation is made at page 128, lines 1 to 15, inclusive, of $475,000 for the detection and punishment of crime—of crime generally; of all crime. Then follows the appropriation in question of $300,000 for the enforcement of the antitrust laws.

The act makes no specific provision for prosecutions for violation of the postal laws or the pure-food law or any other criminal statutes, except perhaps those relating to the customs and the public lands. The act contemplates that the Department of Justice shall not invade the general appropriation, but that it shall have a specific and ample fund for the enforcement of this particular act. This is class legislation beyond controversy, but it is not open to criticism for that reason, and it commands universal support. Everyone approves it. And why? Because it is generally recognized—

First. That crimes and offenses against these laws have not been prosecuted in the past with the vigor that their gravity requires.

Second. That the perpetrators of them often, perhaps usually, are men of vast wealth, against whom the Government would contend but feebly if its officers were obliged to rely solely on the provision made for the enforcement of the criminal statutes generally.

Third. Because of the unusual expense that ordinarily attends prosecutions of this character.

Fourth. And more than all else, because the public suffers immediately and grievously by the acts condemned by these laws that have been habitually and boldly violated.

For these reasons, and perhaps others, this particular class of crimes is made the subject of this legislation. But within that class there is a class to which these reasons do not apply, or they apply so feebly as not to call for any special provision—namely, organizations of farmers and laborers not engaged in the doing of any act in itself unlawful but yet within the inhibition of the Sherman law as it has been construed by the courts. There is in this act no condonation of any such crime, if there be such a crime. In the Debs case the circuit court of appeals said:

> In this instance it is perhaps apparent that the original measure, as proposed in the Senate, "was directed wholly against trusts, and not at organizations of labor in any form." But it also appears that before the bill left the Senate its title had been changed and material additions made to the text; and it is worthy of note that a proviso to the effect that the act should not be construed to apply "to any arrangements, agreements, or combinations made between laborers with a view of lessening hours of labor or of increasing their wages, nor to any arrangements, agreements, or combinations among persons engaged in horticulture or agriculture made with the view of enhancing the price of agricultural or horticultural products," was not adopted. Such an amendment, doubtless, was not necessary in order to exclude agreements and arrangements of the kind mentioned.

But if by entering into an agreement or combination having in view the increasing of wages, the shortening of hours, or the bettering of conditions, and in furthering such agreement or combination, but doing no act unlawful in itself, laborers offend against the Sherman Act, or if farmers do so through their ordinary associations, this proviso expresses the idea that there is no occasion for any special appropriation to punish such infractions of the law. They, it is believed, may be safely dealt with by it in its ordinary course. And why should they not be? Why should there be a special appropriation for the prosecution

of such offenses? Are they so numerous as to require some unusual and extraordinary measure for their suppression by the action of the Government? Are the offenders so formidable as to require the employment of expensive counsel outside the regular aids to the Attorney General? Is there any great crying public demand for relief from the evils flowing from such combinations and associations? No one will assert that there is or that there is any occasion for such. It is to arm the officers of the Government in their titanic struggle with the gigantic industrial and financial monopolies of our time that this great sum of money is appropriated. The offenders of the other class may well be left to be dealt with in the ordinary way and out of the general appropriation. That is what this act means, and all it means.

In the opinion in which it was first held that the Sherman Act extended to combinations of laborers seeking to improve their condition Judge Phillips said:

> I think the congressional debates show that the statute had its origin in the evils of massed capital.

That was the original cause giving rise to the law.

Judge Morrow, in United States *v.* Cassidy (67 Fed., 698-705), said:

> The primary object of the statute was undoubtedly to prevent the destruction of legitimate and healthy competition in interstate commerce by individuals, corporations, and trusts grasping, engrossing, and monopolizing markets for commodities.

He, too, held, however, that it was eventually framed so as to embrace combinations of laborers.

But why may we not properly make special provision to attain the primary object of the law, to arrest the grasping, engrossing, and monopolizing of markets, leaving the evil, if evil it be, not specially aimed at to be corrected in the ordinary way in which the ordinary evils that afflict society are restrained and corrected by the courts?

While the act brought into being by a wise and far-seeing statesmanship was being notoriously violated by the organization of the great trusts that have braved the Nation, it was turned from its original purpose to become an instrument in the hands of the very combinations against whose existence it was leveled. Now that a better public spirit prevails, a determination to enforce the law against rich and poor alike, they would like to see the fund provided to destroy them diverted and exhausted in prosecutions directed at another class of offenders easily dealt with by the ordinary provisions of the law.

If there were no evil to correct but that flowing from associations of laborers and farmers, we all know there would be no specific provision in this bill directed at it. It would not stand out as invested with sufficient importance to justify such. On the other hand, the appropriation would be amply warranted if the act did not reach to such organizations.

The public is demanding the swift and relentless enforcement of the law against monopolizing trusts and combinations. It does not want any portion of the great fund provided for that purpose to be diverted for the purpose of prosecuting labor unions and like organizations for pretended offenses against the Sherman law.

It is asked, "What, then, are you giving these people?" meaning organized labor. We are giving them nothing. We are not professing to give them anything, and certainly not a dispensation to violate the antitrust act or any other act. We are simply declaring what is the common conviction of our people, that the exigencies of the times do not require that we make a special appropriation to prosecute them.

This measure ought to command the support of everyone professing a friendly interest in organized labor. If he harbors the belief that the act was never intended to remedy the evils arising from such, he ought to give it his very cheerful acquiescence. If he thinks the Congress deliberately framed the language of the act so as to reach the associations referred to in the provisos attacked by the amendment, he will still find it difficult to imagine why he should vote for a special appropriation to prosecute offenders falling within those classes.

The sole question presented by the amendment is as to whether the opportunity to use this special appropriation against organizations of laborers or farmers should be accorded to the Attorney General, or whether prosecutions against them, should any seem necessary, should be conducted by the aid of the general appropriation. The specific fund is meager enough, and it should be guarded against depletion or diversion to aid in prosecutions that require no special care, and in respect to which no considerable public feeling is aroused.

Mr. HOLLIS. Mr. President, this amendment is offered by my distinguished colleague from New Hampshire. I shall vote against it; and, at the suggestion of one of the older Senators on this side, I shall give my reasons, in order that it may not be understood that New Hampshire and New England are altogether deaf to the interests of the wage earner.

The proposition involves three issues:

First. Is this class legislation?

Second. Does it make any difference in the world whether it is class legislation or not?

Mr. GALLINGER. Mr. President——

The VICE PRESIDENT. Does the junior Senator from New Hampshire yield to the senior Senator from New Hampshire?

Mr. HOLLIS. With pleasure.

Mr. GALLINGER. I trust when my charming colleague reads his remarks in the RECORD to-morrow morning he will regret that he has put me in the attitude of being one New England man who is deaf to the interests of the laboring people.

Mr. HOLLIS. I am very sure my distinguished colleague will be able to take care of himself without any regrets on my part, and without any modification of what I have already said. I was elected to come to the Senate, as I believe, because I entertained the particular views that I am about to express. If they do not agree with the views of my colleague I am sorry for him; but I appreciate his perfect right to entertain his own views, and, if I misrepresent him, to set me right.

As I was about to say, the third issue involved here is one of expediency. Is it expedient to favor associations of farmers and wage earners by the passage of this bill as it stands?

I think some attention should be paid to this matter of class legislation, because I suspect there are some Members on this side of the Chamber who may lean rather against the passage of the bill as it stands, for fear that they may be legislating for a class. I have received many telegrams from manufacturers during the past week asking me to vote against this exemption, on the ground that the exemption is class legislation; and they seem to assume that if it is class legislation it ought not to pass.

I have no hesitation in meeting this issue squarely, and in stating without equivocation that this is class legislation; and I propose to show, if I can, that that is no objection whatever.

There is no provision against class legislation in the Constitution. There is no general provision of law against it. There is no general public policy which it will violate. We are constantly discriminating against certain classes and in favor of others. Our laws are full of them. For example, the tariff bill which will presently come before us is a bill which gives favors to certain classes to the detriment of the rest of the people. The income-tax provision in that bill distinguishes in favor of that class which has an income not over $4,000 and against the class which is fortunate enough to have an income of more than $4,000.

The ordinary labor laws do not apply in many cases to farmers and to household servants. The laws which limit the hours of labor apply frequently to women and children only, and to mills and factories only. The man who is fortunate enough to ride in an automobile has to observe certain rules and regulations which do not apply to men who travel in horse-drawn vehicles. Vendors of milk, vendors of spirituous liquors, vendors of gunpowder frequently have to comply with regulations that do not apply to other vendors. So we might go all down the line and find that there is class legislation in abundance, and its constitutionality is never questioned. The very statute of 1908, the Federal employers' liability law, applies only——

The VICE PRESIDENT. Will the Senator from New Hampshire suspend for a moment? The morning hour having expired, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. Order of Business 10, Senate resolution 37, authorizing the appointment of a committee to make an investigation of conditions in the Paint Creek district, West Virginia.

Mr. KERN. I ask that the unfinished business be temporarily laid aside.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from New Hampshire will proceed.

Mr. HOLLIS. As I was about to say, Mr. President, the Federal employers' liability law of 1908 applies only to that class of citizens who are engaged in interstate commerce by railroad. The only constitutional provision applicable to this case is the one that all members of a class shall be treated alike. We find, then, that this is class legislation, and that the mere fact that it is class legislation is no argument against it. But I hope if Members on this side have any doubts about that they will satisfy them before they fail to vote for the passage of this law, as it is proposed, on that account.

Now, then, we come to the question, Is this an expedient law to pass? I wish to thank the distinguished Senator from Iowa

[Mr. CUMMINS] for his very handsome admission yesterday, that it was not intended to have the Sherman antitrust law apply to associations of farmers and laborers, and for his assurance that the labor men were properly justified in understanding that it did not so apply. I was not of voting age when this matter was discussed originally, but I do remember that it came with a great shock to the country when the courts decided that the Sherman antitrust law should be applied to labor unions. None but those ingenious and able trust lawyers, who had been able to save their clients from the bona fide purpose of this act, would have been able to conceive and push forward to fruition any such idea. The action of the courts in that regard falls within that class of court-made amendments that the Senator from Colorado [Mr. THOMAS] denounced so brilliantly a few days since.

My only care is to get at it as quickly as we possibly can under the rules of the Senate. The thing that I am most careful about is promptness. If I am going somewhere in an automobile and the machine will not start I will not wait a long while, but I will get out and walk; and if I get started and the machine will not work I am willing to take a horse and be towed to my destination instead of waiting all day for an expert to come and repair the machine.

I should much prefer that this wrong should be righted by direct amendment. I think that would be better; but I am going to take relief just as soon as the opportunity arises by passing the law as it stands. I say we should give to the law department our policy in this regard. They will understand our purpose to repeal this court-made amendment as soon as we can properly do so under the rules. We shall notify the law department that we are not in favor of enforcing the antitrust law even if it may technically be applied to associations of farmers and laborers. We shall let them know that they are to point their activities at the real objects which were intended when the law was passed.

It seems to me that the point raised by Senators yesterday was more acute than important. It is just that sort of conservatism that is found commonly among lawyers that has brought so many of them into disrepute with the majority of the voters of this country. It was just the opposite quality in the leader of the third party in the last campaign—his desire to go forward to his object—that commended him to so many voters who otherwise would not have supported him.

Now we come to the point that has been criticized, which is embraced in the phrase "not in itself unlawful." Every lawyer in the Senate knows and well knows that certain acts which are not unlawful in themselves become unlawful when committed in combination with others, and that the Sherman antitrust law is directed against combinations and conspiracies in restraint of interstate commerce.

A man may get the better of his competitors in a great many lawful ways by restraining the trade if he can, so long as he acts alone, but under the Sherman antitrust law these lawful acts when exercised in combination with others become unlawful, not immoral, not unlawful according to the common law, but unlawful under the terms of the antitrust act.

Take the Lawrence cases, which were referred to yesterday. Mr. Ettor and Mr. Giovannitti were indicted for bringing about the death of a woman. I believe the fatal shot was fired by some one at a striker, and an innocent bystander was killed. Mr. Ettor and Mr. Giovannitti were indicted for inciting to murder on the theory that they had advised and urged acts of violence, and that they were therefore liable for the consequences that might properly flow from those acts.

But take the case of Mr. William M. Wood, president of the American Woolen Co., one of the chief beneficiaries under the Payne-Aldrich tariff law. Mr. Wood was indicted by a Massachusetts jury for conspiring with Mr. Atteaux and Mr. Collins in taking dynamite to Lawrence in order to plant it in the residences of the strikers, so that it might be found there and they might be brought into disrepute or perhaps be punished for having it on their premises.

The prosecution, which will begin May 19, I believe, in Massachusetts against Mr. Wood is under the Massachusetts statute, and, as I understand it, if Mr. Wood had transported the dynamite to Lawrence himself instead of having somebody else to do it, then it would not have been a crime. So, under the Sherman Act it is not a crime to do many things by one's self, but when done in combination those things become unlawful.

Now, under this act the law department is left perfectly free to punish all crimes when they are crimes in and of themselves. Crimes like assault, crimes like manslaughter, if committed where they will give the Federal Government jurisdiction, will be prosecuted, and this money may be spent under the terms of this act for that purpose. But it is fair to say that very few common-law crimes do come under the jurisdiction of the Federal authorities.

One reason why I favor this law is brought out by the cases of Ettor and Giovannitti. They were arrested and imprisoned without bail until they were acquitted by a jury of their peers. The evidence was published in the newspapers. We all read it. It was flimsy in the extreme. I have no hesitation in charging that their arrest and imprisonment was brought about by the mill owners, not with any expectation of securing a conviction, but in the hope that their arrest would cow the other strikers and that their absence would break the backbone of the strike.

It is because capital has succeeded in using the police, the militia, legal process, and the courts for their own benefit that I believe the Congress should even matters so far as possible by legislation like this. It is because beneficiaries of the tariff law like Mr. Wood have undertaken to circumvent their employees by tricks and by unjust imprisonment and prosecution; it is because capital has such immense resources and such a tremendous pull or influence over public authorities that I favor laws for them which shall not apply to farmers and wage earners. They have set themselves apart as a class of gilt-edged beneficiaries, and I believe it is just to have class legislation against them as much as to have class legislation for their benefit.

I believe, as I said at the outset, that I was sent to the United States Senate by the State of New Hampshire because I hold these views on this subject, and I should fail in my duty if I did not state what I believe to be the true attitude of New Hampshire on this question.

Mr. GALLINGER. Mr. President, I am not going to do more than say a word at this time. The vigorous defense of my colleague of certain labor leaders attracted my attention. The suggestion that my colleague made, inadvertently I hope, that he wanted to go on record as one Senator from New England who had sympathy with the labor class does not apply to me. I came up through the ranks of laboring men as to some extent did my colleague, and all through my life I have had the profoundest sympathy for the men who earn their bread by the sweat of their brow. For many years I belonged to an organization of laboring men, and if I am not mistaken I am still in good standing with that organization. So it is not quite fair for any Senator expressing his own views, however radical or extreme they may be, to call in question the integrity of his associates. While I have never advertised myself as a special advocate of labor organizations and labor unions, I should be doing myself an injustice if I consented to permit any Senator to put me in the attitude of being hostile to their interests.

On yesterday I alluded to Mr. Haywood and Mr. Ettor. I had forgotten the distinguished Italian who cooperated with them, and whose name my colleague has mentioned, Mr. Giovannitti. We know what they did. We know what utterances fell from their lips on Boston Common and elsewhere. We know that they went into Lawrence for the purpose of creating strife and discord and agitation, and they accomplished it, all in the name of labor, and we know what the result has been.

Now, Mr. President, two days ago this same man Haywood, in the city of Boston, which has been called sometimes the Cradle of Liberty, exercising the privilege that he claims belongs to him to say anything that he chooses to say on public questions, uttered these words:

> It is against my ethics to enter into an agreement with the capitalist class at any time. Our motto should be to exterminate that class and "emancipate" ourselves. Our organization stands for that, and has in view a new society when all industries will be operated by the working classes and for their benefit.

Mr. President, we are a patient people. If we were not a patient people a man who uttered a statement in public that he was in favor of exterminating the capitalist classes of this country would be taken care of by the legal forces of the United States.

So I say, Mr. President, I am not opposed to the laboring men or to the cause of laboring men, but I am opposed to men like that. I hope the time will come when the Senate of the United States in its wisdom will be willing to help to enact laws that will take care of that class of men and that will prevent them from inciting the poor people whom they are haranguing from day to day to acts of violence and murder.

Mr. President, that is all I care to say now. I may have something further to say before the debate closes.

Mr. WORKS. Mr. President, I was greatly surprised and not a little concerned to hear a Member of this body declare that he is in favor of class legislation, but my mind was somewhat relieved when I heard the Senator express his peculiar views as to what constitutes class legislation. I am strongly in sympathy with labor organizations established and used for the

purpose of maintaining reasonable wages and hours of labor and for the general uplift of laboring men. But I have no sympathy with the use of that or any other organization for the commission of violence to attain their ends.

We have hundreds of these organizations in this country. I do not believe they are within the terms of the Sherman antitrust law, but those same organizations may combine and confederate together just the same as any other organization for the unlawful purpose of restraining trade. If they do, then they bring themselves within the terms of the antitrust law and should be subject to its prohibitions and its penalties.

But we are told that this proviso declares that the money shall not be expended for unlawful acts. It is not necessary that that provision should be contained in the law itself to protect against acts that are not unlawful, and certainly the Senate of the United States ought not to put itself in the position of forbidding the judicial officers of this country from prosecuting any man who commits an unlawful act in violation of the statutes of the country.

Who is to determine whether the particular act charged in a given case is unlawful or not? How is it to be determined? Necessarily, the only proper way is, if the prosecuting officer believes it to be an unlawful act, to prosecute the offender. But we say to him in advance, if this is not an unlawful act and you should prosecute it as such and the Government be defeated, then you have in violation of this statute misappropriated the funds of the Government. I say that is a cowardly thing for Congress to do.

Mr. HITCHCOCK. Mr. President——

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

Mr. WORKS. I yield.

Mr. HITCHCOCK. Did I understand the Senator from California to say that, in his opinion, the legal department was in such a position that it would be unable with its ordinary machinery to prosecute a man who had violated, or an association which had violated, the Sherman antitrust law?

Mr. WORKS. Not at all. I have not said anything of that kind.

Mr. HITCHCOCK. The Senator from California will realize that for many years after the Sherman antitrust law and other laws like it were placed upon the statute books, there was no special fund of this sort to make prosecutions of a criminal nature, and some civil cases were carried on by the department without using this fund at all. Some of the greatest cases from a historical standpoint were prosecuted with the ordinary machinery of the legal department; and at the present time the legal department is under no necessity to resort to this particular fund, but has abundant means of prosecuting ordinary cases that may come to its attention.

Mr. WORKS. But, Mr. President, I assume that if Congress is appropriating $300,000 for the specific purpose of prosecuting violations of this particular act, it would be upon the theory that the funds now provided for that purpose are insufficient, or else it is not necessary to make any such appropriation at all. Besides that, undoubtedly the Attorney General, with this prohibitive provision contained in the act, would take it as a direction to him not to prosecute any labor organization or farmers' organization under this particular law. Are we going to put ourselves in that position—to tie the hands of an officer whose duty it is to prosecute any offender of any statute of the United States by withholding from him the necessary funds that should be provided for that purpose? That is precisely what we are proposing to do.

The distinguished senior Senator from Iowa [Mr. CUMMINS] has declared his disagreement with my views as to the efficiency of the Sherman antitrust law. If the Senator had done me the courtesy and the honor to listen to my views on that subject as I expressed them in this Chamber yesterday, he might feel differently about it. I have never claimed that the antitrust law was not a just and righteous piece of legislation. As a declaration of right principles in the conduct of business affairs, it is a most excellent provision; as it relates to the mere question of dissolving combinations and organizations formed for the purpose of restraining trade, it is an effective remedy; but the position I took, Mr. President, was that the act did not go far enough; that it did not apply to specific acts intended to restrain trade, no matter to what extent they might go.

The Senator from Iowa gives emphasis to my objection to the statute in that respect by saying that it is quite doubtful in his mind whether physical violence used in restraint of trade would be within the statute. I am ready to go just as far as my friend from Iowa will go to make the antitrust law just as effective to prevent this kind of combination and also specific acts that are intended to interfere with trade and commerce. As I understand, the Senator from Iowa is making a study of this very question for the purpose of ascertaining what amendments to the statute may be made in order to render it more effective, and I sympathize entirely with that effort.

Mr. President, if Congress believes that the present antitrust law includes labor and farm organizations, and at the same time believes that it ought not to do so, then the proper and the just thing for us to do is to go back to that original statute and so amend it as to take them out of its provisions. No one would be more ready to do that than I if it is confined to labor organizations in the proper and legitimate sense of that term; but whenever labor organizations confederate together or conspire to do an unlawful thing in violation of this statute they ought to be prosecuted and held responsible just the same as any other organization.

So, Mr. President, I am not myself willing, however much I may sympathize with the object and purpose of labor organizations, to put myself in the attitude of inserting a provision in this appropriation bill that should, if it is a proper provision at all, be made an amendment to the original statute.

Mr. LODGE. Mr. President, I shall detain the Senate only a very few moments. I merely desire to put into the RECORD my own reasons for voting in favor of the amendment proposed by the senior Senator from New Hampshire [Mr. GALLINGER].

Those reasons are confined strictly to the character of the two provisos. Those provisos are attached to a special appropriation, which is added to the regular appropriation for the purpose of enforcing a particular law.

I am inclined to agree with the Senator from Iowa [Mr. CUMMINS] in his view that that is not a wise practice; that the general appropriation should be made sufficient to enable the Department of Justice to enforce the laws, and that it is not well to single out one for peculiar care. But this is only a repetition of what has before occurred. We have made these appropriations, special appropriations, for the enforcement of the so-called Sherman Act, and it was done by Congress with the very natural desire to show the zeal which they felt against trusts.

I once heard Mr. Speaker Reed say in the House of Representatives that the House was not what he should call a "courage center"; but when it comes to dealing with trusts, there is no doubt about the courage of Congress; they are entirely fearless; and the appropriation of this extra fund for the enforcement of the law was introduced to show, I think, not only their zeal, but the soundness of their opinions. So it is not worth while arguing for or against the merit of these extra appropriation funds to enforce particular statutes. They are there.

The objection to the provisos, to my mind, Mr. President, is not that they are class legislation in the sense in which that term has been used in this debate. The Senator from Iowa pointed out yesterday that a great deal of legislation passed by Congress was in its nature and effect class legislation, and that same proposition has been renewed to-day by the junior Senator from New Hampshire [Mr. HOLLIS] and fortified by him with a wealth of original illustration. I therefore think it is not necessary for me to point out that much of our legislation necessarily, like the pure food and drug act, in its operation falls on a particular class of the community.

The objection to these provisos, to my mind, is not that they embody a law which in its operation reaches a particular class; it is that they are intended to exempt certain persons and certain classes from the operation of a universal law as it stands on the statute book—a law that is by its wording intended to apply to everybody. The classes which are thus exempted, Mr. President, are very large, very important, very numerous. If they were not numerous, I fancy they would not be exempted. But they are given in this way a privilege which is a wholly different thing from what is ordinarily called "class legislation." This provision creates not a class, but a privileged class. It gives a certain privilege to important bodies of our fellow citizens, a privilege which the great majority of the American people do not enjoy.

Mr. President, I suppose that it is very old-fashioned in me, but I have been brought up on the idea that one of the foundation stones of the American Republic was the equality of all citizens of the Republic, of all freemen, before the law; that whatever else the Republic of the United States has done or failed to do, it has maintained that principle in intention at least. This seems to me a departure from that great principle. It is no answer to say that under this clause as it is drawn, with the phrase "provided the act is not unlawful," it would not, therefore, be efficient. Mr. President, that sort of legislation is the worst that can be put on the statute book—legislation which "keeps the word of promise to our ear and breaks it to our hope"; legislation which pretends, in answer to the

demand of a great class, by shrewdly chosen words, to grant the demand, while in reality it does not.

Nor does it make any difference, Mr. President, so far as the principle involved is concerned, that this applies only to the extent of a special appropriation which perishes at the end of the fiscal year. The principle remains; and that is, that here deliberately we place upon the statute book a provision that certain citizens of the United States—among the best that we have, men who make the backbone of the country, no doubt—that those men, if they belong to certain associations with certain objects, if they are engaged in the promotion of certain excellent purposes and causes, shall be exempt from the operation of a law to which all other American citizens are subject. The large majority of men who work with their hands, for example, are not embodied in labor unions, and to them the provisos give no privilege.

Mr. President, if the Sherman Act by a literal interpretation has been made to work hardship against classes of our community or against individuals whom it was never intended to include in its penalties, then the thing to do, as the Senator from Iowa [Mr. CUMMINS] said yesterday, is to amend the act and make it what it ought to be; but while the act stands upon the statute book universal in its language, applying, as we all have supposed, to all men alike who should violate its provisions, I say, it is a dangerous thing for us to give a privilege to any man by which he can violate a universal law with an impunity guaranteed to him by law, which his fellow citizens do not possess.

Mr. SMITH of South Carolina. Mr. President, I do not think there is any doubt that, viewing it from an abstract standpoint, there is room for argument on both sides of this question, but there is not a Senator on the floor of the Senate who is not perfectly cognizant of the fact that the Sherman antitrust law was never conceived of as a restriction against labor or against the agricultural interests. The whole agitation, as is set forth in the debates on antitrust legislation during the passage of the legislation, indicates this fact—and around that one fact circle all the arguments in favor of an antitrust law—that it was aimed at the unrestricted and unrestrained power that accompanied great aggregations of actual wealth. It was directed against a system under which a few individuals having in their possession great financial resources, holding in their hands, as it were, the very lifeblood of commerce, could at their sweet will cut the wages of those who converted the raw material into the finished product on the one side, and dictate the price to those who produced the raw material on the other side. There is not a farmer in the Senate—and I suppose there are a few here—who has labored with his own hands, who has toiled to produce that which would minister to the needs and the comforts of the people of this country of ours, who has been engaged in producing our staple products, but has felt the power of aggregate capital overriding and subverting the law of supply and demand, and reducing it not to the law of supply and demand, but to the law of money supply and "the man." There is not a man who does not understand that this legislation was aimed at these aggregations of capital which, under the peculiar genius of our Government, were left, until the antitrust law was passed, practically unrestricted.

There is a strange absurdity just here. The Senator from California [Mr. WORKS], who has just taken his seat, deplored, as other Senators have done, the fact that this is class legislation. I am a member of the Committee on Agriculture and Forestry. We are busy from the beginning of one session to the other in appropriating millions of dollars for the purpose of sending out farm demonstrators, and teaching the farmer, at the expense of the National Government, how to produce more. The cost of living has gone high because men have been induced to leave the farm and flock to the centers where these great aggregations of capital promise a man greater return for the work of his brain than on the farm. If this labor is not organized, it is left at the mercy of the man who has the organization and the capital.

I say we are spending millions of dollars to teach the farmer how to grow more, separating him as a distinct class from all other classes, and sending out these special agents for the benefit of the country. Then in the next breath we say to him: "We propose to teach you how to grow more; we propose to relieve the condition that confronts us; but, on the other hand, if you attempt to take charge of your own business, and in a legitimate way combine to get out of it that which you think your own toil is worth, you become subject to the same law that is to be applied to the man who never toiled, who does not work, but who, by inheritance or other means, has come into the possession of vast wealth which represents the accumulated toil of thousands." When the farmer asks that he may have a few more comforts by virtue of the sale of that which he has toiled to produce, we are putting him under the same law as the man who, by the unholy use of his capital, despoils the producer on the one hand and the laborer on the other.

Mr. President, I notice that Chief Justice Fuller, in giving his decision of the famous hatters' case, made use of the expression, quoting from another decision, that this law originated in an attempt on the part of Congress to regulate aggregations of capital, but that on account of their failing to incorporate in the law the very amendment which Mr. Sherman himself introduced, providing that labor and agricultural organizations should be exempt from the operations of the law, it became applicable to all organizations.

I desire to call attention now to a famous case that occurred in 1889, I believe. The farmers and the laborers of this country were the chief agitators against the oppressions of these combinations of capital. They were the ones petitioning Congress for relief. Certain individuals about this time had gotten possession of the bagging factories of this country, and in a short time after they obtained possession of them they served notice on the entire cotton-producing section of the country that they proposed to advance the price of that upon which 9,000,000 people were dependent for covering for their cotton. A few men, combining their capital, were going to extract from those who were preparing for market a great commodity, a commodity upon which the comfort and convenience of millions depended, not a reasonable profit but an unholy profit, simply because they had the wealth and power to do it. The farmers met together and combined and said they would agree not to use this bagging. They had an iron-bound oath not to use it; and the result was that they were liberated from this oppression and ruined the aggregation that had proposed to fleece them.

Take the equity that is involved in that case. A few men were combining not for the purpose of getting necessities, not for the purpose of attempting to better their conditions, that they might educate their children and make their homes a little more comfortable, but in order that they might add to their already unnecessary capital at the expense of those that were producing the wealth of the world. According to the contention of those on this floor, the application of the antitrust law should have stopped these men in their effort to resist the combination of capital that was seeking to fleece the millions engaged in the production of this great necessity. The application of that law would have resulted in each one of these farmers being liable to fine and imprisonment, while under the peculiar form in which the bagging combination was made the persons making it could have gone scot free, for the contracts were made within the State. The price which those that bought the product were forced to pay was paid in the State. It did not become an interstate transaction, because all the contracts were made and filled within the State. So that the combination which was robbing the people, which was laying this burden upon them, would have gone free, while those who were purchasing the product and shipping it to the various States under this unholy price would have been subject to prosecution under the Sherman antitrust law.

There is one other fundamental difference as I see it, and that is this: Wealth in the form of capital is actual. Wealth in the form of muscle and effort, wealth in the form of field, forest, and factory is potential. The object of our Government, as I understand it, is to encourage a diffusion of wealth that will make every man a patriotic citizen, realizing that under the law, no matter what subterfuge may be resorted to, it will be possible for him to get a just return for the labor expended. There is not a man on this floor who will dare stand up and declare that he believes the farmers of this country and the laborers of this country under the actual, practical operation of our law have gotten their just return for the vast wealth produced in this country.

Speaking about class legislation, a majority of the people in this country are engaged in doing the labor in both field and factory. It has been said here this afternoon that we are catering to those engaged in labor and in agricultural pursuits on account of their numbers rather than on account of the equity involved.

The whole thing resolves itself back into this: We as legislators should see to it that labor, the actual force that converts capital into that which we need, shall not be oppressed by capital in its aggregate form; that the farmers of this country have a right to combine for the purpose of diffusing wealth and not for the purpose of concentrating it.

It is absurd and idle to stand on this floor and argue that if the hundreds and thousands of laborers employed in a steel factory were to strike and secure a raise in their wages the result of that would be as disastrous to the people at large

as for the capitalists engaged in this industry to combine and put an unholy price upon that which labor has produced and concentrate that wealth in the pockets of a few and menace this very Government, as was done in 1907.

When wages are raised it results in a diffusion of capital and an impetus to trade. It creates with the wage earners the very means of increasing their purchases; and everyone knows that their desires are far from being fulfilled. The same is true of farm products. No man would stand and argue that actual capital, with its powerful potentiality in the hands of a few, should be treated under the same law and in the same way as the desire of those who labor and cause to be produced that which was not produced before. No man will contend that the millions of farmers and laborers in this country should be treated under the special law in reference to combinations, when the purpose of one class of men is to get the necessities of life, while the purpose of the other is to increase their millions out of the necessities of life. They lie in different fields; they are entitled to different legislation.

If we Senators, selected out of all of the millions of people in this country, are so obtuse that we can not stand in this body and draw a distinction between those who have and have more than they are entitled to and those who have not or have less than they are entitled to we are not worthy of seats in this august body. I, for one, shall vote to retain in this bill this provision just as it is, for the reason that I believe the author of it meant to say, even if it is a little awkwardly expressed, that the farmers and laborers of this country shall not, in the process of organization, be considered subject to the operation of the antitrust law, but shall be subject to the operation of other laws that pertain to violence and bloodshed and whatever else may be incident to their actions but for which nothing can be visited upon the organization.

If a lot of farmers were to organize for the purpose of raising the price of a commodity, and some one among the organization were to commit murder, the purpose for which they organized was not for murder, and the individual who committed the murder would be subject to the law that controls murder. The same is true of all other organizations. But the specious argument that because there has been violence therefore they ought to be restrained from any effort to relieve themselves from an unhappy condition is an absurdity that none of us should allow to have even serious consideration.

I, for one, heartily agree with the Senator from New Hampshire [Mr. HOLLIS] when he says, "If I am riding in an automobile and it does not show evidence of getting there I shall walk." The provision serves notice on the courts that we do mean to eliminate agricultural and labor organizations from the operation of the Sherman antitrust law, and therefore I am going to vote for it until such time as I shall have the privilege of voting for an amendment to the original law.

Mr. HUGHES. Mr. President, it seems to be fairly clear now what the supporters of the language which the senior Senator from New Hampshire [Mr. GALLINGER] desires to strike from the bill hope to accomplish.

I doubt very much if the laboring people of the United States, or many of the Senators, are aware of the position now occupied by the laboring people of the United States. There should be no question in the mind of any man as to the right of the working people throughout this country, prior to the passage of the Sherman antitrust law, to form themselves into organizations or combinations. Since the repeal of the statute by which the justices of the peace in England fixed the workingman's wages and made it a misdemeanor for a man to accept more wages than the justices fixed, it has never been suggested in any Anglo-Saxon community that working people had not the right to form themselves into combinations or organizations for the purpose of making collective bargains with reference to the rate at which they would sell their labor or the conditions under which they would work.

At the time of the passage of the Sherman antitrust law, as was clearly shown by the debates in this body, there was a great hue and cry throughout this country against certain great aggregations of capital. The Standard Oil Co. was specifically referred to in the debates in this body, and several Senators asked the author of the Sherman antitrust law the direct question of whether or not this legislation could, by any sort of forced construction, be held to apply to combinations of workingmen. The proposition was hardly treated seriously in this body, and when the Senator from Mississippi, Senator George, in order to make assurance doubly sure, offered an amendment substantially the same as the language carried by the proviso in this bill, there was not a single vote cast against it in this body.

The working people of the Nation having been reassured by the debates, and reassured by the statement of the author of the bill and by the action of its friends upon the floor, there was no comment even when that language was finally dropped at the time the bill was recommitted to the committee, stripped of that and many other amendments, some of which the author of the bill complained were plainly intended to kill his legislation.

There was no criticism of the legislation, largely because of the statements made by the author and the supporters of the bill that it was far from the mind of any Senator to attempt to prevent the laboring people of America from exercising the rights that the laboring people of every civilized country in the world were then exercising. They had that right, then, prior to the passage of this law; but, Senators, I say to you that they have not that right now. If there is one thing that stands out clearly in the decisions handed down construing the Sherman antitrust law, it is that a combination of men engaged in producing a commodity which is to become the subject of interstate commerce is in violation of that law.

I say to you that any railroad strike that may be called for any purpose is a plain violation of that law, and the men participating in it may be civilly and criminally prosecuted under its provisions. They may be prevented from formulating and presenting their demands even as an organization, without a strike or a threat to strike. Under the provisions of the law and the decisions of the courts as they stand to-day every railroad employees' organization in this land is an organization and a combination in restraint of trade.

It was never intended to give the language of the law that construction; and it was not until that construction was given to it that any attempt was made to limit and correct what nearly every man thinks is a wrong interpretation of the law. In another body, in the year 1910, this language, by way of limitation on an appropriation bill, was offered and adopted. In 1910 three times, as I recollect, this provision was submitted to this body and was here rejected. Finally, in conference, it went out. But then, as now, many gentlemen who held that they could not vote for the provision also held that it was unnecessary, and to-day the gentlemen who seek to strike the language from the bill which will prevent the Attorney General from using this particular fund to prosecute the Brotherhood of Railroad Trainmen, the firemen, or the engineers for being in a combination the object of which is to restrain trade by means of strikes say that this legislation should not be enacted, that we should not seek to bring about this change of legislation by indirect methods. Yet, when the Senator from North Dakota [Mr. GRONNA] offered an amendment which would change the substantive law, on its face an amendment to the Sherman Antitrust Act, a point of order was interposed by the Senator from New Hampshire [Mr. GALLINGER].

If the Senate desires to pass upon this change of the law, it has it in its power to do so now. But this is the treatment that laboring people have received at the hands of their alleged friends in many legislative bodies throughout the country. The point of order can be withdrawn if the Senator from New Hampshire desires to withdraw it, and if his colleagues do not interpose it again, here and now the Senate of the United States can say whether or not it desires to deal with organizations such as the Standard Oil Co. was, and other great aggregations of capital are, in the same terms and in the same manner as it deals with organizations of labor.

Senators say it is class legislation. When you give a class in this country a special interest you are bound in some way to compensate the class against which that privilege operates. You gentlemen for years have pursued a fiscal policy which enables a manufacturer in this country to sell his goods in a protected market, and your fiscal policy also permits him to buy his labor in a free-trade market, so that the laboring people of this country are ground between the upper and the nether stone.

The countries of the world are searched and scoured for men whose conditions of life, whose training, and, perhaps, lack of educational advantages make them satisfied with less than that which the American laborer demands. Hordes are brought to this country and can be seen any morning in any industrial town knocking at the factory door for an opportunity to take bread out of the mouths of American laboring people for whom you claim to be legislating. This Chamber in a week or two will be resounding with the groans and sobs of gentlemen on the other side of the aisle denouncing legislation because in taking away the privilege of some swollen tariff beneficiary you pretend to think that the American laborer is going to be injured.

When you compelled the American laboring man to sell his product in a free-trade market and to buy that which he used in

a protected market, you did it on the theory that the protected manufacturer would hand down a part of his gains; that he was simply the trustee to hand down what he received to the workingmen whom he employed.

But you never asked him to give a bond and you never asked him to carry out the trust. It became necessary for the American laboring men to form themselves into unions, combinations, or organizations in order that the laborer might present his side of the case in company with his fellows, in order that when he spoke for one he might speak for the thousands who gave him strength as they stood behind him. Yet by indirection and by an interpretation of the statute by the courts their rights and privileges are swept away like a cobweb before a blast of wind, and when we attempt in the only way we can to restore him to his former condition, gentlemen who have been voting for class legislation all their lives become horrified at the thought. It is true that it is class legislation in my judgment. It is also true, however, in my judgment, that one piece of class legislation begets another, and the class legislation that begets this is the tariff law that you passed enabling men to get more for their products than they were worth on the plea that they would hand a part of it down. It has not been handed down. So the combinations and organizations of labor are in existence, and they had their right to be in existence. That was never disputed until the passage of the Sherman antitrust law and certain court decisions under that act.

Mr. GALLINGER. Mr. President——

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

Mr. HUGHES. I yield.

Mr. GALLINGER. The Senator has made and has repeated the point that the manufacturers refuse to hand down any part of their profits. I presume the Senator is familiar with the report of the Royal British Commission, made, I think, a year ago, in which they said, from a very exhaustive examination both in Europe and in this country, the laboring men of this country are receiving twice as much in wages as they are in Great Britain. Does not the Senator think, after all, that some part of the profits have been handed down to the laboring men in the United States?

Mr. HUGHES. I am not familiar with the figures that the Senator quotes, but in view of the privileges that the Senator's party has extended to certain favored people in this country and the control that they have given them over the prices of commodities and the necessaries of life, I should think it would be more like even-handed justice if they received four times what is received in European countries rather than two times what is received abroad. The fact remains that it will not be handed down, and it never can be handed down so long as the American workingman sells his commodity on a free basis and so long as he must buy in a protected market. The slightest thought or investigation will convince the Senator of that.

However, I desire to make my position clear with reference to this amendment. The situation I am placed in is this: I have an opportunity now to help this body to say that it is not now and never was intended to class organizations of labor with the organizations of capital at which the antitrust legislation was directed. I want to help this body to say, if I can, that when a judicial interpretation of the statute bears against the people who are the real bone and sinew of this Nation, so far as legislation can do it I am going to help to remedy that wrong.

In England some years ago when by a similar judgment of a court interpreting the common law or a statute it was held that organizations of labor going upon a strike entered into a conspiracy, that the man or men against whom they struck had been damaged, and that this organization of labor was responsible in damages, and when they were mulcted in a great sum of money, the British House of Parliament promptly met the emergency. They did not fear and they do not fear class legislation. They promptly met the emergency with a bill that exempted organized labor from such legislation, and set aside the interpretation placed upon the legislation by the court.

I ask you, Senators, if the English Government is to be any more fair, decent, and liberal in its treatment of English workingmen than the Congress of the United is to be in its treatment of American workingmen? I would be glad to vote for the amendment offered by the Senator from North Dakota, to which the Senator from New Hampshire interposed a point of order, if I could, and I point out to him the way in which he can give the Senate of the United States an opportunity to pass upon that question directly.

Mr. GALLINGER. Mr. President, will the Senator permit me?

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

Mr. HUGHES. I do.

Mr. GALLINGER. I simply availed myself of a rule—plain and unmistakable—of the Senate; and I want to say to the Senator from New Jersey that I had notice served on me from both sides of the Chamber that if I withdrew the point of order it would be renewed.

Mr. HUGHES. The Senator is only responsible for his own action. I put it to him now to see if any other Senator will renew the point of order.

Mr. GALLINGER. I quite take the responsibility. I do not shrink from it. I have no disposition to withdraw the point of order.

Mr. HUGHES. If the Senator desires to take the responsibility, there is no need to attempt to shift it to any other Senator on either side of the Chamber. It is well known, Mr. President, that a single Senator can interpose a point of order against the amendment as offered. They also know that that is the reason why the proviso appears in the shape that it does appear. As it stands now it is a limitation upon a fund, and under the rules of the Senate that is the furthest limit to which this body can go over the interposition of a point of order.

Now, I want to read for the benefit of the Senator from Massachusetts [Mr. LODGE] a statement which was made during the debates upon the Sherman antitrust law. I want to show him that the supporters of this amendment, the advocates of this language as it appears in the bill, are not all radical, are not necessarily extreme in their views. If the Senate will bear with me, I will quote from the debates in the Senate under the date of March 27, 1890:

> When you are speaking of providing to regulate the transactions of men who are making corners in wheat, or in iron, or in woolen or in cotton goods, speculating in them or lawfully dealing in them without speculation, you are aiming at a mere commercial transaction, the beginning and the end of which is the making of money for the parties, and nothing else. That is the only relation that transaction has to the State. It is the creation or diffusion or change of ownership of the wealth of the community. But when a laborer is trying to raise his wages or is endeavoring to shorten the hours of his labor, he is dealing with something that touches closely, more closely than anything else, the Government and the character of the State itself.
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> The maintenance of a certain standard of profit in dealing in large transactions in wheat, or cotton, or wool, is a question whether a particular merchant, or a particular class of merchants, shall make money or not, or shall deal lawfully or not, shall affect the State injuriously or not; but the question whether the standard of the laborer's wages shall be maintained or advanced, or whether the leisure for instruction, for improvement, shall be shortened or lengthened, is a question which touches the very existence and character of government of the State itself. The laborer who is engaged lawfully and usefully and accomplishing his purpose in whole or in part in endeavoring to raise the standard of wages is engaged in an occupation the success of which makes republican government itself possible and without which the Republic can not in substance, however it may nominally do in form, continue to exist.
>
> I hold, therefore, that as legislators we may constitutionally, properly, and wisely allow laborers to make associations, combinations, contracts, agreements for the sake of maintaining and advancing their wages, in regard to which, as a rule, their contracts are to be made with large corporations who are themselves but an association or combination or aggregation of capital on the other side. When we are permitting and even encouraging that we are permitting and encouraging what is not only lawful, wise, and profitable, but absolutely essential to the existence of the Commonwealth itself.

I am quoting from the speech of Senator Hoar, of Massachusetts, made in support of or at least in connection with the amendment offered by Senator George, of Mississippi, to take from without the provision of the Sherman antitrust law organizations of labor.

I have no desire to detain the Senate further. I will close by saying that I trust the time is not far distant when an opportunity will be given to the Senate to pass upon this question, not as a few lines appearing in the middle of an appropriation bill but as a substantive proposition, not limiting or tying the hands of the Attorney General in certain directions but as saying to the Nation, and to the courts particularly, that it never was intended and is not now intended to prevent organizations of laboring men from combining to do the thing that they are permitted to do in the language of the proviso.

Mr. CRAWFORD. Will the Senator before he takes his seat permit me to ask him a question?

Mr. HUGHES. Certainly.

Mr. CRAWFORD. There seems to be some difference of viewpoint among those who favor this proviso as to how far they go, and knowing that the Senator from New Jersey has given a great deal of attention to this matter and matters of this kind I should like to have his opinion.

It has been suggested in the discussion that the law would remain the same, and the general appropriation for the Department of Justice would be available for the purpose of prosecut-

ing labor organizations and farmers' organizations that were guilty of the offense this particular appropriation is prevented from being used in the prosecution of. If I understand correctly, that is the viewpoint.

Now, if that is correct, what have we here except this, that it will still be the duty of the Attorney General and the Department of Justice to prosecute labor organizations which violate the antitrust law in this particular respect; it will still be the duty of the Department of Justice, under the Attorney General, to prosecute farmers who violate the antitrust law in this particular respect; and the only modification will be that the expenses will be paid out of a general appropriation instead a part of this appropriation of $300,000 being used for that purpose. Therefore these provisos are narrowed down in effect to the simple question whether or not a part of the specific appropriation of $300,000 may or may not be used in prosecuting them as well as industrial organizations or railroad organizations or any other organizations that violate the antitrust law.

It seems to me that if that viewpoint is correct we are spending a great deal of time discussing a wider view of the case, that falls here in a very narrow compass, indeed, and will only relate to the disposition of $300,000 during one fiscal year. Does the Senator from New Jersey agree to that view?

Mr. HUGHES. I do agree with some of the suggestions made by the Senator, but, owing to the distance between us, I can not say that I followed him altogether.

Mr. CRAWFORD. I tried to make myself clear.

Mr. HUGHES. I think perhaps if I state my position the Senator will be satisfied.

Mr. CRAWFORD. Did the Senator understand my statement?

Mr. HUGHES. Not altogether; but I think the Senator will be satisfied if I state my position.

I do not attach much importance to this sum of money which is appropriated. I think it has outlived its usefulness. I always thought that it was intended originally as a sort of accelerator for the production of campaign contributions, but in these days of publicity of such gifts it has rather outlived its usefulness. I have never feared, and I do not fear now, that the present administration will use any of this particular fund, or any other fund, for the prosecution of organizations of labor. I am simply desirous of having the Senate retain this language in the bill, because to strike it out would be to say that the Senate of the United States was against differentiating between organizations of labor and organizations of capital.

Mr. CRAWFORD. I think now I understand the Senator.

Mr. President, it seems to me that we ought to deal in a straightforward, frank, and effective fashion with a question of this kind. I admit that there is an environment, there is a human equation in the labor organizations and in the struggle of its members for existence, that give it a strength of appeal that we do not find in the struggles and in the strife between great corporate industrial bodies such as we usually have in contemplation in connection with antitrust laws. I believe that there is much that deserves very careful consideration in a proposal to amend permanently and in an effective way the antitrust act as suggested in the amendment of the Senator from North Dakota [Mr. GRONNA]; but should we play with a serious question like that by admitting here that this little item of $300,000 in an appropriation bill for one fiscal year ending June 30, 1914, is to be used simply for the purpose of making a sort of general declaration in regard to which we may claim this or we may claim that? I can not believe that that is the way to deal with so important a question as this; and on that ground, and that ground only, I shall not vote in favor of the retention of these provisos in this bill.

Mr. MARTIN of Virginia. Mr. President, I ask unanimous consent that the pending bill be laid aside temporarily, and that its consideration be resumed immediately after the conclusion of the routine morning business on to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADDITIONAL CLERKS TO SENATORS.

Mr. SMOOT. Mr. President, I move that the Senate proceed to the consideration of Order of Business No. 11, Senate resolution 19.

Mr. STONE. What is it?

Mr. SMOOT. A resolution that all Senators having less than three employees as chairman of committees, or otherwise, be allowed an additional employee, to be paid at the rate of $1,200 per annum from the contingent fund of the Senate until otherwise provided by law.

The VICE PRESIDENT. Is there objection?

Mr. MARTIN of Virginia. I did not hear the Senator, Mr. President. What was the proposition?

Mr. SMOOT. I moved that the Senate proceed to the consideration of Order of Business No. 11, being Senate resolution No. 19.

Mr. MARTIN of Virginia. Is that the resolution that was reported the other day from the Committee to Audit and Control the Contingent Expenses of the Senate?

Mr. SMOOT. It was reported from the committee on April 28, 1913.

Mr. STONE. How was it reported? What is the status of the resolution?

Mr. GALLINGER. Adversely.

Mr. SMOOT. It was reported adversely by the Senator from Mississippi [Mr. WILLIAMS] on April 28, 1913.

Mr. MARTIN of Virginia. Mr. President, the hour is quite advanced, we are tired with the work of the day, and there will be some discussion of that matter. I know, of course, there can not be discussion on a motion to proceed to its consideration——

Mr. SMOOT. I am aware of that.

Mr. MARTIN of Virginia. But there will be discussion of the resolution on its merits. So I——

Mr. SMOOT. Mr. President, I have no inclination whatever of crowding the resolution to-night. Would the Senator object to a unanimous-consent agreement that we take it up immediately after the disposal of the sundry civil appropriation bill?

Mr. MARTIN of Virginia. I do not think it is a matter that ought to be disposed of at this time by unanimous consent.

The VICE PRESIDENT. Objection is made.

EXECUTIVE SESSION.

Mr. MARTIN of Virginia. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After one hour spent in executive session the doors were reopened, and (at 6 o'clock and 25 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, May 7, 1913, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate May 6, 1913.

COLLECTOR OF CUSTOMS.

Sinclair C. Townsend, of Georgia, to be collector of customs for the district of St. Marys, in the State of Georgia, in place of John M. Holzendorf, deceased.

SOLICITOR FOR THE DEPARTMENT OF COMMERCE.

Albert Lee Thurman, of Ohio, to be Solicitor for the Department of Commerce, vice Charles Earl, resigned.

PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Lieut. Commander Allen M. Cook to be commander in the Navy from the 13th day of February, 1913.

Lieut. (Junior Grade) Robert W. Cabaniss to be a lieutenant in the Navy from the 30th day of March, 1913.

The following-named citizens to be assistant surgeons in the Medical Reserve Corps of the Navy from the 13th day of March, 1913:

Everett W. Gould, a citizen of New York,
Worthington S. Russell, a citizen of New York, and
Robert G. Le Conte, a citizen of Pennsylvania.

First Lieut. Walter N. Hill to be a captain in the Marine Corps from the 5th day of February, 1913.

The following-named citizens to be assistant surgeons in the Medical Reserve Corps of the Navy from the 28th day of April, 1913:

Alfred D. La Ferté, a citizen of Michigan.
David S. D. Jessup, a citizen of New York.
Horace V. Cornett, a citizen of Virginia.
Henry C. Macatee, a citizen of the District of Columbia.

First Lieut. Epaminondas L. Bigler to be a captain in the Marine Corps from the 16th day of September, 1912.

Carpenters Robert H. Neville and Joseph F. Gallalee to be chief carpenters in the Navy from the 19th day of April, 1913.

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 6, 1913.

ASSISTANT ATTORNEY GENERAL.

Samuel J. Graham to be Assistant Attorney General.

COMPTROLLER OF THE TREASURY.

George E. Downey to be Comptroller of the Treasury.

AUDITOR FOR THE WAR DEPARTMENT.

J. L. Baity to be Auditor for the War Department.

AUDITOR FOR THE NAVY DEPARTMENT.

Edward Luckow to be Auditor for the Navy Department.

AUDITOR FOR THE STATE AND OTHER DEPARTMENTS.

Edward D. Hearne to be Auditor for the State and Other Departments.

APPOINTMENTS IN THE PUBLIC HEALTH SERVICE.

Carroll Fox to be surgeon.
Francis A. Carmila to be assistant surgeon.
Lionel E. Hooper to be assistant surgeon.
Luther W. Jenkins to be assistant surgeon.
Liston Paine to be assistant surgeon.
Moses V. Safford to be assistant surgeon.
Ernest W. Scott to be assistant surgeon.

APPOINTMENT IN THE ARMY.

Charles D. Daly to be first lieutenant, United States Field Artillery.

APPOINTMENTS IN THE NAVY.

DENTAL RESERVE CORPS.

Williams Donnally to be assistant dental surgeon.
George C. Kusel to be assistant dental surgeon.
Vines L. Turner to be assistant dental surgeon.

COLLECTOR OF INTERNAL REVENUE.

Henry Hayes Lewis to be collector of internal revenue for the district of Florida.

UNITED STATES DISTRICT JUDGE.

Robert W. Jennings to be United States district judge for the District of Alaska.

UNITED STATES ATTORNEYS.

Anthony van Wagenen to be United States attorney for the northern district of Iowa.

John A. Aylward to be United States attorney for the western district of Wisconsin.

UNITED STATES MARSHAL.

B. F. Sherrell to be United States marshal for the eastern district of Texas.

RECEIVER OF PUBLIC MONEYS.

John T. Hamilton to be receiver of public moneys at Miles City, Mont.

POSTMASTERS.

ARKANSAS.

William A. Bushmiaer, Alma.
Ernest J. Patton, Cabot.
G. G. Dandridge, Paris.
Louis K. Buerkle, Stuttgart.

CONNECTICUT.

John Joseph Molans, Seymour.
John J. Cassidy, Woodbury.

FLORIDA.

J. A. Williams, Alachua.
Crawford I. Henry, Apalachicola.
William Jackson, Daytona.
B. P. Morris, De Funiak Springs.
Bessie Bryan Simpson, Kissimmee.

GEORGIA.

W. F. Brown, Carrollton.
Henry M. Miller, Colquit.
Samuel B. Lewis, Fayetteville.
Charles V. Clark, Louisville.
Andrew J. Irwin, Sandersville.
Mattie E. Gunter, Social Circle.

IDAHO.

Manford W. Harland, Troy.

KANSAS.

J. H. Stanberry, Attica.
Leonard Shamleffer, Douglas.
J. W. Niehaus, Fort Leavenworth.
Gus Charles Buche, Miltonvale.
C. C. McKenzie, Morrill.
Claude Rowland, Protection.
A. B. Smith, Robinson.
A. Ellingson, Scandia.
A. F. Achenbach, Soldier.
Charles Hewitt, Wakefield.

KENTUCKY.

Charles E. Lightfoot, Cloverport.

LOUISIANA.

Cary E. Blanchard, Boyce.
Theodore Tate, Eunice.
Will A. Steidley, Kinder.
Adah Rous, Lake Providence.
Mary Hunter, Pineville.

MASSACHUSETTS.

Benjamin R. Gifford, Woods Hole.

MICHIGAN.

John C. Hoopingarner, Berrien Springs.
Leonard J. Patterson, Tawas City.

MISSISSIPPI.

C. S. Summers, Charleston.
Ollie O. Conerly, Gloster.
R. Parrish Taylor, Oakland.
Dora E. Tate, Picayune.
E. S. Chapman, Utica.

MISSOURI.

Harvey Morrow, Buffalo.
Patrick C. Gibbons, Edina.
J. Lee Johnson, Flat River.
William Warmack, Greenville.
M. W. Daugherty, Ironton.
T. B. Hardaway, Jasper.
De Witt Wagner, Memphis.
Charles C. Crickette, Queen City.
Hugh B. Ingler, Republic.
Edward T. Duval, Skidmore.
Abel F. Daily, South St. Joseph.
Meredith B. Lane, Sullivan.

NEW JERSEY.

Patrick J. Ryan, Elizabeth.

NEW YORK.

Frank D. Wade, Addison.
Henry A. Inglee, Amityville.
William F. O'Connell, Andover.
Alfred J. Kennedy, Flushing.

NORTH CAROLINA.

Russell A. Strickland, Elm City.
L. B. Hale, Fayetteville.

OHIO.

Forrest L. May, Dayton.
Elias D. Warren, Fairport Harbor.
Charles R. Gerding, Pemberville.

PENNSYLVANIA.

Cornelius Allen, Dubois.

SOUTH CAROLINA.

James R. Montgomery, Marion.

VIRGINIA.

George V. Cameron, Louisa.
Charles E. Clinedinst, New Market.
William C. Johnston, Williamsburg.

HOUSE OF REPRESENTATIVES.

TUESDAY, *May 6, 1913.*

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We come to Thee, O God our heavenly Father, with hearts bowed in sorrow, because death, always mysterious and unbidden, has visited this congressional body and taken from its midst a Member who was peculiarly fitted by natural gifts, education, and experience to serve his people and his country. But Thou art God; Thou knowest the beginning and the end; Thou hast ordered all things, and Thou doest all things well. Comfort us, his people, the stricken wife and children, by the eternal faith revealed to the world in the life, death, and resurrection of the Christ who thus brought to light life and immortality in Thee.

Swift to its close ebbs out life's little day;
Earth's joys grow dim, its glories pass away;
Change and decay in all around I see;
O Thou who changest not, abide with me!

Amen.

The Journal of the proceedings of yesterday was read and approved.

THE TARIFF.

Mr. UNDERWOOD. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state

of the Union for the further consideration of the bill H. R. 3321—the tariff bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. When the committee rose last evening there was pending a request from the gentleman from Wyoming [Mr. MONDELL] to recur to paragraph 591 for the purpose of offering an amendment. Is there objection?

Mr. MONDELL. I will say, Mr. Chairman, that my understanding was that it was not in order to offer an amendment on reaching a paragraph until the paragraph reserved had been disposed of, but in making inquiries later I was told that the amendment should have been offered at the time.

Mr. UNDERWOOD. I will say to the gentleman that the understanding was that when we passed these paragraphs they were all to be noted as we went along, and then we would not go back. But I am not going to be captious about the matter. If the gentleman desires to offer a real amendment I shall not object. I do not want to go back for the purpose of debate, the gentleman understands, but if the gentleman has a real desire to amend I shall not object.

Mr. MONDELL. It is a very desirable amendment, and I hope the gentleman will agree to it.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the amendment offered by the gentleman from Wyoming [Mr. MONDELL].

The Clerk read as follows:

At the end of line 13, page 121, add: "*Provided*, That no rags shall be imported into the United States except such as have been treated and sterilized in such manner as to remove as far as possible the danger of the introduction of contagious and infectious diseases through such importations, and the Secretary of the Treasury shall make proper rules and regulations for the purpose of carrying this provision into effect."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on this paragraph and all pending amendments thereto be limited to eight minutes.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that debate on this paragraph and all pending amendments thereto be limited to eight minutes. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. MONDELL. Mr. Chairman, I have offered no amendment to the rates in this bill, realizing the futility of any effort to change the rates of the bill by any amendments offered on this side. I have contented myself with voting on amendments offered on this side and in calling attention from time to time to the inconsistencies and errors in the bill.

But I now offer this amendment as an administrative provision, and I offer it hopeful that the gentleman from Alabama [Mr. UNDERWOOD], realizing the very great danger to the lives and health of our people that lies in the importation of promiscuous rags from all regions of the earth, will agree to this provision that rags, before being imported, must be cleaned and sterilized, for the purpose of preventing the introduction and spread of contagious and infectious diseases.

We have a provision in this bill which prohibits the introduction of hides of cattle until the Secretary of the Treasury is satisfied that their introduction will not bring in cattle diseases. How much more important it is to protect the health of our people, the lives of our citizens.

The present law places a duty of 10 cents a pound on rags. It is almost prohibitive. If any rags at all are now imported, they are the high-grade, clean rags, and therefore they do not present the menace to life and health that the introduction of all kinds of rags from all parts of the earth does. I hope the committee will see its way clear to accept the amendment.

During the consideration of this bill, as the Democratic car of Juggernaut has steam-rollered over the industries of my State and of the Nation generally, I may have been somewhat oversevere, possibly, in some of my criticisms. It is possible I may have said that there is not a logical provision in the bill. If I have made that statement, I desire to apologize and to point to this provision as one shining exception to the general rule of inconsistency, for I am sure that all will agree with me that a provision for free rags in a Democratic tariff bill is the very acme and pinnacle of all logic. [Applause and laughter on the Republican side.]

Mr. HARDWICK. Will the gentleman yield?

Mr. MONDELL. Free rags—rags from the harems of Turkey; rags from the slums of London; rags from the purlieus of Naples and Rome; rags from the fever, cholera, and bubonic plague infested hospitals and camps of the Balkan Peninsula; rags from everywhere; rags, the sign manual and emblem, the inevitable accompaniment, of all Democratic tariff legislation. [Laughter and applause on the Republican side.]

Mr. HARDWICK. Will the gentleman yield?

Mr. MONDELL. Now, there is more logic in this——

Mr. HARDWICK. Will the gentleman yield?

Mr. MONDELL. Mr. Chairman, I regret I have not time to yield.

The CHAIRMAN. The gentleman declines to yield.

Mr. MONDELL. There is more logic in this than you gentlemen on the Democratic side realize. You have claimed that in this bill you are putting necessities on the free list. Aye; necessities! Can the imagination of man conjure up anything so much of a necessity under Democratic tariff legislation as rags? [Laughter.] There may be gentlemen on this side unkind enough to say that the Lord knows there will be rags enough under our flag when this bill passes without importing them free from abroad, and I agree with them. But the gentlemen on the other side have no doubt concluded that it is proper and logical that as we transfer industries and opportunities for labor from ours to foreign shores we should allow the rags that are discarded by those whom we thus furnish labor abroad to come here to clothe unemployed and impoverished people at home. [Applause on the Republican side.]

But rags will not only be a necessity, if we are to judge by past experience. Under Democratic tariff legislation they will be all the fashion and quite the fad among many classes of our people, a necessity so universal as to be almost a luxury. In view of these facts and my desire to be entirely fair in this debate I am constrained to say that, overlooking for the moment your measureless errors, your boundless blunders, your innumerable and incomprehensible inconsistencies, one must acknowledge the marvelous sagacity and consistency you have displayed from your viewpoint in your invitation to free entry of all the unwashed rags of the world. [Applause on the Republican side.]

Mr. HAMILTON of Michigan. The band will now play a little ragtime. [Laughter.]

Mr. UNDERWOOD. Mr. Chairman, if there has been an indictment of the Republican Party in the last 20 years that has been more effective than any other indictment that has been brought it is that indictment against the Payne law that the distinguished gentleman from Wyoming [Mr. MONDELL] and some of his colleagues on that side of the House have brought against their own legislation within the last week whilst this bill has been pending on the floor. Of course, if it was not for the fact that conditions deny all the arguments that the gentleman from Wyoming has made, his speech would put the Republican Party in a very unenviable light before the country, because the gentleman can not contend that taxed rags bear less microbes or less disease than free rags. [Applause on the Democratic side.] There can be no distinction in the rag, whether it is taxed or untaxed.

Mr. MONDELL. There is no harm if the microbe remains on the other side.

Mr. HARDWICK. That is the reason they admitted them free.

Mr. UNDERWOOD. Seriously, I understand that in the importation of these rags they are largely cleaned before they come here; but if they come here otherwise than clean rags they are immediately put through a process that eliminates all dirt, all disease, and all microbes before they come in contact with anyone they might possibly hurt. I ask for a vote.

The CHAIRMAN. The question is on the amendment of the gentleman from Wyoming [Mr. MONDELL].

The question being taken, the Chairman announced that the noes appeared to have it.

Mr. MANN. I demand a division.

The committee divided; and there were—ayes 46, noes 64.

Accordingly the amendment was rejected.

The CHAIRMAN. Are there any further amendments to this paragraph? If not, are there any amendments to paragraph 607? Are there any amendments to paragraph 608?

Mr. STEENERSON. Mr. Chairman, I have an amendment to paragraph 608.

The CHAIRMAN. The gentleman from Minnesota [Mr. STEENERSON] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 122, line 21, after the word "sheep," insert "marmot, wolf, raccoon, red fox, kit fox, pony, house cat, wild cat, opossum, muskrat, Japanese mink, Chinese weazel, kangaroo, hair seal, wool seal, wombat, wellaby, squirrel, black bear, brown bear, badger, civet cat, beaver, kolinski, mink, fitch, nutria, skunk, wolverine, otter, cross fox."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and amendments close in five minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes. Is there objection?

Mr. STEVENS of Minnesota. I should like about three minutes.

Mr. UNDERWOOD. I will ask unanimous consent that it close in 10 minutes. I will reserve 2 minutes and give the gentleman from Minnesota [Mr. STEVENS] 3 minutes.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that all debate upon this paragraph and all amendments thereto close in 10 minutes, 5 minutes to be yielded to the gentleman from Minnesota [Mr. STEENERSON], 3 minutes to the gentleman from Minnesota [Mr. STEVENS], and 2 minutes to the gentleman from Alabama [Mr. UNDERWOOD]. Is there objection?

There was no objection.

Mr. STEENERSON. Mr. Chairman, the furs included in this amendment are the same that I sought to include in the amendment I offered last Saturday evening. They are not the most costly varieties, but such as are used by the common people.

In the debate upon that proposition the gentleman from New York [Mr. HARRISON] was kind enough to say that my argument in behalf of the people of the Northern States who have to use furs and for whom fur clothes are a necessity had moved him almost to tears. I can only hope that that generous emotion of the heart will continue so that eventually he will be converted from the fallacy upon which he started the consideration of this bill, that fur clothing was a luxury and should be taxed under Democratic principles. There are some things in his argument that deserve attention, not for the logic, but for the curious nature of the propositions advanced. The gentleman says he visited Minnesota in the summer time and he found it as hot or hotter than it was in Florida. Of course that is no proof that it is not cold in winter.

He further states that he employed a cab driver, and the cab driver took him around the city of St. Paul, pointed out the palaces upon the hills in that magnificent city, and told him that the palaces were built and occupied by men who had made their fortunes in the fur business.

Now, I never knew before—and I have listened to all the debates on both sides about the tariff commission—I never knew before the reason why the Democrats, including the gentleman from New York, opposed a tariff commission. But now I see the reason. It is so much cheaper and easier to get their information from the cab drivers of the country, and, of course, it must be very reliable. [Laughter.]

Mr. HARRISON of New York. Will the gentleman yield?

Mr. STEENERSON. No, Mr. Chairman; I decline to yield. Now, taxing raw furs must add to the cost of the fur clothing of the common people, including the farmers, lumbermen, mail carriers, and street car drivers. The gentleman's own logic must lead him to believe that it will increase the price of this necessity, or else he has departed from his own logic. Certainly he can not contend consistently that a tax on the importation of material for clothing will impoverish the rich nabob who deals in furs.

The way to reach him would be to increase the income tax, because he passes the tariff tax on to the consumer. If taking the duty off from clothing reduces the price of clothing to the poor man, for whom the gentleman professes he has such a tender feeling, of course, putting it on fur clothing, which my people wear, must increase the price of that necessity of life. But he has made an insinuation that the gentleman from Minnesota is unwittingly arguing in favor of the rich corporations in Canada, the Hudson Bay Co. and the Canadian Pacific Railway. He then turns around and accuses his own party of subserviency to foreign influence. He makes the astounding assertion that he now fears that the Canadian Pacific Railway is so powerful in this country as to compel this Government to repeal the provision for free tolls for coastwise ships in the Panama Canal. Just think of it! A Democratic President, a Democratic House, a Democratic Senate, and this rich Canadian corporation is powerful enough to compel them to repeal the law they have recently enacted. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. STEVENS of Minnesota. I yield the gentleman one minute more.

Mr. STEENERSON. He further states that he is opposed to the importation of all costly furs and that he wants the Married Men's Protective Association to organize a movement to prohibit all importation of such furs. That remedy is futile, because the rich women who wear those furs, that he sees on the streets of New York, go abroad every summer, and they will buy their expensive furs over there, array themselves most gorgeously, and come back; so that remedy is useless. Then, again, the women might in retaliation organize a married women's protective association, and they might curtail the expenditures of their husbands, and so there would be domestic discord and disaster throughout the country. [Laughter and applause.]

Mr. STEVENS of Minnesota. Mr. Chairman, there are two different and very important phases of this subject of fur importations and manufacture. One of them has been discussed by my colleague, Mr. STEENERSON—that of your tariff provision making an increased price for the people who have to use the common furs as necessities of daily use in our section of the country. That was fully discussed by my colleague and myself the other evening, and I do not need to further urge that you should not increase the hardship of our common people on the cost of their daily clothing unless absolutely necessary. That you do not claim is the case.

There is another phase which has not been discussed, and I will very briefly discuss that, so you will realize the injury and injustice you are doing by the duties on raw furs in the bill to a very important national industry, employing many thousands of our citizens at good wages and under good living conditions—that is, the great injury the imposition of duties on raw furs will be to the international fur trade. The fur trade for ages has been and must necessarily be international.

Very few nations—only Russia to a small extent and one or two others—put a tariff on raw furs; they are produced everywhere in the world and bought everywhere and used in all northern climates. Some people prefer some kinds made in their own peculiar way and others prefer their own way. The result has always been that furs have always been dealt with as articles of international commerce and bought and sold as they could be to the best advantage. Your tariff on raw furs changes all that and prevents our merchants and makers freely buying abroad, using as best they can and then selling the remainder to the best advantage in some other international market. Such a change will most likely result in costing our people more, but providing them with poorer quality of garments. The Hudson Bay Co. would like nothing better than to have us put a tariff on raw furs coming into the country, because it would prevent our fur dealers from competing with them in Canada for the raw furs produced there. For instance, the fur dealers of St. Paul and New York go to the Canadian producing point in the northwestern territories in the open market and bid for the raw furs against the Hudson Bay Co. If we have a tariff here, our price can not be as high as that of the Hudson Bay Co. because we must pay a duty on them coming here and then after using what we can must sell the remainder in the open international market again in competition with that company. This must be at a loss. The result is that this fur business would be taken from the northern cities, where it has flourished for generations, and gradually transferred to the eastern Canadian market or the London market, where there is a free interchange without these burdensome taxes. This very tax may be the additional burden sufficient to destroy the industry and yield no beneficial results.

