REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. PROUTY, from the Committee on the District of Columbia, to which was referred the joint resolution (H. J. Res. 107) directing the Treasurer of the United States to transfer $1,003,257.24 upon his books from the District of Columbia to the credit of the United States, reported the same with amendment, accompanied by a report (No. 44), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. GARD, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 111) to authorize the reinstatement of Adolph Unger as a cadet in the United States Military Academy, reported the same with amendment, accompanied by a report (No. 43), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Appropriations was discharged from the consideration of the bill (H. R. 7350) for the relief of George Q. Allen, and the same was referred to the Committee on Claims.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SMITH of Minnesota: A bill (H. R. 7355) to amend an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. L'ENGLE: A bill (H. R. 7356) to authorize the Secretary of War to donate two condemned brass or bronze cannon and cannon balls to the city of Sanford, in the State of Florida; to the Committee on Military Affairs.

By Mr. SMALL: A bill (H. R. 7357) to promote efficiency in the civil service; to the Committee on Reform in the Civil Service.

By Mr. HOUSTON: A bill (H. R. 7358) providing for the registry of officers, clerks, and employees in the Federal service, and for other purposes; to the Committee on the Census.

By Mr. ROTHERMEL: A bill (H. R. 7359) to establish a fish-cultural station in the thirteenth congressional district in the State of Pennsylvania; to the Committee on the Merchant Marine and Fisheries.

By Mr. HULINGS: A bill (H. R. 7360) to provide revenues for the United States by the taxation of the issues of and transactions in securities as defined herein, to prohibit gambling contracts by regulating certain stock-exchange transactions, and for other purposes; to the Committee on Ways and Means.

By Mr. CARAWAY: A bill (H. R. 7361) to amend an act to authorize the erection of a bridge across the Mississippi River at Memphis, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMSON of Illinois: A bill (H. R. 7362) prohibiting the use of steam locomotives in or within 20 miles of the District of Columbia; to the Committee on the District of Columbia.

By Mr. LINDBERGH: A bill (H. R. 7363) to amend the national-banking laws; to provide a revenue system by which the Government taxing powers shall be represented by United States currency drawn on the people of the United States, to be disbursed through the governmental agencies on appropriations by Congress for services rendered or to be rendered the Government; to inaugurate, develop, and maintain an American financial policy and currency system which will liquidate and eventually abolish debt, national, State, and municipal, and put the public and private enterprises, industries, and exchanges upon a sound economic basis, and remove the power of private interests to monopolize the mediums of exchange, and for other purposes; to the Committee on Banking and Currency.

By Mr. CARTER: A bill (H. R. 7364) to authorize certain changes in homestead allotments of the Choctaw and Chickasaw Indians in Oklahoma; to the Committee on Indian Affairs.

By Mr. WICKERSHAM: Resolution (H. Res. 224) requesting information from the Secretary of the Navy respecting naval coal upon the Pacific and in Alaska and a naval-base railway therein; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLARK of Missouri: A bill (H. R. 7365) granting a pension to Louisa Merritt; to the Committee on Invalid Pensions.

By Mr. COOPER: A bill (H. R. 7366) granting an increase of pension to Levi H. Yance; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 7367) granting an increase of pension to Anton Maybaum; to the Committee on Pensions.

Also, a bill (H. R. 7368) granting an increase of pension to Augusta S. Roske; to the Committee on Invalid Pensions.

By Mr. KETTNER: A bill (H. R. 7369) granting an increase of pension to Eva M. Lamb; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7370) for the relief of John W. Reddington; to the Committee on Military Affairs.

By Mr. POWERS: A bill (H. R. 7371) for the relief of the heirs of Algenon S. Gray, deceased; to the Committee on War Claims.

By Mr. STEPHENS of Texas: A bill (H. R. 7372) for the relief of Samuel E. Howell and James H. Howell; to the Committee on War Claims.

PETITIONS, ETC.

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

The SPEAKER (by request): Petition of the National Hay Association, of Winchester, Ind., favoring currency legislation during the present session; to the Committee on Banking and Currency.

By Mr. BURNETT: Petition of Fritz Apel, Cullman, Ala., favoring the passage of legislation exempting mutual life insurance companies from the income-tax bill; to the Committee on Ways and Means.

By Mr. DALE: Petition of the Allied Printing Trades Council of New York City, protesting against the reduction of the duty on printed matter; to the Committee on Ways and Means.

By Mr. DOOLITTLE: Petition of the farmers of Gregory County, S. Dak., favoring the passage of the farm-loan bill (H. R. 6158); to the Committee on Ways and Means.

By Mr. KETTNER: Petition of Bennington Camp, No. 20, United Spanish War Veterans, favoring a bill for the distribution of rifles belonging to the United States among civilian organizations; to the Committee on Military Affairs.

By Mr. McGILLICUDDY: Petition of the Socialists of Lewiston, Me., favoring a congressional investigation of the imprisonment of certain labor leaders because of solicitude in connection with strikers; to the Committee on Labor.

By Mr. RAKER: Petition of the Commonwealth Club, of San Francisco, Cal., favoring House bill 6281; to the Committee on the Public Lands.

SENATE.