Mr. MANN. Will the gentleman yield for a question?

Mr. STEVENS of Minnesota. Certainly.

Mr. MANN. Are the furs named in this amendment all on the free list?

Mr. STEVENS of Minnesota. All raw furs are on the free list now. The amendment I have offered, which ought to be acceptable if it is deemed absolutely necessary to have any tariff on raw furs, places all the furs used as luxuries on a dutiable list, and all others which are bought by people of moderate means on the free list. But the breaking up of this international business, which is on the same standing the world over, will prevent the United States doing its share of that business, because when we import furs for consumption, making them into garments, part of them can be used and part of them can not be used to advantage, and if the part not used always represents a large loss and can not again enter the international market with even competition with other fur markets, it must drive our people out of that business and confine them to the small local trade. This will inevitably result in costing our people far more for their garments, and such garments must necessarily be of poorer quality, because skins must be hereafter used up, whether quite suitable or not, which now can be resold elsewhere to advantage. I will append to my remarks a telegram from the fur dealers of St. Paul and Minneapolis on this subject and a statement as to the probable effect of this bill by one of the best-informed men in the country.

Hon. F. C. STEVENS, *Washington, D. C.:*

We have sent the following telegram to Chairman UNDERWOOD and request your influence to prevent this injustice to us:

We, the undersigned fur merchants and manufacturers of St. Paul and Minneapolis, desire to protest against the proposed duty on raw furs. None of the great commercial nations impose a duty on raw furs,

and there never has been a duty on this article into the United States. We have built up a large international business on the basis of free exchange of raw furs with other countries. This has existed for generations, and a duty on this legitimate article of commerce, which is imposed by none of the other countries, will prove a serious handicap to American merchants engaged in this trade. Our fur houses make large collections of raw furs in Canada and other countries, bringing them into this country and selling and exchanging them freely in the international markets. If the proposed duty becomes a law, a large portion of this business would cease. We would invite retaliation by other countries against furs collected in this country and our international business would be seriously curtailed, even if it were not destroyed. The apparent purpose of the revision of the tariff is to free American commerce and to make goods in common cheaper to our people. We protest on placing a serious handicap on our business that is contrary to the whole spirit of the proposed law. A duty levied on the theory that furs as a whole are articles of luxury would be a serious injustice to most of the fur manufacturers and dealers in this country. The largest portion of the fur skins imported into and manufactured in this market are made into articles of necessity and not of luxury. We desire to enter an emphatic protest against this duty, and respectfully request that raw furs be allowed to enter the United States as heretofore, free of duty.

Gordon & Ferguson; Joseph Ullmann; Lanpher, Skinner & Co.; McKibben, Driscoll & Dorsey; A. Albrecht & Son; D. Bergman & Co.; H. Harris Co.; E. Slawik Co.; E. Sundkvist Co.; G. H. Lugsdin Co.; T. W. Stevenson Co.; B. R. Menzel Co.; McMillan Fur Co.; Northwestern Hide & Fur Co.; Bergman Bros.; Anderson Bros.; Mack-May Co.

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NEW YORK, *April 19, 1913.*

Hon. F. C. STEVENS, *Washington, D. C.*

DEAR SIR: Referring to the courteous interview had with you this week, and pursuant to your request, I herewith respectfully submit in writing the reasons why the placing of any duty on importations of raw furs would be unfair to the United States fur merchant and ultimately to the country at large.

Before going into the details you may not take it amiss or consider it immodest if for the purpose of lending credence to my statements I should say that my firm has enjoyed an honorable existence here and abroad for nearly 60 years.

The writer has been in the fur business for over 30 years.

Further reference can readily be obtained from any reputable fur house or bank in New York or St. Paul, Minn.

In making any statements or quoting figures to you I shall lean to conservatism to the best of my knowledge.

Aside from the United States Customs Statistics, all other figures are based on estimates, as there are no other statistics obtainable in the fur line.

First. Since the establishment of this Government raw fur skins have always been free.

Second. As far as I know, raw fur skins are free in all foreign countries, for instance, Canada, England, Germany, France, Italy, Holland, Belgium, Switzerland, etc., Russia alone having a very small specific duty by weight.

Third. United States fur merchants have built up a very considerable international—exclusive of United States product—business of importing and of exporting raw furs with practically every fur-bearing country.

Fourth. The placing of any duty, no matter how small, will, in my judgment, absolutely and completely destroy this international and very formidable part of the fur trade.

Fifth. Canadian fur manufacturers purchase approximately 50 per cent of their entire supply through United States merchants. Much of this supply comes from the various European countries, while a considerable portion is Canadian-grown furs passing through the hands of the United States merchants.

Sixth. This Canadian trade or the other foreign business could not possibly be handled in bond for the following reasons:

A. Raw furs must be constantly looked after and kept clean to prevent damage by worms, etc.

B. While the above-stated reason is obviously sufficient in itself, a further valid reason is that by nature fur skins are not all of the same size, quality, or color, and therefore can not be traded in solely on description or samples nor by measurements or weights like staple goods.

C. Different countries, also different manufacturers, require different grades of skins, by which is meant dark, medium, or pale color; large, medium, or small in size; best, medium, or inferior quality. There are rich and poor countries buying according to their respective wants. There are high-class manufacturing furriers. There are manufacturers of medium or cheap furs. There are practically none using all classes. That is why the fur merchants are the distributors.

Seventh. Outside of the Hudson Bay Fur Co., the United States merchants are the largest buyers of Canadian raw furs in Canada. A duty, no matter how small, would wipe out this trade without in the least increasing the market values of the United States collection of raw furs. The reason for this is that the United States collection is many times larger than the United States consumption, hence our surplus raw fur skins would be same as heretofore.

Eighth. A duty on foreign raw furs would place the United States fur merchant in a class by himself as competitor against the balance of the world. For instance, the United States merchants importing raw fur skins from China, Japan, Australia, or any European country would not be handicapped by the amount of assessed duty in competing for foreign trade with those who own the same goods free of any duty, always keeping in mind that these raw skins can not be dealt with in bond, for the reason stated in paragraph 6.

Ninth. As stated in paragraph 5, the Canadian manufacturers are also large customers of the United States merchants for furs grown in the United States as well. Most likely the Canadian Government would retaliate with a similar duty on United States raw furs, causing a still further contraction of trade with the United States without loss to themselves, as they could supply their wants from abroad, to our detriment.

Tenth. Under the most favorable circumstances the estimated amount of revenue from raw furs, which the Ways and Means Committee put at $1,400,000, will, I believe, fall decidedly below one-half of this amount, to the detriment and destruction of the international feature of the trade which has taken the United States merchants generations to establish, for the following reasons:

A. Loss of foreign raw furs sold to Canada	$2,000,000
B. Loss of Canadian raw furs resold to Canada	1,000,000
C. Loss of other foreign trade in foreign raw furs with other countries, including export of foreign goods to country of origin	1,500,000
D. Estimated shrinkage of importations of raw skins for United States consumption on account of duty	1,500,000
Total loss	6,000,000
All importations, including hatters' furs, are, I believe, according to your statistics	14,400,000
Less hatters' furs (hares and rabbits)	2,500,000
	11,900,000
Less total shrinkage of raw fur importations	6,000,000
Will leave net importations	5,900,000

I believe my estimates are quite conservative and that with a further allowance for the return from abroad of raw furs of United States production free, will reduce the net balance very materially. The loss of added wealth to the Nation's resources by virtue of curtailed trade should several times over offset the probable revenue to be derived. In addition, the probable estimate of increased revenue from this raw-fur tax would also be very much reduced by the cost of the collection of such duty, as many very competent expert examiners or appraisers would have to be employed at all the various ports of entry along the Canadian border.

Eleventh. In compliance with your request for a list of high-priced furs, or so-called fur luxuries, I beg to mention the following:

Russian sables range in values as to quality, size, and color, $15 to $600; marten (Canadian), $5 to $40; marten (Baum), $3 to $10; marten (Stone), $3 to $8; ermine, $1 to $3; moles, 10 cents to 20 cents; lynx, $2 to $25; black foxes, $50 to $1,000; silver fox (same species as black foxes), $25 to $750; sea otter, $75 to $1,000; fisher, $5 to $60; fur seal, $15 to $50; blue fox, $10 to $75; white fox, $3 to $18; cross fox, $5 to $50; chinchilla (real), $10 to $25; chinchilla (bastard), $3 to $15; bear (Polar), $10 to $125; bear (grizzly), $5 to $50.

On account of the frequent and sometimes enormous fluctuation in values caused by supply and demand it is almost impossible for any one man to keep fully posted on all market changes and therefore easily opens the door to fraudulent declarations.

Placing my further services at your command, believe me,

Very respectfully, yours,

E. S. ULLMAN.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. HARRISON of New York. Mr. Chairman, my good friend, the viking from Minnesota, is in error in supposing there is any economy in making investigations such as I made in St. Paul, as compared to the Tariff Board investigation. He never rode around in a St. Paul cab, if he thinks that is a method of economy. [Laughter.] My friend would lead us to believe that all the garments that are worn by the people of his State are made of fur, and he is solicitous because we have proposed a tax of 10 per cent on some of these luxurious furs that come from foreign countries; but the gentleman himself has voted against the Democratic propositions to lower the duties upon woolen cloths, upon woolen underclothes, upon woolen stockings, upon woolen mufflers, upon woolen clothes, every one of which articles is as essential to people living in a cold climate such as he describes his own as are these furs. The real thing that worries him is that he is afraid that some of the rich ladies of his city or of mine will go abroad and come back with garments made of chinchilla, or silver fox, Russian sable, or sea otter, and have to pay a 10 per cent ad valorem tax upon them instead of bringing them in under the free list, as they do under the present law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. STEENERSON].

Mr. MANN. Mr. Chairman, I ask to have the amendment again reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

The Clerk again reported the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. MANN) there were—ayes 61, noes 80.

Mr. MANN. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. STEENERSON and Mr. HARRISON of New York were named to act as tellers.

The committee again divided; and the tellers reported—ayes 63, noes 99.

So the amendment was rejected.

The CHAIRMAN. Are there any further amendments to paragraph 608? If not, are there any amendments to paragraph 609? If not, are there any amendments to paragraph 622? If not, are there any amendments to paragraph 628?

Mr. ANDERSON. Mr. Chairman, I desire to offer an amendment to paragraph 628.

Mr. MANN. Mr. Chairman, the call of paragraph 622 was not heard by the gentleman from Ohio [Mr. FESS], who desires to offer an amendment thereto.

The CHAIRMAN. The gentleman from Minnesota will withhold his amendment for a moment. Without objection, we will return to paragraph 622.

There was no objection.

The CHAIRMAN. The Clerk will report the paragraph.

The Clerk read as follows:

622. Swine.

Mr. FESS. Mr. Chairman, I move to strike out the paragraph.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on the paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FESS. Mr. Chairman, I offer this amendment not in the hope that it will pass——

Mr. DYER. Does not the gentleman want it passed?

Mr. FESS. Yes; but I offer the amendment rather in the hope that I may have an opportunity to call attention to two features. First, to the major portion of the free list, which is placed upon the farmer rather than upon anyone else; and second, to what I regard an apparent inconsistency in the free list. In the first place, there is 34 per cent of our population engaged in agriculture. Of the 26 new paragraphs added to the free list, 20 of them are applied to the farmer. In other words, 80 per cent of this additional free list is put upon the farmer, who represents 34 per cent of our population; and when we ask why this is done the answer comes that we are legislating for the sake of the consumer and not for the sake of the producer; that we are intending to make the cost of living less, and not in the interest of the man who produces the thing upon which we live. I regard this unfair to this great element of our population. I wonder why the farmer should be thus treated. I recognize that the answer will be that he will not be harmed. I do not understand, if you are going to make the price of living less, how you can avoid reducing the price of the thing that the farmer sells.

And if you reduce the price of the product of the farm, then how is it possible that you do not affect the farmer? How does it come that it is in his interest? You go to the farmer and you say to him, "We are not going to reduce the price of the goods you sell; our legislation is in your favor." You go to the consumer and say, "We are going to reduce the price of the things you buy." To the consumer you are reducing the price; to the farmer you are keeping the price up or increasing it. Why, that sounds like a country candidate, who said:

I ain't no statesman who can talk purtection ar free trade;
My han's too stiff to hol' a pen, that's made to hol' a spade;
Them 10-foot eddicated words my tongue can't wallop roun';
But I'll make the things you sell go up an' things you buy come down.

I can't talk on the currency, nor on the revenue,
An' on the laws an' statoots I'm as ignorant as you;
An' I jest simply promise you, sure's I am Silas Brown,
I'll make the things you sell go up an' the things you buy come down.

The fairground echoed wide with cheers and loud huzzas thereat,
For who can ask a better scheme of statesmanship than that?
An' next week at the polls he beat his rival high and dry,
But things we sell continue low and things we buy are high.

As I said, 34 per cent of our people live on the farm, the producers of the country. Of the items in this free list 80 per cent are the products of the farm, including bran, broom corn, buckwheat, buckwheat flour, corn, cornmeal, flax straw, lard, leather, lumber, meats, milk and cream, oatmeal, rolled oats, potatoes, rye, rye flour, wool, and sugar in time.

This is the scheme for reducing the cost of living. You boast not only out on the hustings but here on this floor, that you are going to give to the people free bread, free meat, free lumber, free flour, free potatoes, free sugar, free wool.

When you are reminded that the farmer is the barometer of prosperity, you say we are not going to injure the farmer. If the farmer is prosperous, the country is prosperous. If he is distressed, the country is likewise distressed. What the farmer most needs after he has raised his crop is a place to sell it. This must not be in Europe but at home. The man who works at wages or on salaries in lines other than the farm, the 66 per cent of our population, constitute his market. Build up this market, and you will assist the farmer. Strike at either and you injure both.

The inconsistency of this bill is shown in an examination of this free list. The purpose of this special session, as stated by those responsible for it, is to promote foreign importations and foreign commerce. Corn is put on the free list because of the near $1,000,000,000 worth we produce. We consume all but $25,000,000 worth; that goes abroad. We import $118,000 worth of corn. Corn is made duty free because of the small amount of imports and large amount of exports. Wool goes on the free list for a different purpose. We produced $89,000,000 worth and import forty-eight million. Here the article is made duty free because of the great amount of imports and the small amount of exports. In the case of swine, we produce annually $615,000,000 worth and import only $1,744 worth. Hogs must therefore go upon the free list because of the small amount of imports.

In the case of flour we produce $551,000,000 worth and import $47,600,000 worth. Here flour must go on the free list because of the large amount of imports.

In the case of potatoes we produce $207,000,000 worth and import $1,294. Potatoes must go on the free list because we import such a negligible quantity.

In the case of lard we produce $144,000,000 worth and import $50,000,000. Here lard must go on the free list because we import so much, at least 33⅓ per cent of our consumption.

In the case of meats we produce almost $1,000,000,000 worth and import only $720,000. So meats must go on the free list because of the small amount of imports; but in the case of sugar, an article of which we could produce all we need within a short time, but of which we import at present a greater amount than we produce—sugar must go on the free list because of the large imports.

So we see how this bill is written. Sugar goes on the free list because we export so little and import so much. So it is in the case of wool. Corn must go on the free list because we export so much and import so little. So it is in the case of meats, lard, shoes, flour, and so forth. A glance at these figures taken from the handbook prepared by the Democratic committee will show the consistency of tariff making.

Article.	Production.	Imports.	Exports.
Buckwheat	$12,188,000	$6,000	$103,000
Corn	630,000,000	118,000	25,000,000
Lard	144,000,000	446	50,000,000
Leather	513,000,000	58,000	16,000,000
Meats	1,000,000,000	720,000	56,000,000
Milk	118,780,000	18,243	.....
Potatoes	207,000,000	1,294	760,000
Rye and rye flour	39,000,000	20,000	185,000
Swine	615,000,000	1,774	41,000
Tallow	23,000,000	68,000	1,778,000
Flour	551,000,000	682,000	47,600,000
Wool	89,000,000	47,687,000	10,127

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FESS].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there any further amendments on paragraph 622? If not, on the next one—628?

Mr. ANDERSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Section 628, after the word "tapioca," strike out the words "tapioca flour" and insert "in pearl or flake form."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that all debate on this paragraph close in six minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the paragraph and amendments thereto close in six minutes. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. ANDERSON. Mr. Chairman, last evening my colleague, Mr. STEVENS, offered a like amendment in connection with the paragraph upon sago. I thought he made out a perfect case for his amendment, and I believe the House thought so, but it was lightly waived aside by the gentleman from Alabama with this statement:

That the importations in 1912 amounted to 8,842,000 pounds of sago, valued at $169,000. There is not a great deal of competition in this line of product, and the gentleman from Minnesota agrees with me that it has always been on the free list. We are certainly, by leaving it there, not destroying any industry, and it is not capable of furnishing much revenue.

Mr. Chairman, that statement can not be made with reference to tapioca. The importations of that product of 1912 amounted to more than 52,000,000 pounds, and, in connection with the importation of sago, to more than 72,000,000, as the hearings show.

The products of the cassava plant are of two distinct kinds. One is a food product—tapioca, pearl or flake—which is the ordinary tapioca used in making puddings. The other is tapioca flour or starch, and it is used largely in filling and sizing cotton cloth, just as potato starch is used. The importations of tapioca flour in 1911 amounted to something over half of the total importations of tapioca, or about 26,000,000 pounds. My amendment would make this flour or starch dutiable at the same rate as potato starch, with which it comes in competition, at 1 cent a pound, leaving the tapioca flake and pearl, which is the food

product, on the free list. It would bring the Government $260,000 of revenue without increasing the price of any product to the consumer.

The gentleman from Alabama [Mr. UNDERWOOD] evidently did not know why tapioca flour was placed on the free list. I do not know, and I do not think that anyone knows. But I suspect that the reason was that the committee now and the Senate in 1909 both labored under the misapprehension that tapioca flour was a food product. It is, in fact, a starch used in filling and sizing cotton cloth, just as potato starch is used. The process by which this starch is made is exactly the same as the process by which potato starch is made. The starch is washed out of the macerated raw product by means of water filtration. The cellulose is sieved out and the starch is dried and pulverized. It now becomes the ordinary starch of commerce. The tapioca flour starch which is exported from foreign countries is made by coolie labor from the root of the cassava plant and comes into competition with potato starch, which is made in Minnesota, Michigan, and some 30 other States. In fact, 131 factories, most of them cooperative, produce 196,000,000 pounds of this starch every year.

The Supreme Court of the United States in a well-considered case has decided that tapioca flour is a starch and is not a food product, and it seems to me that the Ways and Means Committee ought to accept the amendment which I have offered. It will not interfere in any way with the free admission of tapioca that is used as a food product, and it will put the starch of tapioca and the starch of potato, which are used for exactly the same purpose, on the same footing in the law.

Mr. UNDERWOOD. Mr. Chairman, no infant industry can be destroyed by this provision in the free-list bill, because it has been on the free list all the time. The proposition of the gentleman from Minnesota [Mr. ANDERSON] makes is admittedly to protect another product by putting a competitive product on the free list, and is simply an effort to interject into this bill a protective proposition on a product that has always been on the free list.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. ANDERSON].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there further amendments to be offered to paragraph 638? [After a pause.] If not, the next paragraph is 647. Is there any amendment to be offered to that?

Mr. SMITH of Minnesota. I have an amendment.

The CHAIRMAN. The Clerk will report the paragraph.

The Clerk read as follows:

647. Wheat flour and semolina: *Provided*, That wheat flour shall be subject to a duty of 10 per cent ad valorem when imported directly or indirectly from a country, dependency, or other subdivision of government which imposes a duty on wheat flour imported from the United States.

The CHAIRMAN. The gentleman from Minnesota [Mr. SMITH] offers an amendment, which the Clerk will report.

Mr. MOORE. Mr. Chairman, while we are waiting, may I ask the gentleman from Alabama a question as to paragraph 645. I would like to know whether the $100, as a limit of value of personal effects, is as it is in the existing law?

Mr. UNDERWOOD. The amount of the exemption is the same. The language of the law has been liberalized.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Minnesota [Mr. SMITH].

The Clerk read as follows:

Page 127, line 20, after the word "which," insert the word "now."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that all debate on the paragraph and amendments thereto close in six minutes.

Mr. ANDERSON. Mr. Chairman, I would like to be heard for five minutes.

Mr. DAVIS of Minnesota. I would like to be heard on the paragraph.

Mr. STEVENS of Minnesota. I would like three minutes, Mr. Chairman.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that the debate be limited to 20 minutes, 15 minutes to be controlled by the gentleman from Illinois [Mr. MANN] and five minutes by myself.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on this paragraph and amendments thereto be limited to 20 minutes, 15 minutes to be controlled by the gentleman from Illinois [Mr. MANN] and 5 minutes by himself. Is there objection?

There was no objection.

Mr. MANN. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. SMITH] four minutes.

Mr. SMITH of Minnesota. Mr. Chairman, I call the attention of the House to page 350 of the CONGRESSIONAL RECORD for the purpose of reviewing some statistics printed thereon.

The paragraph under consideration contains a unique disposition of flour. In paragraph 198 of this bill wheat is on the dutiable list, and flour, by the operation of this paragraph, is on the free list.

It is quite evident that the authors of this bill intended to put wheat and flour on the free list, but why did they not do so in a direct manner?

Of what advantage will it be to the farmer to put a duty of 10 cents per bushel on wheat when you admit flour free? But the authors of this bill, by means of the countervailing clause, attempt to make it appear that there is to be a duty on flour when imported from Canada. It is self-evident that Canada will, at the first opportunity, take steps to remove herself from the operation of the countervailing clause.

It can not be said that we have no cause to fear competition from Canada merely because the amount of wheat raised there at the present time is comparatively small and the capacity of her flour mills is limited. Canada is only in her infancy as a wheat and flour producing country. We, on our part, are a Nation well advanced. Our fertile fields have been pretty well put under cultivation. But the great Canadian Northwest, stretching westward from the Great Lakes to the Rocky Mountains, a distance of 1,000 miles from east to west and extending from 600 to 800 miles north and south, is nothing more or less than a vast wheat field, and it has only been scratched here and there.

There are to-day only a million people in that territory. They are producing about 200,000,000 bushels of wheat annually, and they do not need more than 45,000,000 bushels to supply the whole Canadian market. The balance is available for export, either in the shape of flour or wheat. The present capacity of the Canadian mills is 111,000 barrels per day, and they are adding to this capacity.

Can you close your eyes to the fact that Canada is a dangerous competitor? The effect of this paragraph, unless it is amended as suggested, will be to give away a market of 95,000,000 people in exchange for a market of 8,000,000.

When you are admitting flour free, can you truthfully say to the farmers of this country, "Gentlemen, we have placed a duty of 10 cents a bushel on your wheat"? Will not the farmer readily see that the moment you admit a barrel of flour free into this country you are displacing from 4½ to 5 bushels of American wheat?

Thus you compel the farmer to sell his wheat to the American miller for the same price that the Canadian sells his wheat to the Canadian miller, or take his choice between relying upon the export market or discontinuing growing wheat.

If the Democratic Members desire to place the American farmers and millers on a competitive basis with the Canadian farmers and millers, they should adopt this amendment, which will give some force and effect to the proposed law. If they do not, they should not have voted down the amendment offered the other day to put wheat and flour on the free list.

Mr. WILLIS. Mr. Chairman, under the general leave already granted I submit for the consideration of the committee, in connection with the amendment offered by the gentleman from Minnesota [Mr. SMITH], the following editorial from the Lawrenceburg Register:

IS THE FARMER ASLEEP?

When the farmer in such great wheat-growing States as Ohio, Indiana, Illinois, Kansas, Minnesota, and the Dakotas realizes how the apparent protection of 10 cents per bushel upon foreign wheat and the admission of foreign-milled flour duty free affects the earnings of his farm, there is sure to be an outcry that will make itself unmistakably heard in Washington.

The truth is that under the present provision of the Underwood bill there will be no tax upon foreign-grown wheat. Foreign farmers, working themselves or employing labor at a mere pittance, would reap the greatest benefit from this legislation because, in effect, it allows foreign-grown wheat to enter the markets of the United States duty free, provided its products are made by foreign labor in a foreign mill.

The result will be an enormous increase in the number and grinding capacity of flour mills in Canada, Argentina, Australia, and other wheat-growing countries, and especially in Great Britain, whose flour mills, located upon the docks of her principal ports, draw wheat by water from all over the world. These mills can, for example, buy wheat in Buenos Aires, freight it by water to Liverpool or other British port, grind it into flour, ship the flour to New York or other American seaboard market, and sell the flour there at least 40 cents per barrel lower than a United States mill located, say, in New York, Philadelphia, or Baltimore could manufacture the same grade of flour from the same wheat or from wheat grown in the United States.

The Canadian millers likewise could flood the interior and seaboard markets of the United States with flour fully as much below the bare cost price of the United States miller selling in competition.

When it is realized that the average net profit of the flour mills of the United States hardly exceeds 5 cents per barrel on their annual product, the impossibility of competing with the foreign mills under the conditions which this act provides may clearly be realized.

While the immediate result will be the destruction of the American flour-milling industry, the American flour miller driven out of the markets of the United States can no longer be a buyer of wheat; therefore the ultimate and quickly following result will be to force the American farmer to sell his wheat upon the level of prices fixed by the underpaid, underfed labor of Russia, South America, India, and other countries whose standards of living are far below that of the American farmer.

Therefore the salvation of the American wheat grower depends upon the preservation of the American milling industry, which asks no favor, but simply seeks an equal opportunity with foreign millers in our own home markets.

Every farmer is vitally interested in this question, and he should therefore lose no time in communicating his views to the Congressman from his district and to the United States Senators from his State. He should arouse his neighbors to the gravity of the situation, and through his local farmers' associations or granges utter a loud and insistent protest.

The tax on foreign wheat does not help the American farmer unless there is an equal tax on the products of foreign wheat.

As the Underwood bill is now well on its way toward passage, any action to be effective must be immediate.

Farmers, awake!

Mr. GREENE of Massachusetts. Mr. Chairman, I would like to have about five minutes.

The CHAIRMAN. The time on that side on this paragraph is in the control of the gentleman from Illinois [Mr. MANN].

Mr. MANN. I regret I can not yield time to the gentleman on this paragraph. The time has already been allotted and agreed upon.

Mr. GREENE of Massachusetts. Very well.

Mr. ANDERSON. Mr. Chairman, it is rather difficult to understand the mental tight-rope walking by which the Democratic members of the Ways and Means Committee justify this paragraph. I suspect, however, that the reason for its inconsistency may be found in the hearings. An examination of the hearings relative to wheat shows that the committee had the benefit of the advice of one man. That man was Freeman Thorpe, of Hubert, Minn. I know him very well, and I presume a great many other Members of the House do. He is a very excellent gentleman, but he is not a farmer or a grain or milling expert. He is a portrait painter, and a good one. He is also postmaster of the town of Hubert. Just why these qualifications appealed to the Ways and Means Committee I am uncertain. It seems that as a result of his testimony the committee reduced wheat from 25 to 10 cents a bushel and flour to 10 per cent ad valorem with the proviso contained in the paragraph. By the same logic I presume the Democratic members of the Ways and Means Committee would have put wheat on the free list if Mr. Thorpe had happened to have been a sign painter. [Laughter on the Republican side.]

We are confronted with two propositions in justification of the paragraph placing a duty of 10 cents a bushel on wheat and the paragraph now pending. First, that the price of wheat in the United States is fixed by the price of wheat at Liverpool; and, second, that American flour is sold cheaper in Liverpool than it is in the United States. The first statement is not true and the second only partially so.

Now, Mr. Chairman, I have in my hand a list of quotations submitted by John G. McHugh, secretary of the Chamber of Commerce of Minneapolis, showing the price of wheat in Minneapolis and Liverpool on the first market days of each month from 1910 up to the present date. That table shows that on 21 days out of the 36 wheat was at a higher price in Minneapolis than it was in Liverpool, and that at times Liverpool could have exported wheat to New York and put it on the New York market cheaper than Minneapolis.

The reasons for this situation are threefold. First, the kind of hard wheat raised in the Northwest—in Minnesota, North and South Dakota—is not exported at all. In the second place, the Minneapolis and Duluth markets are cash markets, while the Liverpool market is a speculative market. The third and controlling reason is found in the difference in transportation costs. The result is that the Minneapolis market is, on the whole, the highest market in the world. The transportation feature, however, and to some extent the others, apply to most of the primary wheat markets of this country, and as a rule our wheat markets have been, in a large degree, at some seasons of the year, as regards the price within the limitation of the amount of the tariff, independent of Liverpool. What we desire to do is to retain the high level of the American market, and this can only be done by retaining a duty on both wheat and flour.

It is true that flour is sometimes sold in England cheaper than it is in the United States. This is due in part to the fact that only the cheaper grades of "straight" flour is exported and in part to the fact that the sale of flour for export does not require the maintenance of an army of salesmen. The flour is merely dumped on the dock at Liverpool. The business can be done with a bookkeeper and a bunch of telegraph blanks. Selling of flour in the United States requires an army of salesmen and a considerable office force. The difference in price here and in England is largely represented by the difference in selling cost.

Now, I want to read a short clipping from a news dispatch, dated Winnipeg, May 4, printed in the Philadelphia Ledger of May 5. It is as follows:

Banks have shut down on real estate loans, and this has caused consternation among those who have been making a living by real estate speculation and are now land poor. This has also made wholesalers and manufacturers' collections bad in the country, and the outlook for the year is none too bright. If the Wilson tariff goes through it will greatly increase trade in natural products and be a big benefit to western Canada. Many Manitoba farmers every fall have to pay a duty of 25 cents a bushel on wheat and 30 cents on barley, and make a profit by selling their grain in the United States.

With the duty reduced to 10 cents a bushel trade will expand greatly.

That is the opinion of gentlemen in Canada as to the effect of this tariff revision. I suggest that it ought to be given very careful consideration by the Ways and Means Committee and by Members on that side of the House. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. I yield five minutes to the gentleman from Minnesota [Mr. DAVIS].

The CHAIRMAN. The gentleman from Minnesota [Mr. DAVIS] is recognized for five minutes.

Mr. DAVIS of Minnesota. Mr. Chairman, some days ago the chairman of the Ways and Means Committee introduced in the House the tariff bill (H. R. 3321) now under consideration. This, however, was not done until the Democratic Members after prolonged caucus thereon had sanctioned it in all its chief features at least. It is a well-known fact, and admitted by the Democratic leader and others who participated in that caucus, that many of the members thereof were not satisfied with many of the schedules; but as the majority rule prevailed in this caucus, the minority thereof, which was quite considerable, acquiesced therein. For some days thereafter proceedings were had thereon on the floor of the House, known as general debate. This general debate is intended to be confined to the provisions of the bill, but in many instances other subjects and matters were considered wholly apart from tariff legislation.

Mr. Chairman, I did not avail myself of the privilege of this general debate for several reasons, chief of which was that ordinarily the mere introduction of a bill is not conclusive evidence that the bill will be ultimately passed without change and amendment in some, if not many, of its details, and more especially so when the matter involved contains several hundred paragraphs and pertains to several thousand items, which this bill does. I preferred to wait until the various schedules, paragraphs, and items were considered in detail and open for amendment under what is known as the five-minute rule of the House. Proceeding under the five-minute rule, it soon became apparent that the Democratic majority, by and through its caucus action, had determined that no amendment, no matter how beneficial, no matter whether it would be for the country's good from a protective standpoint, from a free-trade standpoint, from a tariff-for-revenue standpoint, or from a competitive industrial standpoint, would be accepted at all. [Applause on the Republican side.] Day after day numerous amendments were offered, some good and some bad, from my point of view; yet in every instance and with unerring certainty, as well as with dispatch, the amendment was rejected and the monotonous words of the chairman were heard, "The noes have it, and the amendment is lost."

Finally, Mr. Chairman, the passage of this bill, so far as the House is concerned, will soon be an accomplished fact, and as nearly all of the items and paragraphs which pertain to the great producing and consuming classes of our country have been tentatively adopted by this House, I will now avail myself of the few minutes allotted to me to enter my protest against some of its provisions.

Mr. Chairman, in these few minutes I shall confine myself chiefly to that portion of the bill pertaining to the agriculturist, the great producer of the wealth which inures to the benefit and prosperity of all of our people. Involved in these paragraphs are as many hundreds of millions of dollars as I am permitted minutes in which to discuss them.

For several years I have stoutly maintained that the schedules of the Dingley bill were too high; that many of them went far beyond a protective basis, and were, in fact, prohibitive; that the same may be said of and concerning many of the schedules in the Payne-Aldrich tariff of 1909. I am a firm believer in the system of a reasonable and just protection, and that the schedules should be so adjusted, without discrimination, as applied to the farmer and the manufacturer, and in all cases having due regard to labor and the consumers generally; that wherever and whenever any industry in this country was able to fully compete with the products of other

lands the tariff should be removed. In other words, protective duties should be imposed sufficient only to protect the designated industry against ruinous competition from the hordes of cheap foreign labor; that the adjustment and readjustment of these rates should be made after careful investigation of all the facts and circumstances surrounding and involved in such industry, both in this country and abroad; and that, in the ascertainment of these facts the highest skill of men competent to do the work, and not impelled by any partisan motive, should be employed in securing these facts. To my mind it is inconceivable that any political party, for purely partisan purposes, should contend against this principle, in which the welfare of a hundred million American citizens is deeply involved.

Applying these principles to some of the schedules of the present bill, I am forced to state that the agricultural schedule and some portions of the free list do not square therewith. For example, take the paragraph relating to wheat, with the duty of 10 cents per bushel imposed by the provisions of the bill. This duty is only ostensible, for it is provided in another portion of this bill that all the bran and screenings of wheat from every country in the world shall be admitted free. It is also provided that under certain conditions flour shall be admitted free of duty. Hence, of what avail is the duty of 10 cents per bushel on wheat if all its products which are consumed by either man or beast come in free? It is contended by some, and especially by those from the nonproducing sections, or the large centers of population, that wheat and flour should all be free, and that the farmers of the United States can compete successfully with all the world. This I deny; more especially so in regard to a certain quality of wheat which we produce in the Northwest.

In several of the Northwestern States there is annually produced approximately 300,000,000 bushels of wheat of a kind and variety that is grown in no other place in the world except Canada. This grade is known as northern hard spring wheat, and of which my State of Minnesota for the past 10 years or more has produced on an average the greatest quantity of any State in the Union. Its chief marketing place is Minneapolis, where is located the principal milling industry in the United States.

Less than two years ago a thorough investigation was made by the Tariff Board that showed conclusively that the production of this grade of wheat was accomplished in Canada, in the Province of Manitoba and westward, far cheaper than the same was produced in the United States. This fact was well known to all wheat growers and millers prior to this investigation. That the quantity of this wheat produced last year in Canada was approximately 200,000,000 bushels was also well known.

It is asserted by some that Liverpool establishes the price of wheat throughout the world to all exporting countries. I shall not attempt to deny that such is the case concerning certain grades and qualities of wheat, some of which is produced in the United States, but do assert that such is not a fact concerning this northern hard spring wheat, produced in the United States. I further affirm that at no time during the last 10 or more years has any of this particular kind of wheat grown in the United States been on an export basis. I shall not encumber the RECORD with statistics on this point prior to the year 1910, for the reason that those who are interested in the subject can ascertain the proof of my statement prior to that date by examining the statistics obtained and recorded in the CONGRESSIONAL RECORD in many speeches made by Members in both branches of Congress during the time the famous, or rather infamous, so-called reciprocity treaty was under discussion. Of date May 2, of this year, Mr. John G. McHugh, secretary of the Chamber of Commerce, of Minneapolis, Minn., stated and had published in the Minneapolis Journal of that date actual figures concerning the price of this northern wheat in Minneapolis, Duluth, and Liverpool, with the approximate cost of transportation, from January 3, 1910, to December 2, 1912.

The statement follows:

[From the Minneapolis Journal, May 2, 1913.]

Relative to the pending tariff bill and its probable effect upon wheat prices, if it passes as it stands, Secretary John G. McHugh, of the chamber of commerce, has issued a statement, giving the comparative prices for Minneapolis, Duluth, and Liverpool wheat, which shows that the prices ruling in Minneapolis and Duluth are not made in Liverpool.

"Such a comparison is timely," Mr. McHugh said, "as bearing upon the question of the proposed wheat and flour schedule of the new tariff law. It is frequently argued by those supporting the tax on wheat with free flour, as set forth in the bill, that this country, being an exporter of wheat and flour, prices are therefore necessarily made in this country on an export basis, and that the miller has nothing to fear from such a tariff change.

"Figures have been published showing the comparison of Winnipeg prices on one hand with Minneapolis, Duluth, and Chicago prices on the other, and from such figures it has appeared that the Winnipeg price is commonly much below the Duluth and Minneapolis prices, and that Winnipeg therefore was inclined to be on an export basis.

"Even a hasty examination will show that Minneapolis and Duluth are not on an export basis with Liverpool, and a careful examination will show how very far this is from being true."

The table follows:

Comparative prices of wheat.

First trading day.	Minneapolis, No. 1 northern, delivered.	Duluth, No. 1 northern, track.	Liverpool.			Approximate cost to take wheat in store, Duluth, and deliver in store at Liverpool.
			Future.	England, current prices.	United States equivalent.	
				s. d.		Cents.
1910.						
Jan. 3	113 -114	114	March	8 2¾	117½	24
Feb. 1	113 -114½	112⅝	...do	8 4	120	24
Mar. 1	114 -115½	115⅝	...do	8 1⅝	117½-117⅝	24
Apr. 1	115 -116½	115⅝-115⅞	May	8 ⅝	115⅞-116	24
May 2	108⅝-110½	107⅝	...do	7 2¾	103⅞-104	18
June 1	105½-107½	104⅝-105¾	July	6 4½	91⅞	18
July 1	113 -115	116	...do	6 9½	97⅞	17
Aug. 1	117	119⅝	October	7 3¾	105½-105⅝	17
Sept. 1	112⅝-113⅝	113⅝	...do	7 6¾	108⅞	19
Oct. 1	109⅝-109⅞	109½	...do	7 3½	104⅝-104⅞	20
Nov. 1	101 -102	102	December	6 10⅞	99⅞- 99½	21
Dec. 1	105½-106	104⅝	...do	6 10	98⅝	22
1911.						
Jan. 3	106½-107½	106⅞	March	7 2	103⅞-103½	24
Feb. 1	103 -104½	104½	...do	7 ⅝	101½-101⅝	24
Mar. 1	96 - 97½	94⅞	...do	6 9½	97½	24
Apr. 1	92⅝- 93⅝	93	May	6 6½	94⅞- 94½	24
May 1	98 - 99½	99½	...do	6 10⅝	99½	18
June 1	97½- 99½	98⅞	July	6 10⅝	99⅝	18
July 1	97½- 98½	97½	...do	6 10⅝	99½	17
Aug. 1	103⅞-104⅝	104	October	6 10⅝	99⅝	17
Sept. 1	102½-105½	105⅞	...do	7 2½	97⅞- 97½	19
Oct. 2	107⅝-108⅝	108½	...do	7 4½	105½	20
Nov. 1	106 -106⅞	106⅞	December	7 4	105⅝	21
Dec. 1	102½-102¾	101⅞	...do	7 2⅝	103⅞-104	22
1912.						
Jan. 2	107⅞-108½	107	March	7 4⅝	106⅝	25
Feb. 1	106½	105⅞	...do	7 7½	110½	25
Mar. 1	108⅞-108½	107½	...do	7 11⅝	114⅝-114½	25
Apr. 1	107	107	May	7 10⅝	113½	25
May 1	113⅝	114½	...do	7 11½	114⅞	21
June 1	112½-112⅞	113⅝	July	7 7½	109½	21
July 1	110⅝	111⅝	...do	7 7⅝	110⅝	21
Aug. 1	108⅞-108⅞	106⅝	October	7 4½	106⅞-106⅞	21
Sept. 3	88⅞- 89⅞	91½	...do	7 7½	109⅞-110	24
Oct. 1	86⅞- 88⅞	88½	...do	7 8½	111	25
Nov. 1	85 - 86⅝	86⅝	December	7 7½	109⅞	28
Dec. 2	80⅞- 82⅝	80⅝	...do	7 2⅝	103⅞-104	28

"These figures show conclusively," says the statement, "that this country is not on an export basis and that prices of wheat as fixed in Minneapolis and Duluth are certainly not on the basis of Liverpool less the freight."

From this statement it appears that at no time during these three years was this grade of wheat, with freight added, within from 10 to 20 cents per bushel of an export basis, and in some instances the price in Liverpool was lower without the freight than the Minneapolis and Duluth price. It should be borne in mind that while this northern hard wheat is daily quoted on the market at Liverpool, yet none of it is exported thereto from the United States, but is received at Liverpool from Canada, and in fact is of slightly better grade than the same kind of wheat grown in the United States.

Can it be contended that while the Minneapolis and Duluth market is far better and higher, with transportation cheaper for the Canadian wheat, than at Liverpool, that the bulk thereof will not find a market in the United States preferable to Liverpool when there is no duty to be paid? And therefore will not the American farmer be compelled to sell his wheat at a much reduced price in order to meet this competition? And in addition, be it remembered, that the American farmer raises his wheat upon higher priced land and with greater cost of production than the Canadian farmer. It would be folly to maintain otherwise.

Again, cattle and sheep are on the free list in this bill. This statement I make even though they appear in Schedule G as follows: "Cattle, 10 per cent ad valorem; sheep, 10 per cent ad valorem." Yet in the free-list paragraphs of this proposed legislation hides and all products of cattle are placed. What benefit can avail the raiser of cattle to have the live animal dutiable and all its products free?

What I have said applies with equal or greater force to sheep, for its entire carcass, including wool, is on the free list. Corn and meal products therefrom, rye and rye flour, buckwheat and buckwheat flour, and potatoes are free listed. Oats maintain a duty of 10 cents per bushel, while oatmeal and rolled oats are free. Butter and butter substitutes are reduced from 6 to 3

cents per pound in the present bill, while cream and milk are placed on the free list.

Mr. Chairman, I might extend this list of farmers' products much greater, but one thing is apparent, that the main products of the farm, namely, bread, meat, potatoes, and butter, as far as the American farmer is concerned, are upon a free-trade basis, and competition is now very strong and will rapidly increase from our energetic and thrifty neighbors on the north.

The framers of this bill contend, first, that its chief object is the raising of revenue. Surely no revenue will be derived from placing the chief articles of food that I have mentioned on the free list; second, it is contended that where the schedules are thus made free and no revenue is derived therefrom, justification is found in the alleged statement that the cost of living will be reduced. I for one am in sympathy with this contention if it should prove true. While I deplore the fact that under this bill the farmer will be obliged to sell cheaper, but concede that his loss will be somewhat extenuated if the great mass of the consuming public would be benefited thereby, yet history shows that such will not be the case. One or more illustrations concerning the reduction in the cost of living will indicate that the price which the farmer receives very seldom, if ever, affects the ultimate consumer. Quite frequently during the past 10 years the farmers of the United States have received upward of $1 a bushel for wheat and sometimes as high as $1.20 or $1.25 per bushel. Again, during that time the farmer has received as low as 70 or 75 cents per bushel for his wheat, which is about the price now. Still, during that period the consumer has paid the same price for the loaf of bread. Two or three years ago Mr. J. R. Cahill, for the labor department of the Board of Trade of London, England, came to this country to investigate the cost of living. In his report, after a thorough investigation, covering the leading cities of the United States, he states that he found the consumers in this country pay 5 cents for a 14-ounce loaf of bread, while in London a 64-ounce loaf retails for 10 cents, all being made out of American flour. Couple this statement with the fact that those prices have been maintained in both countries even when the variance in price of wheat was from 20 to 40 cents per bushel, and it will be noted that the raw material, to wit, the whole wheat, does not govern the price to the consumer. Further, let it be observed that a bushel of wheat for which the farmer receives from 70 to 75 cents per bushel on the farm will make 60 loaves of bread, and that these 60 loaves of bread cost the consumer $3; that $2 and over on each bushel of wheat more than the farmer receives is placed in the pockets of the middleman and taken from the pockets of the consumers of our country, while in London less than one-half of that amount is so demanded and received. Surely the process of grinding wheat into flour, transporting it to the baker, and by him manufactured into loaves is not of sufficient moment to warrant in exacting a toll from the consumer almost four times greater than the farmer realizes.

Once more to illustrate: The farmer receives about 30 cents a bushel for oats on the farm. Twenty-three packages of Quaker Oats are manufactured therefrom and retailed to the consumer at 10 cents per package, or $2.30. Thus $2 is received by the manufacturer and middleman, while the farmer gets 30 cents. And the process of manufacturing is neither difficult nor expensive.

In view of these facts it is certainly not very difficult to arrive at a just conclusion concerning the cause of the high cost of food to the consumer. Can it be possible, Mr. Chairman, that the framers of this bill in their eagerness to carry out the platform pledges, to reduce the cost of living, have gone at their task blindly and without sufficient investigation? Or is it possible that they have listened with too much credulity to the whisperings of fancy and have pursued with too much eagerness a phantom, called hope, and have blindly plunged into legislation that may cause, and will cause serious detriment to the honest toiling agriculturists of our country, without benefiting the laboring classes in our factories and the consumers throughout the country? [Applause on the Republican side.]

The reduction in the cost of living, in all ways, food, raiment, and shelter, is much to be desired, but I fear that mere star gazing, with simply hope as a guide, will be futile, like the weary traveler on the desert, in search of an oasis, in which to recline and refresh himself, who thinks he beholds in the far distance the welcome spot, and eventually realizes that nothing but a mirage has lured him on.

I shall not attribute to the framers of this bill intentional sectionalism, yet a careful reading of it shows that in many instances it is quite apparent. Incongruities must of necessity appear in legislation of this character, owing to the numerous items involved, as well as the diversity of conditions, and this bill is no exception to the rule. However, it does seem that a greater and more extensive search after facts and surrounding conditions would have produced a bill less incongruous and certainly less sectional. To give a few illustrations will suffice: Rice is a food product raised chiefly, if not wholly, in a few of our Southern States, and certainly has no foreign competitor greater or equal to the Northern State wheat raiser. Yet we find rice and rice flour amply protected, while all grains produced in the Northern States and the flour therefrom are free. Again, wool, a northern production, is wholly on the free list, while the hair of the goat, which is chiefly raised in Texas and one or two other Southern States, is highly protected. Cotton bagging, for the use of the southern cotton grower, was placed on the free list. Yet we find that all other bags and bagging, which the northern farmer uses in the handling and shipping of grain, is highly protected. Thus, in both of these essential articles for the welfare of the farmer the one is favored while the other is discriminated against.

I shall not pursue this line any further. There is much in this bill that is commendable, and were it segregated and an opportunity given to pass judgment upon it my vote would be affirmative. While, on the contrary, there are some schedules which are wholly at variance with justice and fair dealing, and, to my mind, very injurious to the producers, especially in the Middle West and the Northwest, and which I can not support. I am in hopes that before this bill is passed certain changes will be made by the other branch of Congress that will remedy the evils I have pointed out, and thus enable me to support the amended measure. I am now and always have been a believer in the doctrine that laws which militate against the prosperity and the well-being of our farmers and rural dwellers are pernicious, not only to them, but to the whole body of our people, and that any law that makes country life less prosperous, and thus less enjoyable, conduces to congestion in our large cities. I also believe that the slogan "Remain on the farm" will receive a staggering blow ultimately as a result of the enactment into law of the proposed legislation. Dissatisfaction, in my judgment, will result in the minds of those from whom our greatest actual wealth and prosperity emanates, and ultimately this sturdy, bold, and honest yeomanry will be, partially at least, injured or destroyed. The tillers of the soil are our country's mainstay and pride. Encourage them as well as the toilers in our factories, and this country's greatness, even beyond all past achievements, will be assured and perpetuated. Distribute legislative benefits equally and justly between these two all-important classes and the occupations of the pessimist and the iconoclast will disappear. Strike these classes down and gloom will pervade our country as a whole.

Mr. MANN. I yield the remainder of my time to the gentleman from Minnesota [Mr. STEVENS].

Mr. STEVENS of Minnesota. Mr. Chairman, this amendment of my colleague does not affect any local industry of my district, so I can speak disinterestedly, but it affects the milling business all over the United States, which, as my colleague [Mr. DAVIS] stated, involves more than $800,000,000 of product annually, and that necessarily concerns all of us. The reason is this: The great consuming market for the flour mills of the country is the States east of the Alleghenies. As competitors for that market under this bill will be the Canadian manufacturers from the north and the English manufacturers from across the seas. England admits our flour free, and consequently under the provisions of this bill the English millers would have the right to have their flour admitted free into this country. I know the proposition is ridiculed that British flour can compete in our eastern markets with our western flour. I add here two statements from two of the best informed millers in the country, which set forth the conditions and have not been controverted by anybody:

First, the bill does not give the American miller an equal chance in the United States markets with the British, as evidenced by the following:

No. 2.

4½ bushels Argentine wheat ground into a barrel of "straight" flour in a Liverpool mill.		4½ bushels Argentine wheat ground into a barrel of "straight" flour in a New York mill.	
4½ bushels f. o. b. ship Buenos Aires, per bushel	$0.70	4½ bushels f. o. b. ship Buenos Aires, per bushel	$0.70
Freight to Liverpool	.15	Freight to New York	.18
	.85	Duty	.10
	4½		.98
	$3.82½		4½
Freight to New York, per barrel	.15	Cost raw material barrel flour	$4.41
Cost raw material barrel flour	3.97½		

Profit of American flour mills averages about 5 cents per barrel.

NOTE.—Advantage to Liverpool mill selling in New York market, 43½ cents per barrel. Freight rates used are approximate.

Advantage of Liverpool mill selling in New York or in any competitive foreign market would be much greater than indicated, because by-products—bran, etc.—ordinarily sell $5 to $6 per ton higher in Liverpool than in New York. This reduces cost of flour 22½ to 27 cents per barrel, as the higher the offals the lower the cost of flour, and vice versa.

NOTE.—On basis 4½ bushels wheat to produce a barrel of "straight" flour, a barrel of high-grade "patent" flour—say, 75 to 80 per cent—requires 5⅜ to 5⅝ bushels wheat. Some exceptionally high grades require even more. Only high-grade flours would be imported; hence disadvantage of American miller would be correspondingly greater than on "straight" grade.

The second statement:

At the moment wheat can be transported from Argentina to Liverpool, there made into flour, and returned by sea to New York and other Atlantic ports at a transportation cost not exceeding the cost of transporting wheat from the fields of North Dakota to Minneapolis, there made into flour, and carried to New York.

LONG HAUL CHEAPER.

The present rate on wheat, Buenos Aires to Liverpool, is 21 shillings per long ton, which equals 13½ cents per bushel of 60 pounds, which equals 22½ cents per hundred. The rate from Liverpool to New York on flour is not obtainable, but will not exceed 14 cents per hundred, making a total cost of transportation, Buenos Aires to Liverpool to New York, 36½ cents.

Wheat at Souris, N. Dak., has a rate to Minneapolis of 17 cents, which, plus lake and rail rate, 23 cents on flour, makes a total of 40 cents per hundred from the wheat fields of North Dakota to New York.

It should be noted also that our railroad rates are not likely to decrease, while ocean rates to-day are at a maximum. Our ocean rates from New York to Liverpool are to-day 16 cents per hundred, while in times past we have shipped as low as 8 cents.

In the limited time at my disposal I have just two suggestions: First, under the Canadian customs law of 1906 the governor in council can suspend the Canadian flour tariff by a simple and single order for use as raw material and admit our flour free at any time. Under such an arrangement Canadian flour would be admitted free into this country at a moment's notice, and thereby you place the great milling interests of this country at the hazard of the interests and control of our competitors who had last year a crop of about 200,000,000 bushels, with a capacity for vast increase, as shown last year. The flour-milling capacity of Canada is about 111,000 barrels a day, and last year produced about 14,000,000 barrels, of which about 4,000,000 were exported. We give Canada free access to our markets for its mill stuffs of bran and screenings and practically of our flour. This inevitably fixes the prices of wheat on a lower grade in this country if our miller is to meet the Canadian and English competition. But it certainly does add to the opportunities and gains of the speculators upon the grain exchanges of the country by compelling the miller to grind his raw material within this country within the margin of 10 cents per bushel as compared with competing grains and at the same time meet the market of free flour made from the cheapest grains and to the best advantage in the world. This situation often will give the speculator a 10-cent-per-bushel holdup of the miller and farmer in order to meet this unfair competition. The only way to stop it is to make an equality of conditions for both the raw material, wheat, and its products, flour and mill stuffs.

As my colleague [Mr. DAVIS] so strongly put it, this situation created by this bill will not help the consumer one single particle. It does help the profits of the middleman, who will get the flour cheapest wherever it can be made, and he will push the flour which nets him the largest profit. That is what will disturb the milling industry and the price of wheat all over the country. Remember, the average profit in the large mill is from 5 to 10 cents a barrel, and yet that amount and five times over can be saved to the flour dealer in the Eastern States under some conditions provided by this bill by purchasing flour from Liverpool made from Argentine or Black Sea wheat and laid down with the favoring freight rates which frequently exist in ocean traffic.

Mr. UNDERWOOD. Mr. Chairman, the opposition to this proposition comes largely from the Representatives from Minnesota. I have a peculiar interest in that State, because I lived there many years, and have only the fondest recollections of it. I regret to see that the Representatives on that side of the House who come from Minnesota have no fixed convictions on this question of the tariff. As a matter of fact, I do not believe the Republican Representatives from Minnesota have ever had fixed convictions on the tariff, so far as their State is concerned.

It was only a few minutes ago that two distinguished Representatives from Minnesota wanted to put furs on the free list because their constituents used them. Now they want to put a tax on flour, that all the people of the United States consume, because their people sell it.

Now, from a local standpoint, I suppose that may be popular; but a tariff bill can never be written that way. If you want to stand for protection you have got to be willing to protect the other fellow. If you want to stand for a revision downward or a revenue tariff you have got to reduce yourself as much as you reduce the other fellow, or you can not put it through. [Applause on the Democratic side.]

Mr. DAVIS of Minnesota. Will the gentleman yield?

Mr. UNDERWOOD. I will.

Mr. DAVIS of Minnesota. Is there any special difference between the production of rice and wheat except the quantity of rice is less than wheat? I claim that the duty you put on rice and the products thereof is correct, and if you would do the same thing with the wheat that the northwestern farmer raises it would be all right.

Mr. UNDERWOOD. I will ask the gentleman: I assume that he stands for the Payne and Dingley bill?

Mr. DAVIS of Minnesota. I never did—either of them.

Mr. UNDERWOOD. I am glad you do not do that. We have reduced the other cereal—wheat, a commodity in your State—in the same proportion that we have reduced rice. As a matter of fact, the reduction of rice is more drastic because it is really a competitive article, and there would not be much competition on wheat if we put it on the free list.

Now, coming right down to the point involved, you are complaining because we put this flour on the free list with a countervailing duty against all the world, but effective in the only country where there can be any competition. Look at the actual facts. Under the present law, as shown by the statistics of 1912, the duty on flour is 25 per cent ad valorem. The duty on wheat, as worked out by the Treasury Department—it may not be exactly accurate, but I presume it is approximately correct—amounts to 20 per cent ad valorem. That gives a differential between the tax on flour and the tax on wheat of an equivalent ad valorem of 5 per cent.

Now, what do we do? We put a tax of 10 per cent on wheat, and because we put that tax on wheat we put a countervailing duty against Canada, your only possible competitor. The Canadian tax to-day is 17.9 per cent, in round figures 18 per cent ad valorem. Now, the tax on wheat, as shown for 1909, is an ad valorem of 20 per cent. We cut of three-fifths of the tax on flour and leave two-fifths, which would mean in these figures of ad valorem a rate of 8 per cent, or a differential of 10 per cent, which you are complaining of when you have only got a differential now of 5 per cent.

The CHAIRMAN. The gentleman's time has expired. All time has expired. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there any further amendments to paragraph 647? If not, the next paragraph is 648.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following amendment to paragraph 648.

The CHAIRMAN. The Clerk will report the paragraph and the amendment of the gentleman from Iowa.

The Clerk read as follows:

648. Barbed wire, galvanized wire not larger than No. 6 and not smaller than No. 14 wire gauge of the kind commonly used for fencing purposes, galvanized wire fencing composed of wires not larger than No. 6 nor smaller than No. 14 wire gauge, and wire commonly used for baling hay or other commodities.

Amendment by Mr. GREEN of Iowa:

Page 127, amend paragraph 648, by adding thereto the following:

"That articles enumerated 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 a duty of 10 per cent ad valorem."

Mr. GREEN of Iowa. Mr. Chairman, this is another of the numerous paragraphs in this bill where, taken in connection with its other provisions, a duty is levied upon the raw material and the finished product is made free. Smooth wire is dutiable under the metal schedule of the bill. When it is developed and otherwise manufactured, and more American labor is put upon it, it is made free of duty by this paragraph under consideration. The only result that this paragraph can have when enforced will be to strengthen the Steel Trust in its strangle hold on the throats of the small manufacturers, who desire to compete with it, and to offer an invitation to the small manufacturer to transfer his factory to Europe. Barbed wire is put on the free list as a bid for the farmer's vote. Will this reduce the price? I think not. The material for it must be purchased from the Steel Trust, and under this bill it can control the price.

I yield the balance of my time, three minutes, to the gentleman from New York [Mr. PLATT].

Mr. MANN. The gentleman from New York is entitled to take the floor for five minutes in his own right.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on this paragraph and all amendments thereto close in seven minutes.

Mr. GREENE of Massachusetts. Mr. Chairman, I desire to be heard for five minutes.

Mr. UNDERWOOD. Then, Mr. Chairman, I ask unanimous consent that debate on the paragraph and all amendments thereto close in 13 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PLATT. Mr. Chairman, I simply want to call attention to this policy of putting on the free list articles made by the great international trusts. The gentleman from Alabama [Mr. UNDERWOOD] in opening the debate on this tariff bill said that articles made by the great trusts were put on the free list with the idea that some sort of competition might arise in foreign countries, but in my opinion no competition of that sort could arise unless it arises from themselves. Many cities in this country and in Europe are pulling and hauling against each other trying to get factories from each other, and under our protective tariff we do get factories even from Europe. In my own district we have three good-sized factories that came from Europe. If their products are placed on the free list, what is to prevent their moving back again? They can get cheaper labor in Europe. No one denies that. It seems to me they are given a sort of club over their own labor and they may be able to do as the International Harvester Co. threatened to do at Auburn the other day—move their machinery out and take it over to the other side. The owners of the factories do not care. They would just as soon have barbed wire, agricultural machinery, typewriters, and so forth, on the free list as not. They own factories on both sides of the ocean. The laboring men do care. It seems to me that it is a clear case of giving the great manufacturers, the great trusts, undue advantage over their own laboring men to allow them to manufacture on either side of the ocean, without the least restriction upon the importation of their goods into this country. [Applause on the Republican side.]

Mr. GREENE of Massachusetts. Mr. Chairman, I desire to read the following article from the New York Tribune of this morning:

SHUTDOWN AT FALL RIVER—500,000 SPINDLES AT IRON WORKS PLANT IDLE SATURDAY.

FALL RIVER, MASS., *May 5.*

The Fall River Iron Works Co. posted notices to-day that the seven mills of the plant would be closed Saturday for an indefinite period. No reason for the shutdown was given.

The corporation, which is owned by the American Printing Co., operates 500,000 spindles in the manufacture of cotton cloth to supply the print works. It employs 5,000 hands, with a weekly pay roll of about $35,000.

Mr. Chairman, perhaps I can explain why the mills intend to close. The mills undoubtedly close because of the lack of opportunity to sell their product. I noticed in the newspapers a few days ago a list of the reduction in sales of print cloths very largely since the 4th day of March. The entire output of this grade of goods in my own city is 275,000 pieces of 45 yards each a week, and the sales of these goods have fallen off, the first week about 75 per cent, and the sales have been reduced since down to 106,000 pieces and then to 75,000 pieces and then the sales have been reduced to 60,000 pieces a week. The reduction in these sales creates the necessity for stopping the mills. I noticed in the newspaper this morning an article stating that the President and his Secretary of Commerce were going to investigate the cases where there should be a reduction in wages throughout this country to find out whether it was claimed that the reduction was made by reason of the reduction of the tariff. The statement referring to the mills of the Fall River Iron Works Co. does not refer to a reduction of wages. It is a cutting off of the entire wage list of $35,000 per week for an indefinite period, and nobody can tell how long these mills will remain closed. It is a very serious situation, affecting as it does 5,000 employees and the families dependent upon these wage earners.

It is not only a serious situation to the parties referred to, but it will have a very depressing effect upon the business men of the city of Fall River, Mass., who will keenly feel the loss in trade which the lack of $35,000 per week in the wage list will inflict upon the community, thereby affecting its prosperity.

Mr. HARRISON of New York. Mr. Borden, the founder and chief owner of these mills, died last year and left a fortune estimated at about $10,000,000.

Mr. GREENE of Massachusetts. Yes, sir. I do not know how much money he had accumulated.

Mr. HARRISON of New York. Does the gentleman from Massachusetts make any comparison between the $8 and $9 a week of the men in those mills——

Mr. GREENE of Massachusetts. I will explain the situation. Mr. Borden was a man a little younger than I am. I knew him as a boy, and the American Printing Co., which he purchased and enlarged, absorbed the product of the mills of the Fall River Iron Works Co. The former owners had made failures in the business. He had the brains and knew how to do business successfully. He established the mills of the Fall River Iron Works Co. and made money. There is no reason in the world why his sons, who succeed him in business, should keep their mills running if the market becomes depressed and they can not sell the product. It is certainly a very unwelcome feature in business life that such manufacturing plants are compelled to close. A good and sufficient reason why they can not sell their product is, they know they are going to have competition from abroad if the Underwood tariff bill goes into effect. I was interested in reading what the newspapers had to say this morning about the President and the Secretary of Commerce.

This is not a question of cut in wages, but it is a question of destruction of wages. I also have been very much interested in a conversation which I am told by a prominent manufacturer in my city took place between himself and the Secretary of Commerce a few days since with reference to the sale of hats. He is a gentleman who is one of the largest hat manufacturers in the country and he called upon the Secretary of Commerce and talked with him in relation to the question of the foreign trade, about which Secretary Redfield talks so fluently, and the Secretary asked this gentleman why he did not exploit his foreign trade more. The gentleman said that he exploited it as far as he could. He said, "I have some trade in England, but in many other countries I am stopped by reason of the tariff imposed against American manufactured goods." The Secretary said, "Have you ever tried to exploit your industry in Bombay?"—that is a very stock phrase of my friend, the Secretary of Commerce. He said, "I have investigated that very fully, the question of trade in Bombay, and I have ascertained that all wear turbans and fezzes, which is a religious obligation, as I am informed, and if you gave them a derby hat you could not get one of them to wear it." [Laughter and applause.] There are no people, as far as I know of, in Bombay who wear any clothing of any amount [laughter and applause on the Republican side], and therefore there is not much opportunity to exploit American trade there.

The following article was published in the newspapers of the city of New Bedford, Mass., at about the same time that my Democratic colleague, representing the sixteenth district of Massachusetts, was delivering his speech upon "free wool" in the House. Is this article an echo of his address?

ONEKO MILL TO CLOSE—TARIFF CHANGES FORCE SHUTDOWN, DECLARE OWNERS OF NEW BEDFORD PLANT.

NEW BEDFORD, *May 5.*

It was announced at the office of the Oneko Woolen Co., in this city, Saturday afternoon that on account of uncertain trade conditions, particularly through the tariff situation, it had been decided to close the mills indefinitely. The Oneko mill is owned by Holden-Leonard Co., of Boston and New York. This company also operates a woolen mill at Bennington, Vt., and present plans are to ship part of the machinery from the mill in this city to the Bennington plant.

The Oneko mill is operated on men's wear, in worsteds and woolens, and on women's cloakings. Its weaving equipment consist of 68 looms. It gives employment to about 250 persons when running full, but its machinery has been gradually shut down during the past few weeks with the decline in the market call for the goods which it is equipped to make, and at present only about 125 persons are employed at the mill.

James Marshall, the superintendent in charge of the mill, said Saturday that so far as he has been informed the mill is closed indefinitely. As indicating that there is no intention to restart the plant unless conditions change, Mr. Marshall referred to the fact that some of the machinery is to be shipped out of the city. The plant is to be stopped within the next two or three weeks, and there is to be a public sale of the goods on hand.

George Leonard, of Holden-Leonard Co., who control the Oneko mill, in this city, said:

"If the woolen schedule proposed by the Democrats goes through in its present form, it will be impossible for us to operate the Oneko mill, at New Bedford. The closing of that mill at the present time is due to the falling off in business because of the conservatism of buyers in the face of the reductions in the tariff. We have land and tenements at Bennington, and so we thought it advisable to close the mill at New Bedford and concentrate our manufacturing in one of our plants, it being obviously more economical to run one mill as nearly full as possible instead of running the two mills only in part. I understand that there are two other woolen mills in New England which will close down in the near future, but which have not yet announced their intentions. I do not see how it is possible for us to run in the face of the foreign competition that would result from the proposed reduction in rates. We are in hopes that the Underwood bill may be amended in the Senate. Senators LODGE and WEEKS will make a fight, and if nothing further can be secured we want the date when the new rates are to go into effect set for six months from the time of their passage. That has been the custom in the case of previous tariff legislation."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there any further amendments on paragraph 648? If not, the next paragraph is 650. Are there any amendments to paragraph 650?

Mr. LANGLEY. Mr. Chairman, I understood yesterday that some one else had reserved the right to offer an amendment to this paragraph. I was so informed by the gentleman from Alabama, and therefore I did not prepare an amendment to it.

The CHAIRMAN. It is reserved, and amendments are in order.

Mr. LANGLEY. Then, Mr. Chairman, I desire to move to strike out the paragraph.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 8 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on this paragraph and all amendments thereto close in 8 minutes.

Mr. FORDNEY. I would like 2 or 3 minutes.

Mr. UNDERWOOD. I will make it 13 minutes, then; 10 minutes to be controlled by the gentleman from Illinois, and 3 minutes by myself.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the paragraph and amendments thereto close in 13 minutes, 10 minutes to be controlled by the gentleman from Illinois [Mr. MANN] and 3 minutes by the gentleman from Alabama [Mr. UNDERWOOD]. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. MANN. I yield 3 minutes to the gentleman from Kentucky [Mr. LANGLEY].

Mr. LANGLEY. Mr. Chairman, before proceeding to discuss for a moment or two this paragraph, or rather my motion to strike out the paragraph, which would leave the existing law in operation, I wish to express my appreciation of the courtesy of the gentleman from Alabama, who I must say is very generous in the matter of yielding us additional time on this side of the House when we desire to discuss a matter. Of course, the time is so short we do not get a chance to say anything, but at the same time I appreciate his courtesy.

Mr. AUSTIN. I think the gentleman should also express his appreciation for the numerous amendments that he has permitted us to make to the bill.

Mr. LANGLEY. I might add, also, that he has permitted us to correct so many of the imperfections of this bill that I think he is entitled to the thanks of the Republican side of the House, and as a fellow Kentuckian, because the distinguished gentleman is a native Kentuckian, I feel very proud of the record which he has made here in charge of this bill. Of course, I know that the gentleman——

Mr. DYER. Is the gentleman going to approve of this legislation before he gets through with his speech?

Mr. LANGLEY. If my distinguished colleagues from Tennessee and Missouri will permit me to use the remaining minute that I have, I will state my position in regard to the paragraph. [Laughter.]

My judgment, Mr. Chairman, as I have said before, with regard to coal, and also with regard to lumber, is that placing these products upon the free list will injure those industries. I concede that in the matter of lumber the cost of transportation is so great that there will not be that direct competition with Kentucky lumber that there will be with lumber interests in sections of the country in closer proximity to competing lumber countries. But, Mr. Chairman, I still believe in the philosophy of Patrick Henry—that the way to judge the future is by the past. Lumber was placed on the free list once before and as a result the price of lumber in the mountains of Kentucky went down. I recall that the price of crossties went down until the industry was practically suspended. I think the same thing will result again. Perhaps it may not be so much by reason of direct competition with foreign products as from the general industrial depression which will prevail throughout the country following the enactment of the bill which strike at so many of our important industries. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. MANN. Mr. Chairman, I yield three minutes to the gentleman from Minnesota [Mr. STEVENS].

Mr. STEVENS of Minnesota. Mr. Chairman, I wish to make a suggestion to my very good and very distinguished friend, the chairman of the Committee on Ways and Means, as to his reflections upon the good people of Minnesota, where he justly states resides hosts of good friends of his and where I know is a host of admirers and of good wishers foi him and his work. He stated and criticized us because we of Minnesota were inconsistent in that we asked that the tariff should be reduced on furs, which we consume, and maintained on wheat and flour, which we produce and sell. It is easy to make such a criticism and contrast, but I will ask the gentleman this: When he and his committee increased the tariff on furs, did they do it for the purposes of protection for any American industry? If so, what industry, who asked for it, and what reason is given for such increase? We know of none and have so informed this House. So far in the history of the country there never has been any tariff on raw furs at all for the purpose of protection, and that is the principal complaint we have made. For many years there have been tariffs on sealskin garments and other garments fully made up which may have been originally placed for protection, but this bill seems to continue it for purposes of revenue. The gentleman from New York [Mr. HARRISON] does not seem to be aware that when the sealskin garment is brought into this country it now pays a tariff of 50 per cent on its value, and this has been the case for many years. The tariff on furs has been maintained even in the Payne-Aldrich bill, except one item, for the purposes of revenue. Now, if the gentleman from Alabama [Mr. UNDERWOOD], in criticizing us, has increased those taxes for the purposes of revenue, it is our duty to show him his error and the injustice of it. It will be a cruel and unnecessary tax on poor people unable to bear it, and it will not yield a revenue commensurate with the expense of collection and the trouble caused by it.