SATURDAY, *August 9, 1913.*

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

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

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. J. C. South, its Chief Clerk, announced that the House had passed a joint resolution (H. J. Res. 118) making appropriations for certain expenses incident to the first session of the Sixty-third Congress, in which it requested the concurrence of the Senate.

The message also transmitted to the Senate resolutions of the House on the death of Hon. JOSEPH FORNEY JOHNSTON, late a Senator from the State of Alabama.

THE TARIFF—COTTON SCHEDULE.

Mr. HOLLIS. Mr. President, I desire to give notice that on Monday next, at the close of the morning business, I shall address the Senate on the tariff bill, with particular reference to the cotton schedule.

PETITIONS AND MEMORIALS.

Mr. WORKS presented a petition signed by sundry citizens of San Francisco, Cal., praying for the adoption of an amendment to the Constitution extending the right of suffrage to women, which was referred to the Committee on Woman Suffrage.

Mr. NELSON presented a resolution adopted by the Commercial Club, of Mankato, Minn., favoring an appropriation for the purchase of suitable residences for American representa-

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tives abroad, which was referred to the Committee on Foreign Relations.

Mr. SUTHERLAND presented a petition signed by sundry citizens of the State of Utah, praying for the adoption of an amendment to the Constitution extending the right of suffrage to women, which was referred to the Committee on Woman Suffrage.

WOMAN SUFFRAGE (S. DOC. NO. 160).

Mr. MARTINE of New Jersey. Mr. President, in view of the widespread interest taken in our country on the question of woman suffrage and the mooted discussion pro and con of that subject, and inasmuch as many documents and petitions have been presented fortifying and substantiating the claim of woman suffrage, I have been requested by Miss Annie Bock, a most estimable and cultured lady from Los Angeles, Cal., to present to the Senate a letter or address that it was hoped she might have delivered before the committee personally, but arriving too late, I have been requested to present the same and ask that it be printed in the RECORD.

I will say that I have read the letter or address; that it is couched in most beautiful, dignified, and decorous terms, and attacks no one or no party bitterly, while upholding the side that she herself advocates. Having been formerly a woman suffrage advocate, having enlisted in the cause of that propaganda, and having acted as a captain or ward worker, so to speak, in her city of Los Angeles, I feel that she can speak with force and with some knowledge of the subject.

I present the paper, and ask unanimous consent that it may be printed in the RECORD.

Mr. GALLINGER. I will ask the Senator if it would not be quite as agreeable to him to have the paper printed as a document? I think that is a better form than to have it printed in the RECORD.

Mr. MARTINE of New Jersey. I thank you very much, Senator. At the suggestion of the Senator from New Hampshire I make that request.

The VICE PRESIDENT. Is there objection to printing the paper as a public document? The Chair hears none, and it will be so ordered.

REPORTS OF COMMITTEES.

Mr. THOMPSON, from the Committee on Irrigation and Reclamation of Arid Lands, to which was referred the bill (S. 221) for the relief of the Garden City (Kans.) Water Users' Association, and for other purposes, reported it without amendment and submitted a report (No. 99) thereon.

Mr. WILLIAMS, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred Senate resolution 155, authorizing the appointment of a committee of five Senators to examine into the question as to fees and compensation allowed to clerks of the several district courts and circuit courts of appeals, and to report the same to the Senate with their findings thereon, reported it with amendments.

ELIZABETH T. BUTLER.

Mr. SHAFROTH, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred Senate resolution 145, submitted by Mr. KERN on the 31st ultimo, reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of the Senate be, and he is hereby, authorized and directed to pay, out of the contingent fund of the Senate, to Elizabeth T. Butler, widow of Maj. George Butler, late a member of the Capitol police of the United States Senate, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

ESTATE OF ANDERSON GORDON, DECEASED.

Mr. SHAFROTH. I report back favorably with an amendment from the Committee to Audit and Control the Contingent Expenses of the Senate Senate resolution 150, submitted by the Senator from Arizona [Mr. SMITH] on the 4th instant. I ask for its present consideration.

The Senate, by unanimous consent, proceeded to consider the resolution.

The amendment was, in line 3, after the word "Senate," to strike out "to Ulysses Gordon, son" and insert "to the legal heir or heirs," so as to make the resolution read:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay, out of the contingent fund of the Senate, to the legal heir or heirs of Anderson Gordon, late a hostler in the employ of the Senate, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, the said sum to be considered as including funeral expenses and all other allowances.

The amendment was agreed to.

The resolution as amended was agreed to.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. SAULSBURY:

A bill (S. 2910) granting a pension to Amelia Xandry; to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 2911) further to assure title to lands granted the several States, in place, in aid of public schools; to the Committee on Public Lands.

By Mr. BRYAN:

A bill (S. 2912) to prohibit the importation and the interstate transportation of certain films or other pictorial representations, and for other purposes; to the Committee on Interstate Commerce.

By Mr. CLAPP (by request):

A bill (S. 2913) to authorize the Secretary of the Navy to amend the record of Lieut. William S. Cox; to the Committee on Naval Affairs.

By Mr. O'GORMAN:

A bill (S. 2914) granting an increase of pension to Catherine E. Stamp; to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 2915) granting an increase of pension to Ellen C. Messenger (with accompanying paper); to the Committee on Pensions.

By Mr. GALLINGER:

A joint resolution (S. J. Res. 63) providing for the disposition of the undistributed residue of the reports of the South Sea Exploring Expedition; to the Committee on the Library.

BANKING AND CURRENCY REFORM—AGRICULTURAL FINANCE AND COOPERATION.

Mr. FLETCHER. I introduce a bill which I send to the desk with a statement to accompany it. I ask that the resolutions which I also present be read.

The Secretary read the resolutions, as follows:

At the State convention Florida Division, Farmers' Educational and Cooperative Union of America, held at Gainesville, Fla., July 16, 1913, the following resolution was passed:

Whereas there are 12,000,000 farmers in this country and 32,000,000 people directly dependent on agriculture owning property valued at $40,000,000,000, producing annually products valued on the farm at $9,500,000,000; and

Whereas those engaged in agriculture pay high prices for the supplies they require, and are burdened with high rates of interest and inadequate credit facilities wholly out of proportion to their resources and of a character not responsive to their needs; and

Whereas in the banking system established some 50 years ago the farmer has not been duly considered and the great industry of agriculture has been ignored; and

Whereas in the changes proposed by S. 2639, while improvement is suggested in these respects, said bill, dealing almost exclusively with commercial banking suited to the needs of the merchant and manufacturer, fails to provide adequately for the needs of agriculture: Therefore be it

Resolved, That we petition the President of the United States and the Congress to see that provisions are incorporated in said bill for the establishment of a specific class of institutions, such as cooperative rural banks and national organizations, designed especially to meet the requirements and demands of agriculture in respect to credit and finances.

Resolved further, That these resolutions be transmitted to the President, to our Senators and Representatives in Congress, to the national union, and all local unions in this State as a request for their consideration, assistance, and cooperation in these matters.

M. S. KNIGHT, *President*.
R. M. BUSH, *Secretary-Treasurer*.

Mr. FLETCHER. I ask that the bill be read by title.

The bill (S. 2909) to provide for the establishment, operation, management, and control of a national rural banking system in the United States, and for other purposes, was read twice by its title.

Mr. BRISTOW. I understand that the Senator from Florida has introduced a bill and now proposes to address himself to the bill he has introduced?

Mr. FLETCHER. I have introduced a bill, and I propose to make some remarks at this time.

Mr. BRISTOW. But the bill is not up for consideration?

Mr. FLETCHER. No.

Mr. BRISTOW. Except as to the address of the Senator?

Mr. FLETCHER. Precisely. It is not up for consideration.

Mr. President, the resolutions just read prompt me to ask the indulgence of the Senate at this time for a brief consideration of this very important subject.

COMMISSION ON RURAL CREDIT AND COOPERATION.

The commission appointed by the President under act approved March 4, last, "to investigate and study in European countries cooperative land-mortgage banks, cooperative rural

credit unions, and similar organizations and institutions devoting their attention to the promotion of agriculture and the betterment of rural conditions," sailed on the *Saxonia* April 26 and returned on the *Cedric* July 26. It pursued its studies and investigations in Italy, Austria, Hungary, Germany, Switzerland, France, England, Denmark, Wales, and Ireland, and through subcommittees in Russia, Denmark, Switzerland, Holland, Belgium, Norway, Sweden, Scotland, Spain, and Egypt.

An immense amount of material has been collected, which must be compiled, boiled down, analyzed, reduced to its essence, and made ready for convenient use. This will require some time, and when completed will form the basis of findings and recommendations of a definite and, we believe, important character. Very valuable information of great public interest and up to date, on the ground, has been gained. At a later time a formal report will be laid before Congress.

Inasmuch as banking and currency legislation is in immediate prospect, I feel it advisable to take occasion now to direct attention to a very important phase of the subject. Sufficient is already known to warrant some general conclusions which should be under special consideration at this time.

PRESENT BANKING AND CURRENCY LAW.

The Federal reserve bill now before the committees of the House and Senate is most opportune. I shall not now attempt any analysis of that bill. It may be that some of its provisions could be improved upon, and if so, the committees will doubtless discover them. I have thought of submitting some views on that proposed measure, but will allude to only a few features. Generally speaking, I have no criticism to offer. On the contrary, I most cordially commend the principle and plan of the reserve banks as therein provided.

The point I especially desire to press now is that the proposed measure is mainly a commercial banking measure. I quite agree with the idea that our trouble is more with banking than with currency. I believe this bill will accomplish a very great improvement in our present system and work a much-needed reform. Our system is a commercial system, intended primarily to accommodate industries and commerce. The merchant and the manufacturer are chiefly taken care of and advantaged by it. It is modeled after the Ohio law of 1844. It is antiquated and insufficient for our present needs. It never did have reference to that other great enterprise constituting in large part the foundation of our institutions and of civilization itself—agriculture. It began by discriminating against the farmers' chief asset, real estate, and it has continued to neglect, if not ignore, the interest of agriculture. To a large extent agriculture can not be accommodated or taken care of by any commercial banking system.