If the already excessive tax of 35 per cent on partially finished shapes is now increased in this bill for the purpose of protection of some American industry, and the gentleman now desires to reflect on us for that reason, I am glad to have it placed on record right now—the purpose of the increase, who seeks it, and that the committee are willing to grant increases on items already excessive for the purpose of protecting an industry. Heretofore he has maintained that this bill is for a competitive tariff, or a tariff-for-revenue bill, or anything rather than a protective measure; but for the purpose of criticizing us he has pointed out one item where his committee has increased the duties apparently for the purpose of protection. It certainly was not for revenue, since but little can come from it, even on the figuring of the committee. It is not competitive, since it will destroy competition. So it can only be protective. And if so, this gentleman has a right to be critical. But so have we in return. I am glad to point that out to the gentleman again. We do not ask for protection on our grain products. We ask only for equal and fair competitive treatment. If you put a tariff on wheat we want a fair competitive duty placed on flour, and it is for the Democratic majority to indicate which policy should be pursued. But your definition of your own measure requires this to be done. That is all we ask.

The gentleman does not seem to be informed concerning the traffic conditions between Canada and the United States and between Great Britain and the United States. He does not seem to realize that the millers in those countries under same conditions may be able to swamp our manufacturers of flour, because the long haul by rail from the wheat fields and western mills will not permit the interior millers to compete with the cheaper transportation by water from manufacturing centers where is stocked the surplus of the cheapest grains of the world. Our millers through the North and West are asking no favors or discriminations, but are complaining about being placed under conditions adverse and unfair by artificial and ill-considered legislation where they can not compete on even terms as to supplies of raw material with Canada and Great Britain, and for that reason they strenuously object, not from Minnesota alone, but from all over the country, although our millers, perhaps, have taken the burden of the contest.

But millers and producers everywhere object to the unjust and unequal conditions of this bill which prevent competition on even terms. If you do not dare to follow the suggestions of a free-market basket, as urged by your President, then place whatever tariff on wheat which you think will satisfy the farmer. But when you do, be manly and decent and realize the conditions of those who have to use it in competition with those who have access to the cheapest raw material. We have not asked that anybody's protection for furs shall be reduced. We are entirely willing that they shall simply bear the fair share of protection which they always have borne. If more protection is needed, tell us about it frankly and not criticize us for seeking to know the reasons for the burden. It is the gentleman and his committee who have lugged in the doctrine of protection when they increased the tariff on furs, and we only seek to know why they did it and they can not seem to tell. We only ask the same rule shall be applied to both furs and flour. Make both competitive, if you will, but put them on the same fair and just basis, with a supply of material as accessible to them as to those they have to meet in our markets, and then the domestic producer shall not have any discrimination against his finished product as you have provided against us

in this measure. It is this injustice against which we shall continue to protest.

Mr. MANN. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Chairman and gentlemen, in the brief time given me I want to call the attention of the Members of the House to this fact, that in this country in the packing of shingles the frame in which they are packed is 20 inches in width and adjusted to the length, whether they are 16 or 18 inch shingles. But there are 25 courses of shingles in a bunch, 4 bunches for 1,000 shingles.

British Columbian shingles have but 22 courses, 20 inches in width, and when No. 1 shingles are selling for $2.50 per thousand the difference in the real value of the shingles is 30 cents a thousand.

That is what the consumers of this country must meet in our markets, and there is not one man in a thousand who purchases shingles who knows how many courses of shingles there should be in a bunch, or how many there are in a bunch made in British Columbia or in the United States.

You have placed shingles on the free list, and you have placed the consumers at a disadvantage in bringing Canadian shingles into our markets—shingles that have three twenty-fifths less contents in a bunch, or 12 per cent less than in a thousand shingles made in the United States. It is an inconsistency or it is an oversight, and if you only knew those facts I believe you gentlemen would adjust your rate of duty so as to offset the difference, so that the consumer might know.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MANN. Mr. Chairman, in this country we participate in a good many bitter political contests, and oftentimes feeling is aroused, and personal animosity, temporarily. But it is the beauty of the American people that they put aside personal and political animosities in the meeting of man to man, and friendships are preserved across the aisle as sincerely and firmly as they are among Members on the same side of the aisle.

It gives me great pleasure to-day to call the attention of the House to the fact that 51 years ago one of the ablest men in public life first saw the light of day. I congratulate not only the Democratic Members of the House, not only the Democratic Party in the country, but I congratulate also the country itself, that during the 51 years which have elapsed since his birth there has grown into broadness and bigness the able gentleman from Alabama [Mr. UNDERWOOD], the chairman of the Committee on Ways and Means. [General and prolonged applause.]

Mr. UNDERWOOD. Mr. Chairman, I wish to assure my friend from Illinois [Mr. MANN] how sincerely I appreciate the kindly words that he has spoken in reference to myself, and I know of no better opportunity than this to say to both sides of this House, now that within an hour or less we are to complete the taxing features of this bill—the real contending portion of the bill that is in issue between the two great parties—that I thank you all, on both sides of the House, for the patience, the courtesy, and the kindness you have shown to the chairman of the Committee on Ways and Means in his efforts to put the bill through the House.

I have seen many debates in this House; I have seen many hard-fought fights, and this is the place to fight. We all believe in fighting in the open. But I do not believe, although gentlemen on that side of the House have earnestly and vigorously and forcefully contended for their views, that any great measure has ever passed this House with less personal rancor and more kindly feelings than the bill we have under consideration to-day, and I can not thank you too much for your consideration. [General applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. LANGLEY], to strike out the paragraph.

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there any further amendments to paragraph 650? If not, the next paragraph is No. 652, which the Clerk will report.

The Clerk read as follows:

652. Mechanically ground wood pulp, chemical wood pulp, unbleached or bleached: *Provided*, That if any country, dependency, province, or other subdivision of government shall impose an export duty or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge, or license fee, or otherwise), upon printing paper, mechanicaly ground wood pulp, chemical wood pulp, or wood for use in the manufacture of wood pulp, the amount of such export duty or other export charge shall be imposed as a duty upon chemical wood pulp when imported directly or indirectly from such country, dependency, province, or other subdivision of government; and if any country, dependency, province, or other subdivision of government shall prohibit the exportation of printing paper, mechanically ground wood pulp, chemical wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed a duty of $\frac{1}{10}$ of 1 cent per pound upon such chemical wood pulp when imported directly or indirectly from such country, dependency, province, or other subdivision of government.

Mr. MANN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois [Mr. MANN] moves to strike out the last word.

Mr. MANN. Mr. Chairman, this paragraph, which proposes to put wood pulp upon the free list, is one of very peculiar construction. It proposes to put mechanically ground wood pulp and chemical wood pulp on the free list, with a retaliatory clause. There is mechanical pulp and chemical pulp. Of chemical pulp there are three kinds—sulphide pulp and soda pulp, which are the two that are used in this country; and sulphate pulp, somewhat used abroad, and perhaps it will be produced in Canada.

Here is the proposition: While Canada is not mentioned, Canada is meant. If Canada puts an export duty upon print paper or mechanical wood pulp, then we will put an extra duty upon chemical wood pulp. Now, Canada produces practically no soda chemical pulp, and not a great quantity of sulphide chemical pulp. We do export considerable quantities of mechanical pulp and print paper. But why, if Canada puts an export duty upon mechanical pulp or print paper, should we add a duty to chemical pulp? Or if Canada, under this provision, prohibits the export of print paper, why should we put a duty of one-tenth of a cent per pound on chemical paper?

There is no relationship between the two. If Canada attempts to do something against print paper, then we attempt to protect chemical pulp in the United States. If Canada legislates against mechanical wood pulp, then we attempt to add protection to soda wood pulp in the United States. These articles are not in competition with each other. Mechanical wood pulp is not used for the manufacture of the same kind of paper as soda pulp, and why anybody ever worked this out or how he ever managed to conceive this scheme is beyond me. If we wish to preserve ourselves against Canadian legislation aimed at print paper or mechanical wood pulp, then we ought to put a retaliatory duty upon those articles and not upon something else. Canada is not interested to-day to any extent in the production of soda pulp, which is used ordinarily for the manufacture of book paper or higher class paper.

This print-paper proposition and pulp proposition has been before Congress now for a number of years. Up to the present time the legislation has at least sought to preserve the markets of the United States for the free entry of the raw material into the United States and to afford some basis for preventing all the manufacturing going into Canada; but under the provisions of this bill there is nothing to prevent the manufacture of print paper and mechanical wood pulp being transferred to the other side of the Canadian border, and the pretense of levying a duty of one-tenth of a cent a pound upon some other article will not have any more effect than breathing in the air. [Applause on the Republican side.]

The CHAIRMAN. If there be no objection, the pro forma amendment will be withdrawn. Are there any further amendments to be offered to paragraph 652? If not, the next paragraph is No. 653.

Mr. MANN. That is the wool paragraph. There are a lot of amendments to that.

Mr. SHARP. Mr. Chairman, an amendment.

The CHAIRMAN. The gentleman from Ohio [Mr. SHARP] offers an amendment, which the Clerk will report.

Mr. UNDERWOOD. Mr. Chairman, I should like to limit debate on this wool proposition.

Mr. MANN. There are quite a number of gentlemen who wish to be heard over here.

Mr. UNDERWOOD. I do not want to cut off debate unduly.

The CHAIRMAN. The Chair suggests that the amendment of the gentleman from Ohio [Mr. SHARP] be reported.

Mr. UNDERWOOD. All right.

The Clerk read as follows:

Amend, paragraph 653, by striking out the words "wool of the sheep," in line 19.

Mr. MANN. Mr. Chairman, we would like to have half an hour over here on this side.

Mr. UNDERWOOD. There are two gentlemen on this side who desire to speak, the gentleman from Colorado [Mr. SELDOMRIDGE] and the gentleman from Ohio [Mr. SHARP]. If there is anyone else, I should like to know it. That will make 40 minutes, and I would like to reserve 10 minutes for myself. I ask unanimous consent that the debate on this amendment close in 50 minutes; that all amendments may be presented when the gentlemen speak, or by those who do not speak, and be pending on the desk, to be voted on when the debate is concluded, and that 30 minutes of the time may go to the gentleman from

Illinois [Mr. MANN], 5 minutes to the gentleman from Ohio [Mr. SHARP], 5 minutes to the gentleman from Colorado [Mr. SELDOMBRIDGE], and 10 minutes to myself.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that all debate on this paragraph and all amendments thereto shall close in 50 minutes, 30 minutes to be controlled by the gentleman from Illinois [Mr. MANN], 5 minutes by the gentleman from Ohio [Mr. SHARP], 5 minutes by the gentleman from Colorado [Mr. SELDOMBRIDGE], 10 minutes by the gentleman from Alabama [Mr. UNDERWOOD]; that gentlemen shall have permission to offer their amendments when they speak, the amendments to be pending and voted on in their order at the conclusion of the debate. Is there objection?

Mr. GREEN of Iowa. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN of Iowa. Can a pro forma amendment be offered to the next paragraph?

Mr. UNDERWOOD. No; that has been passed.

The CHAIRMAN. The next paragraph that is open for amendment is 657. Paragraph 654 has been passed.

Mr. GREEN of Iowa. Do I understand the gentleman from Alabama that he will object to an amendment being offered to the next section?

Mr. UNDERWOOD. Yes. I would not object to an amendment being offered to the next section which is open for consideration, which is 657, works of art.

Mr. MOORE. I have an amendment to that.

The CHAIRMAN. The next paragraph that will be open for consideration, except by unanimous consent, is paragraph 657. Is there objection to the request of the gentleman from Alabama [Mr. UNDERWOOD]?

There was no objection.

Mr. MANN. The gentleman from South Dakota [Mr. MARTIN] desires to offer an amendment and have it pending.

The CHAIRMAN. The gentleman from South Dakota offers the following amendment, which the Clerk will report, the amendment to be considered as pending.

The Clerk read as follows:

Page 129, line 19, after the word "camel," insert the words "Angora goat."

Mr. WILLIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILLIS. Are the amendments to be offered now under the agreement?

The CHAIRMAN. They can be offered at any time.

Mr. SHARP. Mr. Chairman, I have offered this amendment with the understanding that should it prevail I will ask unanimous consent to place this product on the dutiable list bearing 20 per cent ad valorem.

I listened a few moments ago to the eulogy pronounced on the majority leader of this House, Mr. UNDERWOOD, and I feel that every Member, not only on this side of the aisle but the other, concurs in its every word of praise. Such sentiments coming from a political opponent are indeed flowers that bloom over the garden wall of party politics. Let me briefly repeat the encomium given by a distinguished Member, at one time on the other side of the aisle, whose lips have long since been closed in death, my good friend, the late Representative Foster, of Vermont. In conversation with him one day I asked him what he thought of the discipline and management upon our side of the House since we had for the first time in 16 years come into power. He said: "Mr. SHARP, I think it is most admirable. You have such splendid leaders in CHAMP CLARK and OSCAR UNDERWOOD that it is difficult to see how you can be led into error. They are leaders of splendid ability and would give great credit to any political party." [Applause on the Democratic side.]

I have sometimes thought that, in a relative sense, possibly too much importance is given to the mere words of the party platform instead of considering the qualities of the officials who are to shape and give effect to those policies. Happily, the high character and abilities of those who have been intrusted to carry out the principles of the Democratic Party, from the Chief Executive on down through the line of his able assistants, augur well for a most successful administration of the Government's affairs.

All through my district in the past campaign my platform was based upon the public careers of these distinguished leaders of the Democracy. So if I differ with them to-day as to the wisdom of putting wool upon the free list I have no unkind criticism to level at their heads.

By virtue of the right generously given me, as to other Members on this side of the House by our caucus, I absolved myself from its binding effect in so far as this particular item is concerned. I think it is in no way violating the rules of the caucus—for the next day its entire work was practically made public—to state here that although a proposition to place a duty upon raw wool was defeated, yet there was still a very respectable minority in its support, respectable not only in the character and standing of the men who voted for it, coming, as they did, from every section of the country, but also respectable in numbers, for there were upward of 60 Members who voted against this item of free raw wool. I am consistent in offering this amendment, because upon two prior occasions in the last Congress I offered an amendment that would increase the Underwood duty of 20 per cent ad valorem to 30 per cent. I always thought it was rather mean and stingy of the conferees that they robbed me of the credit over in the Senate of fixing a duty at 30 per cent, when they put it at 29 per cent. I remember that when it came back and was voted upon every single Democrat upon this side of the House, with possibly one exception, voted for that compromise amendment, nay, went further and voted to put it over the President's veto.

So I do not think I go very far astray in saying to-day that while indorsing the purpose of this bill for a revision downward I would favor imposing a duty of 20 per cent ad valorem upon this article of raw wool. Such a reduction would still mean a cut of more than 60 per cent upon that product under the Payne bill. I sincerely hope that on the other side of the Capitol that august body will finally conclude that it is better policy and more in keeping with fairness to impose a compromise duty of 15 or 20 per cent on raw wool.

In the short time I have it is impossible to enumerate all the reasons why I am impelled to make this amendment. Under the Payne-Aldrich bill the average rate of protection given to manufacturers ranges from 65 to 70 per cent, and in some instances I believe the duty exceeds 90 per cent. This bill cuts that in two, and they are given an average of 35 per cent. Under the Payne-Aldrich bill we have an average rate of 42 to 45 per cent on wool, an important product of the farmer, representing the great agricultural interests. Instead of cutting that rate in two, this bill takes it entirely off. It has been said by the distinguished leader of the majority that it is not a bill ostensibly, at least, in the interest of the manufacturers, and yet I appeal to your common sense if in this particular item it is not manifestly in the interest of the manufacturers by leaving them a protective duty of 35 to 40 per cent and taking the duty entirely off from the raw wool which they buy.

From the earliest times agriculture has been encouraged by every government upon the face of the earth. Recognizing that the products which must furnish both food and clothing for man must come from the soil, many measures have been resorted to for the encouragement of husbandry. Indeed, there has never been a time in the world's history when, on account of the fast increasing population, there is more need for its better recognition.

To my mind the question of sheep raising in the United States is one of great importance. Its value is not only potential for supplying of food for our people, but also material for their clothing. In a broad sense, the development of that industry is an asset of great national value, both in times of peace and in war. The arguments adduced in favor of free lumber, free coal, and other minerals of the earth have no application when applied to the extension of that doctrine in the case of wool. In the former instances the question of the conservation of our natural resources is directly involved, and in my opinion—though in this I may differ with some of my colleagues—the chief benefit which we would derive in putting these products upon the free list will come more to the next generation as the result of that conservation than to the present. Naturally the direct result of such a policy is to diminish the constantly increasing consumption of these products of our own country by using those imported from other countries, and I believe the importation of coal and lumber from Canada would materially lengthen the life of these products in our own country.

But with the threatened extinction or material diminution of the native wool supply of our country, which has been the result of long-continued and patient cultivation, its rehabilitation would be a matter of many years. Admitting for the sake of argument that the tariff rates levied for its encouragement in the past have not materially increased its growth—a favorite argument of those who would remove the duty—it by no means follows that the wool industry would prosper the more if that duty were entirely removed.

Much as I would like to do so, time will not permit me to say more of the importance of this great industry, which is common to so many different parts of the country that it can hardly be called sectional. From the very character of the industry, carried on as it is by so many having relatively small flocks,

there never has been and never can be a combination or trust relationship between them, and this observation applies quite as well to the food product of mutton as to the wool itself.

Recognizing the sole reason for putting raw wool upon the free list as being intended by the advocates of such a policy to be in the interest of the consumer, I must confess an honest skepticism as to whether the admitted reduction in the price of this product to the woolgrower—for unless there is a reduction in such price there is no justification for the removal of the duty—will not inure wholly to the manufacturer and the middleman. Few realize that after all the entire value of all the raw wool which goes into a suit of clothes rarely exceeds 8 per cent—and it is often less than 5 per cent—of its retail price.

Mr. Chairman, there is another reason which argues very strongly in favor of this amendment.

In scanning this bill through, I doubt whether there is a single paragraph that means so much, not only in the merely political sense, but from the economical view, especially as it applies to the revenues, as this paragraph. In the last Congress both sides of this Chamber supported almost unanimously the law to impose a tax upon the incomes of corporations. It was pointed out with a great deal of satisfaction that there would eventually be an annual revenue from that source of upward of $30,000,000 to the Government. And I am very pleased to say that that prediction is liable to be realized during the coming fiscal year. There is certainly an element of justice in placing the burden of taxation in accordance with the Democratic doctrine upon the shoulders of those most able to bear it, and presumably receiving their fair share of its benefits.

But what must we say of the wisdom of this portion of the bill, at least from a revenue standpoint, when it is admitted that at least one-half of that enormous sum so received from the corporations will be deliberately thrown away by putting raw wool upon the free list? In other words, as a result of the enactment into law of the three or four lines in this paragraph, we part with $15,000,000 in annual revenue—not for this year only, but just as long as the law shall remain on the statute books. As to this particular item, it is indeed emphatically not tariff for revenue only, but free trade for the loss of revenue only——

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. PAYNE. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Chairman, my objection to this paragraph is that it places wool on the free list and places the growers of wool in this country at a very great disadvantage with their foreign competitors. I have not agreed with some of my colleagues about the rates fixed in the so-called Payne amendment to the bill on wool and woolens, offered last year, which is to be offered again as an amendment to this bill, because the compensatory rates above the duty on wool, in my opinion, are lower than those in the Underwood bill, but on the entire schedule, taking the highest grades and the highest rates with the lower rates, there is not so much difference. However, in addition to the rates fixed in the Underwood bill, there is a duty on wool in the Payne bill. You wholly disregard in your bill the interests of the woolgrower. You have fairly well taken care of the manufacturer of wool.

There is no other market in the world for American-grown wool except with the woolen mills of the United States. As I stated here the other day, which is not denied, back in 1894 a gentleman from Wyoming tried to find a foreign market, and did not repeat the dose a second time, for, according to his own statement, he shipped his wool abroad at a loss. Therefore the woolgrowers in the United States are wholly dependent upon the manufacturers' success for success in their own product—wool.

To place the raw material of the woolen manufacturer upon the free list is a discrimination directly against the woolgrower, whose only market is the woolen manufacturer in this country. If wool is to be placed on the free list, I can not see the consistency of having a duty on manufactured wool to the extent that you have placed it in your bill. The gentleman from North Carolina [Mr. KITCHIN] the other day said that the duty on wool and woolens heretofore had been always written by the manufacturer, and not alone on wool, but it has been frequently stated by gentlemen on that side of the House, hastily and thoughtlessly, that the manufacturers of this country have always written the Republican tariff laws. That is unjust to the men who have taken a prominent part in writing our tariff laws. It would be unjust to make that statement about the gentlemen from the Democratic side of the House who have written this law. In fact it is incorrect, it is untruthful.

Away back in 1865 a commission was appointed to report on a wool schedule to be adopted by the Congress of the United States, and after thorough investigation by that commission the Congress of the United States accepted the report and enacted into law the rates recommended; so when the gentleman states that the Congress of the United States when controlled by the Republican Party has always listened to and fixed rates according to the dictations of manufacturers he is hasty and unguarded in his remarks.

Some gentleman a few moments ago asked a gentleman on this side of the House whether or not he stood for the rates in the Dingley and in the Payne tariff laws. That gentleman answered "No." I would have answered right to the contrary if I had been asked the question, and my reason for it is this: That never since the sun shone on the American people have we enjoyed greater prosperity and happiness or greater accumulation of wealth for all classes of our people than under those two laws.

The woolen schedules of the various revenue acts have generally been regarded as the most technical and, therefore, for those not familiar with the subject by practical experience or study, the most difficult to understand. For this reason the discussion of its provisions should be characterized by simplicity and directness. With this purpose in view, let us first lay down these fundamental propositions:

First. The chief source of revenue for the Federal Government must, under the Constitution, be the customs duties on imports.

Second. Under the existing tariff law the imports of wool and woolens have contributed to the income of the General Government during the past 10 years $323,595,507, a sum sufficient to justify the woolen schedule as a revenue producer.

Third. The present and prospective fiscal requirements of the Government are such as forbid any change which would reduce the amount of revenue derived from this source.

Fourth. It is the settled policy of the Government that the import taxes shall be so levied that, while producing required revenue, they shall also foster and develop American industry, to the end that there may be diversified employment for its citizens, thus preventing the intenser competition that would exist if labor and enterprise had to be concentrated only in those employments that could be carried on without the existence of a protective tariff; and for the further purpose of making the country independent of foreign supply for all the principal necessities of life.

Fifth. In the application of this policy it is of the first importance that the country shall insure to itself permanent domestic supplies of the staples of food and clothing; and justice requires that agriculture, the chief employment of the people, shall share in the benefits of this beneficent policy.

Sixth. Sheep husbandry, that important branch of agriculture which provides the most essential material for clothing and also supplies a factor in the food supply that is of prime value and importance, has therefore a double claim upon the fostering care of the Government.

The need of revenue for Government expenses amply justifies the duty on wool, a commodity which, in its crude state, has brought into the Treasury of the United States in a single year the great sum of $21,128,729. The wisdom of developing an ample domestic supply of wool and mutton, and the advantage to those engaged in all other occupations through the lessening competition in their own employments, of preserving and increasing the great agricultural industry of sheep husbandry, is ample justification for making the rate of that duty sufficient to effectuate those purposes. Long experience, coupled with conclusive testimony which has been abundantly produced prior to the passage of each tariff act in the past 45 years, demonstrates that those purposes can not be made effective with rates on wool less than those now in effect, and with this necessity before us, it must now be pointed out that to secure the advantages of these duties to the American woolgrowers it is necessary that their wools be manufactured in the United States. If sold elsewhere, there can only be realized the prices prevailing in the foreign markets, less the cost of transportation thereto; and if American wool could be sold in such markets, the duty on imports would be superfluous, either for revenue or for protection.

To permit the use of the wool in this country, it is therefore necessary that conditions favorable to its domestic manufacture shall exist. And owing to the low cost of labor in the woolen mills of Europe, woolen manufacturing in America is only possible if an import duty is assessed upon the product of the manufacture of wool sufficient to equalize the difference in the cost of their manufacture here and abroad.

We have now, therefore, to inquire in what these differences of cost consist and how duties must be formulated to equalize them, while at the same time producing an adequate share of the Government's needed revenue.

The chief factors which enhance the domestic cost as compared with the foreign are:

(a) The higher cost of raw material in the United States, which necessarily results from the duty imposed upon foreign wool, which duty, it must be remembered, is one of the important producers of revenue to the Government, besides, at the same time, serving to sustain and develop sheep growing in this country.

(b) The higher rates of wages of the workers in the American mills—averaging, according to Government reports, from two to four times the wages paid abroad. These higher American wages constitute the most convincing justification of the protective system of raising revenue.

(c) The larger amounts of capital required for a given plant in America, because its buildings, as well as its equipment, have been created under the American system, whereby, through the great diversity of employment made possible by the protective tariff, competition in other trades has been reduced, so that those engaged in the improvement of real estate and the erection of buildings have had their wage rates enhanced side by side with those employed in the manufacturing industries. The higher cost of machinery, which if imported from abroad has had the import duties added, or if made here has been enhanced through the cost of higher wages its makers have enjoyed in the consequence of the tariff.

These factors of increased domestic cost which we have found to be higher cost of raw material, higher wages, more expensive plants it has been the policy of this Government—a policy the approval of which has been reaffirmed by the American people times without number—to offset by raising its revenue on imports in such manner that the revenue tax imposed upon imports shall be sufficient, when added to the foreign cost of the imported article, to make up the difference with a reasonable profit, sufficient to attract capital and lead to the development of these industries in America.

In the woolen industry this is accomplished by two kinds of duties—specific, i. e., a fixed and definite rate per pound, and ad valorem, or a percentage of the foreign price.

The first, the specific duty, is known as "compensatory," i. e., it is to compensate or equalize the cost of wool in the imported goods to a parity with the cost of wool in similar goods made in America. This compensatory duty on manufactures of wool simply makes effective the duty on the unmanufactured wool. If the compensatory duty were not imposed, the duty on wool would be useless, for raw wool would not then be imported, because it would be so much more advantageous to import the wool in a manufactured form, in which condition, in the absence of compensatory duties, it would yield neither the contemplated revenue to the Government nor any protection to the woolgrower.

Let it then be clearly understood that the compensatory duties on the products of wool are duties on the wool in those products.

It is necessary now to notice a peculiarity of the raw material, wool, which differentiates it from most other commodities. When shorn from the sheep in its natural condition, it contains a large amount of grease, dirt, and impurities which must be washed or scoured out before it is in fit condition for manufacture.

This foreign matter varies in different kinds of wool, grown in different localities, from 30 to 80 per cent of its gross weight, the average being about two parts of dirt and grease to one part by weight of clean wool. If it were the common practice to remove this dirt and grease before the wool was offered for sale, so that the wool of commerce was always clean and free from grease and impurities, the determination of a rate of duty would be very simple. But such is not the case. Custom varies in this respect very greatly. Some small part of the wool product of the world is thus scoured before it is brought to the manufacturer. Some is partly cleaned by washing the sheep in streams of running water before shearing, but vastly the larger portion is marketed in its crude, unclean condition. And for this there are excellent reasons. The woolgrower has not and can not well have the large and costly machinery necessary for the thorough and proper scouring of wool. If he did, it would be idle and useless during all but the small fraction of time required to scour his annual clip and thus prove a costly charge upon his industry.

Moreover, wool scoured long in advance of its manufacture does not work so advantageously as that which is left in its natural condition until needed; so, therefore, the user of the wool will prefer for most purposes to purchase it in its natural condition, or, as technically known, "in the grease."

In view of these facts it is necessary to provide one rate of duty upon wool in the crude or unwashed condition, another for the wool that has been partly cleaned by washing on the sheep's back, and still another for that which has been fully cleaned by scouring.

The amount of grease, dirt, and so forth, contained in different grades of wool grown in different climates, upon different soils, not only varies by infinite degrees, but wool taken in different years from the same sheep will vary greatly, according as the weather conditions prior to the shearing time have been dry or rainy. It is therefore utterly impossible to classify wools for customs purposes according to the amounts of shrinkages; and it has been necessary to determine an average ratio of clean wool in the unwashed and in the washed (partly clean) condition. This has for an indefinite period been established as 1 pound of clean wool in 2 of washed wool or in 3 of unwashed wool. This ratio has been approved by repeated investigations by committees of Congress and Government commissions, and by its adoption in every tariff act of the United States that has imposed a duty on wool since 1867.

If, then, a certain rate of duty is enacted per pound on unwashed wool the approved ratio requires twice that rate on washed wool and three times that rate on scoured wool, because 3 pounds of unwashed wool grown in great abundance and accessible to foreign manufacturers, or 2 pounds of washed wool, will yield 1 pound of scoured clean wool.

But a considerable portion of the clean wool is lost in the further processes of manufacture. This consists of foreign vegetable matter, such as burrs, seeds, and so forth, which have become entangled in the fleece, together with the portion of the fiber that can not be separated from this foreign matter, and also the fibers that are too short to remain in the mass in the operation of carding, combing, spinning, and so forth, and are lost out as waste.

Further wastes are created in the subsequent operations of converting the yarn into cloth, so that from the first stage of washing or scouring there is a progressively diminished remainder of the commodity upon which the duty would have been paid had it been admitted in its original crude form. And it must be clear that with this lessening there is a proportionate enhancement of the duty charges upon the remainder.

These compensatory duties—the duties on the wool in the manufactured and partly manufactured articles—have probably been more imperfectly understood than any other provision of the various tariff acts in which they occur, and consequently have been the subject of unlimited misrepresentation and criticism by those who are unwilling or unable to devote the necessary time and intelligence to attain a proper comprehension of their purpose and operation.

Let us first see how the ratios were determined. It was by no accidental or haphazard procedure that proportions were ascertained which have for more than 40 years withstood the united efforts of foreign interests and domestic ignorance. In 1865, in accordance with the provisions of an act of Congress, a commission was appointed for the consideration of a revision of the revenue laws. This commission consisted of David A. Wells, Stephen Colwell, and S. S. Hayes.

The investigations of this commission were continued throughout a period of upward of two years, and in its consideration of the subject of the tariff rates on wool and woolens this commission arranged for conferences at which were present representatives of the woolgrowing interests and of the woolen manufacturing industry from different sections of the country.

And right here let it be understood that these conferences of delegates representing the woolgrowing and manufacturing industries were held at the instance and under the direction of a commission of the United States Government. Some gentlemen seem to be laboring under the delusion that by some sort of secret and subversive conspiracy these ratios were imposed upon a credulous and unsuspecting Congress than which nothing could be farther from the truth. The commission charged with the duty of examining the revenue laws of the Government, with a view to their revision, sought to inform itself fully upon all the technical questions involved, and in connection with its consideration of the wool tariff arranged for conferences for the discussion of that branch of the subject in all its phases. The conferences proceeded with great deliberation, lasting over a period of about six months, sessions being held in Syracuse, New York, Philadelphia, and Washington. And the mature result of all this investigation and discussion was the formulation of certain fundamental ratios as proper and equitable in the application of the wool duty to the wool in manufactured

products. The soundness of the conclusions then reached is evidenced by their indorsement in the report of the revenue commission, their approval by the then Secretary of the Treasury, the Hon. Hugh McCulloch, and their subsequent approval by the Ways and Means Committees of four Congresses, by a like number of Committees on Finance of the Senate, and by the adoption of these ratios by these four Congresses.

The authority for the statement as to the origin of the ratios is found in Revenue Commission Report, page 441, as follows:

And provided further, That the duty on wool of the first class which shall be imported washed shall be twice the amount of duty to which it would be subjected if imported unwashed; and that the duty upon wool of all classes which shall be imported scoured shall be three times the amount of the duty to which it would be subjected if imported unwashed.

Also, in the Revenue Commission Report (p. 444), relating to the equivalent of the duty on 4 pounds of unwashed wool to the compensation on 1 pound of cloth, I quote as follows:

It was the concurrent testimony of experienced manufacturers that 4 pounds of Mestiza wool, of the class coming within the prices designated and paying a duty of 3 cents per pound, are required to make a pound of finished cloth. That all doubt might be removed as to the correctness of this statement, which furnishes the most essential element for calculating the amount of duties required for woolen cloths, the committee have sought to obtain memoranda of actual experiments made without reference to any discussion of tariff questions. * * *

The report then continues with detailed statements of the data derived from practical tests upon which was based the findings of the committee, and then concludes with the statement:

The fact, then admitted, and since so fully corroborated, that 4 pounds of wool, paying a duty of 3 cents per pound, are required to make a pound of cloth, formed the basis of the tariff upon woolens in the bill of 1861. (See p. 455, Revenue Commission Report.)

Is it not an insult to the intelligence of the very large number of men of the first ability who in both branches of Congress have for many years given this subject the closest study and after the most ample investigation and discussion have approved these ratios, to insinuate at this late day that these proportions of the compensatory duties were originally adopted without a comprehending knowledge of their significance; and that at intervals, 23, 30, and 42 years later, after a rehearing of all the arguments, and with the advantage of years of practical observation of the operation of the rates, they were ignorantly reenacted.

Upon each of these later occasions the reenactment followed an experience of an intervening period during which these ratios had been temporarily abandoned with such bitterly disastrous results as to lead to their prompt reenactment.

The Democrats seem to be under the impression that those who are really technically qualified by lifelong personal relations with successful practical work of a great industry to know how that industry would be affected by proposed legislation are, by the fact of such relationship, disqualified from giving the benefit of their knowledge to those who are charged with the duty of making the laws.

To the ridiculous and illogical contention that the rates have been made by those engaged in the industries I know of no simpler nor more effective answer than that made by a witness before the House committee to a question implying a similar assumption. The reply of the witness was:

You invite us to give testimony. If you give credence to our testimony as reliable, if you act on that testimony as being that of honest men given in their best judgment, and you guide yourselves by that in your conclusion on the facts—in that sense the manufacturers assist in fixing the duty.

In this connection it is to be noted that at the time when the ratios under consideration were first adopted, worsted manufacturing had just been commenced in the United States and was of such insignificant proportions that it did not constitute a factor of any influence in the discussions then conducted. The woolen manufacturers participating in these conferences were almost exclusively interested in what is now known as carded-wool manufacturing.

These ratios, to repeat, are:

Unwashed wool, single duty.

Fleece-washed wool, double duty.

Scoured wool, triple duty.

Cloths, four times single duty.

These ratios have been in effect during most of the time since then, and in the only period when they have not been, viz, under the act of 1894, the industry suffered most serious prostration. The experience of the larger part of the intervening period of 45 years and under four different revenue acts, in which these ratios were incorporated, has demonstrated the correctness of those conclusions which at that time were approved by the woolgrowers, whose industry was intended to be thereby protected by those rates; approved by the representatives of the carded-woolen industry, which then represented 99 per cent of the woolen manufactures of the country; approved by the semi-judicial revenue commission, which investigated the subject; approved by the then Secretary of the Treasury, who indorsed the report of the commission; and approved by Congress, which, in 1867, enacted these rates into law; approved again by Congress in the reenactment of the same ratios in the laws of 1890, and yet again in 1897 and 1909. Upon each of these occasions the ratios of the compensatory duties were discussed at length by the committees of Congress, and in the sessions of the House and of the Senate. Why it is inconceivable that these rates, which have been examined, discussed, and approved by four generations of legislators, are not fundamentally right; that they are still correct is abundantly shown by voluminous evidence submitted to the Ways and Means Committee of the Sixty-first Congress, as contained in the published reports of its hearings, and later the Tariff Board's report.

It is sometimes asserted that all wool does not lose two-thirds of its weight in scouring—that it does not require 4 pounds of some kinds of unwashed wool to make 1 pound of some kinds of cloth. These assertions are not denied; they never have been denied. It is equally true that the foreign wages of labor are not in all countries uniformly less than in the United States. For instance, it is well known that the wages of woolen manufacture in England average about one-half those paid in the United States; while in Germany, due to the large percentage of female labor employed, the average for the same trades is but one-third or less than one-third of those paid in the United States. If the protective duty on manufactures of wool—the consideration of which I have not yet reached and refer to here incidentally only to illustrate this point—is made only sufficient to equalize the difference between American and British wages, it would not be sufficient to protect against the lower wages of Germany. But if it is made adequate to equalize the difference between American and German wages, it will also protect as against those of Great Britain, though it may perhaps be more than absolutely necessary for the latter purpose alone. Now, it is quite impracticable to have different rates of duty upon similar products coming from different countries, these rates being based upon the fluctuating difference between the wages of the respective countries and those of the United States. It has therefore been necessary to adopt a rate sufficient to protect against the country of the cheapest labor. This principle applied to the protection of labor is the underlying one in the compensatory duties in Schedule K.

To illustrate: It does not require 3 pounds of all kinds of wool in its natural condition to make 1 pound of scoured wool, yet wools are abundantly produced in the world which in scouring require 3 and 4 pounds to make 1 pound of scoured product, and protection for these insures the full measure of duty to growers of wools of less shrinkage when levied in this ratio; and similarly it would be utterly impossible, hopelessly impracticable, to adopt ratios in the compensatory duties on the woolen schedule that would separately meet the many variations in the shrinkage of different wools or the varying quantities of different kinds of wool and substitutes that would be necessary to make the countless kinds and varieties of cloth.

This is not a new question, nor has adequate and satisfactory answer been wanting in the past. It is a phase in the tariff that has been discussed whenever tariff legislation has been under consideration by Congress. The revenue commission, to which I have already referred, considered these aspects of the subject more than a generation ago, and in its report will be found incorporated the following views. I read from page 447:

It will be observed that no provision is made in the tariff bill proposed for the admission of the class of goods under consideration at lower duties in proportion to the diminution of the foreign cost, as provided in other portions of the bill. The minimum principle has been expressly excluded from woolen cloths for the purpose of shutting out those made of shoddy, mungo, and waste. Cloths costing less than 80 cents per pound must be made to a greater or less extent of these materials. Fabrics which the consumer can not ordinarily distinguish from cloths composed of sound wool are made containing as much as 80 per cent of these substitutes for wool. These goods, if admitted at moderate duties, would take the place of our sound cloths, and the American manufacturer would be compelled to reduce the price of his cloths by fabricating them of the same worthless material or surrender the business to the foreigner. The American manufacturer will thus have but little inducement to adulterate his cloths if so disposed. It is but justice to the American manufacturer and for the benefit of the woolgrower and consumer that equally stringent duties should exist against shoddy cloths. If cheap cloths should be admitted under low duties, this country would be inundated by the wretched fabrics of Batley, 25,000 workmen in England being employed in converting shoddy and mungo into cloths of an annual value of $30,000,000 and consuming 65,000,000 pounds of these materials—more than our whole clip of wool in 1860. American wool would have no competitor so formidable if the barriers against shoddy goods existing in high specific duties should be removed.

For the reasons so clearly stated by that commission I am unalterably opposed to the admission, free of duty, into our

markets of woolen rags of the lowest grades, gathered in foreign countries, which rags carry contagion, and when converted again into wool fiber, spun into yarns, and woven into cloth are an imposition upon the unsuspecting consumers, and should be excluded from our markets. It will be observed that under the Wilson-Gorman tariff law of 1894, which placed rags on the free list, the importation of rags during a single year reached the enormous quantity of 28,000,000 pounds, all of which at that time was converted into cloths and sold to our people as new woolen clothing—an imposition and a fraud upon its face.

The Dingley and Payne laws, which followed the act of 1894, imposed a duty of 10 cents per pound on rags, and under that rate of duty the importations receded from 28,000,000 pounds to an average of but 100,000 pounds per annum. I consider this item in the woolen schedule of greatest importance to our people and believe that such "riffraff," which is worked over into so-called new clothing, should be excluded from our markets; but our Democratic friends, in the Underwood bill now under consideration, have placed rags on the free list, and if their bill is enacted into law in its present form we may again look for a great volume of imported rags, and again the innocent purchasers will be defrauded.

The Tariff Board, in their recent report on Schedule K, state that properly verified information was obtained from 174 mills situated in 20 different States, representing over 46,000 looms, 1,900,000 producing spindles, and 109,000 employees, which, considering the number of looms and employees, comprises two-thirds of the productive capacity of the industry in the United States. The European work on wages and costs of production extended to England, France, Austria, and Belgium, and in all these countries rates, wages, output, or production per machine and per operative were secured for weavers, spinners, carders, and many others. In the revision of Schedule K it is my contention that the report of the Tariff Board should be most carefully studied. It most convincingly discloses the absolute necessity of adequate protection to the industry—the woolgrower as well as the manufacturer.

The board in part reports as follows in regard to wool costs:

The result of the raw-wool investigation establishes the fact that it costs more to grow wool in the United States than in any other country; that the merino wools required in such great volume by our mills are the most expensive of all wools produced; that the highest average cost of production of such wool in the world is in the State of Ohio and contiguous territory; and that the lowest average cost on similar wool is in Australia.

It is not possible to state in exact terms the actual cost of producing a pound of wool, considered by itself, for the simple reason that wool is but one of two products of the same operation. That is to say, flocks produce both fleeces and mutton—products entirely dissimilar in character and yet produced as the result of the same expenditure for forage and for labor. The board has deemed it best, therefore, for the purpose of this inquiry, to treat fleeces as the sole product, and charge up against their production the entire receipts from other sources. This method gives an accurate return so far as general results of flock maintenance are concerned—results which are comparable as between various sheep-growing regions.

In order that results from different sections and from different countries might be more comparable, the item of interest on investment—which varies from 4 to 6 per cent in Australia and from 8 to 10 per cent in our Western States—was left for consideration in connection with profits. For a similar reason the actual productive cost of harvested crops fed to flocks was used instead of the market value of same. On this account the expense charges shown are materially lower than those commonly quoted in the industry.

Figured in this manner, the board finds:

That after crediting the flock with receipts from all sources other than wool the latter product, in the case of fine merino wools of the United States, is going to market with an average charge against it of not less than 12 cents per pound, not including interest on the investment.

That the fine wools of the Ohio region are sold bearing an average charge for production of 19 cents per pound.

That in the States east of the Missouri River wool production is incidental to general farming. More stress is laid upon the output of mutton in some States than of wool. In such cases the receipts for the sale of sheep and lambs ordinarily covers the flock expense, leaving the wool for profit. The position of the fine-wool producer, however, not only of the Ohio region, but of the far West, is radically different. In the western part of the United States, where about two-thirds of the sheep of the country are to be found, the fine and fine medium wool carries an average charge of at least 11 cents per pound, interest not included.

That in South America the corresponding charge is between 4 and 5 cents per pound; that in New Zealand and on the favorably situated runs of Australia there is little or no cost charged against wool. So that, taking Australia as a whole, it appears that a charge of a very few cents per pound lies against the great clip of that region in the aggregate.

The board finds that in the western United States the capitalization per head of sheep, exclusive of the land values, is $5.30, and that the labor, forage, and necessary miscellaneous expenses in the Western States exceed $2 per head per annum, as against a cost, covering the same elements of expense, of less than $1 per head in Australia and about $1.15 per head in South America.

The only complaint or fault found by the Tariff Board in our present specific rates of duty on wool in the grease, which is 11 cents per pound on wools of the first class, is that the law discriminates against heavy shrinking wool. The report says that the importation of wool of the first class from South America and Australia comprises about a 50 per cent shrinking wool. It will therefore be observed that 11 cents per pound on wool shrinking 50 per cent is 22 cents per pound on the wool contents. For example, out of 100 pounds of wool in the grease there are 50 pounds of wool contents and 50 pounds of dirt, while in heavy shrinking wool, say, a 75 per cent shrinking wool, out of 100 pounds of wool in the grease there are 25 pounds of the clean or scoured wool and 75 pounds of dirt. Therefore 11 cents per pound on 75 per cent shrinking wool in the grease would amount to 44 cents per pound on the real wool contents of the fleece. The complaint against the existing law made by the board is that only light shrinking or 50 per cent shrinking wools are imported, but the report admits that there is an abundance of light shrinking wool in the world which freely comes to our markets.

The Tariff Board, in their report, show approximately 575,000,000 sheep in the world, 92,000,000 of which are found in Australia; 83,000,000 in Russia; 67,000,000 in Argentina; and 53,633,000 in the United States. This shows the United States to be the fourth nation of the world in the number of sheep. In the production of wool, however, the United States is third, as Russia produces some 90,000,000 pounds less than the United States. The following are the leading wool-producing nations: Australia, 718,000,000 pounds; Argentina, 414,000,000 pounds; United States, 328,000,000 pounds; and Russia, 238,000,000 pounds. The total wool production of the world is 3,000,000,000 pounds, 55 per cent of which is produced in the four nations above mentioned. In the year 1911 the consumption of wool in the United States, in round numbers, was 525,000,000 pounds and our imports 200,000,000 pounds. It will be observed we produce 62 per cent of our consumption and import the balance. The report of the Tariff Board shows that Australia exports some 700,000,000 pounds of wool, a quantity three and one-half times as great as our total importations, and a large portion of this 700,000,000 pounds is light shrinking wool. It is therefore evident that there is an abundant supply of wool that could be imported in the event of a wool shortage in this country.

However, the board discourages the application of an ad valorem duty for the reason that the woolgrowers and the woolen manufacturers are most in need of a high rate of protection or duty when prices are low and need protection the least when prices are high. An ad valorem duty advances with the advance of the price of the article and recedes with receding prices; whereas a specific duty recedes when the price of the article advances and increases when prices fall off.

To illustrate, I would say the present duty of 11 cents per pound on wool of the first class, when foreign wools are selling in the United States duty paid at 22 cents per pound, is 100 per cent ad valorem, or equal to the foreign value, 11 cents; for of the 22 cents per pound received by the foreigner for his wool when disposed of in our markets 11 cents per pound must be paid to the Government as duty upon the wool, and he takes home with him 11 cents per pound, which represents his net proceeds. If the price of wool was to advance to 33 cents per pound duty paid, then the duty, 11 cents per pound, would be but 50 per cent ad valorem. On the other hand, if an ad valorem duty of 50 per cent was placed upon the wool, when the foreign value is 11 cents per pound, the duty per pound would be but 5½ cents per pound, and should the wool advance in price and reach 30 cents per pound, foreign value, a 50 per cent ad valorem duty would amount to 15 cents per pound at the very time when the woolgrowers needed protection the least. In short, as stated before, an ad valorem duty would advance with an increase of prices and recede when prices go down, which is right the reverse of the operation of a specific duty. Therefore, an ad valorem duty on wool and woolens would be inadvisable, nonprotective, and more difficult of administration.

The board report contends that there are some rates in the present law on wool which are excessively high, which exclude certain particular foreign-made goods of certain grades from our markets, but the board points out that the manufacture of those grades of goods has been so stimulated in the United States on account of protection afforded that the keenest kind of competition has sprung up among our domestic manufacturers, and that the consumers are receiving the benefit of this competition, and the difference between the selling price of these goods in this country and abroad is much less than the duty.

The board shows that the cost of production in the United States is from 100 to 170 per cent higher than the cost of production in England, France, and Germany, where labor receives

less than one-half that received by American labor in the same class of work. It is a well-known fact that in most European countries competitive labor receives not more than 25 to 30 per cent of the wages paid in the United States, while in the Orient, China, and Japan such labor is paid but from 10 to 30 cents per day.

Further, the board finds that while the cost of production in the principal European countries is less than one-half the cost of production in the United States, the consumers in this country do not pay that difference in the cost of conversion with the duty added.

It seems evident that the placing of wool on the free list will result in the destruction of sheep husbandry in the United States, and I am therefore unalterably opposed to the removal of the duties on wool, and I am unalterably opposed to the crippling of American labor by placing it on a par or a level with foreign cheap labor receiving low wages, as I have mentioned before.

The Democratic Party experimented with free wool in the Wilson-Gorman bill 20 years ago. The result was disastrous, not only to the sheep husbandry of the country but to the manufacturers as well, and as this bill proposes to place wool on the free list and greatly reduce the protection given to American labor employed in our woolen mills I am opposed to it. The so-called Wilson-Gorman law of 1894 carried an ad valorem duty on manufactured woolens of from 40 to 50 per cent, while the Underwood bill would place the duties on the same class of goods at 35 per cent ad valorem. When we consider the fact that the Wilson-Gorman law proved most disastrous to the woolen industry, what may we expect from the rates now proposed, which are from 10 to 30 per cent lower than the rates of the last Democratic experiment?

Labor has nothing to sell but the sweat of the brow; labor has no income except what it receives in exchange for manual efforts. A man with employment is a valuable asset to the Nation; a man without employment is valueless to the Nation and to himself. A law that will make work for a man's hands will make work for his teeth. I condemn this bill as one that will be destructive to American industries, American labor, and American progress and continued prosperity.

Mr. PAYNE. Mr. Chairman, I yield five minutes to the gentleman from Oregon [Mr. SINNOTT].

Mr. SINNOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 129, line 20, after the word "animals," insert "and all articles made from such wool or hair."

Mr. SINNOTT. Mr. Chairman, the amendment which I have offered aims to place upon the free list all articles manufactured from wool. In other words, it aims to give the masses, the consumers of this country, free woolen clothing. In offering this amendment I do not offer the same in any retaliatory spirit. I do not offer it on the theory that misery loves company, nor do I offer it because I come from one of the great woolgrowing States, nor for the reason that my district is one of the largest woolgrowing districts in the Nation, nor because a great many of my constituents will be put in a hole by the adoption of a free-wool paragraph. But I offer it for the purpose of making this bill, so far as it concerns wool and woolens, a consistent and harmonious whole.

Mr. Chairman, I have repeatedly cited for the Democratic Party its tariff plank assuring the Nation that no legitimate industry would be injured by its tariff legislation; but the Democratic Party, by placing wool upon the free list, has absolutely ignored and repudiated that plank. You have promised us a square deal and no favors in your tariff legislation. I now call upon you to fulfill your promises for a square deal. If wool goes upon the free list, then a square deal demands that clothing shall be placed upon the free list.

Mr. Chairman, this bill aims to visit the iniquities of Schedule K almost solely upon the wool raiser. The wool raiser has never been the beneficiary of the so-called iniquities of Schedule K, but the manufacturer has, as has been shown repeatedly in the report of the Tariff Board. This report shows that the compensatory duty for numerous classes of goods is much in excess of the amount needed for strict compensation; that the woolen manufacturer has been purchasing imported wools at 21 cents per scoured pound, instead of 33 cents, as contemplated in Schedule K. The gentleman from Pennsylvania [Mr. MOORE] said the other day that there was invested in woolen manufactures $415,565,000. The census shows an investment of $518,000,000 in sheep raising in this Nation. One is as much deserving as the other, as is shown by Mr. Page's article which was quoted here the other day. On page 461 of the April number of the North American Review he states, referring to the woolgrowers:

Their past history and their present character are as meritorious as those of any other class of Americans. If tariff reduction is to be effected without interfering with business, their business deserves as much consideration as any other.

Again, on page 460, this Democratic member of the Tariff Board, who has so frequently been quoted here by Democrats, says:

It is therefore of practical importance, and it is also right, to ask who will benefit by the repeal of the wool duty. The ready answer is the consumer. And the answer is true, but not in the degree that is popularly supposed. In most fabrics the cost of the material they contain is a small part of the price the consumer pays for it. Thus the cloth in a typical man's suit that retails for $25 requires about 9½ pounds of raw wool of moderate shrinkage, and if it is of good quality the grower receives approximately $2.25 for it. The most ardent advocate of tariff reduction could not expect the removal of the duty to reduce this sum by more than the whole amount of the duty; that is, $1.05. Assuming that this occurred and that the reductions were passed along through the successive stages of trade to the ultimate consumer, then this personage could purchase a $25 suit for $24. But the assumption is violent in both its parts. The cloth maker who buys his wool at a lower price is not likely to give the whole benefit to the maker of clothing, nor he in turn to the retail merchant. And this last intermediary, knowing that his customers are verily creatures of custom, and that the ordinary purchaser of a $25 suit is little influenced by a reduction of 4 per cent, is perhaps least likely of all to change the price of his wares. Furthermore, the cloth maker would by no means save the whole nominal amount of the present duties if their removal enabled him to purchase abroad.

On another page this writer intimates that the actual duty is only one-half of the nominal duty of $1.05.

Mr. Chairman, the Tariff Board report shows the investment, expenditures, and receipts in my State on 229,000 head of sheep; that with wool selling at the rate of 14 cents a pound the profit on those sheep was about $50,000. If the price drops 4 cents a pound, the loss on running these sheep will be $15,000. There are over 2,000,000 sheep in my district. In your bill you have put wool and potatoes and, for all practical purposes, wheat, hay, and cattle on the free list or with a very small rate. In view of all this, Mr. Chairman, my farmer constituents are not going to be deterred by any sentimental ideas of benevolence or altruism from demanding a "square deal" from the gentlemen on the other side of the aisle. If free wool and free produce of the farm is forced upon us we should in justice have free clothing. Mr. Chairman, I had something to say the other day about the Oregon system, that the Republicans kept their pledges under the Oregon system. The Democrats in my State have also kept their pledges under the Oregon system. Democratic delegates were pledged to vote for Woodrow Wilson at the Baltimore convention, and they not only so voted but after a stampede was started by the State of New York for Mr. CLARK, Oregon, by calling forth a counter demonstration, stopped that stampede, and the result of the work and loyalty of the Oregon Democratic delegates in that convention was the nomination of Woodrow Wilson. He also received the electoral vote of Oregon.

Mr. Chairman, in view of the generous treatment the Democratic Party has had from the State of Oregon, in view of the fact that that Republican State has given you two Democratic Senators and has assisted very materially in the nomination and election of Woodrow Wilson, Oregon's industries have fared badly in this bill.

Mr. Chairman, the State of Oregon has a seal. The top or crest of that seal is an eagle. The old motto or slogan of the State was "Alis volat propriis"—"She flies with her own wings." Mr. Chairman, if the Democratic Party, at the dictation of President Wilson, is going to strike down the wool industry in my State and in turn refuse us free clothing, is going to put the products of the farmer on the free list, the State of Oregon, which has so favored the Democratic Party, may well ponder over those lines of Byron:

So the struck eagle stretched upon the plain,
No more through rolling clouds to soar again,
Viewed his own feathers on the fatal dart,
And winged the shaft that quivered in his heart.

[Applause on the Republican side.]

I print as a part of my remarks the following letter:

ENTERPRISE, OREG., *April 24, 1913.*

Hon. N. J. SINNOTT, M. C.,
Washington, D. C.

DEAR SIR: In reply to your inquiry about the proposed Democratic tariff bill, will state that I have heard a great deal of discussion in relation to the same. So far the only ones indorsing it are old rock-ribbed Democrats who have lifelong prejudices against anything Republican. There is about as much resentment among the ordinary Democrats as there is dissatisfaction among the Republicans over the prospect of free wool.

You will hear all kinds of expressions, and in making a general summary, I am firmly of the opinion that unless something extraordinary happens between now and the end of the present administration, President Wilson nor no other Democrat can be elected again.

Many Democrats have turned against the administration because of the advocacy of free wool, and they are outspoken in their denunciation.

Of course woolgrowing is one of the principal industries of this county, and if it is crippled or destroyed nearly every inhabitant will be affected. Every merchant, farmer, banker, lawyer, etc., is dependent to some extent upon the sheepmen. The merchant supplies his camps with merchandise, the farmer sells him hay, the banker lends him money, and nearly everybody gets some of the sheepman's money.

All have figured out that free wool will not reduce the cost of clothing to the consumer, because the amount of wool in an ordinary suit is at the most only 3 or 4 pounds.

Of course the Democrats are playing for vote of the laboring man in the eastern factories, and will not put the manufactured woolen product on the free list. They may hold that vote, but they will lose the balance of the laboring vote, especially in the West.

The only thing that will reduce the cost of clothing would be to take the tariff off the manufactured product. If they do this they will lose the eastern labor vote.

These are only a few of the things that are being discussed in this vicinity by the farmer and every other citizen. To me they indicate a growing discontent with the policies of the present administration.

Yours, truly,

CARL ROE.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PAYNE. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. SWITZER].

Mr. SWITZER. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend paragraph 653, on page 129, by striking out the period at the end of the word "animals," in line 21, and insert instead a colon and add thereto the following: "*Provided*, That whenever any of the foregoing articles are exported to the United States, if the export or actual selling price to an importer in the United States, or the price at which such goods are consigned is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to the United States at the time of its exportation to the United States, there shall be levied, collected, and paid on such article on its importation into the United States a special duty (or dumping duty) equal to the difference between the said export or actual selling price of the article for export or the price at which such goods are consigned and the said fair market value thereof for home consumption, provided that the said special duty shall not exceed 15 per cent ad valorem in any case.

"'Export price' or 'selling price' or 'price at which such goods are consigned' in this paragraph shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to the United States.

"The Secretary of the Treasury shall make such rules and regulations as are necessary for the carrying out of the provisions of this paragraph and for the enforcement thereof."

Mr. HARRISON of New York. Mr. Chairman, I make the point of order that this amendment is not germane to this portion of the bill. There is another portion of the bill which carries almost precisely the same language, and the gentleman's amendment would be germane at that point.

The CHAIRMAN (Mr. CRISP). The present Chairman is a temporary occupant of the chair, and if it is agreeable to both parties the amendment will be retained at the Clerk's desk with the point of order pending against it and the permanent occupant of the chair can pass upon the point of order.

Mr. SWITZER. Mr. Chairman, I desire to state, first, that I will favor the amendment to strike this paragraph from the free list and place raw wool upon the dutiable list. I favor a duty upon raw wool which will be protective, and in my judgment a protective duty at this time should not be less than 18 cents a pound on the clean content. But I have no doubt that the amendment will fail which asks for the striking of this paragraph from the free list. And as the dumping clause has been construed by an able Democrat from the State of Georgia as not applying to articles upon the free list, I therefore offer this amendment. If there is any one industry in the United States that will need the direct protection afforded by the dumping clause, as set out in section 4 of this act, upon the passage of this bill, it certainly is the wool industry of this country.

Wool has been placed upon the free list no doubt at the request of the real leader of the Democracy, our President, who has harkened to the call of Mr. Bryan, the avowed enemy of the woolgrower of this country. The argument that there will not be any great importations of wool will not down. We consume something like 500,000,000 pounds of wool yearly. We produce only in the neighborhood of 300,000,000, and necessarily our yearly importations will be in the neighborhood of 200,000,000 pounds. There have been excessive importations in the past, and removing the protective duty that is now on raw wool will certainly increase these importations enormously. The product of the American woolgrower, from something like 57,000,000 sheep, will come in direct competition with the product of the 100,000,000 sheep of Australia, the 100,000,000 sheep of South America, and the 50,000,000 of South Africa, and New Zealand and other islands. In other words, the wool product of 57,000,000 of sheep in the United States will be in direct competition with the product of the remainder of the world's herd of some 250,000,000. The cost of keeping and clipping the American sheep is $2.11 a head. In Ohio it is as high as $2.46 a head. The cost in Australia is 93 cents a head, in South America $1.15 a head. Anyone can see that the competition will be strenuous.

My Democratic friends say that they are not in favor of protection by resorting to a scheme of indirect taxation. They say they are in favor of legislation that will directly protect by providing a law that under certain conditions articles on the dutiable list will be prohibited from coming into the United States unless they pay an extra duty. Every reason that can be named for asking for such a law as this in behalf of articles upon the dutiable list certainly will apply to raw wool, which by this bill is placed on the free list. The woolgrower of this country, the American farmer, certainly will be asking soon why he is not given a square deal.

Mr. Chairman, I yield back the rest of my time.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. SWITZER] has expired.

Mr. PAYNE. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. WILLIS].

Mr. WILLIS. Mr. Chairman, since I have already expressed my views upon this schedule at considerable length, I do not desire to occupy the time of the House very long this morning. I move to strike out paragraph 653, which paragraph provides that wool shall go on the free list. I am in favor of a specific duty of 18 cents per pound on the scoured wool content, in accordance with the recommendations of the Tariff Board.

The CHAIRMAN. The amendment will be considered as pending.

Mr. WILLIS. The real purpose for which I rose was to read a letter which I have received from a farmer in Ohio. I am receiving a great many letters of this kind. The farmers and laboring men of this country, the business men, the miners, and others are waking up to what is involved in this bill. The farmer understands that he has been buncoed, that his farm products and his wool are put on the free list, yet the woolen clothing he buys is protected, and this farmer friend takes his pen in hand and writes some things which I shall read before I sit down. He starts off well. He says:

Please hand this to the fellow that you think it will do the most good.

That is what I propose to undertake to-day—I shall endeavor to hand it to you. I do not know of any gentlemen that would be benefited more by the teachings of this letter than my friends across the aisle.

But before I read this letter I desire to express my admiration and sympathy for my good friend and colleague from Ohio [Mr. SHARP]. Up to the present time he has been consistent in the position which he has taken in this House relative to the tariff on wool. As he correctly stated, when the wool bill was pending two years ago he made a fight to secure a tariff on wool of 30 per cent. At that time the accepted Democratic rate on wool was an ad valorem of 20 per cent, but my colleague from Ohio consistently and properly said that that was not an equitable measure of protection, and he made a fight here in favor of his amendment; he makes a fight to-day in favor of an amendment which would do the farmers and woolgrowers of the country at least a little good, and I compliment him upon his consistency and upon his courage. But I am constrained to invite his attention to the deplorable fact that the people who were in control of the Democratic Party two years ago are not now in control.

At that time the element that was in control was the more conservative element of the Democratic Party, that actually meant it when it said that the rates should be revised downward carefully and consistently. Why, those of us who were here in August, 1911, surely can not have forgotten the amazing spectacle that was then presented in the discussion of the wool tariff. I remember that I saw every gentleman upon that side of the House cheering like mad. I saw my friend from Alabama [Mr. HEFLIN], who for long years has been their recognized cheer leader—and he does his work splendidly—I saw him pounding his desk top until there were great holes beaten into it [laughter] as he cheered, and as his fellow Democrats cheered the denunciation that was heaped upon the devoted head of a certain distinguished gentleman from Nebraska by the Democratic leader, the distinguished chairman of the Committee on Ways and Means, the gentleman from Alabama [Mr. UNDERWOOD]; and I regret very much that he is not here in his seat at this moment.

A MEMBER. He is here.

Mr. WILLIS. I have before me the CONGRESSIONAL RECORD of August 7, 1911. There are a lot of interesting things in that edition. On page 3511 I quote a sentence or two from an article that was written by Hon. William Jennings Bryan. Therein he says:

Some of the Democrats thought Mr. Bryan did Mr. UNDERWOOD an injustice when he charged him with being tainted with protection. What do these Democrats think now, since Mr. UNDERWOOD has put himself at the head of the opposition to Speaker CLARK's tariff-reduction program?

I am reading further from the article of Mr. Bryan:

The tariff on wool was the camel's nose. The animal is trying to enter the tent.

At that time the chairman of the committee [Mr. UNDERWOOD] was advocating a duty on wool of 20 per cent ad valorem. He now puts wool on the free list, according to the terms of this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WILLIS. That is too bad. I will have to extend my remarks in the RECORD. [Applause on the Republican side.]

Mr. PAYNE. Mr. Chairman, I yield the gentleman another minute.

The CHAIRMAN. The gentleman from Ohio is recognized for one minute.

Mr. WILLIS. I thank the gentleman. Then on the next page—3512—the gentleman from Alabama [Mr. UNDERWOOD], after having been received with tumultuous Democratic applause, proceeded to denounce the gentleman from Nebraska, Mr. Bryan, in the most caustic terms, while every Democrat on that side cheered the gentleman from Alabama to the echo. And, remember, that was before the Democratic national convention at Baltimore, when it was discovered that Mr. Bryan was the whole Democratic Party; before the convention at Baltimore, where Mr. Bryan trampled ruthlessly over the mangled political remains of the able and courteous gentleman from Alabama [Mr. UNDERWOOD], and where, by insinuation, innuendo, and misrepresentation the distinguished and beloved Speaker of this House [Mr. CLARK] was deprived of the nomination for the Presidency through one of the most flagrant political wrongs ever committed in the history of this or any other country. It was before all that. But the gentleman from Alabama [Mr. UNDERWOOD] in his speech said:

Mr. Speaker, the gentleman from Nebraska, Mr. Bryan, did not think I was "protectionizing" the Democratic Party when I brought in the free-list bill, when I entered upon the program that the Democrats of that committee outlined. Not until I differed with him on the woolen schedule did he have one word of criticism, so far as my conduct was concerned. [Applause on the Democratic side.] I have not a sheep in my district. There are few in Alabama; there is not a woolen mill in Alabama that I know of. I had to write a woolen schedule that would protect the revenues of this Government, and because I did so and did not obey the command of the gentleman from Nebraska, Mr. Bryan [cries of "Good!" "Good!"], he is endeavoring to try and make the country believe that I am not an honest Democrat in favor of an honest revenue tariff.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WILLIS. The gentleman from Alabama said he did not obey the commands of Mr. Bryan then. Is he obeying the commands of Mr. Bryan now, when he is putting wool on the free list? [Prolonged applause on the Republican side.]

The letter, which I read in part, is as follows:

BELLE CENTER, OHIO, *May 2, 1913.*

Hon. FRANK B. WILLIS,
Washington, D. C.

DEAR FRIEND: Please hand this to the fellow you think it will do the most good.

We who are engaged in the sheep and wool business in a limited way feel we should have the same consideration as our brother farmers, the sugar growers, have had. Work for at least a 25 per cent ad valorem or give us the same chance to adjust our business as you have the sugar growers. Now, for example as to what this tariff tinkering is doing for us sheep fellows: Two months ago sheep were selling for from $6 to $6.50 per head; to-day they can be bought for from $4.50 to $5. Last year we got from 20 to 25 cents per pound for wool; this year from 14 to 16 cents per pound. Is it any wonder we are asking for a little protection or three years' time to get out of the business, as the sugar growers have?

Thanking you in advance, I remain, as ever,

J. F. CARMEAN.

Mr. PAYNE. Mr. Chairman, before I yield further time, I think there is a gentleman on the other side who had some time reserved.

The CHAIRMAN. The gentleman from Colorado [Mr. SELDOMRIDGE] is recognized for five minutes.

Mr. SELDOMRIDGE. Mr. Chairman, I rise to speak on this question for the reason that I possess a certain amount of personal knowledge connected with the condition of the wool-growing industry in the West. My father was engaged in this industry for over 11 years, and I am familiar with conditions that surround the industry so far as Colorado is concerned.

I think, Mr. Chairman, that every careful student of conditions affecting this industry must realize the fact that it is on the wane in this country. In the States west of the Missouri River there are to-day 2,785,000 fewer sheep than there were 9 years ago, and there are conditions affecting the further development of the industry which did not obtain 15 or 20 years ago. The homesteader is rapidly coming into the West. All the available land subject to cultivation is being taken up. The range devoted to sheep raising is being rapidly curtailed, and those who are engaged in the business are obliged each year to see their expenses increase for the maintenance of pasturage, for the employment of labor, and for the purchase of feed and fodder to supply their sheep during the winter months. I contend that if we will analyze closely the conditions affecting the industry, we must recognize the fact that it is not growing as it should have grown if the tariff has been its beneficent friend as is asserted here. In Wyoming there are 200,000 less sheep than in 1909; in Colorado 100,000 less; in New Mexico 350,000 less.

But, Mr. Chairman, let me call the attention of the committee to the fact that the woolgrower of the West will not materially suffer from putting wool upon the free list. The great impetus which has been given to the growing of sheep for mutton has largely eclipsed any value which may reside in the production of wool, and to-day we find all of the men and companies engaged in this business in the West enjoying prosperity and receiving large returns upon their investments. The industry in my judgment can not show to this House any justification for the imposition of a duty upon wool.

The fact is evident, Mr. Chairman, from a study of these conditions, and the further fact that the importations of wool have been rapidly increasing, that the production of wool is not keeping pace with the needs of American manufacture. Why, then, should we place a burden upon the consumer of woolen cloth and clothing in this country in order to maintain an industry which does not need any protection, which is already receiving large returns upon its investment, and the growth of which will be in no way retarded by the taking away of this duty? The only danger which threatens the industry, in my opinion, is that danger which comes from the restriction and limitation of the grazing territory.

Our friends from Ohio, of course, speak very earnestly and urgently about the effect of the tariff upon the growing of sheep in their part of the country, because the woolgrower in Ohio and in the Middle West has not, in my judgment, given his attention so thoroughly and completely to the development of a sheep which will be valuable for its food products as they have to the production of a small-bodied sheep which will produce a greater amount of wool.

Mr. SHARP. Will the gentleman yield?

Mr. SELDOMRIDGE. I can not yield. The western grower has realized the value of producing an animal of large carcass, of sturdy frame, and strength to resist the storms that sweep over the western prairies, and to-day western sheep are commanding in the markets of Chicago and Kansas City a larger price than the sheep from the Eastern States. We are not only doing that, Mr. Chairman, but we are producing a different grade of wool from that produced several years ago, when the growth of sheep was confined entirely to the merino strain. To-day we are producing a coarse-grained wool, which is much in demand in the eastern markets for its valuable manufacturing qualities.

Mr. Chairman, I desire to submit to the committee some figures I have secured which show the tremendous growth of the sheep industry of this country in connection with the slaughtering of sheep for mutton.

Thirty years ago there passed through the Chicago stockyards 336,000 sheep, 1,344,000 cattle, and 7,050,000 hogs; in 1910 there were 5,250,000 sheep, a little over 3,000,000 cattle, and about 5,500,000 hogs that were marketed, showing conclusively the increased value of mutton production in this country. In this connection I desire to read a letter which I have received from the Department of Commerce, in which the statement is made that the value of sheep slaughtered in the United States in 1909 amounted to $59,924,931.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, April 28, 1913.