Broadly speaking, the needs of agriculture can only be met by a separate and distinct system of banking. Credit associations based on cooperation, organized and managed by those engaged in agriculture, coordinating with a banking plan with sufficiently broad and extensive powers and authority, supervised and directed by Government officials, will be inevitably required.

It is impossible to devise a system suitable and effective adapted to commerce and industry which would afford the kind of credit and banking accommodation the farmer must have.

I realize the demand for legislation such as contemplated by the pending bill. Our present reserve system is unquestionably defective and vicious.

THE WAY OUR RESERVE SYSTEM OPERATES.

Under the laws governing national banks the country banks must hold 15 per cent of their demand liabilities in cash. They may redeposit three-fifths of this reserve in reserve city banks. These city banks must hold 25 per cent of their demand liabilities in cash and they may redeposit one-half of this in the central reserve city banks in New York, Chicago, and St. Louis. The country banks can count as reserves three-fifths of the 15 per cent when deposited with reserve agents, and the city banks one-half of the 25 per cent when deposited with central reserve city banks.

The effect of this is these central reserve city depositories hold millions of deposits made by banks. These central reserve city banks must carry 25 per cent of their demand liabilities in cash in their vaults. They dare not tie up all their funds over and above this 25 per cent reserve in time paper.

In times of stress the demands of agriculture on the country banks and of commerce and industries on the city banks are passed up to these central reserve city banks. They have not been able to calculate on the possibility of these demands. They have been absorbed in a practice which meant continuous returns to the banks. They hunt for loans payable on demand. They find that market in Wall Street. Here they get higher rates for call loans, and the tighter the money the higher the rates, and the higher the rates the greater the flow from the country towns and smaller cities to the great centers. Wall Street bids against the country and wins. The redeposited reserve money of the other banks of the country is already there, and it will remain there because it can be loaned "on call" and earn interest.

The banks of New York become under this system of redepositing reserves the ultimate holders. They normally carry $500,000,000 of cash reserves, equal to one-third of all the money in the banks of the country and equal to one-sixth of all the lawful money of the United States. Under sections 5192 and 5196 of the Revised Statutes of the United States it would seem the comptroller has very extensive power and broad discretion in the matter of appointing reserve agents or depositaries, and may lay down rules and regulations for the protection of the reserves and their use. Some of the present evils could be remedied by the judicial exercise of this power and discretion.

The "reserve" intended to protect in time of trouble and furnish relief in time of need performs no such function. It is based on no sound principle, because, while one bank may be amply protected by a reserve of 10 per cent, another, owing to the kind of business it does, would require a reserve of, say, 35 per cent.

When the demand for money is great the banks, under the present system, naturally raise interest and curtail loans. This makes the situation worse. If there is real stringency, or a scare, they stop loaning altogether. This increases the trouble.

Business demands credit in vain. The actual value of farm lands counts for nothing. Agriculture is on no credit basis. The resources of legitimate industries offer no inducement in such times—the very times they need it—for credit.

Again, we can not afford to continue a system whereby the control of the money of the country and the control of credit may be concentrated in the hands of a small group of men. Better have the Government look after that control, if it is to be vested anywhere, and especially attend to the issue of the currency.

It is a situation which carries menace of alarming proportions where 18 financial institutions in New York, Chicago, and Boston, by means of interlocking directorates, have a voice in the management of 134 corporations with an aggregate capital of $25,325,000,000.

These 18 financial institutions have 180 men connected with them in official capacity, and these are further officially connected with banks and trust companies, insurance companies, railroad systems, producing and trading corporations, and public-utilities corporations; and who can estimate the power they have to stifle competition, to work their own will in their own way, to control credit through the control of money, and thus, being master of the situation as to credit, become master of the commerce and industry of a nation?

Mr. OWEN. Mr. President——

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

Mr. FLETCHER. I do.

Mr. OWEN. I ask the Senator whether under any circumstances in this country capital can be obtained for any great enterprise without the consent of these gentlemen?

Mr. FLETCHER. It seems that such consent would be absolutely necessary.

It is not necessary to find this tremendous power active and exercised. It is sufficient to know that it is existing. Those who possess it may not improperly use it, but the men who come after them in the management of these institutions may not be so considerate. It is an unsafe and unsound situation. No body of men responsible only to themselves can, in safety and justice, whether they exercise it or not, possess such power or possibilities of control over the destinies, the very bread and butter, of 95,000,000 freemen.

AS AFFECTING AGRICULTURE.

While the pending legislation is most desirable, it does not, can not, and no amendment to it could be made to supply the great and pressing call for financial consideration by agriculture.

In the past Great Britain bent her energies developing her industries and her commerce.

Germany realized she must provide food for the people, including her army, and she looked after agriculture as well. In consequence, Germany has the most complete financial system aimed to benefit agriculture and under which her farmers prosper, and without which they would have perished. Raiffeisen heard the call in 1849. The Landschaften and other plans were evolved. They are quite distinct from ordinary commercial banking institutions.

In recent years England has endeavored to remedy her oversight. Her statesmen and economists saw the trouble and legislation has been enacted in the interest of agriculture.