Hon. HARRY H. SELDOMRIDGE,
House of Representatives, Washington, D. C.

DEAR SIR: In response to your verbal request of the 24th instant I inclose herewith tables showing number of sheep of shearing age and the production of wool, by States, during the 10 years from 1903 to 1912, inclusive.

I am not aware of any statistics with respect to the number of sheep slaughtered except for census years, and even the figures of the

Census Bureau relate only to sheep slaughtered by slaughtering and meat-packing establishments, of which its figures for the last three censuses of manufactures are as follows:

Sheep slaughtered.

	Number.	Value.
1899	9,110,172	$36,859,832
1904	10,875,339	44,359,804
1909	12,255,501	59,924,931

Very truly, yours,

A. H. BALDWIN,
Chief of Bureau.

Can anyone claim, in view of these figures, that the industry must be protected in order to compensate the farmer for his labor and for the use of his land?

There was an interesting article published in the April number of the North American Review by Mr. Thomas W. Page, a former member of the Tariff Board, appointed by ex-President Taft. Surely our Republican friends must be willing to accept the conclusions which Mr. Page arrives at from his investigation of the condition of the sheep industry in this country, as he considers the subject from a nonpartisan point of view and without any political prejudice. He shows conclusively, in my judgment, that woolgrowing can never regain its former position of importance in the West; that the advance in settlement and the development of agriculture is rapidly reducing the grazing area of our plains; that there is increasing difficulty in securing extensive tracts for pasturage, and that our sheep owners are frequently obliged to transport by rail their flocks from one range to another at great expense, when formerly they could graze their sheep for vast distances in moving from summer to winter range. He further states that the yearly cost of maintaining a sheep in the Rocky Mountain region is about $2.11 per head; that in 1910 the receipts averaged $2.56 per head, and of this amount $1.17 represented the wool value. If the sheep industry is to be developed in the West to a larger extent than heretofore, in my judgment the Government will be obliged to inaugurate a large and extensive leasing system, withdrawing large areas of land from entry for agricultural purposes.

Mr. Page describes very clearly the condition of the business in Ohio, Michigan, and Middle Western States. The figures which he gives in connection with the handling of flocks in Michigan demonstrate conclusively that the Michigan woolgrower is not realizing anything like the return from his investment that he should have enjoyed under high Republican protection for the last 15 years. Michigan flocks are largely made up of a strain of the merino grades and the merino mixed with the long-fibered delaine. Flocks in which this mixed strain appears average, for a year, $2.78 per head expense for maintenance. In 1910 a sheep of this strain brought the owner an income of $1.46 for wool and $2.92 for mutton, or $4.38 for the whole, yielding a profit of $1.60 per head. The merino flocks cost, per head, about $2.44 for maintenance and return $1.88 for wool and $1.07 for mutton, making a total of $2.95 for the whole yield per head, showing a profit of only $0.51. These figures demonstrate conclusively, to my mind, that the western and middle western sheep growers must give their attention more closely to the development of a sheep which will be of increasing value for mutton purposes and having the wool yield as a by-product.

There is also another significant fact in connection with this industry, which shows that the sheep grower is becoming more interested in the mutton product than in the wool product, and this is shown by the fact that there is an increasing demand for lambs for feeding purposes from the large flocks of the West. The farmers of the West, particularly from my State, Colorado, are realizing the increasing value of lambs fattened in the late winter and early spring months. With the large crops of alfalfa and the nearness of our feeding grounds to the great cornfields of Kansas and Nebraska, there is a great incentive to the enlargement and development of this industry. Colorado lambs have sold at prices never dreamed of on the Chicago market, and there is no reason to expect that there will be an overproduction in the supply.

When flock owners are willing to part with their lambs to the extent that has prevailed in our section of the country, it proves clearly, to my mind, that the matter of the price of wool is of very little concern and can affect the industry only in an incidental manner.

There is no reason for the statement of our Republican friends that the industry in the Middle West will be seriously affected by free wool. On the contrary, I believe that when the sheep owner in that section of the country realizes the possibilities of large returns from the mutton product, that he will more and more turn his attention to this phase of the business and his profits will be much larger than at the present time.

There is also good reason to accept the prediction that the price of wool will not materially decrease, even under the removal of the tariff duty, as the world consumption is increasing at an enormous rate and there is not a corresponding increase in production. The people are demanding better clothes, and there is an increasing demand for legislation which will require the using of pure materials in the manufacture of cloth. While the removal of this duty may not have very much effect on the price of cloth, we do expect that the clothing which we buy will be made of better cloth, and the purchaser will receive more for his money in the quality of his goods than in any material reduction in price.

Notwithstanding the high protective tariff our domestic production of raw wool in 1912 only exceeded our imports by a little over a hundred million pounds, showing that the American manufacturer has been obliged to pay the high duty in order to secure sufficient wool to supply the needs of the country.

There is an ever-decreasing production of wool per capita in this country, and the Department of Commerce figures show that there are to-day 803,000 less sheep in the country than there were in 1903.

So, Mr. Chairman, I do not see how any student of this question can fail to realize the injustice of retaining a duty on raw wool.

I append, as a portion of my remarks, the following tables, which I have received from the Department of Commerce, which show the number of sheep of shearing age in the United States on April 1 of the years 1903 and 1912; the production of wool, washed and unwashed, for the same years; and the value of the wool production for the same years:

Value of scoured-wool product.

States.	1903	1912
Maine	$347,760	$277,313
New Hampshire	82,026	59,116
Vermont	201,600	164,025
Massachusetts	44,213	43,355
Rhode Island	8,709	9,048
Connecticut	37,800	26,783
New York	1,008,000	1,014,000
New Jersey	35,616	26,255
Pennsylvania	1,297,440	1,171,989
Delaware	8,190	7,865
Maryland	111,300	216,545
West Virginia	856,454	920,920
Kentucky	742,140	1,190,354
Ohio	3,134,208	4,647,375
Michigan	2,229,500	2,737,800
Indiana	1,121,250	1,510,080
Illinois	831,600	1,231,555
Wisconsin	1,135,750	1,227,798
Minnesota	491,232	804,938
Iowa	955,500	1,611,090
Missouri	840,938	2,164,388
Virginia	408,038	725,760
North Carolina	199,752	156,600
South Carolina	48,720	31,320
Georgia	239,400	198,253
Florida	92,568	95,713
Alabama	186,480	115,863
Mississippi	224,112	171,563
Louisiana	134,478	160,125
Arkansas	155,904	117,600
Tennessee	311,850	604,200
Kansas	193,545	314,213
Nebraska	341,550	381,216
South Dakota	764,400	694,474
North Dakota	605,150	399,000
Montana	5,547,780	6,870,970
Wyoming	4,500,160	5,945,940
Idaho	2,716,560	3,188,803
Washington	699,720	624,960
Oregon	2,418,000	3,342,498
California	1,885,000	2,199,120
Nevada	620,256	1,181,565
Utah	2,282,175	2,182,950
Colorado	1,292,850	1,485,792
Arizona	709,459	1,103,691
New Mexico	2,925,000	3,694,600
Texas	1,497,600	1,763,580
Oklahoma	51,840	70,785
Total	46,573,573	58,883,251
Pulled wool	12,203,800	16,936,000
Total product	58,777,373	75,819,215

Production of wool, washed and unwashed.

States.	1903	1912
	Pounds.	*Pounds.*
Maine	1,380,000	937,500
New Hampshire	390,600	214,500
Vermont	960,000	607,500
Massachusetts	191,400	143,750
Rhode Island	35,750	30,000
Connecticut	150,000	85,500
New York	4,200,000	3,750,000
New Jersey	160,000	91,800
Pennsylvania	5,100,000	4,095,000
Delaware	39,000	26,500
Maryland	500,000	729,600
West Virginia	2,517,500	3,162,500
Kentucky	2,850,000	3,565,000
Ohio	12,320,000	16,875,000
Michigan	9,100,000	10,125,000
Indiana	4,875,000	5,280,000
Illinois	3,850,000	4,556,250
Wisconsin	4,875,000	4,290,000
Minnesota	2,380,000	3,037,500
Iowa	3,900,000	5,737,500
Missouri	3,737,500	7,425,000
Virginia	1,462,500	2,025,000
North Carolina	820,000	562,500
South Carolina	200,000	108,000
Georgia	950,000	656,250
Florida	380,000	308,750
Alabama	740,000	373,750
Mississippi	920,000	562,500
Louisiana	573,500	525,000
Arkansas	640,000	400,000
Tennessee	1,237,500	1,900,000
Kansas	1,275,000	1,575,000
Nebraska	2,250,000	1,760,000
South Dakota	3,900,000	3,206,250
North Dakota	3,087,500	1,750,000
Montana	30,600,000	31,175,000
Wyoming	28,700,000	32,175,000
Idaho	16,800,000	15,540,000
Washington	4,760,000	3,600,000
Oregon	15,500,000	18,275,000
California	11,781,250	11,900,000
Nevada	3,976,000	5,775,000
Utah	12,937,500	11,550,000
Colorado	8,450,000	8,040,000
Arizona	4,387,500	5,695,000
New Mexico	16,250,000	18,850,000
Texas	9,000,000	9,100,000
Oklahoma	360,000	390,000
Total	245,450,000	262,543,400
Pulled wool	42,000,000	41,500,000
Total products	287,450,000	304,043,400

Number of sheep of shearing age on Apr. 1.

States.	1903	1912
	Number.	*Number.*
Maine	230,000	150,000
New Hampshire	63,000	33,000
Vermont	160,000	90,000
Massachusetts	33,000	23,000
Rhode Island	6,500	5,000
Connecticut	30,000	15,000
New York	700,000	625,000
New Jersey	32,000	17,000
Pennsylvania	850,000	650,000
Delaware	6,500	5,000
Maryland	100,000	128,000
West Virginia	475,000	575,000
Kentucky	600,000	775,000
Ohio	2,200,000	2,700,000
Michigan	1,400,000	1,500,000
Indiana	750,000	825,000
Illinois	550,000	675,000
Wisconsin	750,000	650,000
Minnesota	350,000	450,000
Iowa	600,000	850,000
Missouri	575,000	1,100,000
Virginia	325,000	450,000
North Carolina	205,000	150,000
South Carolina	50,000	30,000
Georgia	250,000	175,000
Florida	100,000	95,000
Alabama	200,000	115,000
Mississippi	230,000	150,000
Louisiana	155,000	140,000
Arkansas	160,000	100,000
Tennessee	275,000	475,000
Kansas	170,000	225,000
Nebraska	300,000	275,000
South Dakota	600,000	475,000
North Dakota	475,000	250,000
Montana	5,100,000	4,300,000
Wyoming	4,100,000	3,900,000
Idaho	2,400,000	2,100,000
Washington	560,000	400,000
Oregon	2,000,000	2,150,000
California	1,625,000	1,700,000
Nevada	568,000	825,000
Utah	2,250,000	1,750,000
Colorado	1,300,000	1,200,000
Arizona	675,000	850,000
New Mexico	3,250,000	2,900,000
Texas	1,440,000	1,400,000
Oklahoma	60,000	60,000
Total	39,284,000	38,481,000

Mr. PAYNE. I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, I have taken up the time of the committee on various occasions at some length in the discussion of the question of sheep and wool, and I would not impose upon the patience of the committee further at this time if it were not for the very great importance of the wool and sheep industry not only to the people whom I represent but to the country at large.

The gentleman from Colorado [Mr. SELDOMRIDGE], who just took his seat, has suggested that, at any rate, this is a waning industry. His philosophy is, I suppose, "it is going down the hill anyway; let us give it a kick." That seems to be one of the theories on which this bill has been drafted. If you have an industry that is not doing very well, just put it out of business. On the other hand, if we have an industry that is doing well, your theory is that it is getting altogether too saucy. Just kick it around a little, and have it understand that the Democratic Party does not propose to have any industry growing too vigorously, becoming too important in this country of ours. So they catch them a-comin' and a-goin'.

Now, it is my opinion, from a considerable study of the wool business—and I never grew very much wool or raised very many sheep, but I have made a study of the industry—it is my opinion that no great nation, situated as we are, can be permanently as prosperous as it ought to be without a wool and a sheep industry.

Gentlemen believe in free wool because they say they want to make clothing cheaper. Yet they insist, on the other hand, that it is not going to reduce the returns of the sheep grower. Now, one of those propositions or the other may be true. They both can not be true. The fact is, I think, that neither one of them is true. Free wool will not materially or appreciably reduce the cost of woolen cloth or woolen goods in this country. On the other hand, free wool will very greatly injure the wool-growing industry.

That may sound paradoxical, but it is absolutely clear to one who understands the condition of the business. With the opportunity of the free importation of wool the price of wool will be reduced in this country enough that, with the exception of the neighborhood of the great markets, where large mutton sheep may be successfully grown, the industry will be very greatly depressed, and the number of sheep in the country will be largely reduced. But the reduction in the cost of wool in woolen garments would be so infinitesimal that no final or ultimate consumer, with the largest magnifying glass he can obtain for the purpose of finding the reduction of the cost of living you are promising him, will ever be able to find it. You can destroy the wool industry, and you will destroy or very greatly diminish it under free wool, without helping any American citizen in the cost of his clothing to an extent that will be appreciable.

My good friend from Colorado [Mr. SELDOMRIDGE] says that if we can not grow sheep of the merino strain, let us grow the mutton sheep. As a matter of fact, the gentleman ought to know—he says he understands the business—that in the range country, with unfenced pastures, we can get only so far from the merino strain until we get a sheep that is not gregarious, that will not herd successfully in large flocks in the open.

Furthermore, the sheep of merino or part merino blood is more hardy and adapts itself better to range conditions than any other sheep. If this were not true, however, it is very doubtful if in the range country a big sheep of the very coarse wool varieties could be grown more profitably than sheep of some merino blood, and for many reasons which I have not the time to state. It will, in my opinion, be a sorry day for the country when we do not have a large sheep and wool industry. I do hope, for the sake of the woolgrowers, that the present shortage and consequent high prices abroad will keep prices up even under free trade, but eventually we must suffer greatly in the industry under free wool and free mutton.

Mr. HARRISON of New York. Mr. Chairman, we have been greatly edified by the speeches of the gentleman from Ohio [Mr. WILLIS] and the gentleman from Wyoming [Mr. MONDELL]. The gentleman from Ohio [Mr. WILLIS], with his stentorian voice, has probably in recent campaigns against Democratic tariff reductions fairly scared the sheep of his district to death; that is probably one of the contributing causes of the diminishing sheep herds in the State of Ohio. My friend from Wyoming does not speak quite so loud, but even more to the point. He is afraid, or at least he says he fears, that free wool is going to destroy the industry of raising sheep in the United States. The gentleman from Illinois [Mr. MANN], after listening to my remarks the other day—and he is one of the most intelligent men in this assemblage or any other—actually professed to be-

lieve that I admitted the same thing, that free wool will destroy the industry of raising sheep in the United States. Of course, the whole burden of my argument was to the contrary, and I know the gentleman from Wyoming in his heart of hearts agrees with me.

Mr. MONDELL. Do not let the gentleman lay any such flattering unction to his soul.

Mr. HARRISON of New York. The trouble with the gentleman from Wyoming is that he is afraid that free wool will not hurt the sheep raisers of his State, and then where will the protective argument be? [Applause on the Democratic side.]

Mr. MANN. Will the gentleman yield?

Mr. HARRISON of New York. Yes.

Mr. MANN. I do not know whether I misapprehend what the gentleman from New York said, but I am quite sure that the gentleman from New York misapprehended what I said.

Mr. HARRISON of New York. That may be true. I consider that the argument made a few minutes ago by the gentleman from Colorado [Mr. SELDOMRIDGE] presented the case clearly. Thirty years ago there were more sheep in the United States than there are to-day, and the protective tariff has not kept the flocks of sheep in our country from greatly diminishing in the last 30 years.

Mr. FOWLER. Will the gentleman yield?

Mr. HARRISON of New York. I decline to yield to the gentleman. Mr. Chairman, the protective tariff did not keep the sheep in Massachusetts; the protective tariff did not keep the sheep in New York; it did not keep the sheep in Pennsylvania; it did not keep the sheep in Ohio. There are less than 3,000,000 sheep in Ohio to-day, and 30 years ago there were over 5,000,000 sheep in Ohio. The fact is that the farms have so increased in value through higher forms of agriculture that they have driven the sheep out to the semiarid lands in the Rocky Mountains.

I believe I said the other day that sheep raising for mutton would keep the sheep herds alive in the United States. So far as growing sheep for wool is concerned, I think it is an economic crime to tax the people of the United States on their woolen clothes and blankets for the sake of keeping a fictitious protection on the remaining sheep in our country.

Gentlemen are arguing that because we put wool on the free list we ought to put woolen clothes on the free list. The Democratic Party, gentlemen, did not build up the protective system, but it is taking it down. We have reduced raw wool from 45 per cent to the free list, and we have reduced woolen clothing from an average of 94 per cent to 35 per cent, a much greater proportionate reduction than we made on raw wool.

I do not like tariffs. I believe they are a burden upon the public. I think they are an injustice to the people of our country, and I think they are a wrong to the manufacturers as well. But we can not put all of the articles carried in the tariff on the free list at once. My contention is that we have made a deeper cut in woolen goods than we have in wool, and I believe that the gentlemen who are moving, as did the gentleman from Oregon [Mr. SINNOTT], to put woolen clothes on the free list are actuated by a spirit of pique or irritation because our party has put wool on the free list. I believe, as I said the other day, that free wool is the greatest achievement of the present tariff bill. I think so not only for economic reasons, but because I believe it spells the doom of the system of protection in the United States. [Applause on the Democratic side.]

Mr. PAYNE. Mr. Chairman, I reserved a little time for the purpose of calling attention to a letter which is among the thousands of letters that I have received protesting against the features of this bill from the enacting clause to the end of it. It comes from the Texas Sheep and Goat Raisers' Association, and is signed by the officers of that association. They give the information that a large majority of them are lifelong Democrats. They say they have all been engaged in the shep-raising industry, but some of them say they have not for the past few years, intimating they quit about the time Prof. Wilson's free-wool bill came out in 1894. They say that under the present pasturage system, if they could have assurances of protective tariff remaining on wool and no agitation—intimating from the Democratic Party—about free wool, they could raise and support 40,000,000 sheep in the State of Texas. I do not suppose these people know anything about it. They are Democrats. They have been there in the sheep business all of their lives up to a few years ago, when they were driven out, and still I suppose their information is not worth anything to the other side of the House. They are not confined exclusively to goats, and not being so confined, those gentlemen over there would not take their opinion on the subject of wool. I shall print the letter in the RECORD as a part of my remarks without any further reference to its contents, but I want all of you gentlemen to look for it in the RECORD, and to read it, for it is worth while. It gives opinions and the facts from men who know about the business, and who are so disinterested that they have voted the Democratic ticket all of their lives.

I want to correct one or two mistakes that my friend from Alabama [Mr. UNDERWOOD] made the other day about the wool proposition which I introduced. He says that because there is a greater duty on the wool content in clothes than there is on wool in the grease, that that duty goes to the benefit of the manufacturer. I do not believe my friend from Alabama really means it. If he does, I feel sorry for him. I feel sorry for him anyway if he said it and did not mean it.

Mr. UNDERWOOD. If the gentleman had read the RECORD he would see that I did not say that.

Mr. PAYNE. In either horn of the dilemma I feel sorry for him. He knows that the difference in duty put on wool in the grease and upon the wool in the garment is because it takes more wool to produce a pound in the garment than it does to produce a pound of the wool content in the grease, and if he will examine the Tariff Board report—if he will read something besides the title-page and look over the first page—he will find this problem is carefully worked out. The Tariff Board not only shows the amount of wool it takes for a pound of wool in the finished garment, or in a yard of cloth, or in any quantity of cloth, but it shows what becomes of the waste and what is the value of the waste; and from the facts and figures given in the report we are able to say exactly what will compensate for the duty on the wool. There is not a penny of concealed duty in this whole schedule which I presented which will go at all to the benefit of the manufacturer. The only protection the manufacturer gets in it is the ad valorem duties, that are carefully worked out with each process of manufacturing from beginning to end, and which on the lower grades are lower than those put in the bill reported by the gentleman from Alabama.

The CHAIRMAN. The time of the gentleman from New York has expired.

The letter referred to is as follows:

TEXAS SHEEP & GOAT RAISERS' ASSOCIATION,
San Antonio, Tex., April 9, 1913.

Hon. SERENO E. PAYNE,
Member of the Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: We have read a considerable portion of the arguments made before your committee on 27th and 28th of January (hearings on Schedule K, wool and manufactures of wool) in favor of free wool, or in support of a 20 per cent ad valorem rate of import duty on wool. And while we accord to the witnesses entire sincerity in their beliefs in the opinions they expressed and assertions they made to your committee bearing on the sheep industry, relative to the needs of the industry, the cause of the increase and decrease of the sheep stock of the United States during the last past 50 years, it causes us very great regret to know that gentlemen who occupied most time discussing the subject made numerous assertions to your committee that compel us to believe that their knowledge of the business of sheep raising in the trans-Mississippi States is wholly superficial, and that their statements and assertions concerning the business are erroneous, misleading, and valueless to your committee in forming its conclusions as to the recommendations it should make to Congress concerning the wool-growing industry. Speaking to you as members of the executive committee of the Texas Sheep & Goat Raisers' Association, each of us having had from 25 to 45 years' practical personal knowledge of the business of sheep raising in Texas in no small way, and having a superficial knowledge of the business throughout the United States, and some of us not having owned a sheep in the past several years, and our committee being composed of Democrats and Republicans of lifelong political affiliation, the majority of this committee being of lifelong Democratic political affiliation, each and all having only a desire for the welfare of our country as a whole, and all concurring in the views herein expressed, we have to advise you that any serious departure by Congress from the conclusions compelled to be drawn from the report of the Tariff Board as to the rate of import duty that should be levied on wool in order to something near equal the difference between the cost of producing wool in this country and in competing countries will have a disastrous effect upon the sheep industry in Texas and of the United States as a whole.

Replying to the inquiry as to the cause of the failure of the farmers and ranchmen to maintain the 47,274,000 sheep in the country in 1893, we have to advise you that the recommendation made by President Cleveland in May, 1893, that raw material, which was considered as embracing wool, be put in the free list, and enacting the Wilson tariff law in 1894, admitting wool free of import duty, caused the business of wool growing to become so unprofitable that the sheep stock were sent to the slaughterhouses and neglected to such an extent that the Democratic Secretary of Agriculture, Mr. Morton, reported the country as possessing only 36,819,000 sheep on January 1, 1897. During the free wool years, 1895 and 1896, the records show that wool sold in the producing markets for about or less than one-half the prices obtained for the same class of wool during several years last preceding the adoption of the free-wool policy. It is unnecessary to recite here the ruinously low prices for which choice flocks of sheep were sold during the free-wool years by reason of the disastrously low prices of wool, and the bankrupt condition to which a large percentage of former owners were reduced. The hereabove stated statistical facts, with the natural inferences to be drawn therefrom, supply all necessary evidence as to that feature of the case.

The 23 per cent decrease of the sheep stock during the application of the free-wool policy, as shown by the above statistical statements, which decrease occurred most argely in some of the best breeding districts, Texas, for example, decreasing her stock by more than 38 per cent, as shown by our State comptroller's reports, left the country at the close of the free-wool policy with her numbers of female sheep so

depleted that it has been impossible for the farmers and ranchmen to supply the demands of the people of the United States for mutton and make more than temporary increase of the depleted numbers. While Government reports show an increase of the 36,819,000 at close of the free-wool policy in 1897 to 39,852,967 sheep of shearing age in 1900, the latter number being the census report, the census report of 1910 shows 39,644,046 sheep of shearing age. The decrease that has occurred in recent years comes of the increased slaughter of sheep for domestic consumption, and especially the increased consumption of lambs of 3 to 6 months of age.

Our country possesses all the conditions requisite to enable it to successfully sustain such number of sheep as would be necessary to supply all the clothing wool required by treble the present population. Texas alone has the capacity to successfully sustain, under the pasture system which she is now adopting, thirty to forty million sheep, and in our opinion would, in reasonable length of time, come to possess that number, if assured of an import duty on wool something near equal in amount to the difference between the cost of production in the United States and in competing countries. In addition to producing such necessary supply of clothing wool, a stock of sheep of such numbers would be of inestimable value as a necessary aid to maintaining the fertility of the soil of the farms of our country.

The striking off of the present 1½ cents per pound import duty on fresh meat, admitting mutton from Argentina, New Zealand, and Australia free, would also have a severely detrimental effect on the sheep industry, as it is from the sale of mutton, in addition to the fleece, that the farmer and ranchman is enabled to remain in the business of sheep raising, receiving only small compensation for his labor and money invested in same.

The frequent recurrence of the agitation of a free-wool policy deters tens and tens of thousands of farmers and ranchmen from engaging at growing sheep. The sheep industry is conducted on such small margin of profit that any serious decrease of the amount of import duty levied on wool that the Tariff Board's report shows should be levied to equal the difference in cost of production here, and in competing countries will affect the industry disastrously, particularly the merino flocks of the trans-Mississippi country, and especially the flocks located in the semiarid Southwest, and cause the present rate of decrease of the sheep stock to be rapidly increased, causing a still greater shortage in the necessary meat supply of our country, especially of mutton, which is the healthiest meat, and equally as nutritious as beef.

We further wish to call your attention to the exhibit on page 4071, in part No. 20, entitled "Number of sheep in Australia, 1891 to date," which shows the fact, astounding to the unacquainted, that the sheep-stock of Australia, the greatest wool-growing country of the world, decreased from 106,421,068 in 1891, to 72,040,211 in 1901, and from 72,040,211 in 1901, to 53,668,347 in 1902. While the report does not show that the disastrous decrease was caused almost wholly by death from starvation, caused by drought, nevertheless drought was the cause. The facts shown in that statement, showing the sudden decrease in the sheep stock of Australia, should be sufficient to warn Congress and the people as a whole of the danger from allowing the United States to fail to become self-supplying of her necessary quantity of clothing wool.

We earnestly solicit your influence to defeat any proposition by Congress looking to a serious departure from the convictions herein expressed.

Respectfully submitted.

CHAS. SCHIEMER,
President Texas Sheep & Goat Raisers' Association.
ALFRED GILES, *Secretary.*
B. L. CROUCH,
JAMES MCLYMONT,
GEO. RICHARDSON,
Executive Committee.

Mr. UNDERWOOD. Mr. Chairman, my friend from New York [Mr. PAYNE] can not understand that he talks in the language of protection while I talk in the language of taxes. I had the Tariff Board's report before me the other day, and referred to the provision to which he referred when the matter was under discussion. I said that his rate made the relative taxes as high as ours does, and it does, practically. Whether he has given it for protection or some other cause is a mere incident to the man who has to pay the tax.

In his bill, by reason of the increased rate he places on wool, the tax rises to about the same amount as that in ours, when the value of the raw wool is excluded. Now, it is not necessary to discuss the question of free wool or taxed wool. The Republican Party is in favor of taxed wool; the Democratic Party has declared itself in favor of free wool. The issue is clear. Some gentlemen have criticized me personally because I brought in a taxed-wool bill last year and am standing for a free-wool bill this year. As I said the other day, when I brought into the House a bill levying a tax of 20 per cent on raw wool, it was done for no reason except to get revenue. We did not have the right at that time to levy an income tax. Conditions have changed, and we have the right to-day to exercise the privilege of levying these taxes wherever we think they will bear most lightly on the consumer. The gentleman from New York has introduced a bill that taxes wool. We have introduced a bill with free wool. Our relative rates on the manufactured article are not far apart. On the average, the rates of the gentleman from New York are higher than ours, but when he adds the compensatory duty for taxed wool he about doubles our rate. I think—I am speaking from memory—that his tax on woolen clothes is something like 70 per cent; ours, 35 per cent. Now, no one can deny that the consuming public must pay that difference, and yet it does not benefit the manufacturing people. They are not interested in it. The only issue is whether it is necessary to place that great tax on the American people to preserve the sheep industry in America.

Now, the gentleman says he has letters from sheep growers that say it is necessary. Why, I could take him to my office and show him many letters that I have received from people in the sheep industry who say it is not necessary. So there you are. You can take either side and either witness you want, but I will place on the stand a witness that the world knows about and one that you can not deny. No one can deny that there is a great sheep industry in the British Isles. No one can deny that there is free wool in England. No one will deny that the competition in the English markets is and always will be greater than in American markets, because the great steamship lines carrying transportation go directly from Argentina and Australia into their ports and do not come as a rule directly into ours. So there are cheaper freight rates on wool from Australia and the Argentine going to the English markets than to the American markets. Land is many times higher in England and Scotland than it is in this country, and yet under those circumstances the sheep industry of Great Britain has not only prospered but grown and flourished. Now, I admit that there are some parts of the far West where they probably can not grow sheep for mutton, but I also point to the fact that in that portion of the far West the Tariff Board report shows that in many of those States the cost of raising these same sheep is as low as it is in Argentina and in Australia.

Mr. MONDELL. Will the gentleman name those States?

Mr. UNDERWOOD. I will put it in the RECORD, it is not in Wyoming. I notice by the report that in Wyoming it costs nearly double what it does in your neighboring States. Now, I do not know whether that is caused——

Mr. MONDELL. I think the gentleman is mistaken.

Mr. UNDERWOOD. Well, that is what the report says. I pointed out here last year that it costs a great deal more in Wyoming than in Nevada or Washington. Now, whether the report was doctored or whether there are bad business methods in Wyoming I do not know, but I do know in many of these Western States the Tariff Board report shows that the actual cost of raising sheep is as low as it is in the competitive countries. The Tariff Board report shows that the State of Washington has no net charge against wool, the cost of production being met by receipts from other sources. The net charge per pound against wool shown for Nevada was $4\frac{1}{10}$ cents and that of Wyoming $12\frac{4}{10}$ cents. In Australia the cost was "a few cents a pound" and in South America "4 to 5 cents."

Mr. MONDELL. Will the gentleman yield right there?

Mr. UNDERWOOD. I can not yield. I have only five minutes.

Mr. MONDELL. I trust the gentleman will yield.

Mr. UNDERWOOD. I do not wish to be impolite, but I will have to conclude.

Now, when you eliminate that western country, where I contend and believe earnestly they can preserve these flocks for wool purposes as well as they can in the Argentine—and when you come down to the middle western country, where they have a market for their mutton, there is no question but that the industry can thrive as well as that of Great Britain. [Applause on the Democratic side.]

The CHAIRMAN. The question is on the amendment——

Mr. GARDNER. Mr. Chairman, is there a point of order pending from the gentleman from New York against the amendment of the gentleman from Ohio [Mr. SWITZER]?

Mr. HARRISON of New York. I desire to withdraw the point of order, inasmuch as the substance is covered in another part of the bill. We might as well vote on the amendment.

The CHAIRMAN. The point of order is withdrawn on the amendment offered by the gentleman from Ohio [Mr. SWITZER]. In the natural order, amendments to perfect the paragraphs are in order before amendments to strike out the paragraphs. The first question is on the amendment proposed by the gentleman from South Dakota [Mr. MARTIN].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The next question is on the amendment proposed by the gentleman from Oregon [Mr. SINNOTT].

Mr. GOULDEN. May we have that reported again?

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again reported.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Oregon.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The next question is on the amendment proposed by the gentleman from Ohio [Mr. SWITZER].

Mr. MANN. Mr. Chairman, I would like to have that amendment again reported, if I may.

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again reported.

Mr. MANN. If the gentleman will pardon, I would suggest that the amendment be modified to read "paragraph" where it now reads "section."

The CHAIRMAN. The gentleman from Illinois [Mr. MANN] asks unanimous consent to modify the amendment as stated.

Mr. SWITZER. I will accept the suggestion.

The CHAIRMAN. The gentleman from Ohio [Mr. SWITZER] asks unanimous consent to modify the amendment, so that it will read "paragraph" at all places where the word "section" appears. Is there objection? [After a pause.] The Chair hears none.

The question is on the amendment as modified.

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. MANN. Mr. Chairman, I ask for a division.

The committee divided; and there were—ayes 53, noes 145.

So the amendment was rejected.

The CHAIRMAN. The next question is on the amendment proposed by the gentleman from Ohio [Mr. SHARP.]

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question now is on the amendment proposed by the gentleman from Ohio [Mr. WILLIS].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there further amendments to paragraph 653? If not, the next paragraph open for amendment is paragraph No. 657.

Mr. MOORE. I think there is some mistake here, Mr. Chairman. I made a reservation on paragraph 654 the other day, but apparently it has not been recorded.

Mr. MANN. Mr. Chairman, the gentleman from Pennsylvania [Mr. MOORE] desires to offer an amendment to paragraph 654, and he states he gave the number to me the other day, but I did not get it.

Mr. UNDERWOOD. I would like to ask the gentleman what the amendment is.

Mr. MOORE. I want to strike out the paragraph. That, I think, is the easiest way of getting at it.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that the gentleman may have the opportunity to offer his amendment to strike out this paragraph, and that debate on the paragraph and all amendments thereto be limited to 10 minutes, the gentleman to control 5 minutes and I to control 5.

The CHAIRMAN. The gentleman asks unanimous consent that the gentleman from Pennsylvania [Mr. MOORE] may have permission——

Mr. MOORE. Mr. Chairman——

Mr. UNDERWOOD. I was opening up this paragraph by unanimous consent for the benefit of the gentleman from Pennsylvania [Mr. MOORE]. I do not want to get into a controversy about time with other gentlemen on that side.

Mr. MOORE. Mr. Chairman, there is some error about it, because the gentleman from Illinois [Mr. MANN] evidently did not get this paragraph on his list.

Mr. UNDERWOOD. I do not object to the gentleman from Pennsylvania having his opportunity.

Mr. MOORE. The gentleman from Iowa [Mr. GREEN] wants an opportunity to speak.

Mr. UNDERWOOD. If it is just an opportunity to debate that he desires, there will be a chance for him on the next paragraph.

Mr. GREEN of Iowa. Then I will wait until the next paragraph.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that the gentleman from Pennsylvania [Mr. MOORE] be permitted to offer an amendment to strike out paragraph 654, and that the debate thereon be limited to 10 minutes, 5 minutes of that time to be controlled by the gentleman from Pennsylvania [Mr. MOORE] and 5 minutes by the gentleman from Alabama [Mr. UNDERWOOD]. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MOORE] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 129, lines 22 to 26, inclusive, by striking out the paragraph, which reads:

"654. Wool wastes: All noils, top waste, card waste, slubbing waste, roving waste, ring waste, yarn waste, bur waste, thread waste, garnetted waste, shoddies, mungo, flocks, wool extract, carbonized wool, carbonized noils, and all other wastes not specially provided for in this section."

Mr. MOORE. Mr. Chairman, under the existing law most of the articles enumerated in this paragraph were made dutiable. They included wool wastes, noils, shoddies, mungo, flocks, wool extract, and carbonized wool and carbonized noils. I emphasize the words "shoddies" and "mungo." They were made dutiable under the Payne law, although they had been partially free under the Wilson tariff law. In 1896, when the Wilson tariff law was in operation, these articles came in to the extent of 7,000,000 pounds, and if they had been left dutiable under the McKinley rates they would have paid a duty of $90,000. Under the Payne law the quantity of imports was considerably reduced, so that the duties collected were only about $8,800.

I call attention to this paragraph and move to strike it out for the purpose of discussing its effect upon the users of woolen clothing. As I understand it, most of the objections to the woolen industry in the United States arise from differences of opinion between various members of the trade. The worsted industry is presumed to be the industry which develops a pure woolen garment. Woolens and woolen fabrics which come under the denomination of "woolens" are those which are made of mixed materials.

Now, when the consumer buys a garment he ought to know whether it is all wool or whether it is mixed wool and something else. Under the existing law the consumer has a measure of protection in the duties that are levied upon imports of wool and upon rags and shoddies and these waste parts of wool and substitutes for wool that were worked up in this country as woolen manufactures.

It is reported in one of the papers this morning that it has been discovered that certain articles of wool and silk have been weighted down, and that the public has received what is substantially spurious material. People naturally complain if they are deceived by a retail dealer or by a wholesale dealer, and the consumer has the right to complain against the man who does him an injustice. But as the result of some of the "tricks of the trade," as they be called, general complaint is raised against the tariff barrier which protects the consumer himself against just such spurious commodities and wastes and shoddies as these to which I refer.

The lowering of the tariff wall against shoddies, against wastes, against rags must mean that an increased quantity of shoddies and rags and wastes will be available for those who desire to make them up with other materials and sell them to the public as pure woolens.

If an amendment were permissible to this paragraph, even though I have moved to strike it out, I might offer one that would provide that the Secretary of the Treasury should list these various imports so that those wastes and those rags and those shoddies which are intended to be used for manufacturing clothing might be distinguished from those other shoddies and wools and lower grades of materials that come into the country very largely for the manufacture of carpets and other articles than clothing. But I presume the committee would not accept any amendment, even though it were offered in the very best of faith on this question.

I call attention, however, to the opening that has been given here to those who want to put spurious goods upon the market. The opportunity is here given to those of you who want the consumers to receive garments cheaper than they have been receiving them heretofore, to protect them against a poorer quality. It may come to pass that we shall have to brand the goods that are sold hereafter as imported products, in order to save the consuming public from imposition.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania [Mr. MOORE] to strike out the paragraph.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The next paragraph is 657. Are there any amendments?

Mr. MOORE. I made a reservation on 655.

The CHAIRMAN. The Chair has not that marked, nor is it on any list that has been furnished to the Chair.

Mr. MOORE. "Works of art."

The CHAIRMAN. Paragraph 657 begins with the words "works of art."

Mr MOORE. And to 659.

Mr. MANN. If the gentleman has actual amendments, I think there is no difficulty about it.

The CHAIRMAN. All paragraphs from 655 to 659, inclusive, begin with the words "works of art."

Mr. MOORE. If 657 was given as the one against which I made the reservation, that is a mistake. Mine were 655 and 659.

Mr. UNDERWOOD. Paragraphs 657 and 659 have been reserved.

Mr. MOORE. I might transfer this to 659.

The CHAIRMAN. The Chair has no record of any reservation on 657.

Mr. MOORE. If unanimous consent can be given for me to offer this to 655, it will settle the question very quickly.

Mr. UNDERWOOD. Very well. I will not object, but I ask to limit the time for debate to five minutes.

The CHAIRMAN. Unanimous consent is asked to offer an amendment to 655, and that debate be limited to five minutes. Is there objection?

There was no objection.

Mr. MOORE Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Strike out paragraph 655.

Mr. MOORE. Mr. Chairman, with reference to the paragraph on which discussion was closed a moment ago because of the lack of time, I wish to add this, that I was leading up to the opening of the ports to various kinds of material, not only works of art, but shoddy and rags that come in to be used in the manufacture of clothing in this country. Such material as ought to go into the manufacture of carpet and baser materials does sometimes and will now unquestionably in very many instances enter into the manufacture of clothing for the poor, who will probably be called upon to pay the same old price which they have paid heretofore for better goods.

But with regard to works of art, I desire to say that here is an instance where it may be fair to differ from the provisions of the Payne law. I do not know how many of the gentlemen upon the other side, representing "the downtrodden" of the land, are interested in the works of art such as are provided for in these several provisions of the bill. I do not want to find fault with those who put the provision into the Payne law; they doubtless meant well, but when the provision was originally made it appeared that the desire was to admit to this country works of art which were productions of the "Old Masters," such as of course we did not have in this country, that might not only ornament the walls of our art galleries, but might be an inspiration and an education to the people generally. During the first year of this free "works of art" provision about $550,000 worth of works of art were admitted, but the importations grew so rapidly that during the operation of the Payne law fully $75,000,000 worth of them came into the country. I am quite sure they did not go upon the walls of the two-story houses. I am quite sure all of them did not find their way into art galleries nor into scientific nor educational institutions, but I am quite sure that the $75,000,000 that went out of the country to buy these so-called old masters and to pay foreign artists and picture brokers was a displacement of just that amount of money that might have been spent in the United States.

And in reference to this line of argument I want to say that during the last year of the Payne law, when the free list was running fairly free to those who have wanted to avail themselves of it, more than $881,000,000 worth of foreign material came into the United States, and that by the same token $881,000,000 good American dollars went out of the United States and was spent in foreign lands. During the operation of this free-list provision of the existing law, from the time it was enacted down to the close of 1912, more than $3,000,000,000 of American money went out of this country for the purchase of goods abroad.

But if these possible loopholes exist in the present law, it must be observed that the present bill extends the free list greatly. It proposes to put certain raw materials upon the dutiable list and thus penalizes the producer in this country, while it proposes to raise more revenue by reducing the duties upon manufactured articles and works of art. And an extended free list will thus take out of this country American money that ought to have been spent here. The bill proposes to do this in larger volume than it has ever been done before. [Applause on the Republican side.]

The CHAIRMAN. The question is on the amendment to strike out the paragraph.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The next paragraph is 657. Is there any amendment to that?

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word.

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent to close debate in 15 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to close the debate on this paragraph and all amendments thereto in 15 minutes. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, as we draw near the close of the portion of this bill relating to tariff duties, it becomes highly important that we shall consider the amount of importations that will be increased by its enactment. It is a singular feature that, as the debate on this bill has progressed, not one of the gentlemen who have had it in charge has been willing to state on this floor the extent to which it is expected American goods will be displaced by those imported from foreign countries under its provisions.

It is true there is a report presented along with the bill, and on page 35 we find some estimates given as to what they expect the additional importations will be, but this table is entirely worthless for that purpose.

When, two years ago, they introduced in the House a wool bill providing for a duty of 20 per cent on raw wool, at that time they estimated the additional importations of raw wool at $19,000,000. Just before this session, when it was expected that the rate in this bill would be 15 per cent on raw wool, they issued a handbook with the estimate contained in it that the additional importations of raw wool would amount to $27,000,000. And now in the table they have here in the report presented with this bill, which provides for raw wool, they estimate practically no increase in importations of raw wool. Mr. Chairman, this is simply absurd.

The amount of wool imported last year was about $33,000,000. Two years ago it was $47,000,000 in value, and it is only something like thirty-three millions that they estimate will be imported under this bill, now that it is put upon the free list.

The total amount of additional importations of all kinds, as near as I can gather from the table, and as estimated therefrom by the gentleman from Tennessee [Mr. AUSTIN], is about $185,000,000; an amount, however, that is far too low. I think anyone would be safe in estimating it at $250,000,000 instead of the amount stated in the table. At this time I wish to congratulate my friends on the other side and the people of this country in general upon one further branch of their program. It is currently reported that the President of the United States and some one or more of the Ways and Means Committee have in mind—as they begin to see and to be aware of the terrible effect upon our industries of the staggering blow they propose to administer by the bill—have now in view some kind of a change in our currency laws in order to prevent the panic which they expect will arise as the result of its enactment. I think it is very well that the gentlemen should prepare something of this kind.

Why, Mr. Chairman, the addition of seventy millions of goods imported from abroad under the sundry list—will that tend to produce a panic? That will help, unquestionably. Will the addition of twenty-six millions under the metal schedule assist in producing a panic? Will the $6,500,000 more on the earthen and glass ware schedule help to produce a panic? Will the nineteen millions added under the chemical schedule help to produce a panic? Will the $4,000,000 more under the pulp importations help to produce a panic? Will the $10,000,000 under the silk schedule help to produce a panic? Will the $50,000,000 increase under the wool schedule help to produce a panic, the $12,000,000 under the cotton schedule, and the $11,000,000 under the agricultural products—will they all help to produce a panic, with the $6,000,000 under the sugar clause besides? These are their own figures, taken from their report. The figures are far too small, but even these taken together are enough to blight our industries, destroy credit of our merchants, and inevitably bring the panic on which they themselves are getting ready to meet and which they must meet. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. AUSTIN. Mr. Chairman, I send to the Clerk's desk to have read resolutions unanimously passed by the Passaic (N. J.) Board of Trade on April 23, 1913, and sent to the President of the United States and the Senators and Congressmen from that State. I will state that Passaic was carried in the last election by President Wilson.

The Clerk read as follows:

Whereas the city of Passaic, N. J., is a manufacturing city, with woolen, cotton, handkerchief, chemical, metal, and paper industries, representing an aggregate investment of $50,000,000 and giving employment to 20,000 men and women, with an annual pay roll of $10,000,000, and furnishing trade and livelihood to a total population of 60,000, most of whom are absolutely dependent upon the prosperity of the industries mentioned; and

Whereas the above-mentioned industries have forwarded to the Senate and House of Representatives of the United States briefs setting forth the fact that the proposed changes in the tariff affecting these industries will inflict serious injury upon them, and through them upon their workers and the numerous tradespeople, mechanics, and other workers dependent directly and indirectly upon them for their living; and

Whereas the Board of Trade of Passaic, representing all the interests of that city, has carefully examined the briefs submitted by the various industries and found them correct in every particular, does unqualifiedly state that the prosperity of Passaic is vitally connected with a proper adjustment of those schedules of the proposed tariff bill which affect the industries of the city; and

Whereas the harm caused by insufficient tariff rates in depriving many of the city's workers of employment will be greatly aggravated by the fact that many of these workers have purchased their own homes and are gradually paying for them and are entirely dependent upon the prosperity of the local industries: Now, therefore, be it

Resolved, That this board does hereby unanimously and emphatically indorse the aforesaid briefs submitted by the industries of Passaic, copies of which are attached hereto, and urges upon its Senators and Representatives the necessity and obligation of presenting to their respective bodies with all the force and eloquence at their command the needs of the city's several industries and the interests of its workers, as set forth in the briefs submitted; and be it further

Resolved, That a copy of this resolution be forwarded to the President of the United States, the Finance Committee of the Senate, and the Ways and Means Committee of the House, as well as to each Senator and Representative of the State of New Jersey.

C. F. H. JOHNSON, *President*.

Attest:

R. E. LENT, *Secretary*.

Mr. PETERS. Mr. Chairman, the committee has added a new section to the present law to admit free to this country works of art. Prior to the act of 1909 works of art were admitted on a duty of 20 per cent. In the Payne law there was an exemption made which provided that works of art over 20 years of age should be admitted free. In the Wilson bill art was on the free list. The section which we have added here, section 655, is a new section, and it provides that works of art and certain sculptures may come in free. Schools, libraries, and churches will benefit greatly by this change in the law which will permit the free admission of paintings and sculpture. American art does not need protection against what is bad, and it should not ask protection from what is good. It is the duty of the Government to encourage art, not to tax it. Ours is almost the only civilized country which taxes art, which is invariably encouraged. A regard for education should prevent a tax on knowledge. At present only the old masters and works of art that are over 20 years of age are free. These works of art are the most expensive and high priced, and it is to extend the power to purchase to the persons of lesser means that all art is admitted free. It is in accord with Democratic principles to allow foreign works of art to come in free. All art should be stimulated and improved by the provisions of this bill. [Applause on the Democratic side.]

Mr. PAYNE. Mr. Chairman, will the gentleman yield?

Mr. PETERS. Yes.

Mr. PAYNE. Mr. Chairman, I want to say to the gentleman in 1890 in the Fifty-first Congress I had the honor of being a member of the Committee on Ways and Means. I there advocated this same proposition which the gentleman has put in this bill, of putting works of art on the free list. The result was that a majority of the Republicans on that committee, including the honored chairman, Maj. McKinley, were in favor of the proposition, and we put it into the bill as it went to the House. It was afterwards eliminated by the Senate, and in order to get an agreement, we left it out.

Mr. PETERS. We welcome the gentleman to our point of view.

Mr. PAYNE. On the contrary, I welcome the gentleman to my point of view. [Laughter.]

Mr. TOWNER. Mr. Chairman, before we pass from this section, I would like to ask the gentleman from Massachusetts whether the American Institute of Artists has not protested against the passage of this section, and have they not frequently done so in their resolutions?

Mr. PETERS. Mr. Chairman, I think the American artists as a whole are rather anxious to have foreign works of art come in to be used for educational purposes in this country. I am not aware of any American association of artists having protested.

Mr. TOWNER. I think the gentleman is correct in this, that American artists are not opposed by any means to the introduction of real works of art, but it occurs to me that the language of this section is such that it would permit in competition the things that are sold in the picture stores that could by no stretch of the imagination be considered works of art. Those things ought not to be permitted into this country because they depreciate the work of our artists and discourage them.

Mr. PETERS. Not at all. It is so worded as not to admit commercial art free. Printing from plates or blocks or engraved by mechanical process. The American artists should not be protected from what is good, and should not need protection against the bad.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. Are there further amendments to paragraph 657? If not, the next paragraph open is 659.

Mr. MOORE. Mr. Chairman, a parliamentary inquiry. The Chair has stated that 659 is the next paragraph. I am quite sure I made a reservation of 658.

Mr. MANN. The gentleman did not; but if he desires to offer an amendment, I do not think there will be objection.

The CHAIRMAN. The Chair will state that paragraph 658 is not on any list which has been furnished to the Chair.

Mr. MANN. Has the gentleman an amendment to offer to 658?

Mr. MOORE. Yes. At the time these numbers were taken there was confusion, and I suspect that the gentleman from Illinois did not get all of the numbers.

Mr. MANN. Mr. Chairman, I think I got all of the numbers which the gentleman gave, but there is no objection to the gentleman having an opportunity to offer an amendment.

Mr. UNDERWOOD. Mr. Chairman, if the gentleman from Pennsylvania desires to offer an amendment, I ask unanimous consent that he may be permitted to do so, and that debate on the paragraph and all amendments thereto shall be concluded in five minutes.

The CHAIRMAN. The Chair desires to state, in justice to the Chair and to those at the desk, that three lists were made at the time this unanimous consent was being granted. A list was made by the gentleman from Illinois [Mr. MANN], a list was made by a gentleman at the desk at which the chairman of the committee, Mr. UNDERWOOD, sits, and a list was made here. Those three lists were carefully compared and the bill marked and furnished to the Chair from those lists, and all paragraphs that were included in any of those lists were sent to the Chair. The gentleman from Alabama asks unanimous consent that the gentleman from Pennsylvania be permitted to offer an amendment to paragraph 658, and that general debate on the paragraph and all amendments thereto close in five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Page 132, line 12, after the word "institution," strike out the word "including" and insert the word "excepting."

Mr. MOORE. Mr. Chairman, the offering of this amendment in relation to stained or painted window glass or stained or painted glass windows answers the question which has been just raised as to whether American artists or artisans are interested in this sort of production. There are American workmen who make stained or painted window glass or stained or painted glass windows who come in direct competition with these manufacturers of "old masters" on the other side. I think any man who has been on the other side once is aware of the fact that a great many "old masters" and a great deal of "Dresden ware" and a great deal of "Parian ware" and pottery and porcelain are stuck upon Americans at very large prices. They would come in under just such a paragraph as this, and they take out good American money that has been earned in the United States by the sweat of some one's brow. It is good money that goes across the seas, and it brings back stuff that may be genuine or that may be spurious. There is so much Parian ware, so much pottery, so much porcelain, that the wonder is where it all came from and where the "old masters" existed who produced it. It is a fact also that certain stained-glass windows have been coming into the United States, and they have been brought in here upon the pretense they were for religious purposes, but in bringing them in we have deprived American workmen of the chance to make such articles. I deny that there are not artists in the United States capable of doing such art work as the United States requires. I do not deny that there are certain Titians and other antiques which command a high price; but the rich only are able to buy them. I contend that if a man has made a million dollars or a hundred million dollars in the United States, and then takes it over to the galleries of Venice or Rome or Paris or London or to private dealers in those places, it is not unfair they should pay a duty upon these "old masters" they bring into the United States. Are you ready or is the committee ready to assert that these "old masters" are all for use for educational purposes, that they all go to public libraries, that they all go into institutions where the plain people can see them and use them; or is it not a fact that the only men who bring these "old masters" into the United States are the men who are amply able to pay for them, and are not the men who earn their daily wage making stained-glass windows or painting pictures to sell in the United States? In the interest of the labor employed in making stained-glass windows in the United States I hope the amendment will pass.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Are there further amendments on paragraph 658? If not, the next paragraph is 659.

The Clerk read as follows:

659. Works of art (except rugs and carpets), collections in illustration of the progress of the arts, works in bronze, marble, terra cotta, parian, pottery, or porcelain, artistic antiquities, and objects of art of ornamental character or educational value which shall have been produced more than 100 years prior to the date of importation, but the free importation of such objects shall be subject to such regulations as to proof of antiquity as the Secretary of the Treasury may prescribe.

Mr. DONOVAN. Mr. Chairman, I desire to make the usual motion to strike out the last word, and I wish to call attention to the fact that the gentleman from Illinois [Mr. MANN], by the RECORD of this morning, appears to have asked a question. I did not understand that I had left it unanswered. I will answer the question now. The question was, whether I would vote for a tariff board to pass upon matters of this character, and so forth. I will say that if it came up in that shape I would vote against it for this reason: I believe that the Representatives should be as near to the people and as responsive to their will and as close to them as you can get them. I would vote to recall Congressmen and for the right to recall within 30 days. Now, just a word in regard to what has taken place here covering this bill.

I wish to say that the committee has given the boot and shoe industry better conditions than it had before under the Payne Act. When you take into consideration the lower duties of the 30 different articles, they are better off financially than they were with the 10 per cent duty under the Payne-Aldrich Act. And seemingly many articles in the bill have been treated as carefully and as painstakingly as the boot and shoe industry.

But for some reason important industries have been disregarded and do not appear to have been given that intelligent treatment that other articles have. Now, the cotton schedule, for reasons that I can not explain and seemingly the committee can not explain, has been most brutally treated in the opinion of the one who now has the floor. When you take the greatest industry possibly in this country, with one exception, seemingly with only a horizontal reduction, without going into the matter of the cost of labor in Europe or the cost of material or the reason why they can send upward of $60,000,000 of products into this country, and we should then reduce them 21 per cent flat, I can not understand.

Again, I hold in my hand here a dispatch from a constituent of mine, or one of his establishments, relative to another product that has been taken care of, I think, unintelligently—I will not say viciously. The gentleman who had it in charge I do not see present. It has reference to one of the ferro alloys—ferromanganeses. I will say at the outset that this dispatch is from the Crane Valve Co., and Mr. Crane was the largest contributor to the Wilson presidential campaign fund in the last election. [Applause on the Republican side.] Of course, the distinguished chairman of the Ways and Means Committee may say to this establishment the same as he says to everyone else who happens to oppose him or his bill, that they belong on the other side. I believe the President is about to send the head of this establishment, Mr. Crane, a Republican, from this country as ambassador to the Russian Government.

Possibly the President will think as to this great contributor and his interests that the proposed tariff will not affect any honest business, and maybe that hand that comes, as it did in the matter of the sugar schedule, bringing relief and free sugar to the people, may right what they claim is an injustice to a great industry that must buy its materials right. Referring to ferromanganese, the dispatch says:

We hope you will use your influence to make such changes in the new bill as will prevent a higher duty than $2.50 a ton.

For reasons that time only will explain, the committee has made that duty $9 or $10 a ton.

The CHAIRMAN. The time of the gentleman has expired. Are there any further amendments to the paragraph?

Mr. MILLER. Mr. Chairman, I simply would like the floor in order to ask the gentleman from Connecticut [Mr. DONOVAN] a question, if he would kindly answer.

Mr. DONOVAN. Yes, sir.

Mr. MILLER. What is the name of the gentleman who sent the telegram? I did not catch it.

Mr. DONOVAN. It is sent by the Crane Valve Co., of Bridgeport, Conn. Mr. Crane of the concern is the gentleman who was the largest contributor to the Democratic campaign. I will give you his language exactly, although probably I am imposing upon the House. He says:

Such an advance would be disastrous to the independent steel companies and savors very strongly of a Steel Trust scheme to put the independents out of business.

That is signed by the Crane Valve Co., and Mr. Crane is the man who is going to be sent as an ambassador to Russia.

Mr. MILLER. May I ask the gentleman one more question in my time?

Mr. DONOVAN. Delighted.

Mr. MILLER. Is it anticipated by the present administration that this gentleman being put out of business and his factory closed down and his employees out of work, he will have sufficient leisure so that the best compensation to give him is to send him as ambassador to Russia, where he can spend his leisure time?

Mr. DONOVAN. I would suggest that the gentleman, when he gets on his knees this evening, commune with the Divine Being. He might be able to answer him. [Loud laughter.]

Mr. UNDERWOOD. Mr. Chairman, I believe that completes the reading of the section. If so, I move to close debate on the paragraph.

Mr. MANN. Wait a moment. Do not move to close debate.

Mr. UNDERWOOD. I thought they were through.

Mr. MANN. We may have some amendments to come in section 1.

Mr. UNDERWOOD. I will tell you my purpose in rising was to ask unanimous consent to change the numbers. On account of one paragraph being stricken out of the bill, it is necessary to renumber the paragraphs in section 1. I desire to ask unanimous consent that the Clerk may renumber the paragraphs.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that the Clerk may have permission to renumber the paragraphs in section 1 of the bill. Is there objection?

Mr. MANN. I shall not object, Mr. Chairman, although under all the parliamentary practice that is the duty of the Clerk now.

The CHAIRMAN. Is there objection?

Mr. MOORE. Reserving the right to object, I would like to ask the gentleman from Alabama before the question is acted upon if he has accepted any amendment to this bill from the Republican side?

Mr. UNDERWOOD. I have not; the House has not.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none, and it is so ordered. Without objection, the pro forma amendment to paragraph 659 will be withdrawn. Are there further amendments to paragraph 659?

Mr. PAYNE. Mr. Chairman, I offer an amendment, to come in as a separate paragraph after section 1.

The CHAIRMAN. The gentleman from New York [Mr. PAYNE] offers an amendment to come in as a separate paragraph at the close of section 1, and the Clerk will report it.

The Clerk read as follows:

Mr. PAYNE offers the following as a new paragraph to section 1:

"That a commission is hereby created, to be known as the Tariff Commission, which shall be composed of five members, who shall be appointed by the President, by and with the advice and consent of the Senate. The members first appointed under this act shall continue in office from the date of qualification for the terms of two, three, four, five, and six years, respectively, from and after the 1st day of July, A. D. 1913, the term of each to be designated by the President; but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate a member of the commission to be the chairman thereof during the term for which he is appointed. Any member may, after due hearing, be removed by the President for inefficiency, neglect of duty, or malfeasance in office. Not more than three members of said commission shall be members of the same political party. Three members of said commission shall constitute a quorum. The chairman of said commission shall receive a salary of $7,500 per annum and the other members each a salary of $7,000 per annum. The commission shall have authority to appoint a secretary and fix his compensation, and to appoint and fix the compensation of such other employees as it may find necessary to the performance of its duties.

"That the principal office of said commission shall be in the city of Washington. The commission, however, shall have full authority, as a body, by one or more of its members, or through its employees, to conduct investigations at any other place or places, either in the United States or foreign countries, as the commission may determine. All the expenses of the commission, including all necessary expenses for transportation incurred by the members or by their employees under their orders, in making any investigations, or upon official business in any other places than in Washington, shall be allowed and paid on the presentation of itemized vouchers therefor, approved by the chairman of the commission. Should said commission require the attendance of any witness, either in Washington or any place not the home of said witness, said witness shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"That it shall be the duty of said commission to investigate the cost of production of all articles which by any act of Congress now in force or hereafter enacted are made the subject of tariff legislation, with special reference to the prices paid domestic and foreign labor and the prices paid for raw materials, whether domestic or imported, entering into manufactured articles, producers' prices and retail prices of commodities, whether domestic or imported, the condition of domestic and foreign markets affecting the American products, including detailed information with respect thereto, together with all other facts which may be necessary or convenient in fixing import duties or in aiding the President and other officers of the Government in the administration of the customs laws, and said commission shall also make investigation of any such subject whenever directed by either House of Congress.

"That to enable the President to secure information as to the effect of tariff rates, restrictions, exactions, or any regulations imposed at any time by any foreign country upon the importation into or sale in any such foreign country of any products of the United States, and as to

any export bounty paid or export duty imposed or prohibition made by any country upon the exportation of any article to the United States which discriminates against the United States or the products thereof, and to assist the President in negotiating trade agreements with foreign nations and other administrative provisions of the customs laws, the commission shall, from time to time, make report, as the President shall direct.

"That for the purposes of this act said commission shall have power to subpœna witnesses, to take testimony, administer oaths, and to require any person, firm, copartnership, corporation, or association engaged in the production, importation, or distribution of any article under investigation to produce books and papers relating to any matter pertaining to such investigation. In case of failure to comply with the requirements of this section, the commission may report to Congress such failure, specifying the names of such persons, the individual names of such firm or copartnership, and the names of the officers and directors of each such corporation or association so failing, which report shall also specify the article or articles produced, imported, or distributed by such person, firm, copartnership, corporation, or association, and the tariff schedule which applies to such article.

"That in any investigation authorized by this act the commission may obtain such evidence or information as it may deem advisable, for its confidential use, and in case the evidence or information is so obtained, said commission shall not be required to divulge the names of persons furnishing such evidence or information: *Provided*, That no evidence or information so secured under the provisions of this section from any person, firm, copartnership, corporation, or association shall be made public in such manner as to be available for the use of any business competitor or rival.

"That said commission shall make reports to Congress of its investigations, including an annual report and such special reports as the President or either House of Congress may direct. Said reports shall be printed as public documents. Ten thousand copies of the annual report shall be published and ready for distribution on the first Monday of December of each year.

"That upon the taking effect of this act there shall be transferred to the Tariff Commission hereby created all such property and equipment, books, and papers as were possessed or used by the body heretofore known as the 'Tariff Board,' in connection with the subjects for which the Tariff Commission is hereby created."

Mr. UNDERWOOD. Mr. Chairman, I make a point of order against the amendment offered by the gentleman from New York [Mr. PAYNE] upon the ground that it is not germane to the bill and not germane to the section to which it is offered as an amendment.

My position in that matter, Mr. Chairman, is this: This is a section of a bill relating to the customs taxes of the United States. The balance of the bill, except so far as the income-tax feature is concerned, relates to those portions of our taxing law. The purpose of the amendment, as I heard it read, is not the purpose of levying taxes or assessing taxes, but its purpose is the ascertainment of information—information that may or may not be pertinent to the subject matter under consideration in this bill. But assuming, for the sake of the argument, that it is germane to this bill, it is the establishment of an organization in the Government purely for the purpose of obtaining information, and as I understand the bill proposed as a new paragraph by the gentleman from New York [Mr. PAYNE], from hearing it read, it does not vest in these commissioners or in this board any power whatever to regulate tax rates. I think that is correct, if I heard it aright.

Mr. PAYNE. Certainly; it does not give them any power to fix rates.

Mr. UNDERWOOD. Therefore I can see no more germaneness in this proposition to the subject matter of this bill than there would be if a certain gentleman were to offer an amendment to increase the number of clerks on the Ways and Means Committee, or if some one were to offer an amendment to create a bureau of statistics in the Treasury Department. Information would not only be obtained in this way, but there are a number of other bureaus in the Government that could furnish information along the same lines that it is proposed for this board to gather; and if you were to open the door to a bill of this kind as an amendment to the pending measure, you would have an interminable number of amendments that would be offered about subject matters that have not been considered by the committee.

Of course, I recognize the fact that the committee could have authorized a proposition of this kind; but the purpose of the rule providing that amendments that are not germane to a bill are not in order is to protect the House against ill-considered amendments. The theory of the government of this House is that the legislation coming before the House before it is considered on the floor shall be carefully considered by one of the committees of this House, perfected, and presented to the House in perfected form. This is a matter of much importance. It requires careful consideration. It has not received consideration by one of the authorized committees of the House, and therefore I do not think it is proper to bring it up at this time and force it on the House for consideration when its details have not been properly thrashed out before a committee of the House. Therefore I insist on the point of order.

Mr. MURDOCK. Will the gentleman yield?

Mr. UNDERWOOD. Yes.

Mr. MURDOCK. It is my purpose to offer another tariff commission provision to the administrative features of the act. I do not think that the gentleman's point of order, as he applies it to this commission, will apply in that case.

Mr. UNDERWOOD. If it is for a tariff commission, I am inclined to think the point of order would apply at any portion of the bill; but of course I can not speak as to the gentleman's amendment until I have heard it read. I think it would apply to any portion of the bill.

Mr. AUSTIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. AUSTIN. I wish to know whether it would be in order, before the point of order is passed upon, to offer an amendment to this new paragraph submitted by the gentleman from New York and have it considered in connection with the original proposition?

The CHAIRMAN. It would not, except by unanimous consent.

Mr. PAYNE. Mr. Chairman——

The CHAIRMAN. Does the gentleman from New York [Mr. PAYNE] desire to be heard on the point of order?

Mr. PAYNE. It is true, Mr. Chairman, that the general purposes of this bill are to fix rates and provide revenue upon various articles imported into the United States, but that does not cover the whole scope and object of the bill. For instance, there is a paragraph in the bill that authorizes and requires the President to report to Congress whether the amount of any article imported into the United States in any one year does not exceed 5 per cent of the consumption in the United States. In case it does not, he is to report that fact to Congress. So that the bill goes further than to fix rates. It puts into the hands of an executive officer of the Government the power to make this inquiry, and requires him to report to Congress if he finds the fact that the imports do not exceed 5 per cent of the consumption or production in the United States of any article at any time.

So the bill goes much further than fixing rates and raising revenue and providing for the proper administration of the law in the collection of those taxes. It authorizes an executive officer to make this very inquiry that I am seeking to make in this amendment, in order that the report may furnish a basis to Congress for action.

The paragraph in the bill that authorizes the President to make this inquiry and report does not say what Congress shall do. Neither does this amendment which I offer. The President is to transmit that information to Congress, ostensibly for some purpose. Possibly we might infer from the debates, from the remarks of gentlemen upon the other side, that if it was found that the imports of any article did not exceed 5 per cent of the product in the United States they would take that fact into consideration in fixing rates. If the bill provides that in a single instance, or for a single purpose, or in reference to a single fact, such information shall be obtained, and the information comes to the Congress of the United States after that inquiry has been made, it opens the door, if it was not opened before, for any amendment of this kind and for the appointing of a commission to make these inquiries.

The CHAIRMAN. Will the gentleman from New York permit the Chair to make an inquiry?

Mr. PAYNE. Certainly.

The CHAIRMAN. Does the gentleman from New York make no distinction between a revenue bill and an appropriation bill in regard to the principles which he has laid down?

Mr. PAYNE. I think the rule makes a distinction, if I am correct about it, between an appropriation bill and other bills.

The CHAIRMAN. It is undeniably true that if there be a provision in an appropriation bill which is subject to a point of order under the rule, and it passes without the point of order being made, then an amendment itself not in order may be offered to that proposition; but is that true of a revenue bill?

Mr. PAYNE. That grows out of the fact that the rules provide that in an appropriation bill there shall be no new legislation. If new legislation comes from the committee, and no point of order is made against it, of course any germane amendment to that is in order. We get rid of the rule to that extent, because the Appropriations Committee have reported a bill in that shape, and the Committee of the Whole have accepted it, and no one has raised a point of order on the original proposition.

I would not say that the two cases were parallel. There is no rule that there shall not be legislation in a revenue bill. In fact, the whole of a revenue bill is legislation from beginning to end. And so legislation that is germane to the object of the bill, the raising of revenue, is proper and appropriate legislation.

I could not raise any point of order successfully against any provision in this bill, no matter how much it lacked germaneness, but I am not seeking to put in a proposition that is not germane to the object of the bill, but one that is in accordance with it and is in aid of it, namely, the fixing of proper duties to raise revenue. It seems to me that anything is proper as an amendment that helps to carry out that object or tends to that object.

The question of these rates is the bill is something to review, subject to finding of facts to be reported to Congress. It was perfectly proper for gentlemen to put into their bill a proposition that the President should find these facts if they thought they were germane and would aid them in the future in amending the legislation. But it is just as proper for me to offer this general proposition for the Tariff Board to examine into all these questions of raising revenue, and it is perfectly germane, it seems to me.

Mr. MANN. Mr. Chairman, the pending bill is entitled "A bill to reduce tariff duties and to provide revenue for the Government, and for other purposes." It includes many schedules of tariff rates on articles imported into the United States, and it includes a long list upon the free list where there are no tariff duties to be collected; it includes a provision for the levying and collecting of the income tax, and it includes two sections which are administrative in their character.

It would not be denied, I think, that any proposition relating to the subject of the tariff would be in order unless specially excluded by a rule of the House. The rule of the House on this subject, which was adopted at the beginning of the last session of Congress, provided in paragraph 3, Rule XXI, as follows:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill, nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

The gentleman from Alabama in making the point of order suggested that perhaps this amendment might be subject to a point of order because of the place where it is offered in the bill. It is not an amendment to any item in the bill, I ask the Chair to note. It is an amendment to the bill itself. It does not come within the provision that the amendment must be germane to the item of the bill to which it is offered, because it is not offered to any item in the bill. It is not offered as an amendment to any paragraph but as an independent paragraph, and the only question the Chair has to determine is whether it is germane to the subject matter.

Let us see what it does. It provides for the creation of a tariff commission. For what? To investigate the cost of production of all articles which by any act of Congress now in force or hereafter enacted are made the subject of what? Of tariff legislation.

Section 4 of the bill provides that to enable the President to secure information as to the effect of tariff rates, restrictions, exactions, or any regulations imposed at any time by any foreign country, and so forth, the President may require the commission to make investigation. What is the subject matter of the bill? The subject matter of the bill covers the whole scope of tariff legislation. There is no article which can be brought into the United States from any source which is not covered by the provisions in the tariff bill.

This bill covers everything in the way of tariff legislation, and every article which can be imported into the country is covered by the terms of the pending bill.

Not only that, but in the beginning of section 4 of the bill it is provided in Paragraph A:

That for the purpose of readjusting the present duties on importations into the United States and at the same time to encourage the export trade of this country, the President of the United States is authorized and empowered to negotiate trade agreements with foreign nations wherein mutual concessions are made looking toward freer trade relations and further reciprocal expansion of trade and commerce.