But the most marked example of the successful application of the German idea to local conditions is found in Ireland. In the days of absent landlordism and tenancy that country was noted for the poverty, distress, intemperance, and discontent of its people and the prevalence of crime. Since the efforts of her patriots resulting in the act of Parliament constituting the development commissioners in 1909, whereby the Government by its credit of $1,000,000,000 has made it possible for those who work the land to own it, there is bounding hope, general prosperity, contentment, and progress on every hand, and the jails are turned into schoolhouses, and the Irish lad no longer hurries from the farm. Under the leadership of such economists as Sir Horace Plunkett there has come about a real rural reconstruction. It is because by some wise consideration shown those who till the soil, enabling them to have a fair and square chance—and they have never asked special favor or special privileges—life on the farm is being made, as it must be in every country, if that country is to prosper, conspicuously comfortable, intellectually interesting, and socially satisfying.

We must not get into Ireland's former condition.

Statistics show there has been an increase of tenants on the farms of this country of some 12 per cent since 1880, a decrease of occupying owners in that period of 14 per cent. The exodus from the farm is increasing—our exports of food products rapidly decreases. Soon, at the present rate, we shall not be producing sufficient to supply the home demand. For instance, while our population has increased 9,000,000 since 1907, the number of cattle has decreased 16,000,000. Yesterday 900,000 pounds of beef from the Argentine Republic was delivered in Washington. The shipment came from Buenos Aires via Liverpool, and the time required was 35 days.

It may be claimed that section 27 of Senate bill 2639 will serve the farmer. To a degree it will be of benefit, but it does not approach ample provision. It removes the ban on real estate as security heretofore existing, but the farmer can not return his capital in nine months. This would give but temporary short-time accommodation. What the farmer wants is long-time loans at a low rate of interest, with an amortization feature. In this way he can acquire a home, improve his property, develop his industry, and out of the annual proceeds pay off the debt by installment reductions.

Mr. GALLINGER. Mr. President——

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

Mr. FLETCHER. I do.

Mr. GALLINGER. I will ask the Senator from Florida when we may expect a report from the commission that made this study?

Mr. FLETCHER. The commission returned on the 26th of last month. I have been spending nights and days studying the data which have been collected. It will take quite a time to boil down and digest that matter. I can not state in response to the Senator's inquiry when the report will be made, but the work is going on continuously, with the hope that before a great while we shall be able to submit a formal report.

Mr. GALLINGER. As I understand, the Senator from Florida was denied the privilege, because of public business, of accompanying the other members of the commission.

Mr. FLETCHER. I am sorry to say that is the truth.

Mr. GALLINGER. I will ask the Senator if he knows whether the commission took up particularly the problem of what is called sometimes intensive farming with a view of increasing the output of American farms?

Mr. FLETCHER. My understanding is that the commission investigated all the subjects marked out in the scope of the inquiry as defined before it left this country, and that the report will include production, distribution, financing the affairs of the farmer, which would, of course, include the question of intensive farming, and also matters looking to the betterment of rural conditions generally.

Mr. GALLINGER. One of the most interesting books I ever read had the title "Ten Acres Enough." It was a plea to the effect that in Europe 10 acres, if properly cultivated, would enable a man to raise and educate his family. Once as I had the privilege of passing through some of the European countries—Hungary in particular, and Bohemia—I was rather impressed with the thought that if much smaller farms were cultivated in this country to the extent of their productive capacity we would be better off than we are with the large farms which our western farmers seem to desire to secure. There seems to be a disposition, as I have gone through the West, for a farmer when he gets a quarter section of land—160 acres—to add another quarter section; and when he gets that he thinks he ought to have a section, and, of course, it can not be farmed to the best advantage.

I hope the commission did deal with this subject. I am in great sympathy with the work the commission laid out to do and will look forward with great interest to getting the report.

Mr. FLETCHER. I am quite sure the Senator will not be disappointed with the result of the investigation made there. I am glad to hear him express his interest in it. I think the subject he mentions will be included in the report.

COMMERCIAL BANKING SYSTEM NOT SUFFICIENT.

You can not provide for that in any commercial banking scheme. You must have a separate plan. In nine months he might be able to meet obligations incurred for temporary needs—for supplies to enable him to produce the last crop—but that is but a small addition to the avenues now open to him for that purpose. Besides, the Senator from Oklahoma [Mr. OWEN] estimates this section would make available for loans on real estate some $250,000,000. This is an insignificant sum compared to the demands of that great industry. How great it is may be understood when we reflect that over 10,000,000 of our people are directly engaged in it, and over 30,000,000 are on the farms and supported by them. Furthermore, that the value of the products on the farm, last year, were $9,400,000,000, and it is estimated that one-third of these were consumed on the farms, leaving the remainder to be marketed, and for which the consumers paid over $13,000,000,000. Further, our farmers owe some $5,000,000,000, nearly three billion of which is secured by mortgages on the land. What would two hundred and fifty million amount to when it is a question of properly taking care of that three billion, to say nothing as to the other two billion secured by crop liens and due local merchants?

I realize that in some portions of the country the farmers are lending money to the banks, enjoying automobiles and other luxuries. There are many other portions where the farmer is having a hard and miserable existence. Excessive rates of interest, inability to get capital, lack of credit, or other difficulties, in no few districts, prevent his getting a direct return from his toil, strive how he will.