The pending bill therefore not only covers all there is concerning the tariff duties, all of the free list, but also authorizes the President to negotiate trade agreements with foreign nations in reference to future expansion of trade and commerce. That covers the whole scope of possibility in regard to future trade and commerce and tariff regulations. Not only that, but on page 216 of the bill it is provided:

S. That the President shall cause to be ascertained each year the amount of imports and exports of the articles enumerated in the various paragraphs in section 1 of this act and cause an estimate to be made of the amount of the domestic production and consumption of said articles, and where it is ascertained that the imports under any paragraph amount to less than 5 per cent of the domestic consumption of the articles enumerated he shall advise the Congress as to the facts and his conclusions by special message.

Therefore, the bill covers not only all import duties upon all classes of articles which will be brought into the United States, but covers the entire free list, and authorizes the President, in addition, to authorize trade conventions, and then authorizes and directs the President to ascertain the amount of the domestic production and consumption of every article named in the dutiable list or the free list. It covers the whole scope. It not only fixes the duties to be paid, not only provides for the free list that is given, not only provides for trade conventions to be negotiated in reference to future trade and commerce, but directs the President to find the amount of production and consumption of every article referred to in section 1. Will anyone say, can it be contended, that a provision authorizing the President to name a commission which shall—

investigate the cost of production of all of the articles which may be the subject of tariff legislation—

is not germane to a provision directing the President to ascertain the amount of production and consumption?

Paragraph S on page 216 directs the President to—

cause an estimate to be made of the amount of the domestic production and consumption of said articles.

Can it be contended that it is not germane to add a provision that the President—

in ascertaining these facts shall also ascertain the cost of production of these articles?

That is the provision in the amendment offered by the gentleman from New York. Can it be contended that it is not also germane to provide—

that the President in securing information as to the amount of production and consumption shall also secure information as to the effect of tariff rates, restrictions, exactions, and regulations imposed by any foreign country?

If we direct the President to enter into trade conventions with foreign countries, are we not authorized to let the President name a commission which in aiding him in negotiating these trade conventions shall ascertain what rates, restrictions, exactions, or regulations are imposed by a foreign country upon importations from this country?

Mr. Chairman, I have great regard for the Chairman of the Committee of the Whole, as I have great regard for the gentleman from Alabama [Mr. UNDERWOOD]. I have given some attention to parliamentary law and practice in this House. It is seldom that I express a personal opinion like this, but I do not see how anyone can honestly pretend that this amendment for a tariff commission is not germane to the provisions of this bill. If the political conditions are so strenuous upon the other side of the aisle that they dare not take a vote on the tariff commission, then I have no criticism to make if through some method they prevent it from coming before the House; but it will be the effort of men who are afraid and not of men who have nerve to meet the situation. I have always been willing to vote on any proposition which could be presented to the House. I admire the man who is bold enough to take his political life in his hand and not be afraid to vote, and I had hoped that the other side of the House would not be afraid to vote upon a proposition creating a tariff commission. You have repeatedly declared that you were against it. Why should the point of order be made at all upon this proposition? The gentleman from Alabama, who holds the other side of the House in the small of his hand, has repeatedly declared that he has recanted since he favored the creation of a tariff commission, and that he now stands solidly against it. Why should he make a point of order? Has the time come when he is afraid that the solid phalanx on the other side of the House would break in the middle? I do not know whether the solid phalanx on the other side of the House would break in the middle, but if you think you can prevent our taking to the country the question of the scientific making of a tariff bill you are mistaken.

We may not have the opportunity to break your solid phalanx in this Congress, but you prevent a vote on this question in this Congress and we will show you a majority in the next Congress. [Applause on the Republican side.]

Mr. MURDOCK. Mr. Chairman, if the point of order is not sustained I propose to offer an amendment to the motion of the gentleman from New York, and if the point of order is sustained I propose to offer a proposition for a tariff commission as an amendment to the administrative features of the bill, where I hope it will be held to be germane. Now, I am aware of the fact that the rule as to the germaneness of motions in this body is constantly narrowing, largely by reason of the fact that most of the time the House is busy with the consideration of appropriation bills, where the rule is strictly interpreted. The precedents have conformed largely to the necessities of consideration of appropriation bills. The last time that a tariff commission was offered, I think, as an amendment in this House was when an appropriation bill was pending. On May 23, 1910, the gentleman from Illinois [Mr. MANN] was in the chair, and a point of order was made by the gentleman from New York [Mr. FITZGERALD] against a tariff-commission bill which had been offered to the appropriation bill, and after

long argument—argument which consumed the greater part of the day—the point of order made by Mr. FITZGERALD was sustained by the gentleman from Illinois [Mr. MANN] on the ground that it was new legislation, as I remember it. That was on an amendment to an appropriation bill. When it comes to the matter of an amendment to a revenue measure the rule of germaneness is quite different. The rule reads as follows:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill.

The subject matter of this tariff bill has wide latitude. The bill has a dutiable list, it has a free list, it has an income-tax feature, and, in addition, a long list of administrative provisions. Some of those provisions have latitude in themselves of an exceptional nature. The first paragraph in section 4, Paragraph A, says:

A. That for the purpose of readjusting the present duties on importations into the United States and at the same time to encourage the export trade of this country, the President of the United States is authorized and empowered to negotiate trade agreements with foreign nations wherein mutual concessions are made looking toward freer trade relations and further reciprocal expansion of trade and commerce.

But the bill goes even further than that in its latitude, as I wish to point out to the Chairman. Paragraph R of the same section provides that the President of the United States shall have a survey of the selling price of goods abroad. It is in this language:

R. That whenever articles are exported to the United States of a class or kind made or produced in the United States, if the export or actual selling price to an importer in the United States, or the price at which such goods are consigned is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to the United States at the time of its exportation to the United States, there shall, in addition to the duties otherwise established, be levied, collected, and paid on such article on its importation into the United States a special duty (or dumping duty) equal to the difference between the said export or actual selling price of the article for export or the price at which such goods are consigned, and the said fair market value thereof for home consumption, provided that the said special duty shall not exceed 15 per cent ad valorem in any case and that goods whereon the duties otherwise established are equal to 50 per cent ad valorem shall be exempt from such special duty.

Now, Mr. Chairman, the bill goes even further than that in its latitude. It provides, for instance, a certain regulation as to the duties to be levied, dependent on the way in which the goods are transported to the country, whether in foreign or American bottoms, and it seems to me that the wide range of the subject matter of the bill is such that under the rule which I have recited the amendment offered by the gentleman from New York [Mr. PAYNE] is in order. If it is not in order at the point at which it is offered it certainly must be in order in the paragraphs in the administrative section of the bill which I have cited. I want to say, Mr. Chairman, from my own viewpoint, that I do not believe that the commission proposed by the gentleman from New York, if it should be held in order and if it should be enacted by the Congress of the United States, would be an effective and an efficient commission. I do not believe that the proposal of the gentleman empowers the commission to get all the facts. I do believe that the commission proposed in the amendment which I shall offer at another place in this bill will be efficient; that it has teeth; that it has the power fully defined to adduce all the facts needed and lay a basis for the only just revision of the tariff this country can have.

Mr. HARDWICK. Mr. Chairman, it seems to me that under two rules of the House this amendment is clearly not in order. Clause 7 of Rule XVI provides that a subject different from that under consideration may not be introduced under color of amendment. I wish to refer the Chairman to two precedents that seem to me to be in order on this point:

On December 31, 1827, Mr. Rollin C. Mallary, of Vermont, presented this resolution from the Committee on Manufactures:

"*Resolved*, That the Committee on Manufactures be invested with the power to send for persons and papers."

It was explained that the committee wished this power in order to acquire information to be used in framing a tariff bill. Mr. Andrew Steward, of Pennsylvania, proposed an amendment to strike out all after the word "Resolved" and insert:

"That it is expedient to amend the existing tariff laws by increasing the duties on the following importations—raw wool and woolens, bar iron," etc.

Mr. John Floyd, of Virginia, made a point of order against the amendment.

The Speaker (Mr. Andrew Stevenson, of Virginia) decided that the amendment was not in order, inasmuch as the proposition was on a subject different from that under consideration, and consequently inadmissible, under color of amendment, by the rules and practice of the House.

Now, one other precedent. I refer you now to a decision made in 1880 by Representative Carlisle, of Kentucky, who was then presiding as Chairman of the Whole House:

On March 17, 1880, the House was considering "a bill making appropriations to supply certain deficiencies in the appropriations for the service of the Government for the fiscal year ending June 30, 1880, and for other purposes," when Mr. Otho R. Singleton, of Mississippi, offered an amendment for the purpose of repealing the law making the Public Printer an officer appointed by the President, making the Public Printer an elective officer of the House of Representatives, etc.

Mr. John A. McMahon, of Ohio, made a point of order against the amendment.

After debate the Chairman ruled.

I am not going to read all of it. It is found in Hinds' Precedents, volume 5, page 422. Among other things, the Chairman said:

It will be observed that each of these rules admitted amendments introducing new motions or propositions, if they were not offered as substitutes for the motion or proposition under debate. But in March, 1822, the House changed the rule of 1789 so as to make it read as follows:

"No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment."

And in this form the rule has stood ever since, and now constitutes a part of the seventh clause of Rule XVI in the recent revision. The rule does not prohibit a committee reporting a bill from embracing in it as many different subjects as it may choose—

That was just as the gentleman from Alabama [Mr. UNDERWOOD] called attention to in the beginning—

But after the bill has been reported to the House no different subject can be introduced into it by amendment, whether as a substitute or otherwise.

Also, again, the Chairman, Mr. Carlisle, said this:

It is not always easy to determine whether or not a proposed amendment relates to a subject different from that under consideration within the meaning of the rule; and it is especially difficult to do so when, as in the present instance, the amendment may, by reason of the terms it employs, appear to have a remote relation to the original subject.

Mr. Chairman Carlisle continues:

It neither increases nor diminishes the amount proposed to be appropriated by the bill; nor does it in any manner affect the expenditure of the money proposed to be appropriated by the bill.

So I make the same point, Mr. Chairman, that this proposed amendment in no way affects the revenue to be raised by this bill. Not only that, Mr. Chairman, but it seems to me the strongest of all reasons that can be given under the more recent rule we have adopted. Clause 3 of Rule XXI provides no amendment shall be offered which is not germane to the subject matter in the bill. And that is quite different from the subject matter of the bill; and yet gentlemen have used the terms indiscriminately so far during this discussion.

Now, what was the subject matter in the bill?

Section 1 of the tariff bill imposes duties and prescribes the free list, section 2 contains the income-tax provisions, and sections 3 and 4 are the administrative sections. But, Mr. Chairman, I do say this, in the administration provisions in this bill you will find nowhere any subject matter, in any one of them, to which the provisions embraced in the motion submitted by the gentleman from New York are germane. Let us see. There are three substantive propositions, as I understand it, that are embraced in the motion of the gentleman from New York [Mr. PAYNE]. This commission that he proposes is to do what? First, it is to investigate the cost of production of all articles affected by the tariff.

I wish to inquire of the gentleman from New York [Mr. PAYNE] and of the gentleman from Illinois [Mr. MANN] to what provision in the pending bill is that germane? We have conferred no such authority on our President in this bill or on anyone else.

Second. The second substantive proposition carried in the gentleman's motion is that a tariff board shall investigate with special reference to the prices paid domestic and foreign labor. To what proposition of our bill is that germane, I again inquire of the gentleman from New York [Mr. PAYNE] and the gentleman from Illinois [Mr. MANN]?

The third proposition is that the Tariff Board provided for in this amendment shall investigate foreign tariffs and determine their effects. To what proposition in this bill is that germane?

So that, Mr. Chairman, even under clause 7 of Rule XVI, fairly construed, and even construed with liberality, it seems to me the weight of authority is that this amendment would not be in order, because it is really a different subject matter that is introduced by it.

But when you consider the modification of the rules of this House that was established by the third clause of Rule XXI, adopted at the beginning of the last Congress, it seems to me there is no doubt that this amendment is clearly out of order, because you can take the three substantive propositions that are carried in the gentleman's motion—first, to investigate the difference in the cost of production at home and abroad, and there is no proposition in our bill, administrative or otherwise, to which it fairly relates; and, second, the same thing can be said about the difference in the cost of labor; and, third, the same thing also can be said about the effects of foreign tariffs—so that I say there is no one of the three substantive propositions carried in the motion of the gentleman from New

York [Mr. PAYNE] that is germane to anything in this bill, and I therefore think that the point of order against the gentleman's motion ought to be sustained.

Mr. GARDNER. Mr. Chairman, the only question here is whether this amendment is germane to any part of the tariff bill. The gentleman from Illinois [Mr. MANN] and the gentleman from Kansas [Mr. MURDOCK] have fairly pointed out the provisions under which the President is directed to ascertain information. This amendment is germane to those provisions. Even if no such clauses were included, this amendment would be germane to any bill raising revenue, under the interpretation which this House has given more than once to the meaning of those words, "raising revenue."

The question of the meaning of the words "raising revenue" does not happen to have come up, so far as I know, in this particular form, but it has come up—in fact, I raised it myself—in connection with a question of privilege. The gentleman from New York [Mr. PAYNE] a number of years ago claimed the right to bring before the House as a matter of privilege a bill consolidating customs districts throughout the country. I raised the point of order that the question was not a matter of privilege, because, as I held, a bill for the consolidation of customs districts is not a bill raising revenue.

I also raised another point of order, which was sustained; but as to my point of order that a bill consolidating customs districts was not a bill raising revenue, I was overruled by Mr. Speaker Cannon on the 12th day of February, 1906. You will find the decision recorded on page 2453 of the CONGRESSIONAL RECORD, a copy of which I have sent up to the Chair.

If the Chair will observe, at the bottom of the first column, on page 2453, at the place where I have marked the book, the gentleman from New York [Mr. PAYNE] moved that the House resolve itself into the Committee of the Whole House on the state of the Union to consider the bill to provide for the consolidation and reorganization of customs-collection districts. Against this motion I raised the two points of order of which I have spoken.

Now, if the Chair will turn to the bottom of page 2454, he will find the ruling of Mr. Speaker Cannon:

The SPEAKER The Chair is ready to rule, unless the gentleman desires to address the Chair further. The Chair would be ready to follow, touching the first point of order made by the gentleman from Massachusetts [Mr. GARDNER], the ruling by Mr. Speaker Reed, in which ruling the Chair concurs. Even without that ruling the Chair would be inclined to hold that this bill under the rule was privileged.

Now, what is the ruling of Mr. Speaker Reed, to which Mr. Speaker Cannon referred? If the Chair will turn back to page 2453 and look near the bottom of the second column he will find that—

On May 4, 1898, Mr. Charles H. Grosvenor, of Ohio, called up as a privileged matter the joint resolution (H. Res. 27) to repeal the joint resolution in reference to the free zone on the frontier of Mexico, the subject involved being the transportation of dutiable goods and its relation to smuggling.

Mr. Samuel W. T. Lanham, of Texas, made the point of order that this was not a bill "raising revenue."

The Chair, who at that time was Mr. Speaker Reed, ruled, as the Chair will find by turning to page 2454, at the top of the first column, as follows:

So it seems to the Chair that, this being a measure relating to the revenues and the collection of the revenues, and without determining whether it increases or decreases the revenue, it is a matter that comes strictly within the rules and can be considered under the rules.

The Chair therefore overrules the question of order raised by the gentleman from Texas.

Now, of course those were not exactly parallel cases. In this instance it is not a question of privilege. It is a question of germaneness. What I wish to point out to the Chair is that these rulings indicate the practice of this House in the interpretation of the meaning of the words "bill raising revenue," and for that reason I ask the attention of the Chair to these rulings.

The CHAIRMAN. If this came in as an independent bill, reported from the Ways and Means Committee, would it, in the opinion of the gentleman, be privileged?

Mr. GARDNER. Unquestionably.

Mr. SHERLEY. If the Chair will permit—not to cover ground already covered, but to answer the gentleman from Massachusetts—the contention of the gentleman, boiled down, is that whatever would have been a proper matter for the Committee on Ways and Means to report as privileged would be germane to this bill, because this matter is privileged and properly comes from the Ways and Means Committee.

Mr. GARDNER. The gentleman ought not to put into my mouth such a non sequitur as that.

Mr. SHERLEY. The gentleman from Massachusetts did not put it that baldly, because that would have destroyed the gentleman's argument; but the effect of his statement is that the Chair held once that a bill undertaking to consolidate certain customs districts was a privileged bill, that could be reported from the Ways and Means Committee, and therefore that it would be germane to a revenue bill; but the proposition with which the Chair is confronted is whether such a bill as the present one having been reported, there is anything in it to which this proposed amendment can be held to be germane. It is not a question as to whether this particular Tariff Board amendment would be a matter proper to be referred to the Committee on Ways and Means, and reported by it, and which, being reported by it, would be privileged, but it is whether there is anything in this bill raising revenue which makes this amendment germane to it.

Now, I submit to the Chair that nothing has been advanced by the other side to show that the matter is germane to the bill. It does not affect the raising of revenue as applied in this bill. It does not affect rates at all. It simply provides for the creation of a board which shall have certain defined duties. And, by the way, in passing, it does not enlarge in the slightest the power that now exists to ascertain everything that is desired in this particular, because the Bureau of Foreign and Domestic Commerce created last year by a Democratic House has all the power that is given in this bill, in language as explicit as that contained in this amendment. Now, it would be very much more appropriate to amend that law than to add it to this particular revenue bill.

Mr. MANN. Will the gentleman yield for a question?

Mr. SHERLEY. Yes.

Mr. MANN Is there any provision under which the Bureau of Foreign and Domestic Commerce can subpœna witnesses and take their testimony under oath?

Mr. SHERLEY. I do not think there is any doubt that the bureau has ample power to make such investigations and reports as are necessary to advise Congress or the President fully on tariff matters.

Mr. MANN. I notice that the gentleman did not answer the question.

Mr. SHERLEY. Well, the gentleman asked a question that is not necessarily germane. I have the provision that transfers the duties of the old bureau to the Bureau of Foreign and Domestic Commerce. I am not prepared to say offhand whether that bureau would have the right to subpœna witnesses or not, but I am prepared to say that in several respects the language of this law creating the Bureau of Foreign and Domestic Commerce makes a more complete bureau for the investigation of tariff matters than the proposed amendment of the gentleman from New York.

Mr. MANN. Surely the gentleman does not say that seriously.

Mr. SHERLEY. It is not only said seriously, but I think it is demonstrably accurate.

The law creating the Bureau of Foreign and Domestic Commerce is found in Public Act, No. 299, approved August 23, 1912, and is as follows:

The Bureau of Manufactures and the Bureau of Statistics, both of the Department of Commerce and Labor, are hereby consolidated into one bureau to be known as the Bureau of Foreign and Domestic Commerce, to take effect July 1, 1912, and the duties required by law to be performed by the Bureau of Manufactures and the Bureau of Statistics are transferred to and shall after that date be performed by the Bureau of Foreign and Domestic Commerce.

Those certain duties of the Department of Labor, or Bureau of Labor, contained in section 7 of the act approved June 13, 1888, that established the same, which especially charged it "to ascertain, at as early a date as possible, and whenever industrial changes shall make it essential, the cost of producing articles at the time dutiable in the United States, in leading countries where such articles are produced, by fully specified units of production, and under a classification showing the different elements of cost, or approximate cost, of such articles of production, including the wages paid in such industries per day, week, month, or year, or by the piece; and hours employed per day; and the profits of manufacturers and producers of such articles; and the comparative cost of living, and the kind of living; what articles are controlled by trusts or other combinations of capital, business operations, or labor, and what effect said trusts, or other combinations of capital, business operations, or labor have on production and prices," are hereby transferred to and shall hereafter be discharged by the Bureau of Foreign and Domestic Commerce, and it shall be also the duty of said Bureau of Foreign and Domestic Commerce to make such special investigation and report on particular subjects when required to do so by the President or either House of Congress.

Bureau of Foreign and Domestic Commerce: Chief of bureau, $4,000; assistant chiefs of bureau, 1 at $3,000, 1 at $2,750; Chief of Division of Consular Reports, $2,500; chief clerk, $2,250; stenographer to chief of the bureau, $1,600; clerks—7 of class 4, 5 of class 3, 1 at $1,500, 11 of class 2, 14 of class 1, 17 at $1,000 each, 11 at $900 each; messenger; 5 assistant messengers; 4 laborers; laborer, $480; in all, $104,860.

To enable the Bureau of Foreign and Domestic Commerce to collate and publish the tariffs of foreign countries in the English language, with the equivalents in currency, weights, and measures of the United States of all such foreign terms used in said tariffs, and to furnish information to Congress and the Executive relative to customs laws and regulations of foreign countries, and the purchase of books and periodicals, $10,000.

To further promote and develop the foreign and domestic commerce of the United States, $60,000, to be expended under the direction of the Secretary of Commerce and Labor.

Mr. GARDNER. The gentleman from Kentucky is mistaken in supposing that I cited only one case. I cited the free-zone case in Mexico, and I cited the case of the consolidation of the customhouses and districts. In both cases the Committee on Ways and Means claimed privilege for their bills under section 56 of Rule XI, which gives the Committee on Ways and Means the right to report at any time "on bills raising revenue."

Mr. SHERLEY. Will the gentleman yield for a question?

Mr. GARDNER. Yes.

Mr. SHERLEY. Suppose there was a bill reported out by the Ways and Means Committee that dealt with internal revenue alone and only one subject of internal revenue; does the gentleman think it would be in order to offer as an amendment to that a reciprocity agreement touching customs duties with Canada?

Mr. GARDNER. Probably not. Now, Mr. Chairman, in the two cases which I cited privilege was claimed under that provision of the rules which gives the Committee on Ways and Means the right to report at any time "on bills raising revenue." There is nothing else under the sun for which the Committee on Ways and Means may claim privilege except bills raising revenue. Such being the case, the question has arisen, What is the meaning which the House gives to the words "bills raising revenue"? Twice it has been decided distinctly that the words "bills raising revenue" must be construed in the broadest possible way.

Mr. FITZGERALD. Mr. Chairman, I believe the committee is indebted to the gentleman from Massachusetts for raising an issue which simplifies the determination of this question. My understanding of the contention of the gentleman from Massachusetts is that the criterion in this instance is as to whether a particular bill is privileged under the rule giving the committee the right to report bills affecting the revenue. That rule has been very broadly construed in sustaining the power of the Committee on Ways and Means, and I take it that the contention of the gentleman from Massachusetts is that to a bill raising revenue, reported from the Committee on Ways and Means, which is a privileged matter, any amendment which, if proposed as an independent measure, would be privileged as a separate measure if reported from the Committee on Ways and Means, would be in order as an amendment to this bill.

The gentleman from Massachusetts has not been as frank in calling attention to the precedents on this occasion as he usually is. Under paragraph 56 of Rule XI, section 772 of the digest, where the authorities are collated, there is an authority to which the gentleman has failed to call attention.

The digest sets forth:

The privilege of the Committee on Ways and Means to report bills raising revenue is broadly construed to cover bills relating to the revenue, but a bill providing for a tariff commission and a declaratory resolution on a subject relating to the revenue were held not to be within the privilege.

Hinds' Precedents, volume 4, section 4626, presents this very case, where a bill had been reported from the Committee on Ways and Means providing for a tariff commission, and it was held not to be a revenue bill within the meaning of the rule making revenue bills privileged.

4626. A bill providing for a tariff commission was held not to be a revenue bill within the meaning of the rule giving such bills privilege. On March 7, 1882, the House being in Committee of the Whole House on the state of the Union, Mr. John A. Kasson, of Iowa, moved that the committee proceed to the consideration of the bill (H. R. 2315) to provide for the appointment of a commission to investigate the question of the tariff and internal-revenue law, which had been reported from the Committee on Ways and Means.

Mr. Edward K. Valentine, of Nebraska, made the point of order that this bill might not be taken up out of order, since it was neither a revenue bill nor an appropriation bill nor a bill for the improvement of rivers and harbors.

At that time, Mr. Chairman, under the rules of the House the practice was instead of moving to go into Committee of the Whole House on the state of the Union to consider some particular bill to move that the House resolve itself into Committee of the Whole House on the state of the Union to consider bills on the Union or the Private Calendar, and then by motion a bill was selected for consideration. If it were a privileged bill, it could be taken up out of order, thus putting it in the same category as under our present practice, where the motion is to go into Committee of the Whole House on the state of the Union to consider revenue bills as privileged matter.

After debate, the Chairman ruled—

The Chair finds on inspection of the bill, in the first instance, that it provides for a commission called "the Tariff Commission"; that in the second section it gives the number of such commissioners, provides for their salaries, and the payment of such officers and assistants as may be provided. In the third section the duty of such commission is prescribed. It is to take into consideration and thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff; and for the purpose of fully examining the matters which may come before it, such commission, in the prosecution of its inquiries, is empowered to visit such different portions and sections of the country as it may deem advisable. The fourth section provides that the commission shall make to Congress final report of the result of its investigation at certain times prescribed in the bill.

It is apparent that the bill was very similar in its chief characteristics to the proposed amendment of the gentleman from New York [Mr. PAYNE].

The Chair finds in the memoranda of the bill it was introduced and referred to the Committee on Ways and Means January 9, 1882, and on February 8, 1882, was reported back with amendments, committed to the Committee of the Whole House on the state of the Union, and ordered to be printed.

Reference has been made in the course of the debate to a certain clause of the rules in order to assist a proper decision. Rule XI provides:

"All proposed legislation shall be referred to the committees named in the preceding rule, as follows, namely: Subjects relating to the revenue and the bonded debt of the United States, to the Committee on Ways and Means."

Under clause 4 of the same rule committees are given leave to report at any time on matters therein stated. The Committee on Ways and Means is authorized to report on bills raising revenue.

The single question the Chair is called on to decide is this: Is the present bill one entitled to precedence under clause 4 of Rule XXIII in its consideration before the Committee of the Whole? If it is entitled to such precedence, it is entitled because of the language of the rule, and that language is "bills for raising revenue."

The Chair would suggest no light is thrown on the subject, in his judgment, by the citation of Rule XI, regulating the submission of certain matters to the committee. Nor, again, is any help derived by the rule which relates to the report of the committee. Plainly the consideration of those is quite immaterial at the present moment.

Is this a bill for raising revenue? It is a bill to instruct a commission to investigate the various great interests of the country and to report the result of these investigations to Congress.

It will be noticed the language of the fourth clause is not bills relating to revenue; it will be noticed it is not subjects relating to revenue; nor is it revenue bills, but bills for raising revenue. In other words, to carry out the provisions and power expressed in the Constitution authorizing Congress to lay and collect taxes, duties, and imposts. The Chair understands the words "bills raising revenue" to mean bills laying taxes, authorizing duties and imposts within the provisions of the Constitution; and the Chair believes that that is the proper construction of this rule.

The question is one simply of the precedence of business. The other questions which have been alluded to as of great importance, the problem whether or not in certain stages of consideration amendments might be offered, are not material to that discussion of consideration. It is sufficient to decide those when they are reached.

Then the Chair, citing some other matters which are not quite material, sustained the point of order, and ruled that the bill had not precedence under the rules at that time.

Mr. GARDNER. Mr. Chairman, will the gentleman yield?

Mr. FITZGERALD. Yes.

Mr. GARDNER. The gentleman has omitted to read the second footnote to that case on page 956. Will the gentleman be kind enough to read that or allow me to read it?

Mr. FITZGERALD. Mr. Chairman, I called attention to it. It says:

See section 4020 for the form of rules, etc.

I called attention at the outset of my statement to the fact that procedure at that time was different under the rules than the existing procedure. At that time the motion was to go into the Committee of the Whole House on the state of the Union for the purpose of considering bills on the Union Calendar. When the committee was formed, bills which were then privileged, because the committee had the right to report at any time, could be taken up out of order on the calendar. The practice now is different in that under our present rules and practice the motion is made at the outset that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering a designated bill, and the bill must be of the privileged character in order to permit the motion to prevail against objection.

If the gentleman from Alabama at any time on any day after the Journal has been approved submitted a motion that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering a bill to create a tariff commission, if the point of order were interposed that it was not a privileged motion, there can be no doubt in the mind of the Chair that the Chair would hold the motion could not prevail, but must be declared out of order. The whole argument of the gentleman from Massachusetts [Mr. GARDNER] was to the effect that this proposed amendment was in order because it was germane under the rule, it being a matter over which the Committee on Ways and Means had jurisdiction, and that it would be privileged because it came within the rulings describing bills as bills raising revenue. If the gentleman's contention can not be sustained, then the entire argument must fall.

Mr. GARDNER. Will the gentleman yield?

Mr. FITZGERALD. I yield.

Mr. GARDNER. Will not the gentleman admit he has been discussing a case decided by Chairman Robinson under another form of the rule and overruled by two Speakers of the House, as the footnotes clearly indicate?

Mr. FITZGERALD. The footnotes in the volume of Hinds' Precedents which I have do not so indicate.

Mr. GARDNER. Will the gentleman admit that he has been reading the ruling of Chairman Robinson, and that it was overruled by Mr. Speaker Reed and Mr. Speaker Cannon?

Mr. FITZGERALD. Oh, no.

Mr. GARDNER. That is the ruling before the rule was changed——

Mr. FITZGERALD. I make no such statement. If the ruling has been substantially overruled by Mr. Speaker Reed and Mr. Speaker Cannon, the very distinguished gentleman who prepared this digest, and who was Mr. Reed's parliamentary clerk and admired as a parliamentarian above all men who had ever served in Congress and for whose decisions he had a particularly high regard, would have clearly indicated in the notes that this decision was no longer considered as binding, but had been overruled by Mr. Speaker Reed; but there is no such note, there is no such indication.

Mr. GARDNER. Will the gentleman yield?

Mr. FITZGERALD. Just let me finish this statement, because I wish it complete. If the gentleman from Maine, who prepared——

Mr. GARDNER. Just a moment——

Mr. FITZGERALD (continuing). If Mr. HINDS, who prepared the Precedents, which are so valuable, had any suspicion that this ruling was not a precedent to be followed, he would not have taken a page and a half in setting forth in fine type the reasoning of Mr. Robinson, the chairman of the committee, who made this decision.

Mr. GARDNER. Will the gentleman yield to me for one question?

Mr. FITZGERALD. Yes; I yield.

Mr. GARDNER. What is the meaning of this sentence in Mr. HINDS's footnotes: "It is now the usage under the rule to move to take up any bill"?

Mr. FITZGERALD. I supposed the gentleman from Massachusetts was more familiar with the rules than he indicates, but perhaps it is necessary even to remind him of what the practice is. Under the rules to-day, Mr. Chairman, there is what is known as the morning hour, not very frequently taken advantage of, but nevertheless there is a morning hour under the rule. When the committees are called, for one hour, any bill upon the House Calendar, at the direction of the committee reporting it, can be called up for consideration. At the expiration of one hour from the time the call of committees has commenced any Member, if he be authorized by a committee to do so, can take a Member off the floor and submit a motion that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of some particular bill upon the Union Calendar. In 1882, if I recall what the practice was at that time, although I have not refreshed my memory recently, instead of submitting a motion to consider a particular bill the motion in order was to resolve the House into the Committee of the Whole House on the state of the Union for the consideration of bills on the Union Calendar. Under our present practice one amendment is in order to a motion; that is, to take up a particular bill and substitute another. If my memory be inaccurate, I am quite sure the gentleman from Massachusetts and his collaborator, the gentleman from Maine, who prepared these precedents, will correct me, and I shall wait a moment to give them that opportunity. If not, I shall proceed further. While I have not read the rules which were in force in 1882 for some time, yet——

Mr. MANN. Will the gentleman yield?

Mr. FITZGERALD. I yield to the gentleman from Illinois.

Mr. MANN. The motions which the gentleman made attracted our attention, but we could not hear what the gentleman said.

Mr. FITZGERALD. I will repeat it. Under our present practice—and I invite the attention of the gentlemen from New England, so that I may not be compelled to make this statement a third time; I invite the gentleman from Massachusetts [Mr. GARDNER] and the gentleman from Maine [Mr. HINDS] to give attention to this statement, so I may pass beyond this point in the argument—under our rules at the present time there is a morning hour.

Mr. GARDNER. Will the gentleman yield? I heard the gentleman's previous explanation.

Mr. FITZGERALD. Well, the gentleman from Illinois, the leader of the distinguished gentleman from Massachusetts, called my attention to the fact he could not hear.

Mr. GARDNER. I will answer, if the gentleman wishes me, now.

Mr. FITZGERALD. The gentleman called my attention to the fact that my statement had not been heard by the gentleman.

Mr. GARDNER. I heard the whole dissertation on the morning hour and on the motion to go into the Committee of the Whole House on the state of the Union, which follows it under the order of business. The subject has nothing to do with the footnote. The gentleman knows that any bill on the Union Calendar may be reached under the next order of business after the morning hour. He knows that the footnote can not possibly have any reference to that circumstance.

Mr. FITZGERALD. The gentleman's illuminating explanation has not satisfied me and has not demonstrated that my statement of the practice now and in 1882 is incorrect.

The CHAIRMAN. The Chair will suggest to the gentleman from New York that his opinion is that the question of whether or not the matter is privileged——

Mr. FITZGERALD. That is quite true, Mr. Chairman. It is not. But it has a very important bearing on the question as to whether this amendment is germane. It was to that point that I was coming. Because if the contention of the gentleman from Massachusetts can not be sustained the entire argument of the gentlemen on that side must fall. Under decisions, entirely new subject matter, although it may have some relation to matters in the bill, can not be admitted as an amendment on the theory that it is germane.

One valuable test to ascertain whether this proposed amendment is germane to the subject matter in the bill is this test as to whether if it were contained in a separate bill and reported from the Committee on Ways and Means it would be privileged, because the Committee on Ways and Means could only report such matters as privileged under the rule as relate to the revenue. As it has been held that a bill creating a tariff commission is not privileged, it must be a matter distinct from the subject matter of a revenue bill. It seems to me, Mr. Chairman, in view of the difficulty at times of determining what is the subject matter of a bill, and how some matters relating to one another may still not be germane, that here is a test for the pending question that clearly demonstrates that this particular provision can not be held to be germane to subject matter in this bill.

Mr. COOPER. Will the gentleman yield for a question?

The CHAIRMAN. Will the gentleman from New York [Mr. FITZGERALD] yield to the gentleman from Wisconsin [Mr. COOPER]?

Mr. FITZGERALD. I will.

Mr. COOPER. The gentleman says that the proposed amendment is not germane to the subject matter in the bill or of the bill. Now, I ask the gentleman this question: The bill has more than one purpose, has it not? The title says the bill is a bill "To reduce tariff duties." That is one purpose. It further says that it is a bill "To provide revenue." That is another purpose. And then, that it is a bill "For other purposes."

Mr. FITZGERALD. Well, specify them.

Mr. COOPER. One of them, these other purposes, is distinctly specified in paragraph A, on page 195. I ask the gentleman from New York if that is not true. Paragraph A, on page 195 of the bill, provides for something entirely distinct from the reduction of revenue rates or the providing of revenue.

Mr. FITZGERALD. That may be——

Mr. COOPER. Please permit me to ask a question. That paragraph expressly authorizes and empowers the President of the United States to negotiate trade agreements with a view to increasing importations into this country and to extending our exports to foreign countries, and with a view to mutual concessions looking to freer trade and further reciprocal expansion of trade. That is the language of the bill. Now, I ask the gentleman from New York [Mr. FITZGERALD] if that paragraph does not involve inquiry for the ascertainment of facts, which inquiry it is impossible for the President himself to conduct, and, that being so, does not the amendment of the gentleman from New York [Mr. PAYNE] simply provide the machinery necessary to ascertain the facts, the effect of rates abroad, the effect of the exactions of foreign laws, the effect of foreign export duties and bounties, and of any regulations imposed at any time by any foreign country upon the importation into or sale in any such foreign country of any products of the United States, in order to enable the President properly to execute this provision authorizing him to negotiate reciprocal trade agreements with a view to extending our trade? It simply provides the machinery absolutely necessary for the ascertainment of the facts, without which it will be impossible for the President successfully to negotiate reciprocal trade agreements.

Mr. FITZGERALD. Whatever opinion the gentleman may have as to whether this amendment provides the machinery to

enable that to be done, it does not itself make a provision to provide a tariff commission or provide the machinery to carry out the purposes of the bill germane under the rule. For instance, I call the gentleman's attention to this reference in the digest:

Subjects are not necessarily germane because they are related. Thus the following have been held not to be germane:

To a proposition relating to the terms of Senators, an amendment changing the manner of election.

That merely provided the machinery for the election of the Senators whose terms were changed, but it was not sufficient to make the provision germane, and it was not held to be in order. And so in this instance, merely because some machinery is needed to enable the President to discharge duties imposed upon him, it does not necessarily mean that legislation providing the machinery is germane to the legislation imposing the duties.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LENROOT. Mr. Chairman, I do not believe that it is necessary for the Chair to decide the issue raised between the gentleman from Massachusetts [Mr. GARDNER] and the gentleman from New York [Mr. FITZGERALD]. I do not believe that the Chair in passing upon this question will consider the question whether this amendment is offered at the proper place or not, but he will decide whether it is proper at any place in the bill.

Now, Mr. Chairman, there are two purposes in the amendment offered by the gentleman from New York [Mr. PAYNE], one looking to the readjustment of import duties in the future and the other to aid the President in the administration of this very law.

Now, with reference to the first—and my colleague from Wisconsin [Mr. COOPER] has called the attention of the House to section 4—I will ask the Chair to turn to that section, paragraph A.

The CHAIRMAN. What page?

Mr. LENROOT. Page 195. It reads:

That for the purpose of readjusting the present duties on importations into the United States and at the same time to encourage the export trade of this country—

And so forth. Now let me stop right there for a moment. This amendment looks toward a future adjustment of tariff duties. This very bill now under consideration before the committee also has opened the same door, because it looks toward a future adjustment of tariff duties. This bill as it is framed at present proposes doing it in a certain way, to wit, by empowering the President to negotiate trade agreements with foreign nations. And then it provides that when those treaties have been negotiated they shall be submitted to Congress, to the House as well as to the Senate, for ratification.

Now, Mr. Chairman, supposing this amendment offered by the gentleman from New York [Mr. PAYNE] was offered to paragraph A, so that it would read: "That for the purpose of readjusting the present duties on importations into the United States, and at the same time to encourage the export trade of this country, the President shall" do these things "and also a tariff commission shall be created," just as is proposed by the gentleman from New York.

Mr. HARDWICK. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Wisconsin yield to the gentleman from Georgia?

Mr. LENROOT. Certainly.

Mr. HARDWICK. The Tariff Commission, according to the gentleman's amendment, is to do three things, which are entirely different from that provided for in the section of the bill which the gentleman refers to.

Mr. LENROOT. We shall see about that. The gentleman says it is to do three things. There are only two, as a matter of fact, first, to ascertain the cost of production, and, second, to aid the President, and they are strictly germane to the provisions of the bill. Now, those all tend either to the administration of the law or to a future adjustment of tariff duties, just as you provide in the beginning of paragraph A.

But aside from that, Mr. Chairman, let us consider its germaneness with reference to the language of section A, empowering the President to negotiate treaties with other countries. What is the information that the amendment offered by the gentleman from New York proposes to secure? Information as to differences in cost of production, differences in wages, differences in prices. Will the Chair rule that that information is not of value to the President of the United States; is not of value to the Congress of the United States when those treaties shall be prepared by the President and returned to the Congress for ratification?

Of course, I appreciate the fact that one side of this House does not believe, or at least some of the time does not believe [laughter on the Republican side], that costs of production have anything to do with a treaty or with a tariff duty, and yet, of course, the Chair would not rule it out upon that question, knowing that one great school of political thought does believe that the cost of production was a very material element in the fixing of import duties.

Now, with reference to the amendment itself—and I shall be very brief—there are but two sections in the amendment for the Chair to consider in this connection, and they are sections III and IV.

Section 3 empowers the commission to make this investigation of cost of production, and so forth, for what purpose? For such facts as—

may be necessary or convenient in fixing import duties or in aiding the President and other officers of the Government in the administration of the customs laws.

What law? This bill, soon to become a law, that is now under consideration. And is it not a germane proposition to provide, as a part of the administrative features of the law, another body of experts to aid the President in administering this law?

And in order to show that he will need information of this kind, let me call the attention of the Chair to section 4:

That to enable the President to secure information as to the effect of tariff rates, restrictions, exactions, or any regulations imposed at any time by any foreign country upon the importation into or sale in any such foreign country of any products of the United States, and as to any export bounty paid or export duty imposed or prohibition made by any country upon the exportation of any article to the United States which discriminates against the United States or the products thereof, and to assist the President in negotiating trade agreements with foreign nations and other administrative provisions of the customs laws, the commission shall, from time to time, make report, as the President shall direct.

Now, you have a section in the administrative part of this bill which provides that if any foreign country shall grant a bounty upon articles exported to the United States there shall be added to the rates you have proposed in this bill to the import duties the amount of that bounty. And is it not going to be necessary for the President to get that information? And in this amendment that the gentleman from New York offers it is expressly provided that this proposed tariff commission shall, for the purpose of assisting the President of the United States, secure this information.

Further on you have another section, known as the dumping clause, that has already been referred to, that where articles are sold or invoiced at a less price here than they are commonly sold for abroad there shall be an added duty imposed on those articles. It will be necessary for the President of the United States to get that information.

And so all of the information that is sought to be secured through the medium of a tariff commission is information that is proper and necessary under the terms of this bill, and the Chair can well throw aside any question of whether this would under some circumstances be privileged or not, because, it seems to me, the Chair must find that the language in the administrative features of this bill is such as absolutely to make this amendment germane.

Mr. HARDWICK. Suppose out of a good many propositions embraced in the motion of the gentleman from New York [Mr. PAYNE] one, and one only, might be considered germane. Could that be coupled up with a lot of other things that would be held not germane and the amendment of the gentleman from New York be held in order?

Mr. LENROOT. I admit that it could not; and I have tried to show that every particle of investigation that the Tariff Commission is directed to make is proper and necessary under the various sections of this bill. [Applause on the Republican side.]

Mr. UNDERWOOD. Mr. Chairman, we all differ on many questions, and after listening for many years to arguments on points of order I recognize the fact that gentlemen can differ further on what is germane to a bill than on any other subject. But it does not seem to me there can be the question of a doubt that this proposition is not germane to this bill.

A few minutes ago the gentleman from Massachusetts [Mr. GARDNER] said that a revenue bill was one which raised money. As a matter of fact, the language of the rule is that bills affecting the revenue are privileged in the House. Now, there can be no question under that rule that this amendment does not affect revenue. It may affect the information of a body of men who intend to write a bill that affects revenue, but in itself it has no clause whatever that affects the purpose of this bill. Now, gentlemen seek to hang the germaneness of this bill on the proposition that we have directed the President of the United States to inform the Congress as to certain facts in reference to the importation of goods into this country. That does not make this proposition germane to it. This House

within a year has established the machinery of government by which the President of the United States can assemble the facts desired; and through that machinery, already established, can give the Congress not only the information that we call for in this bill, but can give Congress all the information called for in this so-called Tariff Board amendment. The Bureau of Foreign and Domestic Commerce was builded for that purpose.

The gentleman from Illinois [Mr. MANN] says that I have recanted. No man in this House ever asserted more positively than I have asserted before and reiterate now, that I desire that this House and the Ways and Means Committee shall be given all information. But I know from past experience that these tariff commissions are junketing boards; that they are places in which high favorites may draw royal salaries. We have created for the purpose of administration of this act a bureau of the Government that will be effective and can be effective.

Now, Mr. Chairman, there is about as much logic in saying that because we have called for a report by the President, or called for a consideration of the dumping clause in this bill, where there is other machinery of the Government to ascertain the facts, that this board is germane to this bill because it might produce machinery on which these facts should be ascertained as it is to say that a bill reorganizing the entire judicial system of the United States is germane to this revenue bill.

Why, there is clause after clause in the administration features of this bill that says that the circuit court and the district court of the United States shall have jurisdiction over certain offenses, and that they are authorized to punish people for violating the terms of this law. You can say with just as much logic and just as much force that the machinery of the courts of this land is to-day ineffective to carry out the provisions of this bill, and therefore it is in order and germane to bring before this House an amendment that would revise our entire judicial system. Why not do so? If the only peg you have to hang this contention on is that you need, according to your views, a better piece of machinery to ascertain the facts than you have to-day, why can not you contend just as legitimately that you need a better piece of machinery to punish crime than you have to-day?

Mr. GARDNER. Mr. Chairman, I call the attention of the Chair to the fact that section 56, Rule XI, gives to the Committee on Ways and Means the privilege to report at any time "on bills raising revenue." I hope the gentleman from Alabama, who has contradicted me, will insert in the RECORD the provision of the rule which I understood him to say gives the committee the privilege to report at any time on bills affecting the revenue.

The CHAIRMAN. The bill being considered by the committee is H. R. 3321, entitled "A bill to reduce tariff duties and to provide revenue for the Government, and for other purposes." The subject of the bill is presumed to be and is in fact stated very fully in the title. The gentleman from New York [Mr. PAYNE] has proposed as a new paragraph an amendment at the end of section 1 to create a tariff commission. The gentleman from Alabama [Mr. UNDERWOOD] makes the point of order that the amendment proposed by the gentleman from New York [Mr. PAYNE] is not in order, because it is not germane to the bill under the rules of the House.

Under general parliamentary law, as the Chair remembers the history of it, such an amendment would unquestionably be in order, and if it be not in order now it is because of the rules of the House which have been adopted for its guidance.

Section 7 of Rule XVI is an old rule in this House, having been in operation, if the Chair remembers correctly, since 1822. That part of it which seems to be germane to this discussion now is:

No motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

At the beginning of the last Congress an additional rule was placed in the rules of the House, which reads:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill, nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

The last paragraph which the Chair read admittedly would have no application to the particular case now under consideration before the committee. But the language of the first part of this clause 3, Rule XXI—"no amendment shall be in order to any bill affecting revenue which is not germane to the subject matter of the bill"—evidently was intended to still further restrict the policy contained in clause 7 of Rule XVI. Now, it is admitted by all that the Committee on Ways and Means, as, indeed, I think, every other committee in the House except the Committee on Appropriations, can bring in as a substantive part of a bill legislative matters that would not be in order if offered as an amendment from the floor of the House. Such clauses will not for such reason be subject to a point of order when brought in as a substantive part of the bill.

So that question of whether this would be in order, if it had been brought in as a substantive part of the bill, need not be passed upon by the Chair. Neither does the Chair think that the question of whether it would be a privileged matter as suggested by the gentleman from Massachusetts [Mr. GARDNER] is of consequence in this decision. However that may be, the question, after all, whether the matter is privileged or nonprivileged, is, Is it germane; is the proposed amendment obnoxious to clause 7 of Rule XVI, and to clause 3 of Rule XXI?

The Chair has examined this amendment with considerable care, and has sought as best he could to apply it to the bill under consideration before the committee, the purpose of which is expressed in the title. The Chair does not believe that in its spirit and intention, as fairly to be deduced from the language of the amendment proposed, it is the purpose of the amendment to bring about legislation which is germane to the matter contained in the bill under consideration, and the Chair, therefore, sustains the point of order.

Mr. MANN. Mr. Chairman, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The gentleman from Illinois appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the decision of the committee. The Chair will ask the gentleman from Missouri [Mr. RUSSELL] to take the chair.

Mr. MANN. Mr. Chairman, to save the Chair any embarrassment I will ask for tellers.

Tellers were ordered, and Mr. MANN and Mr. UNDERWOOD were named to act as tellers.

The committee divided; and there were—ayes 164, noes 87.

So the committee determined that the decision of the Chair should stand as the decision of the committee.

Mr. TOWNER. Mr. Chairman, I offer the following amendment, as a new paragraph, which I send to the desk and ask to have read.

The Clerk read as follows:

Amend, by adding a new paragraph following the word "Zaffer," in line 27, page 132, as follows:

"661. The provisions of the dutiable list and the free list of this section shall constitute the minimum tariff of the United States.

"(a) That from and after the 31st day of March, 1914, except as otherwise specially provided for in this section, there shall be levied, collected, and paid on all articles when imported from any foreign country into the United States, or into any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), the rates of duty prescribed by the schedules and paragraphs of the dutiable list herein, and in addition thereto 25 per cent ad valorem; which rates shall constitute the maximum tariff of the United States: *Provided*, That whenever, after the 31st day of March, 1914, and so long thereafter as the President shall be satisfied, in view of the character of the concessions granted by the minimum tariff of the United States, that the Government of any foreign country imposes no terms or restrictions, either in the way of tariff rates or provisions, trade or other regulations, charges, exactions, or in any other manner, directly or indirectly, upon the importation into or the sale in such foreign country of any agricultural, manufactured, or other product of the United States, which unduly discriminate against the United States or the products thereof, and that such foreign country pays no export bounty or imposes no export duty or prohibition upon the exportation of any article to the United States which unduly discriminates against the United States or the products thereof, and that such foreign country accords to the agricultural, manufactured, or other products of the United States treatment which is reciprocal and equivalent, thereupon and thereafter, upon proclamation to this effect by the President of the United States, all articles when imported into the United States, or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), from such foreign country shall, except as otherwise herein provided, be admitted under the terms of the minimum tariff of the United States as prescribed by section 1 of this act. The proclamation issued by the President under the authority hereby conferred and the application of the minimum tariff thereupon may, in accordance with the facts as found by the President, extend to the whole of any foreign country, or may be confined to or exclude from its effect any dependency, colony, or other political subdivision having authority to adopt and enforce tariff legislation, or to impose restrictions or regulations, or to grant concessions upon the exportation or importation of articles which are, or may be, imported into the United States. Whenever the President shall be satisfied that the conditions which led to the issuance of the proclamation hereinbefore authorized no longer exist, he shall issue a proclamation to this effect, and 90 days thereafter the provisions of the maximum tariff shall be applied to the importation of articles from such country. Whenever the provisions of the maximum tariff of the United States shall be applicable to articles imported from any foreign country they shall be applicable to the products of such country, whether imported directly from the country of production or otherwise.

* * * * * * *

"(b) That the President shall have power and it shall be his duty to give notice, within 10 days after the passage of this act, to all foreign countries with which commercial agreements in conformity with the authority granted by section 3 of the act entitled "An act to provide revenue for the Government and to encourage the industries of the United States," approved July 24, 1897, have been or shall have been entered into, of the intention of the United States to terminate such agreement at a time specified in such notice, which time shall in no

case, except as hereinafter provided, be longer than the period of time specified in such agreements, respectively, for notice for their termination; and upon the expiration of the periods when such notice of termination shall become effective the suspension of duties provided for in such agreements shall be revoked, and thereafter importations from said countries shall be subject to no other conditions or rates of duty than those prescribed by this act and such other acts of Congress as may be continued in force: *Provided*, That until the expiration of the period when the notice of intention to terminate hereinbefore provided for shall have become effective, or until such date prior thereto as the high contracting parties may by mutual consent select, the terms of said commercial agreements shall remain in force: *And provided further*, That in the case of those commercial agreements or arrangements which contain no stipulations in regard to their termination by diplomatic action, the President is authorized to give to the Governments concerned a notice of termination of six months, which notice shall date from April 30, 1914."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TOWNER. Mr. Chairman, this is an amendment providing that the maximum and minimum feature shall be applied to the present tariff bill.

There are at present three tariff systems used by the principal nations of the world. The single or unchanging system, which is called the autonomous system, is that adopted by Great Britain. It is appropriate to a country whose tariff is purely fiscal, and it is not adapted to change by negotiation. It is best adapted to a nation which places duties on but a few articles and has no favors to ask and no concessions to offer.

A second plan is the general or "conventional" system. This is a tariff system where rates are established upon a large proportion of imports. Upon this basis special negotiations are entered into with individual nations, by which concessions or reductions are granted in return for like favors. This, in effect, makes all tariff rates subject to separate treaty agreement.

A third method is the maximum and minimum provision, such as I have provided for in this amendment. By this system two rates are established, and the minimum or lesser rates are granted only upon grant of like minimum rates or equivalent concessions.

It is evident that the first system is not adapted to the present bill or to our situation as regards the importation of foreign goods. It is appropriate only where few articles are on the dutiable list, and we have thousands. Such a system is suitable where revenue only is considered, and where tariff rates are placed on a few articles, generally used, but not produced in the importing country. In such case the amount of imports and their cost do not affect domestic production. It is admitted that the present bill is not such as would make this system applicable, and no one suggests the adoption of such a system at present.

There is a provision in the bill which is an attempt to provide for the general or conventional system. But it is a weak and ineffectual attempt. In this provision the President is authorized to negotiate trade agreements with foreign nations, provided such agreements shall be submitted to Congress for ratification. But such power already exists without this provision. Under it President Roosevelt negotiated our present Cuban treaty. Under it President Taft negotiated the ill-fated Canadian reciprocity agreement.

In order to be effective under a system where individual tariff agreements must be made with each Government, power should be lodged in some executive department to negotiate such treaties and make such changes. This we are unwilling to do. The Congress will not relinquish its power to control this great source of revenue, and would have no constitutional power to do so if it desired. With our present system we are almost necessarily precluded from individual trade agreements or reciprocity treaties with every nation from which we receive imports. To place ourselves at their mercy unless such agreements are made is certainly not wise.

It would appear almost self-evident that the system best adapted to our condition is the maximum and minimum system. It is the simplest, subject to the least friction, not open to misconception, not subject to "most favored nation" objections, is more stable and uniform in operation, is most easily administered and most generally understood. Besides it has been tried and has been found not only successful, but notably and exceptionally so.

In its report the Committee on Ways and Means asserts that the maximum and minimum provisions of the Payne law "have not been productive of any effective expansion of our foreign trade and commerce." This is so far from being true as to be ridiculous. Under the provisions of the Payne law passed in 1909 foreign nations were given until March 31, 1910, to grant to the United States their minimum rates or equivalent concessions in order to obtain our minimum rates. Before that date all the principal nations of the world availed themselves of that privilege. As a consequence we obtained for the first time in our history the best rates and terms from all the great nations. It is true that some countries which had before exacted unjust terms in their commercial intercourse with us yielded with reluctance. France did not send her acceptance until March 29, two days only before the time expired. But there was not the slightest friction or difficulty. We treated all alike, and only demanded what others required.

Since this provision went into operation we have enjoyed the largest and most profitable foreign trade the country has ever known. We have increased our exports from $1,663,000,000 in 1909 to $2,204,000,000 in 1912, an increase of $541,000,000. During the same period our imports increased $341,000,000. By this it appears that we not only increased our foreign trade under its provisions more than ever before known, but we increased our sales over and above our purchases $200,000,000. A system under which such results can be achieved ought not lightly to be abandoned.

One wonders why so necessary a measure of self-preservation and defense is omitted. There is, there can be but one answer. It was a Republican measure and it was in the Payne bill. Discard it notwithstanding it had worked such wonderful results; discard it even if its beneficent provisions had given us a better trade position than we had ever before secured; discard it even if it leaves us helpless to our commercial rivals. Can this be considered statesmanship or is it merely petty envy, pique, and resentment?

The report says that the maximum and minimum provision is an attempt to "expand our commerce by force"; that it is a "stand and deliver policy." How absurd is such a contention! Is it an exercise of force to say to a nation, "We will grant our lowest rates if in return we receive yours?" Is it an unjust condition to impose when we say, "You can not receive our best terms until we receive yours?"

The committee declares that the only way to expand our foreign trade "along rational lines is through mutual concessions." That is just what the maximum and minimum provision enables us to do. But our only chance for "mutual concession" under the proposed law will be to still further reduce rates which the sponsors of the bill declare are already as low as they dare make them. If after the passage of this bill France shall again seek to impose her maximum rates against our commerce, what can we do? Protest? We did that before and without avail. Grant her still further reductions from the rates fixed in the present bill? Then every nation with a "most favored nation" clause in its treaty, and nearly every one contains such clause, will demand like reductions. In this condition we shall be at the mercy of our eager and strenuous rivals, begging favors where experience has taught us no favors will be granted. In what a humiliating condition this will place us! At the last we shall be compelled to adopt this provision, for it will be our only measure of protection. How much better to do it now.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. MANN) there were—ayes 62, noes 107.

So the amendment was rejected.

Mr. SWITZER. Mr. Chairman, I desire to offer an amendment to the schedule.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amend, by inserting a new paragraph at the end of said schedule, as follows:

"661. That whenever any articles named in this schedule are exported to the United States of a class or kind made or produced in the United States, if the export or actual selling price to an importer in the United States, or the price at which such goods are consigned is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to the United States at the time of its exportation to the United States, there shall be levied, collected, and paid on such article on its importation into the United States a special duty (or dumping duty) equal to the difference between the said export or actual selling price of the article for export or the price at which such goods are consigned and the said fair market value thereof for home consumption: *Provided*, That the said special duty shall not exceed 15 per cent ad valorem in any case.

"'Export price' or 'selling price' or 'price at which such goods are consigned' in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to the United States.

"The Secretary of the Treasury shall make such rules and regulations as are necessary for the carrying out of the provisions of this section and for the enforcement thereof."

Mr. UNDERWOOD. Mr. Chairman, I desire to make a point of order. The point of order I make is that this amendment

affects the free list instead of the tax list. It is only a change of what is in the bill. Now, the point of order is that it is not germane, or not germane here, as it is in another section of the bill, and therefore under the rule is not germane to this portion of the bill. I do not mean to say the gentleman can not make his amendment, but I mean this is the wrong place at which to make that amendment.

Mr. MANN. No; Mr. Chairman, the present dumping clause in the bill was stated by one of the distinguished members of the Ways and Means Committee on the Democratic side the other day to apply only to the dutiable list.

Mr. UNDERWOOD. Rather than take up the time, if there is any dispute about it, as it is already in the bill, I withdraw the point of order and ask unanimous consent that debate on the amendment be limited to five minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the amendment and all amendments thereto be closed in five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. SWITZER. Mr. Chairman, this amendment I have just proposed is of a more general character than the amendments I have previously offered. The dumping clause provided in the bill in section 4 applies only to articles upon the dutiable list and to articles produced in this country. Now, I see no reason why, in order to treat everybody fairly, to be just to those whose products are upon the free list produced in this country, they should not have the same protection by the same sort of a law as the individual whose products are upon the dutiable list. I rather think there is more reason why a person should be protected whose products are upon the free list, for many of the industries the products of which are upon the dutiable list are carried in this bill under a protective duty. They all have recourse to this dumping clause. I can see very readily why it does not matter whether we have a dumping clause which applies to many articles on the free list, such as coffee, rubber, spices, tea, and a good many things of that kind we do not produce in this country, but take the matter of corn, potatoes, wool, sugar in three years from now, shingles, lumber, coal, iron ore, boots and shoes, and a good many of the products of the forest, and a majority of the products of the farms of this country placed by this bill upon the free list I can not for the life of me figure out any valid reason why the producer of those articles should not have the same protection afforded by this dumping clause that has been inserted here for the protection solely of those whose products are on the dutiable list. I do not think that I have anything further to state in support of the proposed amendment. This follows along the same line of argument I have here suggested on the leather paragraph and on the free-wool paragraph, except that it will apply to all articles produced in this country that are on the free list. My amendment will give the producers of such articles the same protection which the pending measure proposes to give to the producers of commodities carried on the dutiable list.

Justice certainly demands that the potato raiser, the boot and shoe manufacturer, the coal operator, the miller, the woolgrower, and the farmer should enjoy as full protection against excessive importations of like articles produced by them which are procured by the importer at a lower price than the articles usually sell for in the country from which they are exported as our Democratic friends are giving the rice grower and other special interests favored by this bill by placing their products on the dutiable list.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SWITZER].

The question was taken, and the amendment was rejected.

Mr. UNDERWOOD. Mr. Chairman, we are about to start the reading of the portion of the bill relating to the income tax. I would like to see if I can make an arrangement about the reading of the sections, in order to save time. I would like to ask unanimous consent that the income-tax portion of the bill, section 2, may be read through for committee amendments, that at this time gentlemen may indicate the sections to which they wish to offer amendments, and after we have read through the section we will come back to those sections where amendments are proposed to be offered and dispose of them, without any agreement as to limitation of time right now.

Mr. MURDOCK. We have a number of amendments. We will be very glad to designate them.

Mr. MANN. Will the gentleman state them?

Mr. MURDOCK. A, B, and G.

Mr. STAFFORD. I wish to offer an amendment wherever fire insurance is stated, in order to include life insurance.

Mr. MANN. I have A, B, C, and G.

Mr. ANDERSON. I would like to inquire whether the whole of section G will be included as one paragraph, or whether the paragraphs under G will be considered as separate paragraphs?

Mr. MANN. On what page is that?

Mr. ANDERSON. On page 146. I desire to offer an amendment to the paragraph commencing with the word "Second," on page 146.

Mr. MANN. I take it that would be treated as a separate paragraph.

Mr. ANDERSON. I have two amendments which I would like to offer to that section.

Mr. MURDOCK. We have amendments to the first and second sections of G.

Mr. MANN. We have G, and that would cover everything.

Mr. DILLON. I want to offer one after D.

Mr. MANN. I have D. I have A, B, C, D, G.

Mr. HULINGS. I would like to offer one to the second paragraph of G.

Mr. MANN. That is all in.

Mr. STAFFORD. I would like to offer one on page 154.

Mr. MANN. That is in G. Is there any other? I have A, B, C, D, E, and G.

Mr. MOORE. Does this arrangement contemplate any general debate?

Mr. UNDERWOOD. It contemplates taking them up under the five-minute rule, as in the previous schedule. When we get into the paragraphs we may ask unanimous consent for a limitation on each paragraph, but it is not involved here. Mr. Chairman, I now renew my request for unanimous consent that Section II, relating to the income tax, be read through for committee amendments, and when it is finished return to paragraphs A, B, C, D, E, and G for such amendments as Members of the House may desire to offer.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that Section II of the bill be read for committee amendments; that at the conclusion of the reading of the section the committee will return to the consideration of paragraphs A, B, C, D, E, and G for the offering of amendments. Is there objection? [After a pause.] The Chair hears none, and it is so ordered. The Clerk will read.

The Clerk read as follows:

SECTION II.

A. That there shall be levied, assessed, and paid annually upon the entire net income arising or accruing from all sources in the preceding calendar year to every citizen of the United States, whether residing at home or abroad, and to every person residing in the United States, though not a citizen thereof, and by every citizen of Porto Rico and by every citizen of the Philippine Islands, a tax of 1 per cent per annum upon such income over and above $4,000; and a like tax shall be assessed, levied, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

Mr. HULL. Mr. Chairman, I desire to offer a committee amendment.

The CHAIRMAN (Mr. BYRNS of Tennessee). The gentleman from Tennessee [Mr. HULL] offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 133, line 6, after the word "and," by striking out the word "by" and inserting the word "to."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee [Mr. HULL].

The question was taken, and the amendment was agreed to.

Mr. HULL. Mr. Chairman, I desire to offer the following additional amendment.

The CHAIRMAN. The gentleman from Tennessee [Mr. HULL] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 133, line 7, after the word "and," by striking out the words "by every citizen."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee [Mr. HULL].

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

B. That, subject only to such exemptions and deductions as are hereinafter allowed, the net income of a taxable person shall include gains, profits, and income derived from salaries, wages, or compensation for personal service of whatever kind and in whatever form paid, or from professions, vocations, businesses, trade, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership or use of or interest in real or personal property, also from interest, rent, dividends, securities, or the transaction of any lawful business carried on for gain or profit, or gains or profits and income derived from any source whatever, including the income from but not the value of property acquired by bequest, devise, or descent: *Provided*, That the proceeds of life insurance policies paid upon the death of the person insured shall not be included as income.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee [Mr. HULL] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 135, lines 1 and 2, by striking out the words "shall not be included as income" and inserting in lieu thereof the words "or payments paid by or credited to the insured, on life insurance, endowment, or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract, shall not be included as income."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

That in computing net income there shall be allowed as deductions the necessary expenses actually incurred in carrying on any business, not including personal, living, or family expenses; all interest accrued and payable within the year by a taxable person on indebtedness; all National, State, county, school, and municipal taxes accrued within the year, not including those assessed against local benefits or taxes levied hereunder; losses actually sustained during the year, incurred in trade or arising from fires, storms, or shipwreck, and not compensated for by insurance or otherwise; debts actually ascertained to be worthless and charged off during the year; also a reasonable allowance for the exhaustion, wear and tear of property arising out of its use or employment in the business, but no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made; no deduction shall be allowed for any amount paid out for new buildings, permanent improvements, or betterments, made to increase the value of any property or estate; the amount of income received or payable from any source at which the tax upon such income, which is or will become due, under the provisions of this section, has been withheld for payment at the source in the manner hereinafter provided, shall be deducted; but in all cases where the tax upon the annual gains, profits, and incomes of a person is required to be withheld and paid at the source as hereinafter provided, if such annual income except that derived from interest on corporate or United States indebtedness does not exceed the rate of $4,000 per annum, or if the same is uncertain, indefinite, or irregular in the amount or time during which it shall have accrued, and is not fixed or determinable, the same shall be included in estimating net annual income to be embraced in a personal return; also the amount received as dividends upon the stock, or from the net earnings of any corporation, joint-stock company, association, or insurance company which is taxable upon its net income as hereinafter provided shall be deducted. The net income from property owned and business carried on in the United States by persons residing elsewhere shall be computed upon the basis prescribed in this paragraph and that part of paragraph G of this section relating to the computation of the net income of corporations, joint-stock and insurance companies, organized, created, or existing under the laws of foreign countries, in so far as applicable.

Mr. HULL. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Tennessee [Mr. HULL].

The Clerk read as follows:

Amend, page 135, line 3, by inserting after the word "income" the words "for the purposes of the normal tax."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

Mr. HULL. Mr. Chairman, I desire to offer an additional amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Tennessee [Mr. HULL].

The Clerk read as follows:

Amend, page 135, line 10, by striking out the words "or taxes levied hereunder."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee [Mr. HULL].

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

C. That in computing net income under this section there shall be excluded the interest upon the obligations of a State or any political subdivision thereof, and upon the obligations of the United States the principal and interest of which are now exempt by law from Federal taxation; also the compensation of the present President of the United States during the term for which he has been elected, and of the judges of the supreme and inferior courts of the United States now in office, and the compensation of all officers and employees of a State or any political subdivision thereof.

Mr. HULL. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Tennessee [Mr. HULL].

The Clerk read as follows:

Amend, page 136, line 25, by inserting after the words "United States" the words "or its possessions."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

D. That there shall be deducted from the amount of the net income of each of such persons, ascertained as provided herein, the sum of $4,000: *Provided*, That only one deduction of $4,000 shall be made from the aggregate income of all the members of any family composed of one or both parents and one or more minor children, or husband and wife, but if the wife is living permanently apart from her husband she may be taxed independently; but guardians shall be allowed to make deduction in favor of each and every ward, except that in case where two or more wards are comprised in one family and have joint property interests the aggregate deduction in their favor shall not exceed $4,000, and said tax shall be computed upon the remainder of said net income of such person for the year ending December 31, 1913, and for each calendar year thereafter; and on or before the 1st day of March, 1914, and the 1st day of March in each year thereafter, a true and accurate return, under oath or affirmation, shall be made by each person of lawful age, except as hereinafter provided, subject to the tax imposed by this section, and having a net income of $3,500 for the taxable year, to the collector of internal revenue for the district in which such person resides or has his principal place of business, or, in the case of a person residing in a foreign country, in the place where his 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 specifically the gross amount of income from all separate sources and from the total thereof, deducting the aggregate items or expenses and allowance herein authorized; guardians, trustees, executors, administrators, agents, receivers, conservators, and all persons, corporations, or associations acting in any fiduciary capacity, shall make and render a return of the net income of the person for whom they act, subject to this tax, coming into their custody or control and management, and be subject to all the provisions of this section which apply to individuals; and also all persons, firms, companies, copartnerships, corporations, joint-stock companies or associations, and insurance companies, except as hereinafter provided, in whatever capacity acting, having the control, receipt, disposal, or payment of fixed or determinable annual gains, profits, and income of another person subject to tax, shall in behalf of such person make and render a return, as aforesaid, but separate and distinct, of the portion of the income of each person from which the normal tax has been thus withheld, and containing also the name and address of such person: *Provided*, That in either case above mentioned no return of income not exceeding $3,500 shall be required: *Provided further*, That persons liable only for the normal income tax, on their own account or in behalf of another, shall not be required to make return of the income derived from dividends on the capital stock or from the net earnings of corporations, joint-stock companies or associations, and insurance companies taxable upon their net income as hereinafter provided; and the collector or deputy collector shall require every list to be verified by the oath or affirmation of the party rendering it, and may increase the amount of any list or return if he has reason to believe that the same is understated: *Provided*, That no such increase shall be made except after due notice to such party and upon proof of the amount understated; or if the list or return of any person shall have been increased by the collector, such person may be permitted to prove the amount liable to be assessed; but such proof shall not be considered as conclusive of the facts, and no deductions claimed in such cases shall be made or allowed until approved by the collector. If dissatisfied with the decision of the collector, such person may submit the case, with all the papers, to the Commissioner of Internal Revenue for his decision, and may furnish sworn testimony of witnesses to prove any relevant facts.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 138, line 3, by adding, after the figures "$3,500," the words "or over."

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers another amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 139, line 6, by adding, after the word "person," the words "or stating that the name and address, or the address, as the case may be, are unknown."

The amendment was agreed to.

The Clerk read as follows:

E. That all assessments shall be made and all persons 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 person or persons 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 10 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 became due, except from the estates of insane, deceased, or insolvent persons.