STATUS OF AGRICULTURE AND RURAL LIFE.

We must take the average, as we must deal with the average man in all our calculations. We find that the average farmer earns, gross, $700 per annum, less than $2 per day. With this he must support his family, educate his children, meet medical bills; then he can buy barrels with which to store away the remainder.

There seems to be two theories advocated by earnest, conscientious, able thinkers, respectively:

Mr. David Lubin contends the farmer is—

> behind the times in the United States * * * because he has no cash, no open account. Give him that and he will have the rest. It therefore follows that the American commission should first of all find out why the European farmer has cash, has open accounts, and why the American farmer has not. Having found out the why, it will be easy enough for the American farmer to build up the structure he should have so as to adapt himself to the needs of the twentieth century and in conformity with the progressive modes in operation in the United States in all other fields of activity.

Sir Horace Plunkett, the Irish patriot, economist, and publicist, says:

> I hold strongly that until farmers have fallen into line with the economic system of your and our countries by organizing their business they can not themselves know the character of the security they have to offer, and therefore will not have credit or get cash adequate for their requirements.

He insists upon dealing with "the problem of rural life in its entirety" rather than restricting our efforts "to the financial aspect of the problem."

As I understand, he contends that we must first get the farmer ready to utilize credit. He must organize cooperative societies, combine with his neighbors, prepare himself and his undertaking in order to make effective and economical use of the credit which will come to him, and then a system may be devised whereby he can economically finance all his operations.

Both aim for the same goal; both wish to accomplish the same ends; the difference appears to be in methods or means. It seems to me both may be right; that the resultant, rather, the middle course, would be nearer the true and the wise course. In other words, let us proceed with both developments at the same time—cooperation to better rural conditions and financial arrangements pari passu.

George Washington said:

> I know of no pursuit in which more real and important service can be rendered to any country than by improving agriculture.

In that day our agricultural population was 96 in 100; to-day it is 52 in 100. Everywhere the urban population is increasing ahead of the rural.

Daniel Webster said:

Farmers are the founders of civilization and prosperity.

The farmer must always be the foundation, but that does not mean he must be kept beneath the surface.

The rewards of his labor are too meager. Experts say, upon an average, the farmer gets only 35 cents of the consumer's dollar. The cotton grower gets the largest proportion of what the consumer (meaning the manufacturer) pays, 70 per cent. The vegetable and fruit grower get the smallest per cent, 20 per cent. This is because cotton passes through fewer hands. He pays high prices for the things he buys. He pays tribute to the manufacturer, the middleman, and the financier. The poorest preachers the church sends to the country meeting houses. The most inexperienced and inefficient teachers the State sends to the country schools. About the cities and towns the paved roads are found. There is need of centers for business and social gatherings in order to make rural life more richly enjoyable and humanly interesting. Farming must be made more remunerative. The returns do not warrant good wages, and hence the lowest wage is given to farm labor, and hence, too, its decreasing quantity and quality. The farmer receives less for the hours he spends in toil than any other worker. His work is unceasing, is never done. Yet Adam Smith stated the fact that "all wealth comes from labor applied to land."

The primitive values are food and shelter. There is much talk about universal peace; build up a contented and prosperous husbandry and you make the greatest stride in that direction. The farmer is for peace; he is never a despoiler. He brings on no wars, although, like the hunting-shirt men under Jackson, he does the best fighting when it needs to be done.

We talk about world disarmament; let a nation produce a surplus of prime necessities of life which other nations must come to it to obtain or go hungry and unclothed, and you have a nation in position of supreme power.

I would encourage, not undermine, the policy of self-help and individual initiative.

But something must be done to give this oldest and really only absolutely necessary industry its proper place in the Nation's economy.

We know that about 1880 the cooperative movement for the benefit of agriculture became very active in Germany, Italy, Denmark, France, and other continental countries.

Sir Horace Plunkett and a Jesuit priest, Father Finlay, just from his studies in German universities, organized the pioneer society of agricultural cooperation in English-speaking countries, the Irish Agricultural Organization Society, which has brought into existence all the present societies, combining 100,000 Irish farmers, giving an output valued at £2,500,000 annually. They apply the cooperative principle to agricultural production, distribution, and finance.

In sporadic instances that course is pursued in the United States. I have been informed that a cooperative society about Summerville, S. C., saved last year to its members $7 per ton on the fertilizers the members used.

EXPERIENCE IN OLDER COUNTRIES.

The three causes which revolutionized Irish farming are given as: Land purchase, whereby the farmer became the owner of the land; technical education, whereby he was taught to do better farming; and agricultural cooperation, whereby business methods were applied to the industry and the produce was disposed of to the best advantage. The Irish Agricultural Organization Society has successfully demonstrated that the cooperative system is capable of enabling the farmer to produce and distribute efficiently and economically, and at the same time to finance both these operations. Credit societies have been formed as auxiliary to the cooperative society.

There are some 200 rural banks in Ireland. One of the first forms of cooperation on the Continent, and the most useful, was cooperative credit. No loss has come to anyone in their operation in all the years since Raiffeisen started the plan in 1849.

In 1884 the idea took fast hold in France and the agricultural syndicates were established and soon came to be considered veritable public utilities.

To-day there are 4,000 syndicates, having a million members, representing 5,000,000 of the rural population of France.

There are 1,350 credit societies after the Raiffeisen principle, having some 60,000 members. There are 1,500 societies of agricultural credit under the law of 1894, which inaugurated a special type of bank composed of members of agricultural syndicates.

These societies have resulted in doubling the produce of the land, enabled the farmers to meet the competition of other countries, attached the people to the soil, advanced the rural population in prosperity and in economic, moral, and social improvement. An illustration of the way cooperation works is this statement: The syndicate chartered steamers to carry strawberries to London, and growers doubled their profits over what they were when they consigned to Paris and left Paris to sell to London. Foreign trade was established in the same way in fruits and early vegetables, to the immense advantage of the growers.

In Germany there are 17,000 credit societies, with 1,500,000 members. These and the Landschaften and other institutions providing for amortization and low rates of interest on long-time loans have redeemed agriculture in Germany. The German farmer and the French obtain all the money they need under the cooperative credit system at 3 to 4 per cent.

The farmer must have capital. He must provide for annually recurring requirements. He must have the means of using his asset (land) to get money as capital. Relief can not come through a system of commercial banking. There is need for a special kind of bank, authorized to use its credit to guarantee long-term loans, so as to meet the farmers' capital requirements.

These can not be met by direct loans from any bank. The railroads are financed by the sale of long-term bonds, based on capitalized prospects, rights, and property. The farmer needs an institution to guarantee his bonds and make them saleable; one that would furnish not only the capital requirements of the farmer, but his annually recurring needs, naturally bringing about business methods, necessitating organization and cooperation, thus covering the entire field of agricultural reconstruction and making conditions for ideal rural life.

I can not too strongly urge that a special kind of bank, a system separate and distinct from commercial banking, must be established in order to supply the needs of agriculture and rural life.

The deposit of postal savings funds and, perhaps, the governmental funds with the rural banks thus established would be wise and helpful, enabling the banks controlled by individual farmers, familiar with the needs of their communities, to make the loans as needed.

The objection that such facilities would encourage debt and extravagance is unsound. On the contrary, the effect would be to lend hope to the farmer, brighten the lives of the country men, instill habits of thrift and economy, give open accounts and savings accounts, and promote business methods, so much desired, and strengthen the independence and self-reliance of the rural population.

The experience of older countries is contrary to the apprehension indicated. By the establishment of financial institutions primarily for the benefit of those engaged in agriculture and by methods of cooperation in various directions that industry has, perhaps, attained its highest development in Germany. With an area of 208,780 square miles—not as large as Texas by an area greater than Alabama (53,618 square miles)—that Empire produces 95 per cent of the food required for its 67,000,000 people.

The contention may be that an act creating a rural banking system would be class legislation. This is not well founded. Agriculture, commerce, and industries are the three great pillars of support and strength. The banking system heretofore in force contemplated meeting the requirements chiefly of the last two—commerce and industries. Agriculture has been left out of the reckoning. No commercial banking provisions can supply the needs of the farmer and must largely be confined to commerce and industries. The man engaged in trade and the manufacturer must have facilities which are entirely different from those needed for the farmer. The time has come when the chief stone of the temple must be considered. We can no longer neglect suitable financial provision for the farmer. Statistics furnish argument enough when they show the population of the United States increased from 1900 to 1910, 21 per cent, while the number of workers increased on the farm during that period only 10.9 per cent and the workers in the factories increased (1900-1909) 40.3 per cent and in the mines (1902-1909) 83.1 per cent.

The criticism may be made that the proposed legislation smacks of paternalism. Not at all. The Government is asked for no subsidy. The postal savings must be deposited somewhere; why not in the rural banks? It simply means providing by law a means of self-help. Individual initiative by the farmers must be exercised in order to make the system a success. The Government does no more in this matter than it does in respect to commercial banks. It gives opportunity, furnishes the machinery, supplies the working tools or a chance to get and use them. Laws applicable to the sea are peculiar and different from the laws in force on land, because the conditions are different.

The conditions of rural life are not at all the same as conditions of life in the cities. Laws governing commerce are not the same as those with respect to mining. The proposition simply is to establish a system of agricultural finance suitable to the needs of those priests of nature who live nearest the fountain of life in the divine economy and on whose prosperity the welfare of all depends.

It would mean that agriculture is not to be longer subordinated to commerce and industry.

The Government should play no favorites. The moral and material upkeep of the rural population is quite as important as the development of urban industries or commercial expansion. The strength and health of society depend on the intelligent labors and well-being of the countrymen.

We must look after something more than merely giving instruction how to cultivate, produce, and market. We must do those things which will create a social order and adjust it to human needs.

We can provide the machinery whereby the farmer can protect himself, and by its intelligent use reconstruct his great industry and redeem rural life from stagnation and decay.

That the time has come for the taking of steps of this kind is clearly indicated, I think, by what has been already said, to which I might add references to a few more statistics.