All persons, firms, copartnerships, companies, corporations, joint-stock companies or associations, and insurance companies, in whatever capacity acting, including lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, agents, receivers, conservators, employers, and all officers and employees of the United States having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual gains, profits, and income of another person, exceeding $4,000 for any taxable year, other than dividends on capital stock, or from the net earnings of corporations and joint-stock companies or associations subject to like tax, who are required to make and render a return in behalf of another, as provided herein, to the collector of his, her, or its district, are hereby authorized and required to deduct and withhold from such annual gains, profits, and income such sum as will be sufficient to pay the normal tax imposed thereon by this section, and shall pay to the officer of the United States Government authorized to receive the same; and they are each hereby made personally liable for such tax. In all cases where the

income tax of a person is withheld and deducted and paid or to be paid at the source, as aforesaid, such person shall not receive the benefit of the exemption of $4,000 allowed herein unless he shall, not less than 30 days prior to the day on which the return of his income is due, file with the person who is required to withhold and pay tax for him an affidavit claiming the benefit of such exemption; nor shall any person under the foregoing conditions be allowed the benefit of any deduction provided for in subsection B of this section unless he shall, not less than 30 days prior to the day on which the return of his income is due, file with the person who is required to withhold and pay tax for him a true and correct return of his annual gains, profits, and income from all other sources, and also the deductions asked for, and the showing thus made shall then become a part of the return to be made in his behalf by the person required to withhold and pay the tax, or such person may likewise make application for deductions to the collector of the district in which return is made or to be made for him: *Provided*, That the amount of the normal tax herein imposed shall be deducted and withheld from fixed and determinable annual gains, profits, and income derived from interest upon bonds, mortgages, or other indebtedness of corporations, joint-stock companies or associations, insurance companies, and also of the United States Government not now exempt from taxation, whether payable annually or at shorter or longer periods, although such interest does not amount to $4,000, in the same manner and subject to the same provisions of this section requiring the tax to be withheld at the source and deducted from annual income; and likewise the amount of such tax shall be deducted and withheld from coupons, checks, or bills of exchange for or in payment of interest upon bonds of foreign countries and upon foreign mortgages or like obligations (not payable in the United States), and also from coupons, checks, or bills of exchange for or in payment of any dividends upon the stock or interest upon the obligations of foreign corporations, associations, and insurance companies engaged in business in foreign countries; and the tax in each case shall be withheld and deducted for and in behalf of any person, firm, corporation, or association subject to the tax herein imposed, although such interest, dividends, or other compensation does not exceed $4,000, by any banker or person who shall sell or otherwise realize coupons, checks, or bills of exchange drawn or made in payment of any such interest or dividends (not payable in the United States), and any person who shall obtain payment (not in the United States), in behalf of another of such dividends and interest by means of coupons, checks, or bills of exchange, and also any dealer in such coupons who shall purchase the same for any such dividends or interest (not payable in the United States), otherwise than from a banker or another dealer in such coupons; but in each case the benefit of the exemption and the deduction allowable under this section may be had by complying with the foregoing provisions of this paragraph.

Nothing in this section shall be construed to release a taxable person from liability for income tax.

The tax herein imposed upon annual gains, profits, and income not falling under the foregoing and not returned and paid by virtue of the foregoing shall be assessed by personal return. Any person for whom return has been made and the tax paid, or to be paid as aforesaid, shall not be required to make a return unless such person has other net income, but only one deduction of $4,000 shall be made in the case of any such person.

Mr. HULL. I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 141, line 25, by adding, after the word "herein," the words "except by an application for refund of the tax."

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 142, line 8, by adding, before the word "file," the word "either."

The amendment was agreed to.

Mr. HULL. I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 142, line 18, by adding, after the word "herein," the word "before."

The amendment was agreed to.

Mr. HULL. I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 142, line 25, by striking out, after the figures "$4,000," the words "in the same manner and."

The amendment was agreed to.

Mr. HULL. I desire to offer another amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

On page 143, line 1, amend by striking out, after the word "the," the word "same."

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 143, lines 13 and 14, by striking out the words "firm, corporation, or association."

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 143, line 14, by adding, after the word "herein," the word "before."

The amendment was agreed to.

The Clerk read as follows:

G. That the normal tax hereinbefore imposed upon individuals likewise shall be levied, assessed, and paid annually upon the entire net income arising or accruing from all sources during the preceding calendar year to every corporation, joint-stock company or association, and every insurance company, organized in the United States, no matter how created or organized, but not including partnerships; but if organized, authorized, or existing under the laws of any foreign country, upon the amount of net income arising or accruing by it from business transacted and capital invested within the United States during such year: *Provided, however*, That nothing in this section shall apply to labor, agricultural, or horticultural organizations, or to mutual savings banks not having a capital stock represented by shares, or to fraternal beneficiary societies, orders, or associations operating under the lodge system, and providing for the payment of life, sick, accident, and other benefits to the members of such societies, orders, or associations and dependents of such members, nor to domestic building and loan associations, organized and operated exclusively for the mutual benefit of their members, nor to any corporation or association organized and operated exclusively for religious, charitable, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual.

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, received within the year from all sources, (first) all the ordinary and necessary expenses paid within the year out of income in the maintenance and operation of its business and properties, including rentals or other payments required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year and not compensated by insurance or otherwise, including a reasonable allowance for depreciation by use, wear and tear of property, if any; and in the case of mines an allowance for depletion of ores and all other natural deposits on the basis of their actual original cost in cash or the equivalent of cash; and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends or return of premium payments paid within the year on policy and annuity contracts: *Provided further*, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policy holders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses; (third) interest accrued and paid within the year on its indebtedness to an amount of such indebtedness not exceeding its paid-up capital stock outstanding at the close of the year, or if no capital stock, the capital employed in the business at the close of the year: *Provided*, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed shall be allowed; and in the case of a bank, banking association, or trust company, interest paid within the year on deposits; (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, or Government of any foreign country, as a condition to carry on business therein, not including the tax imposed by this section: *Provided*, That in the case of a corporation, joint-stock company or association, or insurance company, organized, authorized, or existing under the laws of any foreign country, such net income shall be ascertained by deducting from the gross amount of its income received within the year from business transacted and capital invested within the United States, (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, including rentals or other payments required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year in business conducted by it within the United States and not compensated by insurance or otherwise, including a reasonable allowance for depreciation by use, wear and tear of property, if any, and in the case of mines an allowance for depletion of ores and all other natural deposits on the basis of their actual original cost in cash or the equivalent of cash; and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends or return of premium payments paid within the year on policy and annuity contracts: *Provided further*, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses; (third) interest accrued and paid within the year on its indebtedness to an amount of such indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year, or if no capital stock, the capital employed in the business 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 bears to the gross amount of its income derived from all sources within and without the United States: *Provided*, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed shall be allowed; (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 as a condition to carry on business therein, not including the tax imposed by this section. In the case of assessment insurance companies the actual deposit of sums with State or Territorial officers, pursuant to law, as additions to guarantee or reserve funds shall be treated as being payments required by law to reserve funds.

Mr. HULL. Mr. Chairman, I desire to offer the following amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 145, line 22, by inserting, after the word "associations," the words "nor to cemetery companies."

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend, page 147, line 3, by adding, after the word "expenses," the words "and reinsurance reserves."

Mr. STAFFORD. Mr. Chairman, will the Clerk kindly report that amendment again?

The CHAIRMAN. If there be no objection, the amendment will be again reported.

The amendment was again read.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. Do I understand that under the rule under which we are proceeding it is permissible to inquire of the gentleman offering amendments for an explanation of them?

Mr. MANN. Why, certainly.

Mr. HULL. I will say to the gentleman that the first language here was intended to meet that requirement which many of the States impose on the companies with respect to keeping a reinsurance reserve fund. The language in the bill as it stands now is not comprehensive enough to embrace the real purpose of it as to mutual fire insurance companies.

Mr. STAFFORD. May I ask the gentleman to explain the amendment, which is very sweeping in character, that he offered to page 135, at the end of line 2, which relates to exemptions of certain dividends of life insurance companies?

Mr. HULL. Instead of being a sweeping amendment, it is the contrary. Quite a number of gentlemen preferred to have a declaratory clause inserted there, and that was done. Under all constructions of laws of this character, and especially where gifts, bequests, and devises are not made income, the return of insurance investments is held not to be taxable income. The proceeds of life insurance policies paid to some third person on the death of the insured is not considered taxable, and still less would any return of the investment to the person during lifetime be considered taxable income. But it was desired by a number of gentlemen that a declaratory provision to that effect, that the return of the investment made in insurance during life for business or other purposes under the terms of which the assured receives back the amount invested, or a portion at different times, should be declared not to be taxable income.

Mr. STAFFORD. As I understand the amendment, it refers only to the returns in the so-called tontine policies, and not to the returns that insurance companies make annually in dividends when the policy holder pays the premium.

Mr. HULL. It has reference to the return at any time or times of any portion of the investment made by a person in insurance. The gentleman has got on another question, which will arise more directly later on, and explanations will be more apparent at that time.

Mr. STAFFORD. Very well. The amendment we are now discussing is a clause the end of which limits it to the payment of dividends and policies, or payments made at the maturity of the term mentioned in the contract.

Mr. HULL. Different insurance companies during past years have had different terms to express or define the investment which people make, and the amounts returned have been called tontine payments, and also distributions, and also accumulations, and terms of that character. It is largely the same class of business, and this provision merely declares what the law has always been—that no part of the principal returned to the investor during life in connection with these transactions is considered a taxable income.

Mr. COOPER. Will the gentleman yield?

Mr. HULL. Yes.

Mr. COOPER. I would like to have this made clear to me. Suppose an insurance company sends to me a notice that the premium on my policy is $100; that the dividends are $20. In making the income-tax return would that $20 be taxed as a part of the income?

Mr. HULL. We will reach that provision of the bill in a few moments, to which I propose to offer an amendment, and then I can make myself better understood.

Mr. STAFFORD. Will the gentleman kindly take that up and explain it when the amendment is offered?

Mr. HULL. I will.

Mr. BARKLEY. Will the gentleman yield?

Mr. HULL. Yes.

Mr. BARKLEY. Suppose that a policy is taken out and the premiums paid for a period, and then the policy has a certain cash-surrender value in tontines or endowment. The man may surrender his policy and take endowment. Now, is that cash-surrender value taxable as income?

Mr. HULL. No part of the principal invested in insurance which comes back to the insured during life is considered taxable income any more than the return of money which he might have loaned to another or a deposit that he might have made in the bank.

Mr. BARKLEY. The surrender cash value would be considered a part of the principal?

Mr. HULL. If it is in fact a part of the principal. I take it that most people who enter into these insurance transactions under the terms of which they expect to secure returns during their life expect certain gains, and to realize on them, but I take it they would not as a rule enter into them under any other circumstances. When these gains come back to the person who takes out the insurance, unless the insurance company has paid the 1 per cent on its earnings out of which the dividends are declared, then he would pay the tax as one pays a tax on interest on the money he loaned.

Mr. BARKLEY. In the transaction under discussion the amount received in return is usually less than has been paid previously, and of course there could be no gain except the protection the insured had while the policy was in force.

Mr. HULL. Then there would be no tax.

Mr. HINEBAUGH. Mr. Chairman, I desire to ask the gentleman a question. I am contemplating offering an amendment, and it may be covered by the amendment which the gentleman has just offered. The amendment I contemplate is to strike out, in line 25, page 134, after the word "policies" and at the top of page 135, line 1, the words:

Paid upon the death of the person insured.

So that if that amendment were adopted the proviso would read:

Provided, That the proceeds of life insurance policies shall not be included as incomes.

I would ask the gentleman if his amendment practically in effect would amount to the same?

Mr. HULL. Mr. Chairman, the amendment which was adopted includes the proceeds of life-insurance policies paid on the death of the person insured, and also includes the return of any and all sums which a person invests in insurance and receives back at one time or at periodical times during his life, as distinguished from any actual gains or profits which he derives out of the investment.

Mr. HINEBAUGH. It would not be exactly the same in effect then.

The CHAIRMAN. The time of the gentleman has expired. The question is on the adoption of the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 147, lines 17 and 18, by striking out the words "not including the tax imposed by this section" and inserting a colon after the word "therein."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HULL. I also offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 148, line 14, by striking out the words "or return of premium payments."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I also offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 148, line 23, by adding, after the word "expenses," the words "and reinsurance reserves."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I also offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 149, lines 14 and 15, by striking out the words "not including the tax imposed by this section" and inserting a period after the word "therein."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amend, page 146, line 20, by striking out the words "or return of premium payments."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Third. The tax herein imposed shall be computed upon its entire net income for the year ending December 31, 1913, and for each calendar year thereafter: *Provided, however,* That any corporation, joint-stock company or association, or insurance company subject to this tax may designate the last day of any month in the year as the day of the closing of its fiscal year and shall be entitled to have the tax payable by it computed upon the basis of the net income ascertained as herein provided for the year ending on the day so designated in the year preceding the date of assessment instead of upon the basis of the net income for the calendar year preceding the date of assessment; and it shall give notice of the day it has thus designated as the closing of its fiscal year to the collector of the district in which its principal business office is located at any time not less than 30 days prior to the date upon which its annual return shall be filed. All corporations, joint-stock companies or associations, and insurance companies subject to the tax herein imposed, computing taxes upon the income of the calendar year, shall, on or before the 1st day of March, 1914, and the 1st day of March in each year thereafter, and all corporations, joint-stock companies or associations, and insurance companies, computing taxes upon the income of a fiscal year which it may designate in the manner hereinbefore provided, shall render a like return within 60 days after the close of its said fiscal year, and within 60 days after the close of its fiscal year in each year thereafter, or in the case of a corporation, joint-stock company or association, or insurance company, organized or existing under the laws of a foreign country, in the place where its principal business is located within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, shall render a true and accurate return under oath or affirmation of its president, vice president, or other principal officer, and its treasurer or assistant treasurer, to the collector of internal revenue for the district in which it has its principal place of business, setting forth (first) the total amount of its paid-up capital stock outstanding, or if no capital stock, its capital employed in business, at the close of the year; (second) the total amount of its bonded and other indebtedness at the close of the year; (third) the gross amount of its income, received during such year from all sources, and if organized under the laws of a foreign country the gross amount of its income received within the year from business transacted and capital invested within the United States; (fourth) the total amount of all its ordinary and necessary expenses 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, stating separately all rentals or other payments required to be made as a condition to the continued use or possession of property, 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; (fifth) 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 case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends or return of premium payments paid within the year on policy and annuity contracts: *Provided further,* That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policy holders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses; and in 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, not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends or return of premium payments paid within the year on policy and annuity contracts: *Provided further,* That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policy holders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses; (sixth) the amount of interest accrued and paid within the year on its bonded or other indebtedness not exceeding its paid-up capital stock, outstanding at the close of the year, or if no capital stock, the amount of interest paid within the year on an amount of indebtedness not exceeding the amount of capital employed in the business at the close of the year, and in the case of a bank, banking association, or trust company, stating separately all interest paid by it within the year on deposits; 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 or other indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year, or if no capital stock, the amount of capital employed in the business 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 bears to the gross amount of its income derived from all sources within and without the United States; (seventh) the amount paid by it within the year for taxes imposed under the authority of the United States not including the tax imposed by this act and separately the amount so paid by it for taxes imposed by the Government of any foreign country as a condition to carrying on business therein; (eighth) the net income of such corporation, joint-stock company or association, or insurance company, after making the deductions in this subsection authorized. All such returns shall as received be transmitted forthwith by the collector to the Commissioner of Internal Revenue.

All assessments shall be made and the several corporations, joint-stock companies or associations, and 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: *Provided,* That every corporation, joint-stock company or association, and insurance company, computing taxes upon the income of the fiscal year which it may designate in the manner hereinbefore provided, shall pay the taxes due under its assessment within 120 days after the date upon which it is required to file its list or return of income for assessment; 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 3 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, or after 120 days from the date on which the return of income is required to be made by the taxpayer, and for 10 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.

Mr. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 152, lines 5 and 6, by striking out the words "or return of premium payments."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend, page 152, line 14, by adding after the word "expenses" the words "and reinsurance reserves."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend, page 152, line 23, by striking out the words "or return of premium payments."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. HULL. Mr. Chairman, in response to the gentleman from Wisconsin [Mr. STAFFORD], I merely wish to say that the language of the bill as it is now places in the alternative dividends or return of premium payments. It is the contention of a number of attorneys and officials of different insurance companies with whom I have talked that this, in legal effect as well as in substance, from their standpoint, is the same as the present law. In other words, until the time of the enactment of the corporation-tax law few, if any, people perhaps had ever heard the phrase "return of premium payments" used in this connection.

It was called a dividend out of the surplus or profits. After this law was enacted the contention was soon offered by a number of companies adverse to paying any portion of this tax that the term "dividends" simply meant return of premium payments or savings; that either one could be used as an alternative expression or as a synonymous expression. I do not desire to consume time now to go into this matter at any length, except to say that the sole purpose and effect of this bill from the beginning has only been to reenact the present corporation-tax law in so far as the insurance provision is concerned, and that means a tax of 1 per cent upon the net profits of insurance corporations. Now, in order that not only the legal effect of the present law, but the language as well, may continue in the proposed law, the pending amendment is offered. We reduced it to a mixed question of law and fact as to what these dividends contain, and not solely a question of law, if the contention of gentlemen representing the insurance companies is correct, and that being so, if they return actual premium overcharges at any time by this method to the policyholders the fact would be disclosed and no tax would accrue. If, on the contrary, these dividends embrace actual profits that have accumulated there in connection with deferred dividends and in other respects to which I might call attention, then the tax would fasten on it and they would pay 1 per cent, as all other corporations.

Mr. STAFFORD. Will the gentleman kindly explain why he exempts mutual fire insurance companies by giving them the privilege of making returns for premium payments, and not mutual life insurance companies which are organized in the same manner?

Mr. HULL. On account of the hazards of the business, the mutual fire insurance companies, which are expressly referred to, pay in as premiums from 10 to 20 times the amount of the estimated loss for the coming year.

Mr. STAFFORD. Is it not a fact that in mutual life insurance companies, carried on absolutely for the benefit of the members, the premiums are larger than necessary and that the dividend payments should be returned the same way?

Mr. HULL. I have just explained, and if I go into the matter extensively it is rather a long story.

Mr. STAFFORD. From the gentleman's statement it is only a question of degree. The gentleman states, in the case of mutual fire insurance companies, the premiums are very large, to carry to some unexpected losses; but the same principle applies in the case of mutual life insurance companies.

Mr. HULL. So far as mutual life insurance companies are concerned, as I understand it, they impose a premium of about 30 per cent in excess of what they can expend for all purposes. That premium goes into the hopper and out of the manipulation of their business affairs there is derived a profit from, in the main, three sources. That is excess of interest which according to the estimate to their policy holders they can only realize from 3 to 3½ per cent on money loaned, when in fact, they realize from 5, 6, up to 7 per cent. That is one of the sources of profit accumulations. Another is the savings in the way of managing and conducting the business, the estimate for which is much in excess of what is actually expended. Another is the large excess in the mortuary fund. They estimate that the total loss will amount to much more than it actually does. The result is that they get a large saving there. Now, quite a number of these items are accumulated by the company in connection with deferred dividends, and so forth. For instance in relation to an endowment policy, as I understand it, and the gentleman knows I am not an expert in this business and very few people are——

The CHAIRMAN. The time of the gentleman has expired.

Mr. McCOY. Mr. Chairman, I should like to ask unanimous consent to have inserted in the RECORD at this place a decision rendered by the United States District Court for the District of New Jersey construing the provisions of the corporation-tax law on these points which are now under discussion. The gentleman from Tennessee [Mr. HULL] on May 1 inserted in the RECORD an opinion of Mr. Cabell, the Commissioner of Internal Revenue, which held that some of these return dividends and other return payments were taxable under the corporation-tax law. The district court of New Jersey held otherwise, and that decision was upheld by the United States circuit court of appeals. I think it would be of some advantage to have these two opinions in the RECORD, and I therefore ask unanimous consent to have them incorporated at this point.

The CHAIRMAN. The gentleman from New Jersey [Mr. McCOY] asks unanimous consent to place in the RECORD the decisions to which he has referred. Is there objection? [After a pause.] The Chair hears none.

Mr. McCOY. If the Chair will permit me, I will say that only part of the opinion refers to these particular points, and it is only that part of the opinion that I will put in. No appeal has been taken from the decision of the circuit court of appeals. It is now too late to appeal. There are no conflicting decisions, so that this case establishes the law.

The following are the decisions referred to:

United States District Court for the District of New Jersey.

The Mutual Benefit Life Insurance Co. *v.* Herman C. H. Herold, collector of internal revenue, etc.

Judge Cross, district judge, after discussing other points, said:

Four points have been raised and argued by counsel:

First, whether certain so-called dividends are or are not "income" "received" within the meaning of the statute;

Second, whether certain so-called "supplementary policy contracts" should be represented in the reserve funds;

Third, whether for the purpose of taxation the corporation's statement should be made on a "cash" or on a "revenue" basis; and

Lastly, whether expenditures for replacing furniture, etc., should be considered as an investment or an expense.

These questions, of which the first is the most important, will be considered in the order named. Before proceeding, however, to determine whether "income" "received" includes not only cash receipts, but also deductions from renewal premiums allowed on account of overpayments of previous years, it seems both advisable and necessary to quote at some length from the statement of facts:

Paragraph 4 thereof, after describing the three methods employed in mutual life insurance of securing from members contributions to meet losses, proceeds as follows:

"The level premium plan is the one in general use by all insurance companies, including plaintiff. Under this plan the maximum annual contribution which any member can be called upon to pay is uniform throughout the life of the policy. The member pays during his early years a sum in excess of the current cost of his insurance. This excess is applied to the creation of a reserve or self-insurance fund, which serves to maintain the insurance in the later years, when the stipulated level premium would be insufficient to meet the current cost of insurance on the mutual premium plan.

"Whether a mutual company be conducted on the assessment plan, the natural premium plan, or the level premium plan, the member receives his insurance at cost. The assessment company collects its premiums after the death has actually occurred, and the cost is thereby ascertained. The mutual level premium company collects its estimated premiums in advance and adjusts the actual cost afterwards.

"The calculation of premium rates for life insurance involves, first, the adoption of a table of mortality, showing the probable death rate for each age of life; second, the adoption of an assumed rate of interest such as the company may safely expect to realize upon its invested assets during the lifetime of the policy. These two factors determine what is technically known as the net or mathematical premiums, which are the sums sufficient and necessary to pay all outstanding policies as they become claims, provided deaths occur exactly in accordance with the table of mortality and the rate of interest earned on the investment of such premiums is exactly equal to the rate assumed. To the net or mathematical premiums there is added a sum technically known as 'loading,' for the purpose of meeting the expense of conducting the business, as well as any unforeseen contingencies, such as an abnormal death rate due to war or pestilence. The net or mathematical premium, increased by the 'loading,' constitutes the premium rates stipulated in the policies of insurance.

"Premium rates so computed are, in the experience of life insurance companies, generally found to be in excess of their requirements. In a mutual company such excess constitutes its margin of safety, and must be liberal. Such a company has no capital stock and must rely entirely upon its premiums to meet unusual contingencies. They must be sufficiently large to assure the company's ability to pay its claims as they accrue beyond peradventure. Their policies may run for a period of 50 years, or even 75 years, and the stipulated premium can not be increased after the policy is issued. In computing their rates the companies use, therefore, a table of mortality showing an admittedly higher death rate than that which will probably be realized. The assumed rate of interest on investments is also lower than that which the company expects to realize. The provision for expenses and contingencies is greater than would ordinarily be required. Mutual companies have these three margins of safety and, normally, each assumption is in excess of what is actually required. They result in excess or redundant premiums.

According to the practice of the plaintiff, at the end of each year the excess of income over disbursements is ascertained, and after setting aside so much of said excess as is required for the increase in policy reserves and other liabilities, the balance is added to the dividend fund. Each policy holder's share in this fund is then ascertained, and before his next premium falls due he is advised of the amount thereof and that the company will accept in full settlement of such premium the difference between the premium written in his policy and the amount standing to his credit in the dividend fund, which has arisen out of previous premium payments. The policy holder may, if he desires, withdraw his share of the dividend fund in cash, or this share is paid to him if he discontinues his policy, or is paid in addition to the amount insured if the policy becomes a death claim. The fund is available for emergencies; but unless so used by the company it is not depleted from year to year except by such actual cash payments as are made from it, as above mentioned.

The method of calculating premiums and ascertaining and disposing of the excess described in this and the two preceding paragraphs is practiced not only by the plaintiff, but by other mutual life insurances companies generally.

"Plaintiff permits the policy holder to pay the full stipulated premium instead of the difference between the stipulated premium and the amount standing to his credit in the dividend fund. In such cases the difference between the amount so paid and the sum required to continue the policy in force is used by the plaintiff, either in the purchase of additional insurance or to shorten the endowment or premium-paying period, as the insured elects * * *."

From the foregoing it appears that whereas in a mutual company insurance is effected at cost, it is essential, in order to constitute a margin of safety, that its premium rates should be larger than it might reasonably be expected would be required to carry the insurance. To effect this purpose a table of mortality is used which shows an admittedly higher death rate than that which will probably prevail, while the assumed rate of interest on its investments is made lower than it is expected will be realized, and the provision for contingencies and expenses is made greater than would ordinarily be necessary. This course is adopted for the reason that a mutual company, having no capital stock, is compelled to rely upon its premiums to meet unexpected losses and contingencies. Paragraph 7 of the statement of facts shows clearly how the dividend fund is created. Each policyholder may, at his option withdraw his dividend—that is, his share of such fund—in cash or have it applied in reduction of the subsequent year's premium, or to purchase additional insurance, or to accelerate the payment period. Such option is conferred by the following or a similar clause, which appears in all of the outstanding policies of the company:

"After this policy shall have been in force one year each year's premium subsequently paid shall be subject to reduction by such dividend as may be apportioned by the directors. Dividends thus created will be applied either in reduction of premium or upon the addition or accelerative endowment plan or paid in cash, at the option of the insured."

The policyholder, therefore, although he has paid more at the beginning of the year than was necessary to provide for the cost of carrying his insurance, will, nevertheless, at the end of the year, when such cost has been actually ascertained, receive the benefit of the overcharge by way of a so-called dividend. Thus the policyholder receives his insurance at cost, while at the same time the stability and solvency of the company have been reasonably and properly guarded and maintained. In all cases where the policyholders, in the exercise of their option during the years 1909 and 1910, in question, withdraw their dividends in cash the amount thereof was included in the plaintiff's statement, and the tax thereon imposed by the Government was paid. The Government claims, however, that where the dividends to the policyholders are not withdrawn in cash, but, pursuant to the option allowed them, have been applied in one or other of the ways above mentioned, they are to be regarded as cash dividends paid by the company, upon which the Government is entitled to impose, as it did impose, the tax in question.

The true situation, however, is this: The policy is issued at a fixed premium, as determined by the company's table of rates; that stipulated premium can not be increased, but may be lessened annually by so much as the experience of the preceding year has determined it to have been greater than the cost of carrying the insurance, and the difference between the amount of the stipulated premium and the cost of carrying the risk constitutes the so-called dividend. This difference, however, is not in any real sense a dividend. The term as used is technical and well understood in insurance circles, and as so understood has a widely different signification from that ordinarily attached to the word "dividend." It operates, as already stated, merely to abate or reduce the stipulated premium called for by the contract of insurance, to the extent and for the reason that it has been determined by experience that the policyholder paid for his insurance during the preceding year more than it actually cost the company to carry the risk. This excess payment represents not profits or receipts but an overpayment—an overpayment because, being entitled to his insurance at cost and having paid more than cost, he is equitably entitled to have such excess applied for his benefit. It makes no difference what this excess is called; the question is, What does it represent? Does it in anywise or to any extent repre-

sent earnings or profits received by the company so as to constitute it a part of its income, or does it merely represent an overpayment? Under the terms of his policy the policyholder may, at his option, withdraw such excess in cash and thereby impart to it a quasi appearance of profits, but its character is not thereby changed.

In that case, however, he would, if he desired to continue his policy, be required to pay the full premium as therein stipulated, whereas if he desired such premium reduced to what experience had shown was the actual cost of his insurance, he could have the excess over such cost applied in reduction of the stipulated premium and pay only the cost price for the ensuing year; and assuming that the cost price as determined by the experience of the first year remained the same for 5, 10, 15, or other number of years, that original excess payment would serve to carry his insurance at cost during all of the succeeding years. The following extract from the brief of counsel for the complainant fully and clearly illustrates the point:

"It appears that if the company issues a policy with a premium of, say, $100, and it is found at the end of the year that the payment of that sum at the beginning of the year was $10 in excess of the actual cost of the insurance, the company holds this amount in a 'dividend' fund and collects from the policyholder in full settlement of the second year's premium, $90. At the end of the second year it might be found that this payment of $90 was $2 in excess of the cost of the insurance during the second year, so that the company would hold $12 which had been paid in excess of the cost of the first and second years' insurance. The insured would then pay $88 as a premium for the third year. If during the third year the death rate among the company's members should increase abnormally, so that the company would be required to use $4 of the $12 standing to the policyholder's credit in the dividend fund, leaving $8 therein, it would be necessary for the insured to pay $92 in settlement of the premium for the fourth year's insurance. The amounts returned for taxation would be $100 the first year, $90 the second year, $88 the third year, and $92 the fourth year. Instead of paying $92 the fourth year, the policyholder might pay $100, and in this case $92 would be applied to continue the original policy in force and $8 would be used to buy additional insurance or to shorten the premium-paying term, in which case $100 would be returned for taxation. The several amounts of $10, $12, and $8 represent the so-called dividends or amounts standing to the credit of the policyholder in the dividend fund, which, unless withdrawn in cash by the policyholder, are paid by the company, in addition to the amount insured, when the policy becomes payable as a claim."

From the foregoing it appears that what the company receives in cash and all that it so receives where the dividend is applied in abatement of renewal premiums is the difference between the stipulated premium and the so-called dividend. In such cases the dividends are not sums paid to the policyholder and by him returned in cash. They are not "income" "received." The policyholder has not paid the premium stipulated in his policy, but a premium reduced by his share of a fund ascertained by the directors composed of excess premiums. This seems to be the view which has been uniformly taken by the courts, in so far as their decisions have been brought to my attention. In Mutual Benefit Life Insurance Co. *v.* Commonwealth (128 Ky., 374) the supreme court of that State so held, as will appear from the following extract taken from a somewhat lengthy opinion:

"It is clearly shown by the evidence, and conceded by counsel for the State, that the reports as made by the appellant company embrace all first, or original premiums—the premiums receipted for on the face of the policies—and also the subsequent, or renewal premiums, except to the extent that such renewal premiums were reduced by what is termed 'Dividends.' It is the contention of the appellee that such renewal premiums should have been reported without such reduction or abatement, as having been reduced by the company 'in cash or otherwise'; while the appellant company contends that the reduction from the nominal, or stated, premium as made was a contract right of the policy holder, and constituted no premium or part of the premium received by the company 'in cash or otherwise.' And these opposing contentions present the question in this case. * * *

"The present statute reads. * * * 'All premiums receipted for on the face of the policy for original insurance and all renewal premiums received in cash or otherwise in this State or out of this State on business done in this State during the year ending the 30th day of June last preceding.' * * *

"The appellant, every year before a premium falls due, determines how much of the stipulated premium it will exact from the insured. The diminution, whether it be called a 'dividend' or 'surplus' goes in the abatement of the renewal premium, and the insured pays only the difference. The insurance company, therefore, received not the full renewal premium, but the difference between the stipulated premium and this dividend or portion of surplus. All that the insurance company receives in cash or otherwise is this difference. * * *

"The Commonwealth is claiming to tax the appellant upon money which it never received at all. The appellant says that it is only required to pay upon money which it receives in cash or otherwise, except that it admits that it is bound to pay the full tax on the original premium receipted for on the face of the policy without regard to whether it in fact received such premium or not. The answer sets out the course of business of the appellant and shows what money it has received and what money it has not received, and shows that the difference between it and the Commonwealth is that the Commonwealth is attempting to charge it for the full amount of premium stipulated for in the face of the policy although it does not exact and has not the right to exact such full amount, being required to give to the policy holder the advantage of the dividend or surplus, or whatever it may be called, in the diminution of the nominal premium." * * *

"Now, the truth is, that this overpayment (called dividend) is not a dividend in any sense of the term; nor is the failure of the company to collect the full amount of the premium in after years a credit in any sense of the term. A sum of money applied as a credit can never be used for the same purpose again."

"If I owe A $50 and he owes me five notes of $150 each, when I credit him on the first note with the $50 I owe him, he can not require me to credit the same sum on the remaining four notes as they fall due. But that is just what the State is insisting on being done in this case. The policyholder makes the overpayment of premium technically called 'loading' and the company holds this sum and calls it a 'dividend,' and the State says that this is a crediting of the same sum on each of the after accruing premiums, and should be considered as so much collected each year by the company and as having been paid 'otherwise' than as cash.

"In order to bring the matter before our minds distinctly, let us assume that in 1900 A takes out a policy in the appellant company in which the stipulated premium is $150 per annum; that of this sum $100 would be sufficient to carry the risk in ordinary times, and that $50 is what is called 'loading,' collected in order to meet the contingencies of the future. Now, in 1900 the policyholder pays the full amount of the premium, $150. After that the company says to him, 'You need only pay $100 per annum, and as long as the $50 of overpayment you made in 1900 remains unexhausted, your annual premiums will be really $100, instead of $150, as stated in the policy.' The account in five years would be stated as follows:

1900, beginning of the insurance period, premium paid	$150.00
1901, beginning of the insurance period, premium paid	100.00
1902, beginning of the insurance period, premium paid	100.00
1903, beginning of the insurance period, premium paid	100.00
1904, beginning of the insurance period, premium paid	100.00
1905, beginning of the insurance period, premium paid	100.00
Total	650.00

"Obviously the total amount of money paid by the policyholder and received by the insurance company is $650, and it has received no more, either in cash or otherwise; and on the sum so received it is conceded that appellant has paid the tax due.

"If we look only at the method of bookkeeping of the appellant and have regard only to the terms it uses, there is much in the appearance of the case thus presented to warrant the position of the Commonwealth as to its rights to tax the so-called 'dividends' said to be annually credited on the premiums due from policyholders, but the law looks below the mere appearance of things and has regard to the reality; and thus looking, it sees that the appellant misuses the terms 'dividend' and 'credit,' and, as shown above, pays no dividend and allows no credit, but that, in reality, all that it does is to collect on the first premium a sum sufficient to meet the contingencies of any given year of the future, and then abstains from collecting any further overpayment while the first remains on hand."

The opinion in the foregoing case has incorporated in it, somewhat at length, an opinion by the appellate branch of the Court of Common Pleas of Pennsylvania, in Commonwealth *v.* Penn Mutual Life Insurance Co. (1 Dauphin Co. Rep., 233) from which the following extracts have been taken:

"But we think the so-called 'dividends to policyholders' are not 'net earnings or income' and do not represent such earnings, and that defendant is not liable to tax in respect to them. Notwithstanding the mass of testimony and exhibits on this point, including the ingenious questions of the able counsel on either side, followed by answers from the officers of the company, called as witnesses, not always as clear or intelligent as might have been expected, the facts are few and simple, as we have found them above. It is strenuously contended by the able special counsel for the Commonwealth that because these abatements are entered on the books of the company as 'dividends to policyholders' or 'surplus to policyholders,' they therefore represent net earnings or income, and furnish a measure of the liability of the company to taxation. Whatever these statements may be called, they are in reality what we have stated in the finding of facts. The amounts they represent are mere negative quantities, abstract statements not of what is, or is to be received or to 'come in,' but what is not to be received. The calculations are made for the express purpose of determining how much of the amount which the company might receive shall not be received, and one of the items which make up the apparent amount upon the basis of which this calculation is made is the sum which was abated and not received during the preceding year. In short, the whole proceeding is merely a method by which the books of the company are made to show what would be the actual gross debtor and creditor accounts of the company if the whole amount of the premiums was collected and a part was afterwards returned to the policyholders, while in fact it is neither collected nor returned. * * * It is a fallacy to suppose that the real nature of the transaction is that the policyholder pays his whole stipulated premium and receives his share of the dividend or distribution of surplus."

In State of Minnesota *v.* Mutual Benefit Life Insurance Co., decided December 15, 1909, in the district court of the second judicial district of that State (opinion not reported), it appears that a State statute required insurance companies to pay annually a tax equal to 2 per cent of all premiums received by them or their agents in that State, in cash or otherwise, during the preceding calendar year. The claim was there made by the State that the defendant company should pay "the tax on an amount represented by the maximum premiums called for in the policy, covering not only the amount the policyholder pays each year in cash, but also including any amount the policyholder receives credit for on such premium in the form of a dividend. In short, the State claims the insurance company in effect receives the maximum premium in cash in this State in such year, although but part is paid by the insured in cash and the balance is in the form of a credit given by the company on account of a dividend allowed. In disallowing the State's claim the court in its opinion says:

"The dividend declared in any year is applied in reduction of the next maturing premium on the policy of the insured. It follows that where a dividend has been apportioned and applied to the reduction of the premium named in the contract the policyholder pays to the company and the latter receives in cash only the difference between the maximum premium and the amount of the dividend, and these dividends, as the facts disclose, represent a surplus arising out of premiums previously paid, upon which the defendant company had already paid the State its 2 per cent tax. The word 'premium' as used in this statute is subject to the limitations expressed in the words which follow and, in a measure, control its use, to wit: 'Received in this State in cash or other obligations.'

"The statute apparently does not require the company to pay the 2 per cent tax on the full amount of premium named in its policies in this State. If so, the law would have so stated. On the contrary, the language is '2 per cent on all premiums received in cash and other obligations in this State.'"

In Fuller *v.* Metropolitan Life Insurance Co. of New York (Conn.; 41 Atl. Rep., 4) the court said:

"It (net premium) is the sum paid yearly by each to furnish the stipulated protection for all. But the policyholders must pay not only for the cost of insurance, but also for the expense of management; so to the net premium is added a sum deemed sufficient to pay expenses and provide for contingencies, which is called the 'loading.' In this way the policyholders pay the sum necessary for the cost of insurance and expense of management. The amount of the net premium is calculated upon the basis of certain tables of mortality and upon the assumption that the company will receive a certain rate of interest upon all its assets, and the amount of the loading is calculated upon a certain assumed rate of expense. Now, it may happen that the rate of

mortality experienced by the company is less and the rate of interest actually received is greater than that assumed, and that the ratio of actual expense is less. In such case the company has in reserve more than enough, with the anticipated annual premiums, to provide for future cost of insurance and management. It has a sum which is not needed for the purpose for which it was paid. This sum is called 'profits.' It is, in fact, a surplus resulting from overpayments by policyholders. This surplus is derived from money paid by the insured and received by the company for a particular purpose, i. e., providing for cost of insurance expense of management. If not needed for that purpose, it should, in equity, be returned to the policyholders. They do not, however, own it or have any legal control over its distribution. Part of it, indeed, is derived from contributions of policyholders who are dead; but the equity is recognized, and it is the duty of the company, when a surplus is ascertained, to return such portion as it does not deem proper to keep as a guaranty fund to the existing policyholders in equitable (i. e., as nearly as practicable) proportion to their overpayments or contributions. Such return of overpayments, whether in cash or by application on future premiums, or by increase of the amount insured, is a dividend. This is the meaning of 'dividend,' and the only meaning it has or can have in connection with mutual insurance."

"In New York Life Insurance Co. *v.* Styles (59 L. J. Q. B., 291; L. R. 14 App. Cas., 381 (1889)) it was held as follows:

"That the surplus premium income of a mutual insurance company derived from and annually returned to participating policy holders, is not assessable to income tax as profits or gains arising from any profession, trade, or vocation exercised in the United Kingdom."

In the opinions of Lords Herschel and MacNaghten the following passages appear:

"Lord Herschel: 'In the case before us certain persons have associated themselves together for the purpose of mutual assurance—that is to say, they contribute annually to a common fund, out of which payments are to be made in the event of death to the representatives of the persons thus associated together. Those persons are alone the owners of the common fund, and they, and they alone, are entitled to the management of it. It is only in respect of his membership that any person is entitled to be assured a payment upon death. * * *

"'Can it be said that the persons who are thus associated together for the purpose of mutual insurance carry on a trade or vocation from which profits or gains accrue, to them? I can not think so. I am aware that the surplus income with which we are concerned is called "profits" in the documents of the appellants. But both the learned lords who formed the majority in Last's case (1) repudiated the idea that because moneys, which were not in fact profits are erroneously so called, this would make them "profits" within the meaning of the income-tax acts. I entirely concur. We must look to see whether they are really so or not. Persons who agree to contribute to a common fund for mutual insurance certainly would not in ordinary parlance be regarded as carrying on a trade or vocation for the purpose of earning profit. Let us see how the so-called profit arises. It is due to the premiums which the members are required to pay, being in excess of what is necessary to provide for the requisite payments to be made upon the deaths of members, and not being, as the case states they were intended to be, commensurate therewith. This may result either from the contributions having, owing to an erroneous estimate or overcaution, been originally fixed at a higher rate than was necessary, or from the death rate being lower than was anticipated. Can it be properly said that, under these circumstances, the association of mutual insurers has earned a profit? The members contribute for a common object to a fund which is their common property; it turns out that they have contributed more than is needed, and therefore more than ought to have been contributed by them for this object; and accordingly their next contribution is reduced by an amount equal to their proportion of this excess. I am at a loss to see how this can be considered as a "profit" arising or accruing to them from a trade or vocation which they carry on. It is true the alternative is allowed them of leaving the excess in the common fund, and so increasing their representatives' claim upon it in case of death, but I can not think that this makes any difference. Mr. Bremner truly pointed out that if these so-called bonuses were to be regarded as representing profits, it followed that if the premiums were trebled the profits would be increased in proportion.'"

"Lord MacNaghten.—'Certain persons agree to insure their lives among themselves, on the principle of mutual insurance. They take care to admit none but healthy lives. They contribute according to rates fixed by approved tables, and they invite other persons to come in and join them by insuring their lives on similar terms. The rates fixed by the tables are taken as being sufficient to provide for expenses, to meet liabilities, and to leave a margin for contingencies. What is to become of the surplus if everything goes right? The practice is to take an account every year of assets and liabilities and to give the insured the benefit of the surplus, either by way of reduction of premium or by way of addition to the sum insured. It can make no difference in principle whether the surplus is so applied or paid back in hard cash. In either case, it is nothing but the return of so much of the amount contributed as may be in excess of the amount really required. I do not understand how this excess can be regarded from any point of view, or for any purpose, as gain or profit earned by the contributors. I do not understand how persons contributing to a common fund in pursuance of a scheme for their mutual benefit—having no dealings or relations with any outside body—can be said to have made a profit when they find that they have overcharged themselves, and that some portion of their contributions may be safely refunded. If a profit can be made in that way, there is a field for profitable enterprise, capable, I suppose, of indefinite expansion.'"

In Tenant *v.* Smith (61 L. J. P. C., 11; 1892, A. C. 150), a case which arose under the English income-tax act, Lord MacNaghten said:

"It is a tax on income in the proper sense of the word. It is a tax on what comes in—on actual receipts * * * not on what saves his pocket, but on what goes into his pocket."

Gresham Life Assurance Society *v.* Bishop (71 L. J. K. B., 618; A. C. 287) was also a case growing out of a provision of the English income-tax act, to the effect that "the duty to be charged in respect" of interest arising from foreign securities "shall be computed on a sum not less than the full amount of the sums which have been or will be received in Great Britain in the current year without any deduction or abatement."

It was held that the tax was to be assessed on the amount of such interest as was actually received in that country during the year and not on the amount constructively received in yearly accounts of profit and loss.

The above cases furnish a clear exposition of the nature and character of the dividends considered in this case.

Not only is their reasoning inherently persuasive, but their authority is enhanced by the fact that there are no conflicting decisions, or at least none have been brought to the court's attention. Counsel for the Government denies not so much their intrinsic weight as their relevancy, claiming that the act under consideration has abrogated or nullified them. In other words, it is contended that by the express language of the act no dividends declared by life insurance companies can, in the ascertainment of their net income, be deducted from their gross income. No distinction between dividends is admitted, no matter how, for what purpose, or from what fund declared, or whether paid or unpaid, all are alike, and all must be taxed because they represent income "received." If, however, as contended, Congress had in mind the cases above cited, and intended by the clause of the act in question to overrule them, it can hardly be urged that it used very clear or apt language to express its intention. On the contrary, it would appear from its language, that it intended to give those cases its approval, and adopt and continue the distinction thereby created. In seeking to ascertain the intention of Congress, it seems but reasonable to assume, in the absence of anything to the contrary, that it used the word "dividends," as applied to insurance companies, in the sense it had long and generally borne in insurance matters, which sense had moreover been confirmed by repeated judicial decisions. The term should, in other words, be given what might not inappropriately be called its trade signification. (Hedden *v.* Richard, 149 U. S., 346.) Hence, when it refers to dividends "paid" it means dividends paid, and not an application of excess premium payments in abatement or reduction of subsequent premiums. The word "paid," as used by Congress, is highly significant. It clearly shows that it had cash payments in mind. Not only does this appear from its inherent meaning, but by its use in other clauses of the section providing for deductions from gross income. The expression "gross income," as used in the act, means gross cash receipts and the deductions which were directed to be made therefrom, in order to ascertain net "income received," were deductions of cash expenditures. The principle of cash receipts and cash expenditures underlies the structure of the entire section. To hold that "paid" has a different meaning when applied to dividends from that given it in several clauses of the immediate context would be unwarranted. It should be held to mean dividends which have been paid in cash during the year and repaid to the company as premiums. Counsel for the complainant, speaking of such dividends well say, "unless so received and paid back to the company, they do not constitute 'income received,' the question of income is to be determined, not by what the parties might do, but by what they do do." If, therefore, a policyholder, by the express provision of his policy, elects to have a previous overpayment of premium applied in reduction of a succeeding stipulated premium, what he pays, and all that he pays or can be required to pay, is the reduced premium, and that is all that the company received by way of income and all it is liable to be taxed for. Such a construction of the act in nowise contravenes its purpose, which was to subject to taxation cash dividends, which, as statistics show, form a very large item in insurance business. Since, then, there is subject matter which the clause of the act plainly embraces, there is neither reason nor propriety in broadening its scope by construction so as to make it include that which by strong implication, at least, it excludes. To do so would be violative of one of the chief rules of construction applicable to acts concerning taxation.

Before leaving this branch of the case, it seems proper to say that dividends of the kind under consideration should not be confused with dividends declared in the case of a full-paid participating policy wherein the policy holder has no further premium payments to make. Such payments having been duly met, the policy has become at once a contract of insurance and of investment. The holder participates in the profits and income of the invested funds of the company. His case is, therefore, radically different from that of a policy holder whose dividend represents merely the excess cost of his insurance; which excess, at his request, and pursuant to the terms of his policy, has been applied in abatement or reduction of a future premium. But it may be urged that the fund for which the so-called dividends are declared on mutual policies is likewise largely derived from interest on the company's investments, and that this shows that in a real sense such dividends are after all declared from the earnings, profits, or income of the company. This proposition might be entitled to weight were it not for the fact that in so far as the fund from which such dividends are declared is produced from interest on the company's invested funds, it has already been subjected to and has paid taxes under the act in question.

Furthermore, while, perhaps, not illegal, it is in a sense unfair, and therefore presumably contrary to the intention of Congress, as between a mutual company and a stock company, to tax the dividends in question as income received. The policy holder in a stock company pays a uniform and fixed premium each year, the premium in his case is not "loaded," but is presumed to represent cost as nearly as may be, for the reason that the stability of his policy is assured by the stock of the company, and not, as in the mutual plan, by premium payments avowedly in excess of the cost of the insurance. It would seem to be fair and equitable, therefore, between the two classes of companies, to tax them upon the premiums actually paid them by their policy holders and not to tax one class upon premium payments actually received and the other upon payments which at the utmost are only "constructively received."

My conclusion, therefore, is that by the clause in question Congress did not overrule the authorities above cited, but on the contrary crystallized them into statute law, and by so doing, exempted from taxation dividends of the character in controversy.

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In the United States Circuit Court of Appeals, for the third circuit.

(October term, 1912. No. 1693.)

Herman C. H. Herold, collector, *v.* Mutual Benefit Life Insurance Co., plaintiff below.

ERROR TO THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF NEW JERSEY.

Before Gray, Buffington, and McPherson, circuit judges.

Per CURIAM:

Certain taxes for 1909 and 1910 were levied against the insurance company by two supplementary assessments under the act of 1909. The company paid under protest, and afterwards recovered judgment against the collector for practically the whole amount levied. Several questions were raised and decided below, but in this court only one

question needs attention: Does the act tax the so-called "dividends" awarded annually to policy holders? The answer must be in the negative, unless such "dividends" form a part of the company's "net income * * * received by it * * * during such year." If they do not arise from income received during the tax year, but from income received during a previous year, Congress has not taxed them; or perhaps it is more correct to say, Congress has not taxed them more than once. Concededly, they have been taxed once with the other net income of the particular year during which the company actually received them in cash; if, therefore, they are to be taxed more than once, it is well settled that the language imposing such an exceptional burden should be clear and unambiguous. But we need not discuss the subject; that duty has been performed by Judge Cross with such fullness and ability that we can not do better than adopt his opinion. The case in the district court is reported in 198 Federal, at page 199, and the discussion we refer to extends from page 200 to page 212, inclusive. But we do not adopt what is said on page 212 concerning dividends on full-paid participating policies, nor what is said on the same page concerning stock companies; not because we wish to suggest disapproval, but merely because no opinion about these matters is called for now, as they do not seem to be directly involved.

The judgment is affirmed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. HULL].

The question was taken, and the amendment was agreed to.

Mr. HULL. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Tennessee offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 153, line 7, by adding, after the word "expenses," the words "and reinsurance reserves."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken, and the amendment was agreed to.

Mr. HULL. Mr. Chairman, I also offer another amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amend, page 154, line 3, by striking out the words: "Not including the tax imposed by this act."

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. GOULDEN having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 99. An act to fix the times and places of holding district court for the district of Arizona.

The message also announced that the Senate had agreed to the following resolution with an amendment, in which the concurrence of the House of Representatives was requested:

House concurrent resolution 7.

Resolved by the House of Representatives (the Senate concurring), That there be printed 20,000 additional copies of the report of the Ways and Means Committee on H. R. 3321—15,000 copies for the use of the House of Representatives, to be apportioned as follows: Two thousand to the Committee on Ways and Means, 1,000 to the House document room, 12,000 to the House folding room; and 5,000 for the use of the Senate.

THE TARIFF.

The committee resumed its session.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The Clerk concluded the reading of section II.

Mr. UNDERWOOD. Mr. Chairman——

Mr. MANN. Mr. Chairman——

Mr. UNDERWOOD. Does the gentleman desire to offer an amendment?

Mr. MANN. Mr. Chairman, at the request of the Commissioner from the Philippine Islands [Mr. QUEZON] I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 133, line 7, after the words "Porto Rico," strike out "and of the Philippine Islands."

Mr. QUEZON. Mr. Chairman, as a matter of principle I believe in an income tax. I believe that government should be supported by those benefited by it in proportion to the wealth of the beneficiaries; but I also believe that the people alone who pay the taxes have the right to levy them, and for this reason I am opposed to have the Congress of the United States levy any tax to be paid by the Filipino people.

The purpose of the amendment, which at my request has been introduced by the gentleman from Illinois [Mr. MANN], is to exclude the Philippine Islands from the provisions of section 2 of this bill. I understand it to be the reason of the Ways and Means Committee for imposing upon the Filipino people the income tax the fact that the Philippine Government will suffer a loss of about ₱500,000 through the abolition of the export tax provided for elsewhere in this bill. But, Mr. Chairman, while it is true that there will be this loss of revenue, there is no need for creating new taxes, inasmuch as the Philippine Government has a surplus of more than ₱500,000 of revenues over its ordinary expenditures, according to the report of the auditor of the Philippine Islands of 1911, which I hold in my hand. On page 17 of this report the following figures are given: Total ordinary income for the year, ₱25,445,520.45; total expenses, ₱19,580,651.17; excess of ordinary revenue income over expenses, ₱5,864,869.28. Besides the report of the collector of customs for 1912 shows a constant increase in customs revenues since 1909, the increase during the fiscal year 1912 as compared with 1911 being ₱1,337,674.90. This increase alone is more than the total export tax, which was in 1912 ₱1,069,690.04.

It is evident from what I have said that the Philippine Government can get along very well without the export tax, and therefore the loss of this revenue does not require the creation of a new tax.

But this is not the main reason for my objection to the extension to the Philippines of the income tax. My main reason, Mr. Chairman, is that it is un-Democratic. If it is necessary that there should be levied new taxes in the Philippine Islands, the Philippine Legislature and not Congress should levy those taxes. What is the use of having a Philippine Legislature if Congress is going to levy the taxes to be paid by the Filipino people? We have learned from you that taxation without representation is tyranny, and in this case we are taxed by a legislative body wherein we have no representation. Only through the courtesy of the gentleman from Illinois [Mr. MANN] I had the opportunity of having my amendment submitted to the committee, and through the courtesy of the House I can discuss it. But in my own right I can say and do nothing on this floor; and, at any rate, I can not vote.

Mr. UNDERWOOD. Mr. Chairman, the reason for levying this income tax on the wealth of the Philippine Islands is this: The present law levies an export tax, which falls on the industry of the Philippine Islands and upon their productive capacity. It is a burden on the small farmer who raises tobacco and hemp and is an injury to the industrial development of the Philippine Islands. This bill repeals the law which authorizes an export tax in the Philippine Islands.

As the Commissioner representing the Philippine Islands [Mr. QUEZON] states, it will reduce their revenues about half a million dollars. I consulted Gen. McIntyre, the head of the Insular Bureau, and the Secretary of War about this proposition for the purpose of trying to find out whether we could repeal the export tax. They said, after investigation, that we could certainly do so if we would extend the provisions of this income-tax bill to the Philippine Islands for the benefit of the Philippine Islands treasury.

You understand this provision does not tax the Philippine Islands for the benefit of our Government, but levies a tax upon the wealth of the Philippine Islands for the benefit of their Government in the same way that we levy it upon our own people. In other words, the effect of this bill is to untax the poor farmer in the Philippine Islands whose export of hemp and tobacco and other products are taxed when he sends them out of the country, and the burden of this income tax falls upon the wealth of the Philippine Islands. I was advised by the Insular Bureau that although this proposition had been considered by their local legislature, and while this Government had advised them to pass a law of this kind, up to the present time they had either failed or refused to do so.

Mr. QUEZON. Mr. Chairman, will the gentleman yield?

Mr. UNDERWOOD. Yes.

Mr. QUEZON. There was no reason for passing any bill, because the export tax on hemp was still on the statute books. So where was the wisdom of levying new taxes on the Filipinos when we had sufficient revenues on hand? But now we are ready to do it.

Mr. UNDERWOOD. We have now repealed the export tax and we are levying upon the wealth of the Filipinos, for their own benefit, a tax which we think is just for our own people. I think this insures a tax on wealth there which they do not now have. I think it thoroughly just, and I think it should remain in the bill.

Mr. MOORE. Mr. Chairman, will the gentleman explain why Hawaii is left out of the bill—so long as he is speaking on this subject?

Mr. UNDERWOOD. Hawaii is in the bill. Hawaii is a Territory of the United States, and therefore it comes under the title of United States. Of course the tax in the Philippine Islands goes to the treasury of the Philippine Islands.

MESSAGE FROM THE PRESIDENT.

The committee informally rose; and the Speaker having resumed the chair, a message from the President, in writing, was

communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House that the President had approved and signed bills of the following titles:

April 25, 1913:

H. J. Res. 62. Joint resolution making an appropriation for defraying the expenses of the committees of the Senate and House of Representatives authorized to attend and represent the Senate and House at the unveiling and dedication of the memorial to Thomas Jefferson at St. Louis, Mo.

May 1, 1913:

H. R. 2973. An act making appropriations for certain expenses incident to the first session of the Sixty-third Congress, and for other purposes.

THE TARIFF.

The committee resumed its session.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. MANN] in behalf of the Resident Commissioner representing the Philippine Islands [Mr. QUEZON].

The question was taken, and the amendment was rejected.

Mr. MANN. Mr. Chairman, at the request of the representative of the Philippine Islands [Mr. QUEZON] I offer a further amendment.

The CHAIRMAN. The Clerk will report the further amendment offered by the gentleman from Illinois [Mr. MANN] in behalf of the representative of the Philippine Islands [Mr. QUEZON].

The Clerk read as follows:

Amend, page 133, line 7, after the word "and," by striking out the word "of" and inserting in lieu thereof the following: "to every person residing in."

Mr. QUEZON. After my first amendment has been voted down I hope that this one will be adopted. I am not sure that the wording of the amendment expresses entirely my purpose. I shall explain to the committee what I want and let you gentlemen do the rest.

The paragraph as it stands levies taxes on the citizens of the Philippine Islands alone, so that no foreigner will bear the burden of this taxation. This is not fair. Foreigners residing in the Philippines receive as much protection and benefit from the Philippine Government as the Filipinos, if not more. Again, the property owned, and every business, trade, or profession carried on in the Philippines by persons residing elsewhere is not taxed. There is no reason on earth for this exemption. I hope the law will be so worded as to impose the tax on every person residing in the Philippines and on every property, business, trade, or profession carried on there by persons residing outside the islands.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. MANN], in behalf of the Resident Commissioner from the Philippine Islands [Mr. QUEZON].

Mr. MANN. Mr. Chairman, I understand the committee offered an amendment, in line 7, striking out the words "by every citizen." Is that correct, changing the word "by," in line 6 of page 133, to the word "to"? That would still leave the law applicable only to every citizen of Porto Rico and the Philippine Islands. Plainly that would not cover a rich Chinese merchant in the Philippine Islands or a rich English merchant or a rich Japanese merchant in the Philippine Islands. I apprehend it was not the intention of the gentleman from Tennessee [Mr. HULL], if the law is to be applied to the Philippine Islands, to omit the very people who make the money over there in trade and who have the money. Does not the gentleman from Alabama [Mr. UNDERWOOD] believe himself that this amendment ought to prevail?

Mr. UNDERWOOD. I will say to the gentleman that I think the amendment is worthy of consideration, and I will ask unanimous consent that it be passed over for the present with the privilege of coming back to it.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that the amendment proposed by the gentleman from Illinois [Mr. MANN], in behalf of the Resident Commissioner from the Philippine Islands [Mr. QUEZON], may be passed over for the present and recurred to later. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. UNDERWOOD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 3321—the tariff bill—and had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. ANTHONY, for 10 days, on account of a death in his family.

LEAVE TO WITHDRAW PAPERS.

By unanimous consent, at the request of Mr. WILSON of New York, leave was granted to withdraw from the files of the House, without leaving copies, the papers in the case of H. R. 22260, Sixty-second Congress, granting a pension to Lydia Norton, no adverse report having been made thereon.

The SPEAKER. The Clerk will read the following personal request.

The Clerk read as follows:

Mr. Cox asks leave to withdraw the evidence in H. R. 28498, Sixty-second Congress, third session (Jack Merssner).

The evidence in H. R. 5191, Sixty-second Congress, first session (Abraham Crist).

The evidence in H. R. 16879, Sixty-second Congress, second session (Martha Fitzpatrick).

The evidence in H. R. 18351, Sixty-second Congress, second session (Cornelius W. Morrison).

The SPEAKER. If there be no objection, these requests will be granted.

Mr. MANN. Are those cases in which there are no adverse reports?

The SPEAKER. It does not state. Those requests will be laid aside.

LEGISLATIVE ACTS OF PORTO RICO (S. DOC. NO. 20).

The SPEAKER laid before the House the following message from the President of the United States:

To the Senate and House of Representatives:

As required by section 31 of the act of Congress approved April 12, 1900, entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," I transmit herewith copies of the acts and resolutions enacted by the Legislative Assembly of Porto Rico during the session beginning January 13 and ending March 13, 1913.

WOODROW WILSON.

THE WHITE HOUSE, *May 6, 1913.*

The SPEAKER. This message will be printed and referred to the Committee on Insular Affairs, and the accompanying documents will remain in the archives of the House.

REPORT ON THE TARIFF BILL.

Mr. UNDERWOOD. Mr. Speaker, I ask the Chair to lay before the House the concurrent resolution in reference to printing additional copies of the report of the Ways and Means Committee on the tariff bill (H. R. 3321).

The SPEAKER laid before the House the concurrent resolution (H. Con. Res. 7) for the printing of 20,000 additional copies of the report of the Ways and Means Committee on H. R. 3321, with a Senate amendment thereto.

The Senate amendment was read, as follows:

Line 7, after "Senate," insert:

"To be apportioned as follows: Two thousand to the Committee on Finance, 1,000 to the Senate document room, and 2,000 to the Senate folding room."

Mr. UNDERWOOD. I move to concur in the Senate amendment.

The motion was agreed to.

RECESS.

Mr. UNDERWOOD. Mr. Speaker, I move that the House take a recess until 7.45 o'clock p. m.

The motion was agreed to; accordingly (at 6 o'clock and 30 minutes p. m.) the House took a recess until 7 o'clock and 45 minutes p. m.

EVENING SESSION.

The recess having expired, the House was called to order by the Speaker.

THE TARIFF.

Mr. UNDERWOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 3321—the tariff bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. GARRETT of Tennessee in the chair.

Mr. COPLEY. Mr. Chairman, I offer the following amendment which I send to the Clerk's desk.

The Clerk read as follows:

On page 133, line 8, strike out everything in subsection A after the word "Islands" and insert in lieu thereof "a tax of 2 per cent per annum upon such income over and above $5,000; and a like tax shall be assessed, levied, and paid annually upon the entire net income from all property owned, and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

"In addition to the income tax provided under this section (herein referred to as the normal income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of 1 per cent per annum upon the amount by which the total net income exceeds $10,000 and does not exceed $15,000, and an additional income tax of 2 per cent per annum upon the amount by which the total net income exceeds $15,000 and does not exceed $20,000, and an additional income tax of 3 per cent per annum upon the amount by which the total net income exceeds $20,000 and does not exceed $25,000, and an additional income tax of 4 per cent per annum upon the amount by which the total net income exceeds $25,000 and does not exceed $30,000, and an additional income tax of 5 per cent per annum upon the amount by which the total net income exceeds $30,000 and does not exceed $35,000, and an additional income tax of 6 per cent per annum upon the amount by which the total net income exceeds $35,000 and does not exceed $40,000, and an additional income tax of 7 per cent per annum upon the amount by which the total net income exceeds $40,000 and does not exceed $45,000, and an additional income tax of 8 per cent per annum upon the amount by which the total net income exceeds $45,000 and does not exceed $50,000, and an additional income tax of 9 per cent per annum upon the amount by which the total net income exceeds $50,000 and does not exceed $55,000, and an additional income tax of 10 per cent per annum upon the amount by which the total net income exceeds $55,000 and does not exceed $60,000, and an additional income tax of 11 per cent per annum upon the amount by which the total net income exceeds $60,000 and does not exceed $65,000, and an additional income tax of 12 per cent per annum upon the amount by which the total net income exceeds $65,000 and does not exceed $70,000, and an additional income tax of 13 per cent per annum upon the amount by which the total net income exceeds $70,000 and does not exceed $75,000, and an additional income tax of 14 per cent per annum upon the amount by which the total net income exceeds $75,000 and does not exceed $80,000, and an additional income tax of 15 per cent per annum upon the amount by which the total net income exceeds $80,000 and does not exceed $85,000, and an additional income tax of 16 per cent per annum upon the amount by which the total net income exceeds $85,000 and does not exceed $90,000, and an additional income tax of 17 per cent per annum upon the amount by which the total net income exceeds $90,000 and does not exceed $95,000, and an additional income tax of 18 per cent per annum upon the amount by which the total net income exceeds $95,000 and does not exceed $100,000, and an additional income tax of 23 per cent per annum upon the amount by which the total net income exceeds $100,000 and does not exceed $200,000, and an additional income tax of 28 per cent per annum upon the amount by which the total net income exceeds $200,000 and does not exceed $300,000, and an additional income tax of 33 per cent per annum upon the amount by which the total net income exceeds $300,000 and does not exceed $400,000, and an additional income tax of 38 per cent per annum upon the amount by which the total net income exceeds $400,000 and does not exceed $500,000, and an additional income tax of 43 per cent per annum upon the amount by which the total net income exceeds $500,000 and does not exceed $600,000, and an additional income tax of 48 per cent per annum upon the amount by which the total net income exceeds $600,000 and does not exceed $700,000, and an additional income tax of 53 per cent per annum upon the amount by which the total net income exceeds $700,000 and does not exceed $800,000, and an additional income tax of 58 per cent per annum upon the amount by which the total net income exceeds $800,000 and does not exceed $900,000, and an additional income tax of 63 per cent per annum upon the amount by which the total net income exceeds $900,000 and does not exceed $1,000,000, and an additional income tax of 68 per cent per annum upon the amount by which the total net income exceeds $1,000,000. All the provisions of this section relating to individuals who are to be chargeable with the normal income tax, so far as they are applicable, shall apply to the levy, assessment, and collection of the additional tax imposed under this section. Every person subject to this additional tax shall, for the purpose of its assessment and collection, make a personal return of his total net income from all sources, corporate or otherwise, for the preceding calendar year."

Mr. COPLEY. Mr. Chairman, under this proposed amendment a man having an income of $5,000 or less would pay no tax. If his income was $10,000, he would pay $100. If his income was $25,000, he would pay $700. If it was $50,000, he would pay $2,700. If it was $75,000 a year, he would pay $5,950. If it was $100,000, he would pay $10,450. If it was $1,000,000 he would pay $415,450.

Mr. Chairman, I have introduced this amendment for several reasons, the principal one being that I believe it to be the best way of equalizing the opportunities which society in this country offers to certain men in securing more than their fair share of the benefits derived from the labors of other men. If there is one tax which bears lightly on the shoulders of the individual paying it, it is that which is paid out of a surplus income. It galls no shoulders, though it will probably gall some hearts. No man can seriously question that any tax paid under the graduated schedule proposed in this amendment would come out of a surplus income after allowing its recipient a sufficient amount to provide for his family and himself in a dignified manner.

There are two standpoints of justice from which we might look at this question: One, the material; the other, the moral.

From the material standpoint a government is established for the purpose of insuring, as far as possible, safety to life and safety to property—the enjoyment of an income. The life which is sought to be protected is of equal value to the different individuals, the richest and the poorest alike. The property which is protected, particularly that represented by an income, is not of equal value to the rich and the poor, nor is it in a ratio of their respective incomes. In one instance a meager living with nothing left over; in the other, all the comforts as well as the necessities and an enormous surplus besides.

What is the ratio between a surplus income of many millions of dollars a year and a surplus income of nothing, and what is the Government asking of each?

From the moral standpoint, is the possessor of the brain power sufficient to amass an enormous fortune entitled to all its benefits, or does he owe some duty to society?

The per capita wealth in this country, about $1,500, is the highest of any country in the world; and, bear in mind, this represents the labors of man not from the Declaration of Independence, not from the first settling of this country, not from the beginning of the Christian era, but from the beginning of time, the labors of man coupled with opportunities presented to them in this country. This same per capita means for every man, woman, and child. It would amount to about $7,500 for each adult man. A man, therefore, who has accumulated $1,000,000 in his lifetime has appropriated to himself the entire earnings of 133 men; not for one generation, but since human beings began to accumulate wealth on this footstool. Society, therefore, in this country has offered the individual these opportunities, and society is entitled to some of their earnings.

Take the richest man in America, probably John D. Rockefeller. His wealth is variously estimated from five hundred to one thousand millions of dollars, which means that from 66,000 to 133,000 men have been at work accumulating property for him since the time when human beings first evolved sufficiently to appreciate the value of property.

I am taking Mr. Rockefeller merely as a type. He could not possibly have created this wealth by the labor of his own hand or brain alone. It required, in addition, the conditions of society which allowed him private ownership of oil lands and oil wells, which allowed him practically whatever margin he could get on refining his product and also whatever margin for distribution he might take. Now, Mr. Chairman, we need the brain power of the great captains of industry working for the benefit of all our people, and we need the stimulus which self-interest furnishes to them.

I believe in exempting moderate incomes. It is not the income of $5,000 a year that is a menace to the institutions of this country, and I do not believe there is a single one of our self-made captains of industry who would not have subscribed to the graduated income tax proposed in this amendment when he began the process of gathering his fortune. I have no authority to speak for the gentleman whose name I have used in this illustration, but I do believe when he entered the oil business he would have been willing to guarantee to work just as hard as he has done, denying himself everything he has denied himself, with a prospect of a fortune of a few million dollars instead of several hundreds of millions.

Why, wealth is a relative matter at best. Each man is prompted by a most healthful impulse. He wants to see the helpless members of his family, for whose helplessness he is primarily responsible, cared for as well as the helpless members of his neighbor's family. We do not want to discourage this principle, but if one man has the vision and the energy and the application that allows him to amass a swollen fortune, provided his neighbors are treated in exactly the same manner, he will work just as hard as if there were no such provision as this.

If this amendment should be adopted, and I venture the prediction that within 10 years some such law will be written on the statute books of this country by the American Congress, I would then suggest that a good part of it be turned back to the various States from which it is collected, to be used by them in lightening the burdens of taxation of the poor and less fortunate people, and not as alms and charity but as equalizing the burdens. The child of a Rockefeller and the child of the humblest workman are alike an asset to this country. Every enlightened State has compulsory school laws, but, unfortunately, not all of them furnish free textbooks, and where a poor man has a large family and is compelled to send his children to school they add a burden which is not equalized by a man with an income so large that he has a surplus after providing for his family. And yet the value of these children as estimated by the State is in direct ratio to their numbers.

With such an enormous income as this would give it would be possible for the various States and the Federal Government to prosecute their researches along the lines of health, sanitary science, medicine. In other words, it would be a question not of charity but of justice. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. COPLEY].

The question was taken, and the amendment was rejected.

Mr. GILLETT. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Page 133, line 8, after the word "islands," insert "a tax of one-half of 1 per cent per annum upon such income over and above $1,000 up to $4,000, and"

Mr. GILLETT. Mr. Chairman, the purpose of this amendment is to reach that class who are exempted by the present bill who have an income over $1,000 and less than $4,000 a year, and have them pay an income tax of one-half of 1 per cent. Unquestionably a majority of the people of this country are exempted by the $4,000 limit now in the bill. I have no question but that a great majority of our people have no hope of ever having an income of $4,000 a year, and would be very glad, if they were assured of that income, to give much more than 1 per cent of it to the Government in the shape of an income tax. My main purpose, however, in suggesting this is not because I think those below $4,000 necessarily ought to pay an income tax. I appreciate that there should be a difference between the rich and the poor in the per cent of the tax and that the weight upon the poor should be made very light. But there is another effect which can be reached by an income tax. The main reason that I offer this amendment is that I think it would be an antidote to what is one of the most alarming diseases which we all recognize here to-day in Congress—the disease of extravagance. I think everyone will admit that in the last few years the tendency of national expenditure has been constantly increasing to an extent which the great mass of the people do not trouble themselves about and do not appreciate, and I can see no brake for the constant progress of that expenditure except some such provision as this.

The great mass of the people of the country do not appreciate that they are paying the expenses. They look upon the National Government as a great reservoir of wealth, from which they extract as much as they can for their district or for their enterprises without any cost to them; and in recent years there has been a prodigious increase of Federal activities. Most of us probably approve of that increase. It is doing much for the country in every way, but it is costing money. It is making a constant necessary increase in our expenses, and it is changing the attitude of the people toward the Federal Government so that they are constantly demanding more and are reckless of expense. To-day every Congressman has a call from his home constituency to get all of the money that he can out of the Treasury for his district. His people do not pay much attention to what he votes for other districts. They do not care how much logrolling he does, how willing he is to pledge his vote to some reckless extravagance in some other portion of the country; so long as he gets what they want for their own district they are satisfied. We have upon us a constant pressure for expenditure, and no matter how economical we may be at heart, few of us are Spartan enough to stand up and resist this pressure.

It seems to me that an amendment like this which says that a man who gets an income over $1,000 shall pay one-half of 1 per cent tax would bring home to the people the fact that they are paying the bills as they really are. The tax would be very small, only 50 cents on an income of $1,000 and $5 on an income of $2,000. If the Government were expensive, if the administration were extravagant, their little tax of $1 or $5 would be increased. If the Government were economical their income tax would decrease so that all the time they would have a little feeling in their pockets as to whether the Government was economical or extravagant.

Mr. AUSTIN. Mr. Chairman, will the gentleman yield?

Mr. GILLETT. Yes.

Mr. AUSTIN. Does the gentleman not think it would defeat every Member who would vote for this amendment if the fact were known at home?

Mr. GILLETT. No; I do not. I do not believe the people are so unthinking and selfish. I am willing to take the risk at any rate, and this question, perhaps, illustrates the impulse which we all have. We are all afraid to do anything which we think may hurt us at home, regardless of whether we think it is right and best for the country or not.

I believe it would be extremely desirable to make every citizen of the United States have some constant pressure telling him whether the Government was economical or whether the Government was extravagant, and that is the reason I advocate this amendment. I do not suppose under the caucus rules it is very likely to be adopted, but I do hope it will produce some effect upon the minds of gentlemen and set them thinking whether it is not necessary for us to do something to check this constant growth of Federal expense and the constant pressure on Members of Congress to vote large appropriations and bring back some inducement and reward and popularity for being economical.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAYBURN. Mr. Chairman, as a new Member of this great body I of course feel that I should have regard to some extent for the long-established custom of this House, which in a measure demands that discussions of questions shall be left in the main to the more mature Members from the standpoint of service, but on the other hand, I feel that as a representative and commissioned spokesman of more than 200,000 citizens of the fourth congressional district of Texas I should be allowed to break in a measure whatever of this custom remains, and exercise my constitutional right to speak my sentiments on this floor and refuse to be relegated to that lockjawed ostracism to some extent typical of the dead past.

This Congress has been called in extraordinary session for the purpose of handling an extraordinary situation. It has been assembled to revise the tariff and to provide revenue for the support and maintenance of the Government. The question of levying and collecting taxes to defray the expenses of Government is to my mind one of the greatest, if not the greatest, and most serious that has ever confronted a people of any Government or that confronts us at this hour. To levy taxes so that they will bear equally and equitably on all property in all sections, and so that the greatest burden will fall on those most able to pay is the true doctrine advocated and adhered to by the Democratic Party since its coming into existence. Entering upon this great task we are met by a condition the most extraordinary in the annals of our time. The Democratic Party must and has set itself to the task of taking a system that has grown up under the most indefensible system that the world has ever known—that of a tariff levied not for revenue but for protection—and with a determination to relieve the people of unjust burdens, yet to provide revenue for the Government. The system of protective tariff built up under the Republican misrule has worked to make the rich richer and the poor poorer. The protective tariff has been justly called the mother of trusts. It takes from the pockets of those least able to pay and puts it into the pockets of those most able to pay. The two great parties in the long past took distinct positions upon the tariff question—the Democratic Party of the masses on the one side and the Republican Party of the classes on the other side; the Democratic position being that the only reason on earth for the levy and collection of a tariff tax at all is for the purpose of raising money to defray the expenses of the Government, and that whatever protection came to any industry from this tax was only an incident and arising out of the system, and no reason for the tax.

The Republican doctrine being that the real reason for the levy and collection of a tariff tax was to protect American industries from competition, and that the raising of revenue to support the Government was only an incident coming from the system. A system that would build around this Government a tariff wall so high that the factories of other countries could not pay import duty, come into this country and sell in competition with American trade, leaving the American industries absolutely without competition and leave them to fatten on the American consumer. The Republican doctrine is a prohibitive tariff; the Democratic doctrine is one "for revenue only," and levied high enough to raise money to defray the expenses of the Government, yet low enough that the factories of other lands can manufacture their goods, pay the import duties, and sell in competition with American trade to the benefit of every American consumer. The country has carried the prohibitive tariff of Republicanism until the American consumer is stooped and weary of his all too heavy load. They have therefore turned them out of the high places of power and called the party of Jefferson and Jackson again to power. That party that in the older days guided this ship of state so long and so well. The Democratic Party was called to power on a platform of great principles.

The Baltimore convention that placed the banner of this great party in the hands of the clean and matchless Woodrow Wilson was a convention made up of real human beings. Men who came from every walk of life, and who were fresh from the people, who knew their hopes and their aspirations, their wants, and their sufferings. They placed at the head of the party and as spokesman for the party a man whom they believe had the great heart and mind that he could interpret the inarticulate longings of suffering humanity. By an electoral vote unprecedented in the history of the Republic, this leader was called to the highest station in the gift of men the world over. In conformity with his and his party's pledges to reduce

the tariff at once and downward, he called this Congress in extra session. Not only is the Democratic Party to be congratulated, but the whole of the country on the fact that in carrying out the pledges made to the people, that in Congress they have the stainless, able, and peerless OSCAR UNDERWOOD as majority leader and chairman of the powerful Committee on Ways and Means. To my mind this committee has given to the country the best, fairest, and justest tariff bill ever written and a law the operation of which will lift much of the load from the bending backs of the taxpayers of the country.

When the history of this era is written impartially the name of the gentleman from Alabama [Mr. UNDERWOOD] will shine resplendent, and the great debt of gratitude they owe him will never be paid, as was said the other day by the gentleman from Pennsylvania [Mr. PALMER], until he is called to the Presidency of the United States, the only office in the Republic carrying greater responsibilities, or with greater opportunity for great public service, than the chairmanship of the great committee which he now holds.

The gentlemen on the other side of the Chamber, our Republican friends, who by reason of their broken pledges and unkept promises to the American people have been reduced to a mere handful, are to-day standing for nothing, reduced to an opposition party only, are very solicitous that the present bill will bring on hard times and panics. A panic may come at any time, but it is my deliberate judgment that this bill will be no more responsible for any panic that should come than it was the cause of the panic of 1907, which came not after a reduction of the tariff, but came amid the prosperous times of protection about which our Republican friends talk so much. The Republicans talk about the hard deal the producer is getting in this bill. I would call their attention to the fact that when they were in power they put hides of the producer on the free list, but they were too good to the rich manufacturer to put the shoes that he manufactures and sells on the free list. This Democratic tariff bill leaves hides on the free list and also puts shoes that the American consumer must buy to protect the feet of himself and his children on the free list. The Republican Party was willing, according to their argument, to do an injustice to the producer of hides, but was not willing to make a corresponding reduction in the shoes for the consumer. This eternal Republican solicitation for the American manufacturer makes me tired. Willing and anxious to take that small rich class under its protecting wing, but unwilling at all times to heed the great chorus of sad cries ever coming from the large yet poor class, the American consumer.

This tariff bill goes on in its reduction of taxes on the necessaries of life. Follow the long line of reductions made. On all classes of woolen goods the Republican protective tariff is reduced from an average of 92 per cent to a Democratic revenue tariff averaging 35 per cent. Notice a few articles, for instance:

Woolen dress goods, from 99.70 to 35 per cent.
Ready-made woolen goods, from 79.56 to 35 per cent.
Flannels for underwear, from 93.29 to 25 and 35 per cent.
Woolen blankets, from 72.69 to 25 per cent.
Cotton underwear, from 60.27 to 25 per cent.
Stockings, hose, and half hose, from 75.38 to 50 per cent.
Shirts, collars, and cuffs, from 64.03 to 25 per cent.
Ready-made wearing apparel, from 50 to 30 per cent.
Handkerchiefs and mufflers, from 59.27 to 30 per cent.
Cotton thread, from 31.54 to 19.29 per cent.
Gloves, from 44.15 to 31.77 per cent.
Anvils of iron and steel, from 32.11 to 15 per cent.
Bolts, from 20.59 to 15 per cent.
Chains of all kinds, from 46.59 to 20 per cent.
Pocket knives, from 77.68 to 40 per cent.
Scissors and shears, from 53.77 to 30 per cent.
Table and butcher knives, forks, etc., from 41.98 to 27 per cent.
Files, etc., from 60.47 to 25 per cent.
Tinware from 45 to 25 per cent.
House or cabinet furniture of wood, from 35 to 15 per cent.
Sugar, from 48.54 to 36.25 per cent.
Red lead, from 60.35 to 25 per cent.
White lead, from 38.01 to 25 per cent.
Castile soap, from 16.20 to 10 per cent.
All bricks, from 30.23 to 10.28 per cent.
China, crockery ware, from 55 per cent to 35 and 50 per cent.
Wire rope and strand, from 49.84 to 30 per cent.
Common window glass, from 46.38 to 28.20 per cent.

With these reductions made, this bill goes on and puts the following articles that the farmer and laboring man must use totally on the free list. I quote that part of the bill.

Agricultural implements: Plows, tooth and disc harrows, headers, harvesters, reapers, agricultural drills and planters, mowers, horse-rakes, cultivators, threshing machines and cotton gins, wagons and carts, and all other agricultural implements of any kind and description, whether specifically mentioned herein or not, whether in whole or in parts, including repair parts.

These great reductions have been made by this Democratic tariff bill with the assurance to the American people that further reductions will be made as soon as the revenues of the country will justify.

The Sixty-second Congress, being a Democratic Congress, submitted an amendment to the Federal Constitution calling for an income tax, an income tax being one of the cardinal principles of the Democratic Party, one it had long contended for—our position having always been that the tariff is a tax and that the burdens should fall heaviest on those men and industries most able to pay. I quote from paragraph A of section II of the bill, as follows:

A. That there shall be levied, assessed, and paid annually upon the entire income received from all sources in the preceding calendar year by every citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof, a tax of 1 per cent per annum upon the amount so received over and above $4,000; and a like tax shall be assessed, levied, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

In addition to the income tax provided under this section (herein referred to as the normal income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of 1 per cent per annum upon the amount by which the total net income exceeds $20,000 and does not exceed $50,000, and 2 per cent per annum upon the amount by which the total net income exceeds $50,000 and does not exceed $100,000, and 3 per cent per annum upon the amount by which the total net income exceeds $100,000.

This provision holds that a man whose income is $4,000 per annum shall pay 1 per cent per annum as a direct tax to the Government, and as his income mounts into the thousands he shall pay more, which is nothing but just and right. This tax is calculated to reach 425,000 in all and bring into the Treasury revenues amounting to not less than $70,000,000. This section is true to the Democratic doctrine that wealth and not consumption should pay the greater amount of revenue to support the Government. Under the old system of levying tax on articles of common use the poor man with a large family to feed and clothe was compelled to pay more tax to the Government than the rich man with a small family.

Our Republican friends, in their effort to prejudice the producing class against this bill, tell him that he will be compelled to sell his products cheaper. We deny this as a general proposition, and in those few cases where he does we will point him to the other side of the question and demonstrate to him that the articles which he must buy under the provisions of this bill will be materially reduced. The articles that the farmer must buy have all been placed on the free list or materially reduced. Again demonstrating the justness of this bill and pointing to the time in the near future when all of the necessaries of life will be placed on the free list. In their effort to prejudice the farmers of the country against this bill our Republican friends will find that they are dealing with a thinking and intelligent class, who can not be easily fooled by the trickery of the political orator.

They talk about the farmer. What consideration have they shown him? Of course they are quite willing to give the farmer a tariff on his products, the price of which is fixed in the markets of the world and which no tax can change, if they can by this fool him into standing for a protected market for the manufacturers who have for generations stood behind a protective-tariff wall of robbery and fattened their already swollen purse with more ill-gotten gain wrung from horny hands of the toiling masses that have forever been ground under the heel of taxation with a relentless tread.

Mr. Chairman, I am one of those Democrats who believe that the only reason for the levy of a tariff is to raise revenue to defray the expenses of the Government, and when the time comes that money to defray the expenses of the Government can be raised from the income tax and other legitimate sources of direct taxation, that the tariff should be entirely removed and that free trade should come in its stead. And along this line I advocate a Federal inheritance tax. To me this is a just tax and easy to pay. When a man by inheritance comes into a large fortune out of no effort on his own part and only by accident of birth, accumulated by his ancestry under a Government which protected him in his property rights, I believe he should be willing to pay some of it as a tribute to the agency that protected his ancestry in the accumulation.

When this tax on a reasonable percentage basis is levied, it will bring large sums into the Treasury which as the years go by will increase as swollen fortunes are broken up, and again the tariff tax can be lowered to the benefit of every American consumer.

Mr. Chairman, the Republicans in this House quote, it seems with a great deal of pleasure, that part of the Baltimore platform which says that the tariff shall be lowered, but that it shall not be lowered suddenly and to such a great extent that any legitimate industry shall be harmed. They loudly acclaim that this bill is not drawn true to that promise, in that they say it will put some industries out of business. I for one Demo-

crat on this floor do not believe that any industry is a legitimate one that can not live without a protective-tariff wall built around it. In line with what the President said in his message to the Congress I believe in matching the genius of the American citizen against the genius of the world, and I have confidence enough in the ability and skill of the American manufacturer to believe that he can go into the manufacturing business with the skilled labor of American workmen, produce his wares, and compete with other countries for the trade of the world. The man who says that he can not do this is paying his country and the ability of the manufacturers of his country a poor compliment indeed.

Mr. Chairman, the Republican minority in this House, or I suppose I should say the two minorities in this House—one being what little remains of that great party of Lincoln and McKinley and the other the dumb, driven, blind followers of the "Terrible Teddy"—have tried to play on the prejudices of the new Members of this body by telling them that the appointment of the committees were deliberately held up until the tariff bill was disposed of, and have held this as a club over their heads in order to make them be subservient to the Committee on Ways and Means and force them through fear of ostracism to vote for this bill as the committee wanted it. This is a childish bit of horseplay and a miserable appeal to the prejudice. This bill was submitted to the Democratic caucus, and there every Democrat had a chance to have his say and to offer his amendment to the bill. We settled our party differences in that caucus and have come into this House and before the country with a united front, and this seems to pain our Republican brethren keenly, for they know that every amendment that they offer will be met with a solid Democratic majority and sent to the scrap heap, where it will justly repose. As I said in the outset, the Democratic Party was called into power and took the reins of government on a great platform of principles which they should and are going to carry out, and speaking as a new Member whom our Republican friends would try to prejudice, I say that it is more important that these pledges be carried out and the party's honor held stainless than that I or any other new Member ever get on a committee. This is my answer to the drowning minorities that are grabbing at every passing straw.

Mr. Chairman, I came to this body a few weeks ago with childlike enthusiasm and confidence. It has always been my ambition since childhood to live such a life that one day my fellow citizens would call me to membership in this popular branch of the greatest lawmaking body in the world. Out of their confidence and partiality they have done this. It is now my sole purpose here to help enact such wise and just laws that our common country will by virtue of these laws be a happier and a more prosperous country. I have always dreamed of a country which I believe this should be and will be, and that is one in which the citizenship is an educated and patriotic people, not swayed by passion and prejudice, and a country that shall know no East, no West, no North, no South, but inhabited by a people liberty loving, patriotic, happy, and prosperous, with its lawmakers having no other purpose than to write such just laws as shall in the years to come be of service to human kind yet unborn. [Applause.]

Mr. FOSTER. Mr. Chairman, the amendment offered by the gentleman from Massachusetts is one I do not believe this House is ready to support. It is a well-known fact that in this country of ours the man of small means usually pays all the taxes that he ought to pay upon property that he owns, and this idea that you can stop expenses, stop extravagances, as the gentleman from Massachusetts puts it, by levying an additional tax upon the man of small income seems to me to be incorrect. I believe that every man in this country ought to pay taxes according to the property that he owns, and usually you will find that throughout the country the man who has little property usually pays his just share of taxes. He is compelled to do it. The little property he may have is in sight when the assessor comes around and is easily gotten at, and he has to pay on all he owns. The amount may be small in comparison with what some others pay in the community, but it is on all his property.

Mr. STAFFORD. Will the gentleman yield? Does the gentleman believe that it is a proper income tax to exempt a man who may have property worth $100,000 drawing 4 per cent income and not pay taxes under the provisions of the pending bill?

Mr. FOSTER. I judge, under this bill, if he draws 4 per cent upon the $100,000 capital, he will not pay an income tax; but there is little likelihood of many cases of that kind coming to the surface in the country.

Mr. STAFFORD. If it were $3,900, he would not.

Mr. FOSTER. The gentleman might find instances where this law would not be able to reach everybody. And that is another illustration, I will say to my friend from Wisconsin—another illustration that sometimes these men who have the great fortunes escape taxation. You can not reach all of them; but this bill places the limit at $4,000, and it is going to reach a great many of them.

Mr. STAFFORD. It will reach only 1 per cent of the population of this country. Many men of wealth—men owning $100,000, $50,000, or $75,000—will escape any taxation whatsoever.

Mr. FOSTER. Well, I will say to the gentleman from Wisconsin, I have no doubt when this bill becomes a law that a great many men who are not paying as much taxes as they ought to now will pay more than they have been paying in the past. This does reach a class of men who can afford to pay it, but the amendment offered by the gentleman from Massachusetts takes from the man who is drawing $1,000 an additional tax that he must pay, and he is paying, possibly, upon the full valuation of all that he has in the world, because those people usually pay it on the property that they own, and the idea of placing an additional burden upon him does not commend itself to me. The man whose income is $1,000 must support his family, educate his children, and, if possible, lay up something for a time when he can not earn anything.

Mr. BARTON. Will the gentleman yield?

Mr. FOSTER. In a moment. There may come a time, I will say to my friend from Wisconsin, when the Government would want to place this additional tax upon the man of small income in some great emergency, when the Government requires more money than it is able to raise with the present system of taxation, and in that case I am satisfied that the man of small means would be willing to pay his just portion. Those people are patriotic and do not want to escape the taxation that is imposed upon them. It should be the policy of every citizen to pay his just portion of taxes for the support of his Government, and no patriotic citizen ought to object. A great trouble has been in our present system that those of great wealth have escaped this burden. It is difficult in every State to pass laws so that those persons who own vast amounts of property must pay their just taxes. Corporations are continually evading their just part of taxation for the support of the Government. The man with a farm, whether large or small, can not hide his property. The person with a home, it may be all he has, must pay his part; it is just and right he should do so, but at the same time those who have been enjoying the blessings of special laws that have enabled them to take from the man of small means a part of his earnings in the way of tariff taxes now levied for the support of the Government on this excessive income ought to be compelled to pay more. This law will in my judgment prove beneficial in our system of taxation and I hope will cause the burden of taxation to fall most heavily on those who are best able to bear it.

Mr. STAFFORD. Will the gentleman yield? I think we are in harmony as to the principle.

Mr. BARTON. On the theory of your argument, which I think you believe honestly, I would ask you what objection you would urge against the amendment introduced by the gentleman from Illinois [Mr. COPLEY]?

Mr. FOSTER. I have not studied that amendment sufficiently to give an answer that would possibly be what ought to be given on a great question of this kind. I will say in regard to beginning the income tax, this new system of taxation, I believe the committee has arrived at the proper rate. And I will say to the gentleman that in the future these rates may have to be changed and the amount of income which is now exempted may have to be changed. And so, if it has to be done, there is plenty of time to do it. We are starting out on a new system of taxation, one that we never had in this country, and many whom we hope to reach are those who possibly have never paid their fair share of taxes before.

The man of family, whose income is small, has usually paid a consumption tax in the way of tariff, and has contributed his fair share of taxes to the Government, and now, if his small income is again taxed, it is more than he should be expected to bear at this time, and so I shall vote against the amendment of the gentleman from Wisconsin, and hope that it will be defeated.

Mr. FOWLER. Mr. Chairman, I am bitterly opposed to the amendment offered by the gentleman from Massachusetts [Mr. GILLETT]. The poor people of this country for more than a hundred years have been bearing the burdens of taxation. A revenue tariff is the most unfair method of raising money to defray the expenses of government, and when levied upon the

necessaries of life its burdens fall most heavily upon the laboring people. To-day the section hand pays more to defray the expenses of this Government than John D. Rockefeller or Andrew Carnegie. Under the unwise system of a high protective tariff, as advocated by the Republican Party, the burdens of the poor have been increased by levying a complicated system of specific and ad valorem rates. As an example, under the Payne law you place on the poor man's stocking costing not more than a dollar per dozen a rate of 93 per cent, and on the rich man's stocking costing more than $5 per dozen you place a rate of 55 per cent. It is so unequal in its terms that no man can justify or defend such a system. President Taft, in his message to Congress submitting the report of the Tariff Commission on wool and woolens, declared that the present law placed a tariff of 150 per cent to more than 200 per cent on the coarser wooolen cloths, a prohibitive rate, affording a complete monopoly, at the same time less than one-half of these rates are laid upon the finer woolen fabrics. What is true in these examples is largely true in all the rates in the Payne law.

The man who is the most able to pay has escaped the burden of high taxation, and the man who is the least able to pay is carrying its greatest burden. A tariff tax carries with it burdens and benefits. Only those who have property on which a tariff can be laid can ever hope to share in the benefits. So the producer of the raw material and the producer of the finished product are the only classes who can hope to share in the benefits of such taxation. But the toiling millions, constituting more than three-fourths of the population of this country, bear the great burdens of taxation, and yet they never have had an opportunity to share in the benefits of such taxation. The income tax stands out like a great emancipator, with a proclamation to the world declaring that the time has come when the unequal burdens of taxation shall no longer rest upon the shoulders of the laboring classes of this country, but that, instead thereof, these burdens shall be placed where they properly belong—upon the backs of the rich. The cross upon which the income of labor is being crucified by a protective tariff shall be torn down, and instead thereof a righteous income tax shall be inaugurated, placing an equitable portion of the burdens of taxation upon the men of this country who own property, which must be defended by the strong arm of this country. The tax dodger must uncover his hidden wealth to the tax collector. Mr. Chairman, there has never been known to man a fairer system of raising a revenue than that of an income tax, and I hail the sixteenth amendment as a harbinger of good to the American people, a relief to those who have been bearing the burdens in the past, with the hope that they may reap the benefits and fruits of their own toil. [Applause.]

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on this amendment may close in 10 minutes.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that debate upon the pending amendment may close in 10 minutes. Is there objection?

There was no objection.

Mr. MADDEN. Mr. Chairman——

The CHAIRMAN. The gentleman from Illinois [Mr. MADDEN] is recognized.

Mr. MADDEN. Mr. Chairman, I do not think I shall talk to the amendment exactly, but it strikes me that if this section of the tariff bill should become a law it would be unconstitutional, because it provides that the tax shall begin on the 1st of last January, a month prior to the time of the adoption of the sixteenth amendment just referred to by my colleague. This bill provides that the mutual insurance companies shall pay taxes as other corporations do.

It provides, too, that the individual who owns a policy in an insurance company shall be required to pay the tax upon the premium which he pays every year. It also provides, if I interpret the language of the law correctly, that he shall also be obliged to pay a tax upon the dividends which are deducted from his premium every year.

This law, too, provides, if it should become a law, that if any man owns a piece of property which he rents to another he may be obliged to allow the person to whom he rents his property to pay the income tax out of the rent, or if he should desire to be exempted from that condition, under the provisions of this law he would be required to make a statement to the individual who rented his property by disclosing his income from every source, and he must be able to show to the lessee of his property that his total income is less than $4,000 a year.

It seems to me that that is rather reaching out a good ways to compel the owner of a piece of property to make a statement under oath to the man who rents his property as to just what sources of revenue he has from every other line of endeavor. I think that if this law should be enacted and enforced in this particular it would be found to be very unpopular.

There is one other condition of the law which I think ought to be improved by amendment. It is that owners of bonds issued by corporations, no matter how small the amount of the holding may be, may have the income tax deducted from the interest on their bond holdings. Now, this would be no hardship on the holder of a large number of bonds, because it would come entirely within the law. But this law proposes to exempt from taxation incomes amounting to $4,000 per annum; and I undertake to say that investigation would disclose the fact that nine-tenths of all the bond holdings in this country are in the possession of widows and orphans, any one of whom may not own more than from one to five thousand dollars, and this interest in their one to five thousand dollars of bond holdings may be their total revenue. And if it should happen that the interest on $5,000 of bonds amounted to $250 per annum, and the tax on that $250 per annum was collected at the source, and this $250 was the only income that the widow or the orphan had, this bill would require the person having not to exceed this $250 income to pay this income tax.

A remedy to be applied by the owner of these bonds, to be sure, is provided in this bill. What is it? It provides that if any owner of bonds having an income of less than $4,000 wishes to avail himself of the exemptions from the tax, he must make a sworn statement of the total income which he has, and if his income is shown to be less than $4,000, of course the exemption would be made, but it would cost as much to make the statement as to pay the tax—an unjust requirement. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PALMER. Mr. Chairman, the committee's bill exempts from taxation all incomes under $4,000 per annum. As I understand the amendment offered by the gentleman from Massachusetts [Mr. GILLETT], it provides for a tax of one-half of 1 per cent on all incomes from $1,000 to $4,000 per annum.

It seems to me that there are at least two very good and sufficient reasons why the amendment of the gentleman from Massachusetts should not prevail. The first may be said to be, in a sense, a political reason, and the second an economic or social reason. And it seems to me that when the Representatives of a great people are undertaking to write a tax law, based upon an entirely new principle of taxation, it is entirely proper that we should consider the political reasons as affecting the terms of the bill, because if we believe in this new system of taxation, as it seems to me the country has shown it does, we ought not to put anything into the law which would endanger its permanency as a part of our fiscal system. And I venture the assertion that if Congress at the first opportunity which it has had of levying a direct tax upon the people without apportionment should levy a tax which would fall upon every citizen of the land, that tax would not stay upon the statute books longer than the first election which followed the first call of the tax collector. The people would be perfectly justified in repudiating it.

And the reason for it is as intimated in the argument of the gentleman from Illinois [Mr. FOWLER]. Under the indirect taxes which the people have been paying heretofore, which have been largely consumption taxes—because the poor consume out of all proportion to their income of what the rich consume as to their income—the men of small means and of small incomes have been paying an extraordinarily large share of the taxes to support the Government.

And if this direct tax should now be added to the burden which they must carry and should be made general upon all persons having incomes of more than $1,000, they would rise up in their wrath and write this law off the statute book as promptly as we have written it on. And they ought to do so. The present consumption taxes bear most heavily upon the poor; it is right that the income tax should bear most heavily upon the rich.

The second reason that appeals to me is this, that in levying this direct tax upon incomes we ought to rise above the point where the consumption taxes now bear out of all proportion to the incomes, and we ought to leave free and untaxed as a part of the income of every American citizen a sufficient amount to rear and support his family according to the American standard and to educate his children in the best manner which the educational system of the country affords. I think it safe to say that no man with the average American family of five children can support that family according to the proper American standard and send his children through the high schools and colleges of the land who does not have a gross income of $4,000 per annum. Out of that sum must be paid

living expenses, interest on debts and other obligations, improvements to the home, education of children through colleges and universities, many comforts and some luxuries which Americans demand. And if you would not tax education, if you would not retard the development of our people up to the standard at which Americans ought to live, and if you would not doubly tax the poor upon whom these consumption taxes are now levied, you must make this exemption at about the sum of $4,000. Why, the exemption is less than it was in the Wilson law, because while that law exempted incomes under $4,000 it also exempted living expenses, and the average American man whose income is $4,000 will spend at least $3,000 in maintaining his family and his home; so that this tax would be a tax upon a net income of something like $1,000, while under the Wilson law the exemption really amounted to something like $7,000.

Now, the argument suggested by the question of the gentleman from Wisconsin [Mr. STAFFORD] is a good one as far as it goes, that the man who has $100,000 of property invested at 4 per cent would not pay any tax, and he is a pretty rich man, and he ought to pay a tax. The trouble with it is that if we were by this tax simply going after idle wealth the argument of the gentleman would be sound.

Mr. ANDERSON. Will the gentleman yield right there?

Mr. PALMER. I am afraid I can not. But we include not only idle wealth in this taxation, but we necessarily include industry and the doing of business, and this tax is levied upon the man whose gross income is $4,000; it includes not only interest upon moneys invested but actual earnings as well; and the man is rare in this country whose income from idle capital is $4,000 or less and who has no other income besides.

Mr. STAFFORD. There are many instances of that kind in Wisconsin, I will say to the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GILLETT].

Mr. AUSTIN. Mr. Chairman, I ask that the amendment be read again.

The CHAIRMAN. Without objection, the amendment will be again reported.

The Clerk read the amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was rejected.

Mr. KELLY of Pennsylvania. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend, page 134, line 1, by striking out the figure "3" and substituting therefor the figure "8."

Mr. KELLY of Pennsylvania. Mr. Chairman, the purpose of the amendment is similar to that of the amendment offered by the gentleman from Illinois a moment or two ago, in which he had the tabulated statistics giving the different figures under his own particular calculations. The purpose of this is to carry out a little further the idea of the committee on the income-tax provision and make this 9 per cent on incomes over $100,000, which is just. I feel, however, that, whether accepted or not, the income tax in its entirety is a matter that deals with the greatest question which must be settled by this lawmaking body. That is the question brought out here to-night and coming up all through the debate—the problem of privilege against the people.

As far as I am concerned, I was pledged when I went before the people to an income tax. I supported it on principle, because I believe it is the most just tax that can be devised; that it will take the burden off the shoulders of those who in the past have been carrying the burden and who are the least able to bear it.

I am pledged on this subject and I am in favor of this income tax, because there is the same proposition running through it as through the necessary reduction of the excessive tariff as evidenced by the present conditions due to the present schedules. I have been attacked a number of times from different sources on my attitude, and I want to read the plank in my platform that I put out several months before I was nominated. This platform was published in papers hostile to myself and was made the basis of attack in numerous editorials. After declaring for the Tariff Commission as the only real solution of this problem, I made the following declaration regarding the present situation:

I believe that the present excessive tariff on many products is simply the privilege unjustly acquired by corporations of taxing the people. The original intention of protecting infant industries has been lost sight of and it has become a tool to increase the cost of living. I do not believe that government can hand out golden gifts to manufacturers and still be just to the consumer. I am opposed to the doctrine that government has a moral right to take from the mass and bestow upon the individual without regard to the common welfare. Any tariff measure which would mean the greatest good to the greatest number would receive my support. I would endeavor in every measure to ascertain whether it would promote the public welfare, weaken special privilege, and help to give every man a fair and square chance before supporting it. If it had such aims I should feel it my duty to favor it, regardless of the party proposing or attacking it.

[Applause.]

Mr. YOUNG of Texas. Will the gentleman yield?

Mr. KELLY of Pennsylvania. No; I can not yield. I have not time.

Mr. Chairman, the debate which has occupied the House for many days has witnessed much of conflicting opinions and also of glittering generalities and petty partisanship.

Speeches have been made containing quibbles and juggles, false pretenses, appeals to short-sighted selfishness, and blind sentiment, and they have come from both sides of this House.

I believe that after the speechmaking is done, every man who votes upon this measure must face the issue squarely. The final vote is "Yes" or "No"; it is either for or against this measure as it stands.

I have taken the position that the tariff question will never be settled right until the services of a nonpartisan, unbiased commission of experts are at the disposal of Congress. I have declared that a haphazard revision will not prove satisfactory to the country for any length of time, and that any measure so framed must of necessity be more or less of a leap in the dark.

But, however much I believe that only in a competent tariff commission will this vexing problem of America be finally settled, I have never advocated a continuance of present conditions. The present measure is no more haphazard than the Payne law, and the results of the Payne law are before us in concrete evidence. It has put such unjustifiable burdens upon the people of the Nation that immediate action is necessary, and it will be impossible for any measure to work out more injustice than the situation to-day contains.

I consider that a vote cast here by a Representative of the people is right only if it would advance the general welfare as the deciding vote. I hold that I can not hide behind a refusal to vote on either side of the question, nor behind the plea that the Democratic majority should assume responsibility for this measure and its possible failure, on the ground of partisanship.

I believe that this bill is more just than the present law to the people of the Nation, that as a whole it will improve conditions and bring more of justice and less of oppression to the common man. I believe it is a fulfillment of the pledge of an immediate revision of the tariff downward. It contains mistakes of judgment, but the people of this country will forgive those mistakes where they will not forgive a pledge breaker. The Representative, be he Progressive, Democrat, or Republican, who breaks his pledges to the people is due for a scourging from an outraged and indignant public.

The American people are patient, but they are asking for deeds, not quibbles and pretexts. The day of blind party regularity is passed, and a vote here must stand or fall on its merits. [Applause.]

It seems to me that when poverty, industrial bondage, and the injustice and viciousness which follow them are the result of certain conditions it becomes the sacred duty of not only every Representative but every citizen to demand that such unjust conditions be changed and the causes which produced them removed, regardless of those who oppose such action or against whose individual interests it may operate. The fact that this law may prove harmful to protected interests can hardly outweigh the fact that the present Payne law is harmful to the people. There is more harm in waiting than in acting, and if there is any doubt I am willing to give the people the benefit of the doubt.

I described in the general debate on this bill the conditions in the great industrial districts of this Nation. No one can deny that excessively high tariffs have helped to enable great corporations to put wages down and prices up, and thus reap a far too wide margin of profit. It is dishonest and dangerous to perpetuate such conditions, and, as far as I am concerned, I can not but add my vote to any effort to change those conditions and to prevent the continuance of oppression and injustice through legislative wrong.

I would not think of attempting to outlaw all the forces which make for inequality of wealth in this Nation. Wealth and poverty are reached by many paths, and both may be the result of honesty and fraud, genius and greed, vice and virtue, energy and trickery, violation and upholding of law.

If we attempted to control all human enterprise and human relations in arbitrary fashion, every man would wear the shackles of coercion, and liberty would be a forgotten name. But I do believe in the principle, and I shall endeavor to vote, as a Member of this House, for any measure which will advance the principle that ruthless strength and cunning shall not over-

ride the weak, that concentrated wealth shall not strangle justice, that neither unjust riches nor enforced poverty shall find harbor in this Nation through legislation. [Applause.]

And I am convinced that right there is the dividing line on all vital issues in this Nation to-day. On one side are the privileged few, who have lost every feeling of brotherhood with their fellows and are willing to crush countless human beings into ignorance and want in order to maintain their own unjust advantages. On the other side are the masses of the people who, in the very degree by which these privileged few prey and prosper, are robbed of their fair share of life's opportunities and happiness.

That is the great question before the Nation to-day—"Shall this be a government for all the people, of all the people, and by all the people, or a government of the people, by privilege, for a few?" It is a question which must be settled and settled here. No new lands beckon the American lovers of liberty to-day to come and work out old problems under new conditions. There is no new country where the oppressed may seek refuge. For the first time in history men are compelled to settle their problems with finality face to face.

And the final answer to the question will come with the decision as to whether the people of America are to rule or be ruled. Because I believe that this tariff measure, in spite of the method of its making and its defects in specific details, against which I have spoken and voted, will, as a whole, decrease the power of privilege and enlarge the opportunities for the many, I must of necessity vote for it.

Its income-tax provision alone would cover a multitude of sins. It will, for the first time in the history of this Nation compel the possessors of swollen fortunes to pay the tax they should have paid long ago. It will shift part of the burden of taxation from the bending shoulders of the poor to those who have profited from governmental favoritism. It simply demands that the multimillionaire shall do what the poor man has always done, and it is just and right in its demand. [Applause.]

This bill is, to my mind, an honest attempt to carry out the pledge for an immediate revision of the tariff downward. A still further pledge has been made by the Progressive Party, and it, too, will be carried out in the future. It is that the tariff must be revised scientifically through the assistance of a tariff commission of trained experts, a system which will make it possible to fix tariff rates as national and not as party measures.

Under such a system we may have our giant industry without the blighting and dwarfing of the industrious; we may have our commercial splendor without our shame, prosperity without oppression, tariff legislation without the stain of lawlessness, statesmanship without the brand of treason, while kings of American finance shall no longer trample upon the keepers of American faith.

Because I believe with President Hayes that "he best serves his party who serves his country best," and in view of the pledges I have given the people, I can not do else than support the bill as a whole and stand responsible to the people for my action. [Applause on the Democratic side.]

Mr. MURRAY of Oklahoma. Mr. Chairman, every man is an integral part of civilization and of society; he has equal obligations with his fellows, and is an equal expense to the Government so far as his right to life, liberty, and the pursuit of happiness. Beyond this a man may have either a family or property to protect, or both. When he is called upon to protect his family or his property, he is called upon for extra expense for this extra protection to support the Government. For the past half century we have taxed the millions of American families rather than the surplus property of the portions made by the few under favoritism of government. Surplus wealth requires extra protection, and in this bill we have a clause we call the income tax, based upon a graduated scale as to the different rates; and I may say that this proper graduation will depend largely upon experiment. We do not say that we are wholly right in detail of this provision. The man who claims that claims something which he knows is not true, and the great American people do not expect us to be perfect. They do expect us to do something. They will excuse a mistake, honestly made; but they will not excuse the attempt of those who would destroy an effort to tax the surplus wealth of the country which has gone untaxed so far as it has been used for support of the Federal Government.

There are those who would say that we should begin at $1,000 in lieu of $4,000. They forget the principle upon which this tax is founded, and that is that every man who is making no more than a living should not be taxed upon living earnings, but should be taxed upon the surplus that he makes over and above that amount necessary for good living. We also recognize that there are different grades of living, and we start out with the assumption that $4,000 will reach the highest grade of living, and starting there we tax all of the surplus wealth that tends to pile up gigantic fortunes which have so beset and threatened the existence of our civilization by creating social extremes. The purpose of this tax is nothing more than to levy a tribute upon that surplus wealth which requires extra expense, and in doing so it is nothing more than meting out even-handed justice. The American people will so pronounce and approve it.

Again, even though we should start out at $1,000 as the basis of a highest grade of living, it would not be practicable for the reason that it would necessitate a vast deal more of collecting agents, and that would take up that extra amount of revenue obtained by taxing earnings between $1,000 and $4,000. If we were in a State, as, say, in the State of Oklahoma, where we have such tax, and we should proceed to levy an income tax, with a tax collector in every county in the State, we could then start at any rate, but since it must require extra officials for the Federal Government anyway, the people do not ask that we provide a surplus number of public officials who would be required by the extra amount between $1,000 and $4,000 merely for the sake of taxing all incomes.

I want to say, Mr. Chairman, that of all the provisions in this bill—while I admit there may be some errors and there might be some change, especially with reference to insurance policies, to my thinking, ought to be changed, so wholesome a public policy is insurance—of all the provisions of this bill this one will meet the hearty approval of the great American citizenship. I want to say now to those who would contest it that you will contest in vain. Any man or any party who would oppose this just tax will, as he or it ought, go down to defeat. [Applause on the Democratic side.] I want to predict now that we are just entering upon a policy for the support of this Government which, in a very few years, will be the only method of taxation for the support of the American Republic, and the days for protective-tariff favoritism will be over. [Applause on the Democratic side.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KELLY].

The question was taken, and the amendment was rejected.

Mr. MURDOCK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, page 134, line 1, after the figures "$100,000" by striking out the numeral "3" and inserting in lieu thereof the numeral "6".

Mr. MURDOCK. Mr. Chairman, no tax in its collection is popular, and the income tax will not be popular in some quarters. This tax comes in response to a generation-old, determined demand upon the part of the people who would like to see the hardship of the levy of taxes borne by those best able to bear it. There remains and there will remain a great doubt among the people, however, that when the very rich are taxed either they evade in part the taxation or that they pass it on for the people to pay.

And the great problem remains—the increasing accumulations of the rich. In spite of all our laws in regard to taxation, in spite of all the tariff theories we have, of this variety and that, in spite of all the decrees of dissolution by the courts, in spite of our efforts to conserve national resources or to prevent discrimination in transportation, the very rich of this country succeed in doing one thing. They continue to grow richer. In different degres and among all of us the supreme quandary of our hour is the vast increasing accumulation of wealth in the hands of the few.

Mr. MOORE. Mr. Chairman——

Mr. MURDOCK. I can not yield, I will say to the gentleman from Pennsylvania. We have before us an omnibus tariff measure. It has been framed by the gentleman from Alabama [Mr. UNDERWOOD] and his colleagues. Its main proposition is a device whereby they propose to lower rates and let in foreign importations and so accomplish the regulation of domestic commerce. But neither the gentleman from Alabama nor any of his colleagues has explained to us wherein their device will control the volume of importations into this country after they have lowered the duties; and in every point where the duties have been lowered to a point that will permit a flood of importations, who in America will feel it first? The large interests, the rich factors that control in commerce? No. The first to feel the force and burden of a flood of foreign importations will be the small producer, the man who is at best having a hard struggle.

The Steel Trust has nothing to fear from a reduction of duties; the great combinations in other lines are not fearing

for themselves a reduction in the tariff. They control, many of them, through international combinations. It is the small producer who will be first to suffer. I do not think that all of us realize at all times how vast the force of wealth now is in the hands of the larger factors in industry. The gentleman from Georgia [Mr. CRISP] gave here the other night a list of men and estates in this country, and he pointed out in a table that there were 29 individuals and estates in America who have among them the vast sum of $3,000,000,000, and he gave figures to show that these men and these estates, less than 30, had an income of something like $170,000,000 a year. Now this income tax, which I favor and which I had hoped would be brought in for a separate vote, proposes to reach some of these larger incomes. I do not believe that it reaches the larger incomes with as heavy a per cent of tax as it should reach them, and for that reason I have offered this amendment, increasing the amount of the tax on incomes above $100,000 from 3 per cent to 6 per cent. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. TAVENNER. Mr. Chairman, when I went before the voters in the campaign last fall I made the declaration, repeating it over and over, that should I be elected I would make a conscientious endeavor to learn how the people of my district would desire me to vote on important legislation affecting their interest, which might come up in this body, and would then vote that way.

I made that declaration in every good faith. I desire no greater tribute when I shall conclude my service in this House than that the people of my district may say of me, "He made a practice of ascertaining how the people of this district desired him to vote on even the simplest piece of legislation, and then voted that way."

In line with the preelection understanding between the voters and myself it is my intention to cast my vote as the Representative of the fourteenth Illinois district for the income-tax provision of the pending bill.

I believe in all sincerity, Mr. Chairman, that in so doing I am carrying out the desire not only of the Democrats of my district, but of 90 per cent of the rank and file of Republicans, Progressives, Socialists, and Prohibitionists.

I have made as extended inquiries as anyone could make, and I believe that 90 per cent of the people of the whole United States, regardless of their politics, race, religion, color, or creed are heartily in favor of an income tax which proposes a tax on wealth in lieu of the present system, which provides for the raising of revenue by taxing exclusively the clothes on a man's back, and the other things that people must wear, eat, and use in order to live.

Not only the poor man, from whose bending back some of the burden of taxation is to be lifted by means of this bill, favors the measure. I am in a position to say that many fair-minded men of wealth residing in my own district, men who will be required to pay a considerable tax on their incomes by virtue of the income-tax provision of this bill, have written me in most favorable tone of the measure, declaring that the proposition that a man should be taxed according to his ability to pay and according to the benefits and privileges he receives under the Government is fair and just.

I am not prejudiced against wealth. Any man who has honestly acquired wealth shows but an evidence of his industry, intelligence, and skill, and deserves the respect of all. But I do contend that men possessing wealth should pay, and are able to pay, more taxes than their less fortunate brothers who own only the clothes upon their backs, and possibly their household furniture, and whose weekly wage is scarcely enough to enable them to provide for their families from week to week, let alone to lay anything by for a rainy day.

Mr. Chairman, the income tax is part of the Democratic plan to reduce the ever-increasing cost of living in this country. It means the carrying out of the program promised in the preelection campaign last fall, namely, to take some of the tax off the necessaries of life, such as sugar, woolens, cottons, beef, and lumber, and to make up for the loss of revenue thus sustained by the Government by placing a tax upon incomes. It is estimated the income tax will raise approximately $100,000,000, and that this amount of taxation will be taken off of the vital necessaries of life.

But, Mr. Chairman, to tax wealth and incomes, according to the standpatters and protectionists, is class legislation. The fact is, however, that the present system of taxing the necessaries of life while permitting wealth to go untaxed is class legislation of the grossest sort. Is it not passing strange that those who complain of an income tax as class legislation were never heard to complain of the existing class legislation which taxes the hats, coats, and shirts of the masses almost 71 per cent, while not requiring men like Rockefeller, Carnegie, and other millionaires to pay a single penny of taxation on their swollen personal fortunes to the National Government?

The masses of the people produce the wealth, and by legislative advantage a few get possession of it, and now these few object to the transfer to wealth of even a portion of the taxation being exacted from the masses on such articles as woolens, cottons, sugar, beef, and lumber.

The income tax is a recognition of the demand of the masses for a square deal in taxation, which they are not now receiving in either State or Federal taxation. Under the fiscal systems in vogue in most of the States the wealthy and powerful classes find ways to evade taxation, and are constantly succeeding, in one way or another, in shifting the chief weight of taxation from those most able to bear it to the shoulders of those weaker, poorer, and less able to protect themselves. The report of the New York special tax commission reported the conclusion that the richer a person grows the less he pays in relation to his property or income, and that personal property largely escapes taxation for either local or State purposes. The State tax commission of Massachusetts estimates the value of personal property in that State properly subject to taxation at over $5,600,000,000, of which less than one-fifth is taxed. The mayor of Philadelphia recently stated in the press that the undervaluation of property in that city is more than three hundred millions. Such conditions seem to be the rule in nearly every locality and in every State.

The small property owner can not hide his property nor shift his tax burdens, as can the rich and powerful, but must bear the crushing weight of not only that portion of taxes that is rightfully his but also much of the burden that should be carried by the rich.

So much for the chances of the small taxpayer in matters of State and local taxation. But the worst is yet to come. What about Federal taxation? In the raising of revenue to run the National Government, wealth is not asked to contribute anything whatever. Practically the entire expenses of the Government are met with funds raised by taxing the things the people eat, wear, and use.

One afternoon, several years ago, I sat in the office of United States Senator MOSES E. CLAPP, of Minnesota, interviewing him on the subject of taxation, for a newspaper article. He had told me that in State taxation the poor man, and the man of moderate means, was everywhere paying taxes for the rich.

"What about our national fiscal system?" I asked.

He replied by turning in his chair and pointing out of the window to the marble wall of the capitol across the courtyard.

"Do you see that wall yonder?" he asked. "Which stone is bearing the greater weight, the one at the bottom or the one at the top?" "Well," he continued, "that is the way it is under our present fiscal system. Those at the bottom are standing the burden of the weight of taxation. What we need in this country is an income tax."

Under the present fiscal system a millionaire pays no more tax toward running the National Government than the poor man with a large family. This seems almost unbelievable, but it is true and will not be denied here or elsewhere.

Why, then, it may be asked, have the people been willing to wait so long for an income tax? This is a question I can not answer. My own explanation of the tardiness of an income tax upon the statutes would be that it is because the average man of this Nation has not been aware until recently of the true state of affairs. The majority of persons have been under the erroneous impression that some portion of the taxes they have been paying to the local tax collector each year have gone to defray the expenses of the National Government, to help maintain the Army and Navy, pay the great army of Uncle Sam's employees, and maintain the various departments of the Government.

The money paid to local tax collectors, however, goes exclusively for the maintenance of the township, city, county, or State in which it is paid, and not a single penny of this money comes to the National Government.

Where, then, does the $1,000,000,000 which is necessary to meet the annual expenses of the General Government come from? It is not picked up out of the streets. No; it comes from the pockets of the masses of the people and is taken from them when they do not know it. That is, the people pay their national tax in the form of artificial prices for the things they eat, wear, and use. In other words, the Government raises $312,000,000 annually through a tariff tax, which is laid on nearly every article of common use.

With the exception of the amount raised through the recently passed corporation tax, the balance of the $1,000,000,000 expended annually by the Government comes from an internal-

revenue tax, which, like the tariff tax, is on consumption, and falls no heavier, if as heavy, on the rich than on the poor.

In order to make it perfectly plain how it happens that a man with a large family working on a section of a railroad is actually paying more toward running the National Government than a millionaire bachelor who is too proud to marry and raise children, I will cite one illustration out of a multitude which could be given.

The Payne-Aldrich tariff tax on sugar is approximately 2 cents a pound. Every time the American housewife buys a pound of sugar that is in reality worth but 4 cents she pays 6 cents for it, not knowing that the sugar is worth but 4 cents and that she is paying 2 cents as a tax to the National Government.

That the price of an article is enhanced by the amount of the tariff tax is evidenced by the fact that in England, where there is no 2-cent tax on sugar, the average wholesale price of sugar the year around is approximately 2 cents (the amount of the Payne-Aldrich tax) less than in the United States.

The average tax on all articles under the Payne-Aldrich law is approximately 40 per cent. Nearly everything one must buy at the grocery, the hardware store, and the dry goods store carries a tariff tax, which means that the local merchant acts in the capacity of tax collector for Uncle Sam without being paid for it, and he is as unconscious of the fact as are his customers that in making purchases they are paying taxes.

To show, finally, that under the present fiscal system the millionaire bachelor does not contribute as much toward maintaining the National Government as the average workingman with a family it is necessary but to point out that the millionaire does not eat as much sugar as the entire family of the workingman, and, as the tax is wholly on consumption, it is obvious that the workingman with a family buys more pounds of sugar in a year, contributing his 2-cent sugar tax to the Government a greater number of times than the millionaire, and thus actually paying a larger tax than the millionaire.

This illustration need not be confined to the purchase of sugar, for it applies with equal aptness to any protected article, and there are 4,100 items in the Payne-Aldrich law.

The Payne-Aldrich law, however, taxes neither wealth nor income. A man may have a million dollars in gold and he is not asked to contribute anything whatever to the National Government, but if he is hungry or cold and must buy food or clothing to satisfy his needs he must pay a tax of more than 40 per cent.

I submit that wealth and incomes should properly be the first things to be taxed. The pending income-tax provision will tax them.

It is argued by some that an income tax is "premature, experimental, socialistic legislation."

The answer is that 52 nations and states levy a tax on incomes, and that the United States is practically the only one of the great nations of the earth in which wealth is permitted to go untaxed, so far as the General Government is concerned.

One of the beneficial effects that may be expected from an income tax is that under the present indirect system of tariff taxation the people do not realize that they are contributing the vast sums of money expended by the Federal Government; but when you have a direct system of taxation, and the tax collector goes to those who have to pay under this law and demands of them the amount due the Government, the result is they will realize that they are paying the money that runs this Government, and they will demand of their representatives economy in the administration of public affairs.

It is estimated that, exclusive of the corporation tax, the income tax will yield revenue for the first year under the operation of the bill as follows:

Incomes, amount.	Number of incomes.	Tax rate.	Revenue.
$4,000 to $5,000	126,000	1 per cent	$630,000
$5,000 to $10,000	178,000	do	5,340,000
$10,000 to $15,000	53,000	do	4,240,000
$15,000 to $20,000	24,500	do	3,185,000
$20,000 to $25,000	10,500	1 and 2 per cent	2,100,000
$25,000 to $50,000	21,000	do	9,660,000
$50,000 to $100,000	8,500	1, 2, and 3 per cent	11,560,000
$100,000 to $250,000	2,500	1, 2, 3, and 4 per cent	11,650,000
$250,000 to $500,000	550	do	6,743,000
$500,000 to $1,000,000	350	do	9,191,000
Over $1,000,000	100	do	5,826,000
Total	425,000		70,125,000

NOTE.—$4,000 is exempted in all incomes.

Including the tax on the incomes of corporations, the measure will yield in excess of $100,000,000.

Under the income-tax provision those having an income of more than $4,000 must pay a tax of 1 per cent on his income in excess of the exempted $4,000. For instance, a man having an income of $4,100, would pay a tax of $1; a man having an income of $5,000, would pay a tax of $10; $10,000, $60; $100,000, $2,260; $1,000,000, $38,260.

The estimates of the Ways and Means Committee show vividly how wealth has concentrated in this country. Although incomes as low as $4,100 per year will be subject to taxation, yet less than 1 per cent of our total population is affected by the bill.

Under the provisions of this bill, John D. Rockefeller, having an estimated capital of $500,000,000, and an estimated annual income of $50,000,000, will be required to pay an annual tax to the Government of $2,000,000. This is $2,000,000 more than he has ever paid before, because he has been in the habit of paying little, if any more, than the humblest citizen of the land. Other of the great millionaires will be affected as follows:

	Capital.	Income.	Tax.
Andrew Carnegie	$300,000,000	$15,000,000	$600,000
William Rockefeller	200,000,000	20,000,000	800,000
Estate of Marshall Field	120,000,000	6,000,000	240,000
George F. Baker	100,000,000	5,000,000	200,000
Henry Phipps	100,000,000	5,000,000	200,000
Henry C. Frick	100,000,000	5,000,000	200,000
William A. Clark	80,000,000	4,000,000	160,000
Estate of J. P. Morgan	75,000,000	7,500,000	300,000
Estate of E. H. Harriman	68,000,000	3,400,000	146,000
Estate of Russell Sage	64,000,000	3,200,000	128,000
W. K. Vanderbilt	50,000,000	2,500,000	100,000
Estate of John S. Kennedy	65,000,000	3,250,000	130,000
Estate of John J. Astor	70,000,000	3,500,000	140,000
W. W. Astor	70,000,000	3,500,000	140,000
J. J. Hill	70,000,000	3,500,000	140,000
Isaac Stephenson	74,000,000	3,700,000	148,000
Jay Gould estate	70,000,000	3,500,000	140,000
Mrs. Hetty Green	60,000,000	3,000,000	120,000
Estate of Cornelius Vanderbilt	50,000,000	2,500,000	100,000
Estate of William Weightman	50,000,000	2,500,000	100,000
Estate of Ogden Goelet	60,000,000	3,000,000	120,000
W. H. Moore	50,000,000	2,500,000	100,000
Arthur C. James	50,000,000	2,500,000	100,000
Estate of Robert Goelet	60,000,000	3,000,000	120,000
Guggenheim estate	50,000,000	2,500,000	100,000
Thomas F. Ryan	50,000,000	2,500,000	100,000
Edward Morris	45,000,000	2,250,000	90,000
J. O. Armour	45,000,000	2,250,000	90,000

In the $25,000,000 to $35,000,000 class, yielding incomes of $1,250,000 to $1,750,000 and taxes of $50,000 to $70,000, are James Stillman, J. H. Schiff, Charles M. Pratt, J. H. Flagler, Quincy A. Shaw, E. T. Bedford, E. T. Stotesbury, John Claflin, Henry Walters, E. C. Converse, Clarence H. Mackay, Nathaniel Thayer, W. H. Moore, and the estates of H. H. Rogers, Robert Winsor, George Smith, W. B. Leeds, W. Scully, John Arbuckle, J. Crosby Brown, John F. Dryden, W. L. Elkins, and O. H. Payne.

The gentleman from Tennessee [Mr. HULL] deserves the thanks of the country for the able and conscientious manner in which he has worked out the many perplexing details of this income-tax provision. I have sat here for days and heard him eloquently defend the principle that men should be taxed by governments in accordance with their ability to pay instead of because of their necessity to eat and to wear clothing. The effective manner in which he met the fire of questions by those who would tear down and destroy the measure convinced me of his expertness on this subject and that the bill is framed to stand the tests of the courts.

I believe that the income-tax provision of the tariff bill as it now stands, after having been amended by this House just before recess, is the fairest, sanest, and most progressive measure ever presented to Congress with the hope of passing.

Mr. Chairman, I do not believe it is just that the men who own 90 per cent of the wealth of this country should bear but 10 per cent of the burden of taxation. If Members agree with me that such a condition is unjust, then I submit the income tax is a move in the right direction to remedy it. [Applause on the Democratic side.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. MURDOCK].

The question was taken, and the amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment which the Clerk will report.

The Clerk read as follows:

Amend, page 133, section 2, paragraph A, line 9, by inserting after the amount of $4,000, the following:

"excepting when applying to a married man supporting a wife, when the amount of exemption shall be $6,000, and excepting the additional exemption in amount $500 for each and every child being supported by a mother or father."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that debate on this amendment close in five minutes.

Mr. LANGLEY. I would like to be heard on the amendment. If you would make it 10 minutes I would be obliged to you.

Mr. UNDERWOOD. I will make it 10 minutes.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that all debate on this amendment close in 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. BRITTEN. Mr. Chairman, during the consideration of this bill it has occurred to me as a new Member that the arguments of the gentlemen on the other side of the House have been confined almost entirely and exclusively to the fact that it was drawn, not as a protective measure, but was drawn in the interests of the consumer—in other words, the little fellow, the poor man. So, if the gentlemen on the other side of the House for the time being will look upon me as a Democrat and look upon my amendment with favor, I will be very much obliged to them. [Applause.]

This amendment is intended to lift the burden in part from the shoulders of the married man. [Applause.] And I know whereof I speak. [Laughter.] This amendment, if permitted to be adopted by the distinguished gentleman from Alabama [Mr. UNDERWOOD], will be the means of exempting an additional $2,000 from the $4,000 which is already exempted for a married man who is supporting a wife. [Laughter.].

Mr. Chairman, it occurs to me that there are many married men who are not supporting wives. [Laughter.]

Mr. BORCHERS. Will the gentleman submit to a question?

Mr. BRITTEN. In one moment, please, and I will be glad to do so.

Mr. BORCHERS. I would just like to ask him——

The CHAIRMAN. The gentleman from Illinois [Mr. BRITTEN] declines to yield.

Mr. BRITTEN. This amendment, Mr. Chairman, also exempts from taxation an additional amount of $500 for each and every child that is being supported by a mother or a father. [Applause.]

Mr. Chairman, I am glad to see that my amendment is receiving such devout consideration. I hope the gentlemen on the other side will permit this amendment to be read into the bill, because it is really entitled to a lot of consideration. The district which I represent in Chicago is composed almost entirely of little property owners, laboring men—Germans and Swedes in particular. These people do not believe in race suicide, as does my friend from Kansas [Mr. MURDOCK]. [Laughter.]

Mr. MURDOCK. Will the gentleman yield? [Laughter.]

Mr. BRITTEN. Mr. Chairman, I will yield to the gentleman after my five minutes have expired.

For that reason, Mr. Chairman and gentlemen, I sincerely hope that you will give this amendment your thoughtful consideration, at least.

While I am on my feet I would like to call attention to another section of this bill which, according to my interpretation, will create a deficit of approximately $65,000,000, which deficit it is intended to care for by this income-tax section of the bill.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. I will in a few moments.

The CHAIRMAN. The gentleman from Illinois declines to yield.

Mr. BRITTEN. Mr. Chairman, I would like to ask the chairman of the Committee on Ways and Means if in the consideration of this bill any attention was given to the financing of this $65,000,000, should it be found later on that this section of the bill is not a valid one? My impression is that to tax one man on his income 1 per cent and to tax his neighbor on the left 2 per cent on his income, and his neighbor on the right 3 per cent on his income will be found to be class legislation and unconstitutional, and therefore, before the vote is taken on this particular amendment, I would like to ask the chairman of the Committee on Ways and Means if consideration was given to the financing of this deficit if that section should be declared invalid in the courts?

Mr. UNDERWOOD. I will say to the gentleman that there is no doubt in the minds of the committee as to the constitutionality of a graduated income tax. But if it should fail it might cause a loss of approximately $20,000,000 that would otherwise be raised, and there is sufficient revenue in the Treasury at this time to take care of it, and then it would only be necessary to increase the normal income tax about a quarter of 1 per cent to cover the difference. But I do not have any apprehension about the constitutionality of the graduated income tax.

Mr. PAYNE. The gentleman need not worry over that, I will suggest, because they retain the provision for the issuing of bonds in case they are needed. [Laughter on the Republican side.]

Mr. BRITTEN. Mr. Chairman, I urge the adoption of my amendment. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. LANGLEY. Mr. Chairman, I entered the Chamber just as the gentleman from Illinois [Mr. BRITTEN] was explaining his amendment. I am not quite certain that I caught the exact purport of it, but I understood him to say that it was designed to help relieve some of the burden of an income tax upon married men who are supporting their wives—excuse me, I mean their wife. [Laughter.]

If that, Mr. Chairman, is the purpose of the amendment, then I am opposed to it, because women are so much better than men, that a man who has the privilege and the honor of supporting a wife ought to be willing to bear any reasonable additional burden that the Underwood bill may impose upon him. [Laughter and applause.] And, so far as I am personally concerned, I am also heartily in favor of any burden that the bill may impose upon married men who are not supporting their wives. [Applause.]

Mr. AUSTIN. Mr. Chairman, may I ask if this is in return for the amendments which the gentleman from Alabama [Mr. UNDERWOOD] permitted the gentleman to write into this bill? [Laughter.]

Mr. LANGLEY. Mr. Chairman, I did not quite catch what the gentleman from Tennessee [Mr. AUSTIN] said, but he has been heard so abundantly on this bill and these amendments, while I have had but few hearings, that I hope he will not interrupt me further. [Laughter.]

I hope also, Mr. Chairman, that I may be permitted to depart a little from the strict line of this discussion and touch on a topic which under the rules might not be entirely germane to this amendment, and I will agree to make this my valedictory, so far as this debate is concerned. [Laughter.] This afternoon the gentleman from Illinois [Mr. MANN] paid a very beautiful and a most deserved tribute to the distinguished chairman of the Ways and Means Committee, Mr. UNDERWOOD. I most heartily agree with all that he said concerning that distinguished gentleman. I do not agree with his bill, except the income-tax provision, but personally I take off my hat to the amiable and courteous gentleman whose skilled leadership has guided his party in this battle.

I want to say, further, that I have had now a number of years' service in this great body, and I also had the pleasure and the honor of the personal acquaintance of a great many of its Members before that period of service began, and during all that period I have formed the acquaintance and the friendship of many men on both sides of the House, and that acquaintance and friendship have left upon me an impression that I shall never forget and memories that I shall cherish to the end of my days. I have learned to appreciate, aside from and above partisanship, the high character and ability and patriotism of the membership of this body.

The gentleman from Illinois [Mr. MANN] stated that 51 years ago a distinguished Democrat [Mr. UNDERWOOD] first saw the light of day. Thirty-seven years ago another distinguished Democrat first saw the light of day, and that gentleman is also a Member of this body. I feel that I am privileged as a southerner, as a Republican, and as a citizen of a neighboring State to say a word in praise of that gentleman. I am sure that Members on both sides of the Chamber will agree with me when I say that we have never had to preside over the Committee of the Whole House on the state of the Union under such circumstances as these and during such a sharply contested debate as this has been a man who has been more courteous, more impartial, nor one who has presided with more dignity and more intelligence and fairness than the distinguished gentleman [Mr. GARRETT of Tennessee] who is now presiding over this committee. [Prolonged applause.]

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. If there is no objection, I should like to have my amendment reported again.

The CHAIRMAN. If there be no objection, the amendment will be again reported.

The amendment was again read, as follows:

Amend, page 133, section 2, paragraph A, line 9, by inserting, after the amount "$4,000," the following: "excepting when applying to a married man supporting a wife, when the amount of exemption shall be $6,000, and excepting the additional exemption in amount $500 for each and every child being supported by a mother or father."

The amendment was rejected.

Mr. LA FOLLETTE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Washington offers an amendment, which will be reported by the Clerk.

The Clerk read as follows:

On page 134, at the end of line 11, add the following:

"'Every citizen,' 'every individual,' and 'every person' heretofore and hereafter referred to in this act shall apply only to male citizens in all States where equal-suffrage rights have not been granted. In States where equal-suffrage rights have been granted the words 'every citizen,' 'every individual,' and 'every person' shall refer to men and women alike."

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent——

Mr. HEFLIN. I should like to have five minutes. [Applause.]

Mr. FALCONER. I should like two minutes.

Mr. UNDERWOOD. Will not the next paragraph do as well?

Mr. FALCONER. I prefer to speak on this paragraph.

Mr. UNDERWOOD. All right, make it 12 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that debate on this paragraph and all amendments thereto close in 12 minutes, 5 minutes to go to the gentleman from Washington [Mr. LA FOLLETTE], 5 minutes to the gentleman from Alabama [Mr. HEFLIN], and 2 minutes to the gentleman from Washington [Mr. FALCONER]. Is there objection?

There was no objection.

Mr. LA FOLLETTE. Mr. Chairman, one hundred and thirty-seven years ago our forefathers living along the Atlantic coast in the territory familiarly known as the thirteen Colonies rebelled against the mother country and commenced that memorable struggle which resulted in the independence of these States. In their bill of grievances against the parent country the most potent and vital ones were taxation without representation and punishment for violation of laws in whose enactment this country had no part or say. They considered those things wrong then; we should consider them wrong now. In the ensuing years this Government, born of that struggle, has collected the revenues necessary for its maintenance by imposing tariffs on imports and by levying internal-revenue taxes, and has only resorted to direct taxation once in our history, that being an income tax levied as an emergency measure in time of war. This tax, while not questioned as a war measure, was a little later on declared unconstitutional as a peace measure; and it is only now, after a favorable decision by the various States, that such a measure shall be constitutional, and that a law is to be enacted putting a direct tax on certain of our citizens. It therefore is in order that we as a Nation shall be consistent, and as a Government shall not commit the injustice against which we fought in 1776, that I appeal to you to make this exception in favor of the women of the country dwelling in those States that have not conferred on womankind the right of suffrage. This exception would not apply to Wyoming, Colorado, Utah, Idaho, California, Oregon, Kansas, Arizona, and my own State of Washington.

These great Western States, having recognized the injustice imposed on the better half of our citizens, granted their women unqualified suffrage, made them equal electors of those Commonwealths.

Mr. Chairman, it is no surprise to those who have visited them to know that the first to see the injustice and to right the long-standing wrong imposed on womanhood were the people residing in the great States I have mentioned. If all our men could have lived in those States, gazed upon their noble ranges of mountains, many of which individually raise their snow-white domes toward heaven in dazzling purity, a perpetual invitation and inspiration to man to be likewise clean and noble, with love for the right, the beautiful, the true; if they had there lived, they would have been equally generous. If all men could breathe the rarified air of those mountains, those vast plains, and wooded dells, it would be easier for them to appreciate the right, detect the wrong, and stand for true equality.

If they could have traveled through those States of "magnificent distances," watched the development and subjection of their wonderful resources, and witnessed how nobly, earnestly, and faithfully the women did their part in that titanic struggle, enduring with the male of their species all the hardships and privations incident to pioneer life and subjugation of undeveloped nature, bravely, cheerfully, uncomplainingly, an inspiration and benediction to her own loved ones and all who met her.

If all mankind could grasp and realize these things all would have an enlarged horizon and clearer perception of the eternal fitness of things, and simple justice toward womankind would be easy of accomplishment. If the gentlemen within this Chamber had all been blessed with these experiences it would be easier for them to see the incongruity of this taxation of our unfranchised citizens by a Nation that went to war over the question of taxation without representation and against punishment by arbitrary, unauthorized, nonparticipating laws.

Mr. Chairman, I hear gentlemen exclaim against suffrage on the ground that it would degrade and lower womanly standards to participate in government; that they would lose to some extent those gentle attributes of femininity that are now their grace and charm; would become mannish, domineering, and coarse, should they receive the full rights of citizenship. There are none who know the weaknesses of such contentions as do those gentlemen who come from suffrage States, and they also recognize that the desire to hold womankind in subjection does not arise from man's higher or refined sensibilities but rather from his baser nature and from those characteristics that lead to tyranny. The same instincts which impel the uncivilized American Indian or the Moro head-hunters of our Philippine possessions to force onto their womankind all the sordid labor and menial tasks while their lazy lords take their ease as gallant protectors are underlying these objections.

Mr. Chairman, man, jealous of his imagined superiority of vision and almost infinite wisdom, selfishly fears a loss of personal caste should womankind be granted equal suffrage rights with himself, and it is a fact that woman stand but slight chance of receiving substantial justice until her lord and master can lose sight of the personal equation that warps his judgment and distorts his mental vision.

Mr. Chairman, I sincerely hope a majority of those present are not suffering from jaundiced perspective and will vote for this most just and worthy amendment.

Mr. Chairman, I sincerely favor an income tax, and regret that this tariff bill is so unequally balanced and so unjust to the interests of the people of not only my own State but to the entire United States that I will be compelled to vote against the measure as a whole. [Applause.]

Mr. HEFLIN. Mr. Chairman and gentlemen of the committee, the gentleman from Washington [Mr. LA FOLLETTE] has injected into this debate the question of woman suffrage. When we are undertaking to tax the surplus wealth of the country, and to make the men who have been wringing millions from the toiling masses through the obnoxious tariff law written by the gentleman's party, he undertakes to sidestep and speak through this feminine voice in the interest of woman suffrage. [Laughter.] What are we coming to in this country?

God of our fathers, be with us yet.

[Applause.]

I do not believe that there is a red-blooded man in the world who in his heart really believes in woman suffrage. [Applause.] I think that every man who favors it ought to be made to wear a dress. [Laughter.] Talk about taxation without representation! Do you say that the young man who is of age does not represent his mother? Do you say that the young man who pledges at the altar to love, cherish, and protect his wife does not represent her and his children when he votes? When the Christ of God came into this world to die for the sins of humanity, did he not die for all, males and females? What sort of foolish stuff are you trying to inject into this tariff debate? [Applause and laughter.] Taxation without representation! Are you represented when the babe is nursing at the mother's breast? Taxation without representation! Is not the mother representing you? [Laughter.]

Mr. Chairman, I have not the time to pay any more attention to that just now, but at some time in the near future I propose to speak upon the subject of woman suffrage, and I shall call attention to a few things.

Let me assure you to-night, gentlemen, that the women of this country do not want woman suffrage. [Applause.] A vast majority of the good wives, mothers, and daughters do not want woman suffrage. When the wife and mother look after the home and rear their children in the way that God would have them reared, they have done enough in this world, and they are performing the highest and best service that womankind can perform [applause]; but when a woman mounts a dry-goods box in the street and speaks to the rabble, she lowers herself, and men lose that high order of respect that men cherish for lovely, gentle women. [Applause.] But, Mr. Chairman, I am not going to discuss that subject now, but I want to say a word about the income tax. When Christ was here He demanded more of the man with 5 talents than He did of the man with 2. Let the taxpayer pay according to his ability to pay. Here we have men who accumulate their millions in a few years under your tariff-tax system. A poor man with five children pays more tariff tax than Rockefeller or Carnegie. Yet you have permitted this great wrong and we propose to make them pay their fair share of the burdens of taxation. We will reach by

the income tax wealth that has never paid a tax. You can not dodge it by talking about woman suffrage and hiding behind petticoats in this debate. [Laughter.]

We have trusts of every character. They say they have a chicken-food trust and they whitewash sawdust and feed it to the chickens. It is said that out in Oklahoma a gentleman fed his hens this whitewashed sawdust and he put a setting of 13 eggs under a hen and when she hatched them 12 of them were woodpeckers and the thirteenth one had a wooden leg. [Laughter and applause.] There are trusts and monopolies of every kind, and these little feminine fellows are crawling around here talking about woman suffrage. [Laughter.] I have seen them here in this Capitol. The suffragette and a little henpecked fellow crawling along beside her; that is her husband. [Laughter and applause.] She is a suffragette and he is a mortal suffering yet. [Laughter and applause.] I believe that is about all I have time to say to-night. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The question was taken, and the amendment was lost.

Mr. FALCONER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 134, line 1, strike out the figure "3" and insert the figure "5."

Mr. FALCONER. Mr. Chairman, we have just had something of a talk on the subject of woman suffrage by the gentleman from Alabama [Mr. HEFLIN]. Now, I will say in starting that I did not hear the amendment of my colleague from Washington, but I want to observe that the mental operation of the average woman in the State of Washington, as compared to the ossified brain operation of the gentleman from Alabama [Mr. HEFLIN], would make him look like a mangy kitten in a tiger fight. [Laughter.] The average woman in the State of Washington knows more about social economics and political economy in one minute than the gentleman from Alabama has demonstrated to the Members of this House that he knows in five minutes. [Laughter.]

Now, the gentleman from Pennsylvania [Mr. PALMER] a few moments ago made the statement that no man in this country could properly support a family on less than $4,000 a year. If that be true, the average workman in the United States is unfortunate, for he does not have 25 per cent of that amount with which to educate and take care of his family, because the average workingman, the producer, in the United States makes less than $700 a year.

I have offered this amendment, Mr. Chairman, making it 5 per cent on an income of $100,000, with the idea that the man who has $100,000 income ought to share the greatest burden and responsibility of supporting the Government, and because a man can not legitimately spend $100,000 a year.

I wish we had an opportunity in this bill to vote for the income tax. I believe in a graduated income tax, the greater the income the greater the tax; but the gentlemen who have the affairs of this House in hand in the parliamentary procedure are going to insist that we vote on this bill in toto.

I wish we might have a chance to vote on the income tax separately. Under the circumstances the gentleman from Alabama will not get a proper expression of the Members on both sides of the House unless he gives all an opportunity to vote independently on the income tax. Many Members are not going to be able to demonstrate how they really stand on the income tax unless this item is separated from the tariff bill.

The CHAIRMAN (Mr. BARTLETT). The question is on the amendment offered by the gentleman from Washington [Mr. FALCONER].

The question was taken, and the amendment was lost.

The CHAIRMAN. Are there any amendments to paragraph B, the next paragraph which is open for amendment?

Mr. SCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 134, line 17, after the word "sales," insert the word "of," and after the word "property," in line 20, insert the following: "*Provided*, That such real estate shall have been purchased during the preceding calendar year."

Mr. SCOTT. Mr. Chairman, I offer this amendment for the purpose of making this paragraph, as I believe, conform to the understanding that the American people have had for many years of the term "income." I believe we have in all of the attempted legislation on the subject recognized that the expression "income" referred to an annual income. And it is very clear when we read this section as it is drawn that that part of it which refers to profits growing out of the sale of real estate, and possibly personal property also, does not alone embrace the annual income from such transactions. For instance, let us assume that a citizen has a piece of real estate worth $50,000 or $75,000. He sells that piece of real estate for its market value, and it transpires that he had purchased it 10 years before at a valuation of $10,000 or $15,000. The accumulated increment of these years is taxed in this bill as the income of the current year. It may be said that the law would not receive that construction at the hands of the courts or at the hands of the officials of the Government. But as I understand it we have already a precedent in that respect. This bill as it stands to-day is practically the same as the income-tax law of 1862. That law received the construction of the governmental officials almost immediately after its passage. It was construed to include the increased value of the real estate regardless of when purchased. Congress two years later, when that matter had been brought to the attention of the people, amended the law. Again, in the income-tax law of 1894 a limitation of two years was fixed.

This will very seriously affect owners of real estate in my section of the country. A very large proportion of my constituents and the constituents of others who come from the Middle West own very valuable farms, and a large percentage of them have owned those farms all the way from 5 to 15 and 20 years. It will be a very unfair burden and an unequal distribution of taxation to impose upon the sales of those farms, or city property, for that matter, an excise of 1 or 2 per cent in many cases. I say 2 per cent, because the sales of property would often amount to more than $20,000—indeed, than $50,000—in which case the purchase price at once becomes subject to the excise of the additional tax. For these reasons, Mr. Chairman, I believe this section ought to be modified; it ought to be put in accord with the true idea of an income tax, and with the idea that has prevailed in this country ever since 1864. [Applause.]

The CHAIRMAN (Mr. BARTLETT). The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend, line 1, page 135, by inserting after the word "insured" the following:

"Or amounts paid to the assured or his assigns in fulfillment or settlement of his policy contract."

Mr. UNDERWOOD. Mr. Chairman, I will ask the gentleman if he was in at the time the committee amendment was adopted?

Mr. STAFFORD. I have the committee amendment before me, but I do not believe it is provided for in that amendment.

Mr. UNDERWOOD. I think this covers that subject.

Mr. STAFFORD. Mr. Chairman, the amendment offered this afternoon by the gentleman from Tennessee [Mr. HULL] limits the payments which will be exempted to those made by or credited to the assured on life insurance policies upon the return thereof to the assured at the maturity of the term mentioned in the contract. The provision as carried in the bill exempts the proceeds of life insurance policies paid upon the death of the assured, but there is no provision in either the bill as it reads or in the amendment that was adopted this afternoon that extends to the amount paid to the assured during his life or to his assigns upon a cancellation of the policy. For instance, a man has a 20-year-payment policy, or a 20-year endowment, or any other period, and wishes to have it cancelled before the term. No provision has been made to exempt the amount that is paid to the assured, yet we have the principle as carried in the bill exempting the amount paid to the beneficiary on his death. Carrying out the logic of the bill, I think there is no reason why the amount that may be paid upon cancellation before the time expires should be considered as the income of the assured or to whom it may be paid.

Mr. HULL. Mr. Chairman, it is impossible to enact laws that will keep up with all the changing methods of doing insurance business. The suggestion of the gentleman from Wisconsin [Mr. STAFFORD] is that there is some particular method, among many others, of conducting insurance business in this country at this particular time which we should regard by writing into this permanent law a provision that would specially apply to it. Now, the amendment that was offered and adopted by the committee this evening embraced not only the principle as to the return of any portion of an investment in any insurance by an individual, but it specified a number of those methods of conducting insurance business; and I take it if we should try ever so hard, unless we had among the membership of the House an actuary or some other individual who had had very extensive experience in the transaction of insurance business, we would

not then be able to cover all insurance methods used in the conduct of their business.

Mr. STAFFORD. Will the gentleman yield?

Mr. HULL. Yes.

Mr. STAFFORD. Will not the gentleman admit the amendment proposed and adopted this afternoon provides only for those payments that are made to the assured at the maturity of the term mentioned in the contract—that is the exact phraseology of the amendment—and does not provide for hundreds of thousands of instances where persons cancel their contract of insurance before the expiration of the time limit of the contract? Now, the only purpose of the amendment I offer is to carry out the very logic of the principle of the amendment offered by the gentleman and extend it to those cases where the policies are canceled before the termination of the term.

Mr. HULL. As I said, it is impossible to designate and write into law every particular method of doing insurance business in this country.

Mr. STAFFORD. But the gentleman's amendment does not provide at all for those cases where the policy is canceled before the termination of the period.

Mr. HULL. There is no adjudication here or in any other country that would make any of this taxable income. We are simply writing in a little declaratory provision in order to satisfy some gentlemen, and we have designated a number of these particular modes of return made to the insurer when he invests in insurance during his life, and I am satisfied that the principle is well embraced in the amendment offered and adopted this afternoon.

Mr. STAFFORD. The gentleman admits that under his amendment adopted this afternoon there is no provision made whatsoever for exempting these payments made in settlement of a policy.

Mr. HULL. Oh, I dare say that if we had an insurance man in here he could suggest probably half a dozen other methods by which they conduct business with their policy holders.

Mr. STAFFORD. But the gentleman must recognize there are thousands of instances where policies are terminated by the insurer before the termination of the term, and it is just those instances I am trying to provide for and to carry out the logical exemption the gentleman has provided for in his amendment.

Mr. LENROOT. Mr. Chairman, I would like to ask the gentleman one or two questions. Of course the gentleman is aware every life insurance company has a cash surrender value to their policies, by which the policies may be surrendered by a cash amount paid to the assured. Now, is it true the committee amendment this afternoon does not exempt the amount paid upon the surrender of policies?

Mr. HULL. As I said to the gentleman, there is no exemption involved. If insurance was not mentioned by this taxable provision, they would be as well off as they are with the reservations made.

Mr. LENROOT. But the bill itself makes a proviso that the proceeds of policies in certain cases shall be exempt. Of course the gentleman is well familiar with the rule of construction that such a provision may give it an entirely different construction than if it had been omitted entirely.

Mr. HULL. I wish to say to the gentleman that, speaking individually, I have tried to confer with a number of insurance gentlemen, attorneys, and officers of insurance companies, and made every possible effort to understand the insurance language, terms, and so forth, and to embrace in an amendment a provision broad enough to cover every principle as to payments made back to the policyholders, and while sometimes each insurance man would have a new and different suggestion, yet I am satisfied the principle contained in the amendment which has been adopted by the committee will satisfy the wishes of any reasonable insurance man.

Mr. LENROOT. The gentleman himself seems to think there may be some doubt about it. Why not, in order to clear the doubt, accept the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD]?

Mr. HULL. I am frank to say that in talking with some insurance men I get quite confused with their definitions of a number of these insurance terms, and I am unable to find many of these gentlemen who agree in every respect in their definition of these terms referred to. And I am slow to adopt a suggestion of terms unless a gentleman presents himself as an expert, with the knowledge of the full signification of the expression he undertakes to write into the law.

Mr. LENROOT. Mr. Chairman, has my time expired?

The CHAIRMAN (Mr. BARTLETT). The time of the gentleman from Tennessee [Mr. HULL] has expired.

Mr. LENROOT. Mr. Chairman, I would like to be recognized in my own right.

It does not require an insurance expert to decide the question of whether a cash-surrender value of a life insurance policy should be regarded as income and taxable under this bill. The law, so far as I know, of every State regulating life insurance provides that there shall be cash-surrender values of policies, and to tax as income the cash-surrender value of an insurance policy is exactly like taxing, not the income upon deposits in a bank, but taxing the deposits themselves.

Mr. MADDEN. Will the gentleman yield?

Mr. LENROOT. I will.

Mr. MADDEN. Suppose the premium was $500 on a 10-year tontine policy and the cash surrender of that policy at the end of that 10 years was $5,000; if he paid the tax on the $500 annual premium, ought he to be compelled also to pay the tax on the surrender value of the policy? Would not that be paying the tax twice?

Mr. LENROOT. He ought not in any event to be compelled to pay a tax on the surrender value, because he is getting back his capital, his principal, that he has paid into the company, and he is not getting gains, profits, or income, but merely getting his money back.

Mr. UNDERWOOD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I only rise to state what the committee's position is in this matter. As the bill now stands, there is no tax levied on the principal that is paid into an insurance company. There is a tax on the net income. The way we look at the proposition is this: Under the present law the net incomes of these corporations, whether they be insurance companies or not, are taxed 1 per cent. Under the clause of this bill the net incomes of these corporations, whether they are insurance companies or not, will be taxed 1 per cent. Now, there will be no tax whatever on the policy when it is paid on its termination, whether it expires on the death of a person or whether it is a tontine policy and expires before the death of the insured. But in the meantime there is a tax of 1 per cent on the net profits of the corporation, just as they are paid to-day under existing law.

Mr. MADDEN. Will the gentleman let me ask him a question?

The CHAIRMAN. Will the gentleman from Alabama yield to the gentleman from Illinois?

Mr. UNDERWOOD. I will yield.

Mr. MADDEN. Does this bill provide for the payment of the tax on the annual premiums paid by the policy holder?

Mr. UNDERWOOD. If they are net profits. I am not going into the question of what they are. We are going to leave that for the Treasury Department and the courts to determine.

If they are net profits on the net profits or so much of them as are net profits, the tax will rest. If they are simply a return of the principal, the tax will not rest upon them.

Mr. MADDEN. The gentleman evidently did not understand my question. I asked him if he understands the bill to provide that the individual policy holder is required to pay the income tax on the amount of his annual premium?

Mr. UNDERWOOD. No.

Mr. MADDEN. Is he allowed to deduct it from his gross receipts?

Mr. UNDERWOOD. He has nothing to do with it.

Mr. MADDEN. His own gross income—he is not allowed to deduct?

Mr. UNDERWOOD. Certainly not.

Mr. MADDEN. Then he pays the tax on it?

Mr. UNDERWOOD. No; no more than he pays the tax if he buys a house. That is gross income.

Mr. GOULDEN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Alabama yield to the gentleman from New York?

Mr. UNDERWOOD. Yes.

Mr. GOULDEN. I think the amendment proposed does not cover these cases. If a man has an insurance policy and runs along and keeps up the payments for a number of years, for, say, 10 or 15, then decides not to carry it any longer and to take the cash, in a case of that kind I would like to know if this amendment provides for a deduction on that?

Mr. UNDERWOOD. The amendment which has been offered exempts the return of the principal under the circumstances the gentleman has named.

Mr. GOULDEN. There is the principal alone involved in this. It is simply the surrender value. It is the principal or the amount that has been paid in, because the charge that is made for carrying the risk is more than the return premium in this case.

Mr. UNDERWOOD. If the gentleman will allow me to finish, I will explain.

Mr. GOULDEN. Very well.

Mr. UNDERWOOD. When that policy is returned there may be a portion of it that is principal and a portion of it that is profit, and probably there is. Under that contract they will return the principal and they will return some of the profit. Now, the principal returned under the amendment that we adopted this afternoon will not be taxed, but if there is profit returned it will be taxed.

Now that is all there is to it, and the amendment was framed to cover that.

Mr. LENROOT. Mr. Chairman, will the gentleman yield there?

The CHAIRMAN. Does the gentleman from Alabama yield to the gentleman from Wisconsin?

Mr. UNDERWOOD. Yes.

Mr. LENROOT. Will not the company have already paid a tax on that profit?

Mr. UNDERWOOD. No.

Mr. LENROOT. The company has paid it, and must the insured also pay it?

Mr. UNDERWOOD. The insured pays on the profit he makes, just as you would pay on the profit you make.

Now, if the gentleman will allow me, I can not finish an argument in five minutes if some one else is speaking in my time. Let me give an example. If the gentleman should buy a farm or a storehouse, and he could make profits on that storehouse for a period of 10 years, say, under this bill if those profits amount to more than his exemptions he will pay the tax on it during that time—all his profits above the exemptions. Now, if at the end of 10 years the gentleman should sell his storehouse for twice as much as he paid for it, he will not pay a tax on the original principal that he invested in that storehouse, but he will pay a tax on the increased price he may receive for it, or for the profit he may sell it for, if it is profit.

Now, in the case of a life insurance policy, it is the same as an investment in a house. The corporation, instead of the insured person, will be taxed on its net profits during the period the insurance runs, and at the termination of the period the insured will not pay a tax on his capital, but will pay a tax on the return of his profits, just as the man would pay a tax by the increased value of his storehouse in the case I cited. The two propositions are just the same.

Now, there is only one thing involved in this case. These great insurance companies are trying to get this Congress to untax them. They are eleemosynary institutions. I have nothing to say against them, but you have the choice whether you will invest your money in a home for your family, or in a storehouse, to furnish an income for your family and save it for the future, or whether you will invest it in a life insurance policy. You may invest it in a railroad company and get stock, and you do that in order to save it for yourself and your family. You may conclude that you are not as capable of handling your money as one of these great insurance companies is, and you send around and invest your capital in a policy. The only difference in the investment is that one is called a share of stock and the other is called a policy. You invest it for the purpose of profit in the policy, as you would in the stock.

The CHAIRMAN (Mr. BARTLETT). The time of the gentleman has expired

Mr. TREADWAY. May I ask the gentleman a question?

The CHAIRMAN. The gentleman's time has expired.

Mr. UNDERWOOD. I ask unanimous consent that all debate on this paragraph and amendments thereto close in five minutes.

Mr. ROGERS. I have an amendment.

Mr. MANN. Is this paragraph B?

Mr. UNDERWOOD. Yes.

Mr. GOULDEN. I want five minutes.

Mr. UNDERWOOD. Then I ask unanimous consent that the debate on this paragraph and all amendments thereto close in 15 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on this paragraph and amendments thereto close in 15 minutes. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Chairman, I should like to ask the gentleman from Alabama for a little further explanation of his definition. I understood him to say at the beginning of his remarks that there would be no tax on an insurance policy on termination of the contract.

Mr. UNDERWOOD. I did not say exactly that.

Mr. TREADWAY. I thought those were the words that the gentleman used.

Mr. UNDERWOOD. No; I said there would be no tax paid on the principal that was paid back to the insured at the termination of the contract, but that there would be a tax on the profits.

Mr. TREADWAY. Yes; I understood that; but you did use the expression "on the termination of the contract." Now, I would like to go a little further as to the meaning of "termination of the contract." For instance, if you have a 20-year endowment policy and, as the gentleman from Wisconsin [Mr. STAFFORD] is suggesting, you desire to surrender it and get the cash surrender value, do you consider that as the termination of the contract?

Mr. UNDERWOOD. Unquestionably.

Mr. TREADWAY. In other words, if the policy had run 15 years and you took the cash surrender value, there would be no tax on the principal of that policy at the end of the 15 years?

Mr. UNDERWOOD. Unquestionably there would not be.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The amendment was rejected.

Mr. ROGERS. Mr. Chairman, I offer an amendment and ask to have it read.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which will be reported by the Clerk.

The Clerk read as follows:

Page 135, line 14, after the word "year," insert "gifts to any corporation or association organized and operated exclusively for religious, charitable, benevolent, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual."

Mr. ROGERS. Mr. Chairman, this paragraph, beginning on page 135 and running to the end of page 136, already includes many provisions for deductions which are to be made in ascertaining the definition of the term "net income," such as taxes, losses sustained in business and not compensated for, debts charged off during the year, and so on.

Now, I submit the amendment just read in the belief that there ought also to be a deduction for gifts made by individuals during the year to charitable, benevolent, and religious societies. I have adopted substantially the language in this regard which is used in the act itself, at the bottom of page 145 and the top of page 146, whereby are exempted the incomes of religious, charitable, and educational corporations, no part of the net income of which inures to the benefit of any private stockholder or individual.

Now, Mr. Chairman, it seems to me that it is desirable that there should be no curtailment imposed by this act upon the benevolent members of the community. If a man wants to make a gift to charity, he ought to be encouraged so to do and not discouraged. He ought to be urged to make such a gift rather than be penalized for doing so. This amendment that I have offered takes care of that situation and provides that in determining the deductions from net income there shall be included as a deduction gifts honestly made to these various benevolent corporations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken, and the amendment was rejected.

Mr. GOULDEN. Mr. Chairman, I move to strike out the last word. I understood the gentleman from Alabama to give an assurance that the clause on page 134, line 25, providing for life insurance policies, that cash-surrender values on these policies that were carried up to their maturity or surrender were taken care of by an amendment this afternoon. I would like to have the gentleman give us some specific information on that point.

Mr. UNDERWOOD. There is no tax upon a policy paid on the death of the person.

Mr. GOULDEN. I understand that.

Mr. UNDERWOOD. Now, as to the tontine policies——

Mr. GOULDEN. There are no tontine policies now.

Mr. UNDERWOOD. Well, of the endowment-plan policies. Whenever the policy terminates, by reason of the contract, either at the end of the period or sooner, at the end of the contract, the principal that is paid will not be taxed, but the profits will be taxed.

Mr. GOULDEN. I want to say that there are no profits in that case.

Mr. UNDERWOOD. Then there is no tax. I do not know whether there are any profits or not.

Mr. GOULDEN. There are absolutely none.

Mr. UNDERWOOD. I do not raise that question. If there are none, then there will be no tax, but that is for the court to determine.

Mr. GOULDEN. The gentleman added that life insurance policies were the same as any other investment. That is an error into which many people fall and is a common mistake. A life insurance policy is taken by the average man for the sup-

port of his dependent ones and not as an investment. There are comparatively few endowment policies issued to-day, but policies are taken on limited life, 10, 15, or 20 years, and primarily for the protection of the wife and children and not as an investment. It is a different proposition entirely.

Now, I want to say that in my judgment, based on years of experience in the business, that the mutual companies should have been exempted wholly, just as the mutual savings banks. I notice that the committee took care, when pressure was brought to bear on them, that the mutual savings banks, such as we have in the State of New York, without a dollar of capital invested, under the control of members, deposits running up into the hundreds of millions of dollars, were exempt. Mutual fire insurance companies and building and loan associations are also exempt. I may say that this is proper, and I indorse it. Why should not you exempt the mutual life insurance companies absolutely under the control of the policy holders—not one dollar of capital stock, not one dollar of profit, as that term is understood? Now, what is sometimes called dividends are paid out of three different things.

First, the saving in expenses over that which was expected to be necessary to conduct the business; secondly, the saving in mortality. Under the American experience table a certain amount of money is calculated for death losses each and every year. That amount is never reached. In a majority of companies the average is less than 80 per cent, so that there is another saving of 20 per cent. The third is that of the higher rate of interest than that calculated for by the various companies and State departments. There are the three items which are purely savings, not a dollar of profit. The great trouble with the average man not familiar with this subject is to draw a line between profits and savings. The man who has, we will say, a $10,000 policy of insurance, and who pays a premium of $300, receives an abatement beginning with the second year and continuing in each year thereafter through the life of the policy. We will say, as an illustration that it amounts to $50. That $50 is called profits by the framers of this bill. It is nothing of the kind. It is made up of those three items and belongs to the policy holder, and will be deducted from his subsequent premium abatements.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MOORE. Mr. Chairman, I move to strike out the last two words. I would like to have the attention of the gentleman from New York [Mr. GOULDEN]. The gentleman was speaking a moment ago of what is known as mutual life insurance companies. I think every Member has been pressed into the service in this regard, and that most of us understand that the argument is that the mutual life insurance company is made up of members of a company who are not stockholders in any sense of the word, but who operate on a mutual plan.

Mr. GOULDEN. Absolutely.

Mr. MOORE. That is to say, they are in effect the owners of the property. The gentleman from Alabama [Mr. UNDERWOOD] a moment ago indicated that the question of the exemption of these companies, as mutual fire insurance companies are exempted, as building and loan associations are exempted, would depend upon the determination by the Treasury Department of the question whether or not there was a profit after the payment of the premium. I want to ask the gentleman if he understands if there is any profit in the transaction which means that the premiums are paid up to a point and that they are then returned to the policy holder in the form of a paid-up policy—whether he regards it, or whether it is regarded generally, as a profit at all or if it is not simply a return of the money a man puts in.

Mr. GOULDEN. Absolutely; and it is on all fours with the mutual savings banks, mutual fire insurance companies, and building and loan associations. These mutual companies are absolutely owned and controlled by the policy holders. There is not a dollar of capital stock in 90 per cent of the companies. They carry policies on millions of our citizens, who will be called upon to pay this tax annually.

Mr. MOORE. Is such a position as this possible—and this is based on the position taken by the gentleman from Alabama? Is it possible that there would be put into these mutual companies, say, $900 by any one policy holder, and that he would get back $1,000?

Mr. GOULDEN. On an endowment policy, yes; on a limited life policy, no.

Mr. MOORE. Would that be regarded as a profit or a return of the money each year?

Mr. GOULDEN. It would be a return each year in the way of an abatement. Under the laws of New York no tontine policies are admissible. Abatement must be declared annually, and the policy holder can elect either to take that in an abatement of his premium, or reduction of his premium, or he can let it stand, to be payable at his death; but in no sense is it a profit.

Mr. MOORE. As I understand the gentleman from Alabama, if it shall be ascertained by the Treasury Department in its investigation after this bill has become a law that a policy holder had paid into a mutual company $900 and had received back $1,000, in that event he would be taxed for the additional $100.

Mr. GOULDEN. That is the intention.

Mr. MOORE. The gentleman says that is not a profit?

Mr. GOULDEN. It is not.

Mr. MOORE. Is it not a fact that these mutual companies which are not composed of stockholders have their net earnings taxed by the various States?

Mr. GOULDEN. It is.

Mr. MOORE. Is it not also a fact that these same mutual companies, made up of individuals who are endeavoring to lay away something for the rainy day for their wives and children who are left behind, have their earnings also covered by the corporation tax?

Mr. GOULDEN. That is true.

Mr. MOORE. So they are taxed in two ways.

Mr. GOULDEN. Yes.

Mr. MOORE. Now, it is proposed to tax them a third time, and that tax will fall upon 5,000,000 or 6,000,000 people in the land.

Mr. GOULDEN. Yes; and I am inclined to think they will be heard from in the next election.

Mr. MARTIN. Mr. Chairman, I move to strike out from the committee amendment in this paragraph the words "at the maturity of the term mentioned in the contract." And I would like to ask the Chair how much time remains?

The CHAIRMAN. One minute.

Mr. MARTIN. Mr. Chairman, it seems quite remarkable that the gentleman from Alabama [Mr. UNDERWOOD] should have deceived himself as to the true status of this particular piece of legislation. Here this paragraph provides for a tax on incomes, and then there is a proviso added to except proceeds from life insurance policies paid upon the death of the insured. The committee amendment also excepts the proceeds of life insurance policies paid upon the surrender of the policy at the maturity of the period fixed in the contract. Now, if the policy is surrendered in a less time or before the time fixed in the contract, the proceeds would not be excepted. If these words, "at the maturity of the term mentioned in the contract," were stricken out of the committee amendment, then the exception would apply to proceeds of policies surrendered at any time, whether before or at the time provided for maturity of the contract. Clearly, as it is now, that would not be excepted.

The CHAIRMAN. The gentleman's time has expired. The question is upon the amendment offered by the gentleman from South Dakota, which the Clerk will report.

The Clerk read as follows:

Strike out the committee amendment, on page 135, the words "at the maturity of the term mentioned in the contract."

Mr. MARTIN. Mr. Chairman, I call for a reading of the language before the motion to strike out, and then the reading as amended by striking out.

The CHAIRMAN. The gentleman from South Dakota asks unanimous consent to have the committee amendment reported as it will read as amended.

Mr. MARTIN. I ask that the committee amendment be reported in the form as it is now written and then with the language that is proposed to be stricken out.

The CHAIRMAN. That is what the Chair stated. The Clerk will report the committee amendment if there is no objection.

The Clerk read as follows:

Page 135, lines 1 and 2, strike out the words "shall not be included as income," and insert in lieu thereof the words "or payments made by or credited to the insured on life insurance, endowment, or annuity contracts upon the return thereof to the insured at the maturity of the term mentioned in the contract shall not be included as income."

Amendment to the committee amendment. Strike out the words "at the maturity of the term mentioned in the contract," so that it will read as amended, "upon the return thereof to the insured shall not be included as income."

The question was taken, and the Chairman announced the noes appeared to have it.

Upon a division (demanded by Mr. MARTIN and Mr. MADDEN) there were—ayes 62, noes 84.

So the amendment was rejected.

The CHAIRMAN. If there be no other amendments offered to section B, amendments are in order to section C.

Mr. CALDER. Mr. Chairman, I offer an amendment to section C.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 137, strike out all after the word "office," in line 5, and all of line 6.

Mr. CALDER. Mr. Chairman, Article XVI of the Constitution, the income-tax provision, states that "Congress shall have the power to lay and collect taxes on incomes from whatever source derived." My amendment, if agreed to, Mr. Chairman, will take away the exemption of city, State, and county officials.

I have inquired, Mr. Chairman, from the members of the Ways and Means Committee why the compensation of officers and employees of a State or political subdivision are to be exempt from the income tax, and I have been informed by some that it was because of the fact that to do so would render the act unconstitutional. Now, I have investigated that very carefully. I have looked up the decisions, and I have inquired carefully after reading into these decisions the language of the present income-tax article, and I am sure my amendment, if adopted, would not render the bill unconstitutional. The former governor of New York State, at the present time one of the Associate Justices of the Supreme Court, the Hon. Charles E. Hughes, in a message to the Legislature of New York on January 5, 1910, gave it clearly as his opinion that if the income-tax amendment was added to the Constitution it would be possible to tax not only the income of the officials in the several States but the income derived from State bonds.

I do not advocate the taxing of the interest on our bonds, but I do advocate the taxing of the incomes of city, State, and county officials. It has been argued, too, by some members of the Ways and Means Committee that we ought not to tax the agency of the State. That may be good enough, but when you stop to consider that you are going to tax the manufacturer, and the merchant, and the storekeeper, and the professional man, and the salaried man, from whatever source his income is derived, I think it is pretty far-fetched to say that the man who is elected or appointed to public office ought not to be taxed on his income. I find in some States men are appointed to high public offices which pay a compensation exceeding $15,000, and in some of these cases after a period of time they retire and draw a pension, sometimes equal to their entire salary, and these men usually go on for all time without having their income derived from this particular source taxed, while every other man, who must labor and earn his money from the risk of business, must pay a tax upon his income.

I am quite surprised that the Democratic Ways and Means Committee has seen fit to exempt these officials.

Now, Mr. Chairman, we have heard a great deal of discussion on this tariff measure, and particularly the income-tax provision, and I venture the statement that very few men in this committee have carefully examined all of the provisions of the income-tax part of the act, because if they had they would see that there are many things in it which are going to work a great hardship upon the people. The method of collecting the taxes, the necessity of disclosing the private business of people to the community, is one of them. No man objects to disclosing his private business to the Government, but in this provision referred to by my friend from Illinois [Mr. MADDEN] this evening, he said the landlord, in order to obtain an exemption from the rent he receives from his tenant where the rent exceeds $4,000 per annum, must file with the tenant a statement of his income from every source whatever. That is only one of the absurd things of this provision.

I want to take the time of the committee for a moment before my time expires to refer to some remarks made by the gentleman from Kansas [Mr. MURDOCK]. He said, if I remember correctly, that the rich were getting richer and the poor were getting poorer. I want to say that there never has been a time in the history of this country when there was greater opportunity for the man at the bottom to get up than there is now. There never was a time when it was easier for him to save money. I was looking up the record the other day, and I find that in the savings banks of New York 15 years ago there was on deposit $560,000,000 of the workingman's money, and on the 1st of January, 1913, there was on deposit $1,200,000,000—double the amount in 15 years—and this same conditions exists throughout the country.

In a recent report of the labor commissioner of New York State it was shown that for the year 1912 less people were unemployed in that State than ever before in its history. I repeat there has never been a period in the history of the country when the people enjoyed such unexampled prosperity as during the past 15 years.

I hope, Mr. Chairman, that my amendment will prevail. I insist that it is class distinction to exempt these local officials from the operation of this law.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I would like to call the attention of the gentleman from Tennessee [Mr. HULL] to another question in regard to this. The section exempts from the operation of the income tax the judges of the Supreme and inferior courts of the United States now in office. I take it that those judges who are now retired are not now in office, but I apprehend that the same constitutional provision which causes the insertion of this provision in the bill would apply to the judges who are now on the retired list?

Mr. HULL. I scarcely think so, because the constitutional provision about which any possible question could arise merely prohibits the diminishment of salary of a Federal judge during his term of office.

Mr. MANN. Very true, but these judges who were retired are retired in accordance with that provision of the Constitution which provides that they shall hold office for life, and that their compensation shall not be diminished.

I call the matter to the attention of the gentlemen, because I am inclined to think that the same exemption would have to apply to these judges.

Mr. HULL. Mr. Chairman, I do not construe this provision as the gentleman from Illinois [Mr. MANN] indicates is his disposition to construe it. These Federal judges are permitted to retire when they reach a certain age, and they are allowed a certain compensation afterwards, and during the period of their retirement they are not to be considered as in office, and they perform no official function, and in no view of the matter can I see how this tax would fail to apply to them. They would not be considered officials.

Now, Mr. Chairman, I desire to allude to the remarks of the gentleman from New York [Mr. CALDER]——

Mr. BORLAND. Mr. Chairman, will the gentleman yield to me just for a moment on that point?

The CHAIRMAN. Does the gentleman from Tennessee yield to the gentleman from Missouri?

Mr. HULL. I hope the gentleman from Missouri will pardon me.

Mr. BORLAND. I just wanted to make the suggestion to the gentleman that the auditor has just decided that question in the case of Senator GOFF, of West Virginia. The auditor has decided that as a judge on the retired list he is still in the service of the United States, and therefore he approved the payment of both salaries to him—that of a Federal judge and that of Senator.

Mr. HULL. Mr. Chairman, the gentleman from New York [Mr. CALDER] makes an unintentional, I hope, but very unfair, allusion to the effect of the operation of the proposed tax. Some persons who evidently are against this method of taxation, and who are seeking to discredit the proposed tax, have systematically circulated the report and the suggestion that under some provision in this bill the taxpayers are required to disclose their private affairs to other individual citizens.

There is not now and there never has been any provision in this bill that requires any taxpayer to disclose any portion of his affairs to any other citizen. The taxpayer has the amplest and the fullest opportunity in every instance to make his return to the district collector. If he prefers, as a matter of convenience under certain circumstances, he may make a partial return to the person who withholds his tax upon his principal income for him, but that is purely optional.

Now, the gentleman from New York [Mr. CALDER] seems to be very much afraid that the very idea of publicity would be offensive. I find that even in his State the tax returns which the people of New York are required to make to the State as to their property for taxation involve real publicity. I will read the language:

Notice of the completion of the assessment rolls must be conspicuously posted in three or more public places, and a copy left in a specified place where it may be seen and examined by any person until the third Tuesday of August following.

Now, I do not know, but I suppose that this is still the law in New York. These New York tax returns are far more complicated than the returns that will be made by individuals under the proposed measure. And yet gentlemen, including my friend from New York [Mr. CALDER]—and I must believe that he was misled by some one—persistently circulate the impression that somewhere in this bill there is a provision that requires a taxpayer to disclose his private affairs to another taxpayer, when there is absolutely no foundation for such an inference or such a charge. [Applause on the Democratic side.]

Mr. LOGUE. Mr. Chairman, I think it is well at this time to call attention to section B. While what this section means

will be the subject of determination by judicial authority, still it is not amiss at this time to consider what it is thought to be by the committee who have had it in charge.

The act provides for a tax upon annual incomes. Therefore it is presumed to be a tax upon annual profits or increase or gain. Commencing at line 12 of page 134, section B provides at about line 15 and following that "personal service of whatever kind and in whatever form paid, or from professions, vocations, businesses, trade, commerce, or sales or dealings in property, whether real or personal," producing income, shall be taxed.

I have addressed myself to some of the members of the committee and asked whether it was contemplated by that provision to tax the increment of a property sold during the year, although bought years ago. To illustrate, if a property was bought 30 years ago at $10,000 and it sells to-day at $100,000, is a tax, at whatever percentage is laid down, to be levied on the difference in value between what the property was worth 30 years ago and what it was sold at to-day? The answer to that question was that it is.

I can not conceive that in any way at all to be an annual income or profit deriving annually. It can be shown and borne out that there are many properties purchased years ago that people have struggled with where the taxation of the increment made to-day as the profit of a single year would, in my judgment, be unreasonable.

Where shall we fix the profit of 1913? Shall we go back to the period of 1912? No; in the views of the committee you go back to a period of perhaps 30 or 35 years, and the difference between what the property was worth at the time of the last purchase and what it was worth up to the time at which it is sold is to be looked upon as a profit accruing within a twelvemonth, and that profit is accordingly to be assessed and taxed upon.

This would not be equitable and would not be within the spirit of an income tax, which is an annual tax on profits arising within a year. The section should be so worded that there could be no doubt, and that increment of real estate of many years is not the subject of taxation as profit of a particular year, and made clear that what is intended is the purchase and sale of a property within a year, which results in a profit, making that profit one that comes within the liability of a tax.

If that is the intention, I believe it would be well to have it clearly defined and stated; but I had gathered the meaning to be that "sales or dealings in property" would mean that where a person had purchased within a year and sold within that year there was clearly a yearly profit, and that would be a proper subject of taxation; but to run back for a period of 25 years to the last purchase and tax a man in any one year for the entire increment of 25 years I do not think is fair. I do not think it is the thought of the majority of the House. I do not think it is equitable, and I do not think it will meet with the hearty approval of people who may perhaps have struggled along with real estate for many years.

Mr. UNDERWOOD. I ask unanimous consent that all debate on this paragraph and all amendments thereto be limited to five minutes.

Mr. GRAHAM of Pennsylvania. I desire to offer an amendment.

Mr. GRAHAM of Illinois. I also would like five minutes.

Mr. FITZGERALD. I should like a little time.

Mr. UNDERWOOD. I will make it 20 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on this paragraph and all amendments thereto close in 20 minutes. Is there objection?

There was no objection.

Mr. GRAHAM of Illinois. Mr. Chairman, in order to get the attention of the gentleman from Tennessee [Mr. HULL], I move to amend line 5, page 137, by inserting the word "also" after the word "and" and before the word "the" in the middle of the line.

The language there seems to me very confusing, and I am unable to determine whether the words in lines 5 and 6—

And the compensation of all officers and employees of a State or any political subdivision thereof—

Apply to those officials now in office or those to come into office in the future. At the top of that page the word "also" is used as a conjunction, to show that the President of the United States during the present term, and the judges of the Supreme and Superior Courts during the terms which they are now serving, are exempt. Then follows the clause to which I refer—

And the compensation of all officers and employees of a State or any political subdivision thereof.

It is not clear to me whether that clause as it now stands does not exempt State officers for all time. By the insertion of the word "also" it would connect it with the exception which precedes and would make it perfectly clear that all those officers now in office are exempt. Is it the intention to exempt them always, or only those now in office?

Mr. HULL. The purpose of that language is to exempt the salaries of officials of States and their subdivisions from this tax.

Mr. GRAHAM of Illinois. Why?

Mr. HULL. In view of the long line of court decisions to the effect that the Government has no more power to tax the instrumentalities of a State than a State has to tax the instrumentalities of the National Government. Now, while individually speaking, I, as well as each Member here, has his opinion as to what might or might not be done in that respect at this time, still it was not the desire of those who have been taking the most interest in this measure to inject any more constitutional questions or controversies into the bill, especially for the sake of only a few thousand dollars in taxes, and it would only add a few thousand dollars if that clause was included.

Mr. GRAHAM of Illinois. In view of that purpose on the part of the committee, I call the gentleman's attention to the question whether that language is sufficiently clear in expressing the thought of the committee, or whether it does not still leave one in doubt as to whether only those in office at the time the law goes into effect are exempted.

Mr. HULL. I do not think there is any reasonable ground to put that construction on it, if the gentleman asks my individual opinion.

Mr. GRAHAM of Illinois. That is what I wanted. I am willing to abide by the gentleman's judgment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. GRAHAM]

Mr. GRAHAM of Illinois. I ask leave to withdraw the amendment. I offered it only for the purpose of getting information from the gentleman from Tennessee.

The CHAIRMAN. The gentleman from Illinois withdraws his amendment.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I understood there were five minutes reserved for me. I think that was the stipulation that was made. I move to strike out the last word.

The CHAIRMAN. Will the gentleman pardon the Chair a moment? The attention of the Chair was diverted. The amendment offered by the gentleman from New York [Mr. CALDER] is pending and has not been voted upon. The question is upon that amendment.

Mr. LOBECK. Will the gentleman yield for a question?

Mr. HULL. Yes.

Mr. LOBECK. Does this exempt for instance the salaries of city officials?

Mr. HULL. Yes.

Mr. LOBECK. And of county officials?

Mr. HULL. Yes; they are officials of political subdivisions of a State. It would exempt any official in any office, I think, in a State.

Mr. LOBECK. It would not exempt Representatives or Senators, would it?

Mr. HULL. They are not officers of a State. Besides they are covered elsewhere in the bill.

Mr. FITZGERALD. Mr. Chairman, my colleague [Mr. CALDER] offered an amendment which is pending to tax the compensation of officials of State, county, and municipal governments. When the present member of the Supreme Court, Justice Hughes, was governor of the State of New York he sent a message to the legislature of the State urging the legislature to reject the then pending amendment to the Constitution permitting the imposition of a tax upon incomes, because, in his opinion, under the peculiar wording of the amendment, it permitted the tax to be levied upon salaries of State, county, and municipal officers and also upon the incomes from State, county, and municipal bonds.

He set forth in very emphatic language the serious objections to giving the Federal Government such power. Later that speech was replied to in the Senate by the Senator from Idaho [Mr. BORAH] in which, in a very elaborate argument, he pointed out that the Supreme Court had construed the previous amendments to the Constitution and had always construed them in view of the previous decisions of the court, and expressed the opinion that certain decisions of the Supreme Court were to the effect that, unless the proposed amendment of the Constitution then pending clearly and explicitly gave to the Federal Government the right to tax incomes derived from instrumentalities of State government and the income from bonds of State, county, and municipalities, in his opinion such a construction would not be placed on the amendment which has been ratified.

Subsequently, the people of the State of New York elected a Democratic legislature, and it was a Democratic legislature in the State of New York that ratified the income-tax amendment to the Constitution after the Republicans had had an opportunity and failed to do so.

I realize that there is considerable difference of opinion between men qualified to pass upon the question as to whether the Federal Government has at the present time the right to include salaries received by officials of State, county, and municipalities as income to be subjected to such tax.

Beyond the question of expediency, or the desirability of lodging any such power in the Federal Government, there is an important consideration which the committee can not waive at this time. It would be most unwise with those sharp differences of opinion among competent lawyers to attempt to incorporate into this bill any provision that might be of doubtful constitutionality. The income tax levied in this bill should be certain in its authority that it will not be possible to delay its collection by the incorporation of provisions that might give occasion to prolonged litigation. For that reason I shall not support the amendment.

There is one thing else I wish to suggest. There seems to be an opinion quite prevalent throughout the country that under the terms of the bill the compensation of Members of Congress is exempt from the tax levied by the bill. Any one who has examined the bill knows that that is not the fact. I read within a day or two an editorial in a very prominent paper in which it was intimated that perhaps the attitude of the House on this matter might be affected by the fact that the income or compensation of Members of Congress would not be affected by the bill.

It should be made clear that under the bill, as it now stands, the salaries of Members of Congress, if it be their net income, would be taxed 1 per cent on $3,500, the excess above $4,000.

Mr. MADDEN. Members of Congress are not considered officers of the Government, and consequently they would be taxed under this bill.

Mr. FITZGERALD. Members of Congress have been in several decisions, if I remember correctly, held to be a part of the Government of the United States. They are neither State officers nor officers of the Federal Government. There is no question but that their income is subject to the tax levied in this bill. It only excepts officers of States, counties, and municipalities; it does not except Members of Congress.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, much of that upon which I desire to get information has been answered by the last speaker, the gentleman from New York [Mr. FITZGERALD], and it will be unnecessary for me at this time to advert to that. I would like the attention of the gentleman from Tennessee [Mr. HULL], who has had charge of the income-tax provision of the bill. I would ask him whether there has been any judicial interpretation of the provisions of the Constitution of the United States under which it is proposed in this bill to exempt the present President of the United States and the judges of the Supreme Court and inferior courts of the United States from the payment of an income tax?

Mr. HULL. Mr. Chairman, during the Civil War the Chief Justice of the Supreme Court of the United States filed a written opinion with the Treasury Department to the effect that by reason of the constitutional provision which prohibited the diminishing of the salaries of the judges of the Supreme Court during their terms of office they were not subject to the tax. That applied equally to the members of the Supreme Court and of the inferior courts of the United States. Following the war the Attorney General of the United States, Mr. Hoar, filed a written opinion to the same effect. In the individual opinions of the members of the Supreme Court rendered in the Pollock case in 1895 a number of the judges gave this as their view, but there has never been a majority opinion of any kind upon the question. It was not necessary to pass on it in the Pollock case.

Mr. MANN. They did not collect the income tax from them?

Mr. HULL. The tax was never collected by the Government from these officials during their respective terms of office, as I recall. It applies to their successors.

Mr. SHERLEY. Mr. Chairman, if the gentleman will permit, Mr. Lincoln paid a tax, and in one of his letters speaks of the fact of paying an income tax upon his salary as President of the United States. That is my firm memory now.

Mr. HULL. Mr. Chairman, as I stated, Chief Justice Taney early in the war filed his statement declining to pay the tax. Following the war the Attorney General rendered his opinion to the same effect. Of course, I do not recall who paid the tax, voluntarily or otherwise, during the war.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, it was my impression that there was no adjudication of this question, and it seems to me that it is clear that the Congress of the United States has power to impose an income tax and affect even these gentlemen. I would like to see the question raised and tested, because this classification is not an agreeable one. I, therefore, present the following amendment to this section.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

Mr. MANN. The Calder amendment has not been disposed of.

The CHAIRMAN. That is true. The recollection of the Chair is that under the order made by unanimous consent amendments may be offered at any time.

Mr. MANN. That is true.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Pennsylvania [Mr. GRAHAM].

The Clerk read as follows:

Page 137, line 1, after the word "taxation" strike out the words "Also the compensation of the present President of the United States during the term for which he has been elected and of the judges of the Supreme Court and inferior courts of the United States now in office, and the compensation of all officers and employees of a State or any political subdivision thereof."

Mr. AUSTIN. Mr. Chairman, I have also an amendment which I desire to offer, which I send to the desk.

The Clerk read as follows:

Page 137, line 6, after the word "thereof," strike out the period, insert a comma, and add the following:

"And of honorably discharged soldiers, sailors, and marines who served in the United States and Confederate Armies 1861–1864 and the War with Spain."

Mr. MOORE. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Page 136, lines 23 and 24, after the word "excluded," strike out the words "Upon the obligations of a State or any political subdivision thereof and."

The CHAIRMAN. The question is on the amendment proposed by the gentleman from New York [Mr. CALDER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. GRAHAM].

The amendment was rejected.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Tennessee [Mr. AUSTIN].

The amendment was rejected.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. MOORE].

The amendment was rejected.

Mr. MOORE. Does the arrangement preclude discussion at this time?

The CHAIRMAN. It does.

Mr. MANN. Mr. Chairman, I offer an amendment to strike out lines 1, 2, and 3, page 137, as follows:

Also the compensation of the President of the United States during the term for which he has been elected.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 137, lines 1, 2, and 3, strike out the following words:

"Also the compensation of the President of the United States during the term for which he has been elected."

The question was taken; and on a division (demanded by Mr. MANN) there were—ayes 52, noes 72.

So the amendment was rejected.

The CHAIRMAN. Paragraph D is open for amendment. Are there any amendments to paragraph D?

Mr. DILLON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 137, line 16, after the word "ward," strike out the balance of line 16, all of lines 17 and 18, and the figures "$4,000" in line 19.

Mr. DILLON. Mr. Chairman, my motion seeks to eliminate the following language:

Except that in case where two or more wards are comprised in one family and have joint property interests the aggregate deduction in their favor shall not exceed $4,000.

I favor the income-tax schedule and offer this motion, not for the purpose of destroying the effect of the schedule, but to assist in making it effective.

Every law should be fair and just and should not discriminate among people of the same class. This exemption violates every rule of equality. For instance, one child under guardianship is entitled to an exemption of $4,000. Two children under guardianship must join together in their exemption, and thus would each have an exemption of $2,000. Five children under guardianship must join together and have an exemption of $800 each.

Not only does this provision discriminate in reference to the exemption, but it also discriminates in reference to the taxes.

For instance, one ward under a guardianship with a net income of $4,000 pays no tax, while two wards with an income of $4,000 each pay $40 tax, while three wards with an income of $4,000 each pay $80 tax, and five wards under guardianship with an income of $4,000 each must pay $160 tax. This law compels them, because they are under guardianship, to join together in one exemption while the law allows you and I full exemption.

The Supreme Courts of Minnesota and Wisconsin have held that the exemption clause in the inheritance tax law must be uniform and affect all citizens alike, and because the exemption discriminated among the owners of property the inheritance tax laws of those States were held unconstitutional.

Under this unfair provision, if there be more than one child under guardianship and the property be owned jointly, they must join in one exemption, but if the children owned the property individually they would have full individual exemption. If the ward owns individual property he gets the full exemption, but if he owns property jointly with his brothers and sisters he gets only part of an exemption. When the ward is under 21 years of age, if he has brothers and sisters, he only gets a part of an exemption, and when he reaches 21 years of age he gets a full exemption.

You exempt yourselves on your joint and individual properties, but you deny the same right to these minors. I submit that this provision is unfair and unjust, and in my humble judgment can not be sustained by any court.

I was in hopes that this tax measure would be considered schedule by schedule, so that each schedule might stand or fall upon its own merits, and thus avoid all logrolling methods. We as lawmakers ought to place patriotism above politics and pass an honest judgment on each and every schedule.

I would like to support the income-tax schedule, because it casts the burden of taxation upon those who are able to pay it. Likewise I would like to support the provision for free lumber, because our forests have been depleted. I am convinced that this bill is not in the interest of the farmers, the laboring men, and the factories of this country, and that the bad features of the bill outweigh those of the good therein contained.

Mr. UNDERWOOD. Mr. Chairman, I would like to have a vote on this amendment, so that we can rise, unless some gentleman wishes to discuss this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. DILLON].

Mr. UNDERWOOD. I merely wanted to dispose of the present amendment, not the paragraph.

Mr. MANN. Let us dispose of the paragraph, if there are no amendments to it. Are there any other amendments to paragraph D?

The CHAIRMAN. The question is on the amendment of the gentleman from South Dakota [Mr. DILLON].

The question was taken, and the amendment was rejected.

Mr. UNDERWOOD. If there are no other amendments, we will pass to paragraph E.

The CHAIRMAN. Are there no amendments to paragraph D? [After a pause.] If not, we will pass to paragraph E.

Mr. UNDERWOOD. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes, and had come to no resolution thereon.

WITHDRAWAL OF PAPERS.

Mr. COX. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman rise?

Mr. COX. I rise for the purpose of asking unanimous consent to withdraw from the files of the House, without leaving copies, papers in the case of H. R. 28498, H. R. 5191, H. R. 16879, H. R. 18351, Sixty-second Congress, no adverse report having been made thereon.

The SPEAKER. Without objection, it will be so ordered.

There was no objection.

ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 5 minutes p. m.) the House adjourned until Wednesday, May 7, 1913, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on examination of St. Francis River, Ark., from its mouth to Madison, and the L'Auguille River, from its junction with the St. Francis to Marianna, for the purpose of ascertaining the feasibility and cost of providing permanent navigation thereon (H. Doc. No. 45), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed, with illustration.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FLOOD of Virginia: A bill (H. R. 4760) for the erection of a monument to the memory of Gen. George Rogers Clark; to the Committee on the Library.

By Mr. COX: A bill (H. R. 4761) to pay the wives and children a part of the salary of enlisted men in the Army and Navy, etc.; to the Committee on Military Affairs.

By Mr. FREAR: A bill (H. R. 4762) to amend the general pension act of May 11, 1912, as amended by act approved March 4, 1913; to the Committee on Pensions.

By Mr. NELSON: A bill (H. R. 4763) to extend to certain publications the privileges of second-class matter as to admission to the mails; to the Committee on the Post Office and Post Roads.

By Mr. MURRAY of Massachusetts: A bill (H. R. 4764) to authorize, empower, and direct the Secretary of Commerce to construct certain tidal indicators in Boston Harbor, Mass.; to the Committee on Interstate and Foreign Commerce.

By Mr. BROUSSARD: A bill (H. R. 4765) to amend and reenact an act of Congress entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, and acts of which said act is amendatory; to the Committee on Interstate and Foreign Commerce.

By Mr. BATHRICK: A bill (H. R. 4811) to institute a system of lending money to farmers on agricultural lands; to the Committee on Ways and Means.

By Mr. HAWLEY: A bill (H. R. 4812) to create a revenue fund in the Crater Lake National Park; to the Committee on the Public Lands.

By Mr. MURDOCK: A bill (H. R. 4813) to create a tariff commission; to the Committee on Ways and Means.

By Mr. HAYDEN: A bill (H. R. 4825) opening the surplus and unallotted lands in the Colorado River Indian Reservation to settlement and entry under the provisions of the Carey land acts, and for other purposes; to the Committee on Indian Affairs.

By Mr. BRITTEN: Resolution (H. Res. 93) requesting the Committee on the Judiciary to present to the House of Representatives a resolution directing the Department of State and the Attorney General to take necessary steps toward a judicial test of the California alien land law; to the Committee on the Judiciary.

By Mr. BATHRICK: Resolution (H. Res. 94) creating a standing committee of the House to be known as the committee on buying and selling; to the Committee on Rules.

By Mr. GARDNER: Memorial of the General Court of Massachusetts, relative to national forests; to the Committee on Agriculture.

By Mr. HAYES: Memorial of the Legislature of California, favoring appropriation for the protection of orchards from frosts; to the Committee on Agriculture.

By Mr. MURRAY of Massachusetts: Memorial of the Legislature of Massachusetts, opposing State control of national forests; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AINEY: A bill (H. R. 4766) for the relief of Edwin F. Chamberlin; to the Committee on Military Affairs.

Also, a bill (H. R. 4767) for the relief of Loyal F. Russell; to the Committee on Military Affairs.

By Mr. ANTHONY: A bill (H. R. 4768) admitting to citizenship and fully naturalizing George Edward Lerrigo, of the city of Topeka, in the State of Kansas; to the Committee on Immigration and Naturalization.

By Mr. BLACKMON: A bill (H. R. 4769) granting a pension to Thomas F. Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4770) for the relief of Frances C. Hoffman; to the Committee on Claims.

Also, a bill (H. R. 4771) for the relief of the estate of Robert Pruitt, deceased; to the Committee on War Claims.

By Mr. CALDER: A bill (H. R. 4772) to amend the military record of Richard Parke; to the Committee on Military Affairs.

By Mr. COX: A bill (H. R. 4773) granting a pension to Cornelius W. Morrison; to the Committee on Pensions.

Also, a bill (H. R. 4774) granting an increase of pension to Jack Meissner; to the Committee on Pensions.

Also, a bill (H. R. 4775) granting an increase of pension to Lewis R. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4776) granting a pension to Martha Fitzpatrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4777) granting an increase of pension to Thomas J. Parsons; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4778) granting an increase of pension to Williams H. Knapp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4779) granting an increase of pension to Abraham Crist; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4780) for the relief of the estate of Louise Muelchi; to the Committee on Claims.

By Mr. HELM: A bill (H. R. 4781) for the relief of Francis Geenty; to the Committee on War Claims.

By Mr. KEY of Ohio: A bill (H. R. 4782) granting a pension to Alexander Bradley; to the Committee on Pensions.

Also, a bill (H. R. 4783) granting a pension to Barbara Heider-Bauman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4784) granting an increase of pension to Simon E. De Wolfe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4785) granting an increase of pension to Joseph N. Rodgers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4786) granting an increase of pension to Edmond R. Ash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4787) granting an increase of pension to Andrew J. Thomasson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4788) granting an increase of pension to Jacob Krieger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4789) granting an increase of pension to Eliza J. Barnd; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4790) granting an increase of pension to William A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4791) granting an increase of pension to George Mundary; to the Committee on Invalid Pensions.

By Mr. MOSS of West Virginia: A bill (H. R. 4792) granting an increase of pension to Sarah P. Deem; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4793) for the relief of John H. Gatts; to the Committee on Claims.

By Mr. NELSON: A bill (H. R. 4794) granting an increase of pension to James B. Martin; to the Committee on Invalid Pensions.

By Mr. PORTER: A bill (H. R. 4795) granting a pension to Catherine Mann; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4796) granting a pension to Margaret W. Nichol; to the Committee on Invalid Pensions.

By Mr. POST: A bill (H. R. 4797) granting an increase of pension to Levi Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4798) granting an increase of pension to James A. Carter; to the Committee on Invalid Pensions.

By Mr. RAUCH: A bill (H. R. 4799) granting a pension to Edward F. Denny; to the Committee on Pensions.

By Mr. SCULLY: A bill (H. R. 4800) granting an increase of pension to Helen T. Byard; to the Committee on Invalid Pensions.

By Mr. SMITH of Minnesota: A bill (H. R. 4801) granting a pension to Maurice Luby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4802) granting a pension to Augusta Wassom; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4803) granting an increase of pension to William H. Leavitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4804) to correct the military record of Charles D. Pillar; to the Committee on Military Affairs.

Also, a bill (H. R. 4805) to correct the military record of Silas Overmire; to the Committee on Military Affairs.

Also, a bill (H. R. 4806) to remove the charge of desertion from the military record of William Alonzo Williams; to the Committee on Military Affairs.

By Mr. STEPHENS of Texas: A bill (H. R. 4807) granting a pension to Benjamin A. Lester; to the Committee on Pensions.

Also, a bill (H. R. 4808) for the relief of W. R. McGuire; to the Committee on War Claims.

By Mr. TRIBBLE: A bill (H. R. 4809) granting a pension to May Thornton; to the Committee on Pensions.

By Mr. WINSLOW: A bill (H. R. 4810) for the relief of David Snow; to the Committee on Military Affairs.

By Mr. FESS: A bill (H. R. 4814) granting a pension to Minnie Nordyke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4815) granting a pension to Hannah Leverton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4816) granting a pension to Amanda Crawford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4817) for the relief of James G. Work; to the Committee on Military Affairs.

By Mr. HAWLEY: A bill (H. R. 4818) granting an increase of pension to Benjamin O. Getter; to the Committee on Invalid Pensions.

By Mr. O'SHAUNESSY: A bill (H. R. 4819) granting a pension to Mary A. Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4820) granting an increase of pension to Mary Ella Fales; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4821) granting an increase of pension to Sarah J. Millikin; to the Committee on Invalid Pensions.

By Mr. REILLY of Connecticut: A bill (H. R. 4822) granting a pension to Elizabeth J. Phelps; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4823) granting an increase of pension to George H. Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4824) granting an increase of pension to John H. Narmon; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By the SPEAKER (by request): Petition of I. H. Manntel, against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

Also (by request), petition of the Richmond Chamber of Commerce, of Richmond, Va., against reorganization of the customs service; to the Committee on Ways and Means.

Also (by request), petition of R. D. Meyers, of St. Louis, Mo., against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

By Mr. AINEY: Petition of sundry citizens of the fourteenth congressional district of Pennsylvania, protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

Also, petition of the directors of the Provident Life & Trust Co., of Philadelphia, Pa., suggesting amendments to the income-tax bill relative to mutual life insurance companies; to the Committee on Ways and Means.

By Mr. BELL of California: Petition of Mr. J. E. Heath, of Norwalk, and 117 other beet growers, farmers, and other citizens of the following towns in the State of California: Anaheim, Chino, Colusa, Concord, Downey, Garden Grove, Huntington Beach, Los Angeles, Norwalk, Ontario, Santa Ana, San Francisco, and West Berkeley; and also from the following firms and companies: Joseph Dixon Crucible Co.; San Francisco Labor Council; Hawaiian Fertilizer Co., of San Francisco; the Holly Sugar Co., of Huntington Beach; and the California Corrugated Culvert Co., of West Berkeley, Cal., protesting against the proposed reduction in the tariff on sugar; to the Committee on Ways and Means.

By Mr. CARY: Petition of the Richmond Chamber of Commerce, of Richmond, Va., against reorganization of the customs service; to the Committee on Ways and Means.

Also, petition of Mary A. Shea, against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

By Mr. DALE: Petition of Hogan & Son., of New York City, against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

Also, petition of the Loose-Wiles Biscuit Co., of New York City, N. Y., against importation of biscuits free of duty; to the Committee on Ways and Means.

Also, petition of the Men's League for Woman Suffrage, of Kings County, N. Y., relative to investigation of insufficient police protection for the parade of March 3 in Washington; to the Committee on the District of Columbia.

Also, petition of the Richmond Chamber of Commerce, of Richmond, Va., against reorganization of the customs service; to the Committee on Ways and Means.

By Mr. DYER: Petitions of sundry citizens of St. Louis, Mo., against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

Also, petitions of G. M. Dinges and H. A. Schmidt, of St. Louis, Mo., against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

Also, petition of the Business Men's League of St. Louis, Mo., against the clause in the sundry civil bill forbidding certain money to be spent in the prosecution of labor or farmers' organizations; to the Committee on the Judiciary.

By Mr. GARDNER: Petition of the Turners Falls Board of Trade, against reduction of the duty on paper and placing newsprint paper on the free list; to the Committee on Ways and Means.

By Mr. GOULDEN: Petitions of sundry citizens of Philadelphia and New York, against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

By Mr. GREENE of Vermont: Petitions of sundry citizens of Vermont, against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

By Mr. GRIEST: Petition of 80 citizens of Lancaster County, Pa., protesting against that feature of the income-tax provision of the tariff bill which relates to life insurance companies; to the Committee on Ways and Means.

By Mr. HAMMOND: Petition of August Schiek and 25 others, of Wells, Minn., protesting against provisions of income tax relating to taxation of life insurance companies; to the Committee on Ways and Means.

By Mr. HAYES: Petitions of sundry citizens of California, against the reduction of the duty on sugar; to the Committee on Ways and Means.

Also, petitions of sundry citizens of California, against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

By Mr. HOUSTON: Affidavit to accompany bill for Edmund Judkins; to the Committee on Military Affairs.

Also, affidavit to accompany bill (H. R. 2372) for Albert G. Jenkins; to the Committee on Pensions.

By Mr. KINKAID of Nebraska: Memorial of the Commercial Club of Morrill, Nebr., in behalf of the sugar-beet industry; to the Committee on Ways and Means.

By Mr. LEVY: Petitions of sundry citizens of New York against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

Also, petition of the Loose-Wiles Biscuit Co., of New York City, N. Y., against reduction of the duty on biscuits; to the Committee on Ways and Means.

Also, petition of the Richmond Chamber of Commerce, of Richmond, Va., against reorganization of the Customs Service; to the Committee on Ways and Means.

By Mr. J. I. NOLAN: Petitions of A. Knowles, Julius Berendun, Leopold Oppenheimer, George H. Janssen, Philip Taussig, Albert Taussig, and F. Wohlander, of San Francisco, Cal., against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

By Mr. O'BRIEN: Petition of Percy F. Hogan and John R. Hogan, New York, N. Y.; Henry F. Meyer, Clarence Marshall, Charles R. Kurka, Darwin P. Kingsley, and Bernard Greenberg, of Brooklyn, N. Y., protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

Also, petition of the legislative committee of the Cigar Makers' International Union of America, Washington, D. C., protesting against the removal of the duty on Philippine tobacco and cigars; to the Committee on Ways and Means.

Also, petition of the Long Island Game Protective Association, New York, favoring the passage of legislation prohibiting the importation of feathers and plumes of wild birds for commercial use; to the Committee on Ways and Means.

By Mr. PLUMLEY: Petitions of A. C. Mason, Carroll Huntington, and W. B. Keyes, of Vermont, against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

Also, petition of the Bellows Falls and North Walpole Merchants' Association, of Vermont and New Hampshire, against removing the duty on paper; to the Committee on Ways and Means.

By Mr. REILLY of Connecticut: Petition of sundry business concerns and citizens of New Haven, Conn., protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

By Mr. SCULLY: Petition of Philemon L. Hawley, of Newark, N. J., against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

By Mr. SLOAN: Petition of D. J. Wood, of Fairbury, Nebr., favoring the passage of legislation exempting railway mail clerks from working on Sundays; to the Committee on the Post Office and Post Roads.

Also, petition of G. E. Aldrich and 16 others, against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

Also, petition of D. J. Wood, of Fairbury, Nebr., relative to Sunday closing of post offices; to the Committee on the Post Office and Post Roads.

Also, petition of sundry citizens of Nebraska, against mutual life insurance in income-tax bill; to the Committee on Ways and Means.

By Mr. SMITH of Michigan: Petition of T. H. Lee and 40 other citizens of the second congressional district of Michigan, protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

By Mr. TAVENNER: Petition of the D. M. Sechler Implement & Carriage Co. and the Deere & Mansur Co., Moline, Ill., against placing agricultural implements on the free list; to the Committee on Ways and Means.

Also, petition of C. A. Banister, treasurer Moline Plow Co., Moline, Ill., protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

By Mr. UNDERHILL: Petition of the members of the National Association of Cotton Manufacturers, protesting against the proposed changes in the rates in the tariff bill relative to cotton manufactures; to the Committee on Ways and Means.

Also, petition of H. W. Sanford, protesting against including mutual life insurance companies in the income-tax bill; to the Committee on Ways and Means.

Also, petition of Peter Lerner, New York, N. Y., protesting against the removal of the duty on Philippine tobacco and cigars; to the Committee on Ways and Means.

Also, petition of the Washington Millers' Association, Tacoma, Wash., asking that an equal tariff be placed on wheat and its products; to the Committee on Ways and Means.

Also, petition of sundry citizens of Shelby, N. C., protesting against a further reduction of the tariff on monasite; to the Committee on Ways and Means.

By Mr. WILSON of New York: Petitions of sundry citizens of Brooklyn, N. Y., against mutual life insurance in the income-tax bill; to the Committee on Ways and Means.

Also, petition of the Men's League for Woman Suffrage of Kings County, N. Y., relative to investigation of insufficient police protection for the suffrage parade in Washington March 3; to the Committee on the District of Columbia.

Also, petition of the Chamber of Commerce of the State of New York, favoring putting a clause in the income-tax bill providing for collection of tax directly from individuals; to the Committee on Ways and Means.

Also, petition of the North American Brewing Co., of Brooklyn, N. Y., favoring removal of the tariff on barley and malt; to the Committee on Ways and Means.

Also, petition of John F. Thompson, of New York, against placing Bibles on the free list; to the Committee on Ways and Means.

SENATE.

WEDNESDAY, *May 7, 1913.*

The Senate met at 12 o'clock m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

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

VISITORS TO THE NAVAL ACADEMY.

The VICE PRESIDENT appointed Mr. SMITH of Maryland and Mr. PAGE members of the Board of Visitors on the part of the Senate to attend the next annual examination of midshipmen at the Naval Academy at Annapolis, Md., under the requirements of the act of February 14, 1879.

ALLEGED SLAVERY IN THE PHILIPPINE ISLANDS (S. DOC. NO. 22).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, stating, in response to a resolution of the 1st instant, that there is not in the War Department to the knowledge of the Secretary of War or of the head of the bureau having charge of insular affairs a record regarding any facts bearing directly or indirectly upon the truth of the charge publicly made that human slavery exists at this time in the Philippine Islands and that human beings are bought and sold in such islands as chattels, which was referred to the Committee on the Philippines and ordered to be printed.

VALORIZATION OF COFFEE.

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Attorney General, transmitting certain reports, correspondence, and so forth, from the Department of Justice in response to a resolution of the Senate of April 21, 1913, pertaining to the importation of coffee.