Mr. President, I offer certain tables, which I ask to have printed as a part of my remarks.

The VICE PRESIDENT. Without objection, leave will be granted.

The tables referred to are as follows:

TABLE 1.—*Number and percentage of farms of specified tenure in the United States, 1880 to 1910.*

[From decennial census of agriculture.]

Year.	Number of farms operated by—		Percentage of farms operated by—	
	Owners.[1]	Tenants.	Owners.[1]	Tenants.
1880[2]	2,984,306	1,024,601	74.5	25.5
1890[2]	3,269,728	1,294,913	71.6	28.4
1900	3,712,408	2,024,964	64.7	35.3
1910	4,006,826	2,354,676	63.0	37.0

[1] Includes farms operated by owners, part owners, owners and tenants, and managers.

[2] Not including farms with an area of less than 3 acres, which reported the sale of less than $5 worth of products in the census year.

(This table can be expanded to a showing by geographic divisions and by States.)

TABLE 2.—*Urban and rural population in the United States, 1880 to 1910.*

[Urban population resides in incorporated places of 2,500 inhabitants and over.]

Year.	Number.		Percentage.	
	Urban.	Rural.	Urban.	Rural.
1880	14,772,438	35,383,345	29.5	70.5
1890	22,720,223	40,227,491	36.1	63.9
1900	30,797,185	45,197,390	40.5	59.5
1910	42,623,383	49,398,883	46.3	53.7

NOTE.—Quotation from abstract of the Thirteenth Census.

(This table can be expanded to a showing by geographic divisions and States.)

TABLE 3.—*Number and percentage of farms in the United States mortgaged and free from mortgage, 1890–1910.*

[From decennial census.]

Year.	Number.		Percentage of owned farms.	
	Mortgaged.	Free from mortgage.	Mortgaged.	Free from mortgage.
1890	886,957	2,255,789	28.2	71.8
1900	1,127,749	2,510,654	31.1	68.9
1910	1,327,439	2,621,283	33.6	66.4

NOTE.—The figures are for farm families in 1890 and for farms in 1900 and 1910.

(This table can be expanded to a showing of geographic divisions and States.)

TABLE 4.—*Percentage of farm-mortgage debt of the value of the mortgaged farms, 1890 and 1910.*

[From decennial census.]

	Percentage.
1890	35.5
1910	27.3

Mr. FLETCHER. Table 1 has been prepared from the census reports as far back as 1880, and the results of these censuses with regard to farm tenure show that the fraction of farms operated by tenants has steadily increased from 25.5 per cent in 1880 to 37 per cent in 1910.

It appears also from this table that the fraction of farms operated by owners decreased from 74.5 per cent in 1880 to 63 per cent in 1910.

The actual and relative urban and rural populations from 1880 to 1910 are expressed in Table 2, and in this table it appears that the rural population has declined from 70.5 per cent of the total population in 1880 to 53.7 per cent in 1910. Conversely the urban population has increased from 29.5 per cent in 1880 to 46.3 per cent of the total population in 1910. These figures do not mean that the changes in the relative proportions of these two classes of population have been caused entirely by the movement from country to city. Immigrants have tended more and more to remain in the cities, especially in New England and in the Middle States.

The censuses of 1890, 1900, and 1910 took account of the number of farms operated by owners that were mortgaged or were free from mortgage, and the results are expressed in Table 3. The fraction of farms operated by owners that were mortgaged increased from 28.2 per cent in 1890 to 33.6 per cent in 1910.

The bulk of the farm-mortgage debt is incurred to secure deferred payments and to make improvements. This was thoroughly investigated in the census of 1890. See Abstract of the Eleventh Census, page 243.

Farms were worth more per acre in 1910, including improvements, than they were worth in 1890, and because of the increase in the value of lands the ratio of farm-mortgage debt to the value of the mortgaged farms declined from 35.5 per cent in 1890 to 27.3 per cent in 1910. See Table 4.

The decline in exports in the case of wheat and most of the packing-house products has been marked. In the exports of cotton it is true there has been enormous increase.

In connection with an examination of the trend of exports of farm products it may be borne in mind that the imports of agricultural products has been greatly increased.

The fact that agricultural production is not keeping pace with consumption is full of meaning. This diminution of agricultural surplus may be partly due to the effect of unfavorable climatic influences upon production; but it is also due in part to the building up of cities by immigration and to the drift from agriculture to other occupations at a faster pace than formerly. The movement from country and farm to city and town exists and has existed in all parts of the United States, and it everywhere exceeds the contrary movement, such as it is.

Last year we produced on our farms and in our factories and mines products valued at $40,000,000,000, of which we consumed thirty-eight billion and exported two billion, in round numbers. We imported and consumed commodities from other countries of the value of $1,800,000,000. The important part cotton plays in the balance I need only suggest.

ILLUSTRATIONS—RURAL CREDITS.

To be sure, there is no "royal road" to success in farming any more than there is to learning.

Everything depends on the individual farmer—his industry, judgment, and capabilities.

But, assuming he has the necessary sense, energy, and ambition, he could get much further ahead, accomplish much more, enjoy life to a fuller degree if he is enabled to make judicious financial arrangements on terms two or three times as advantageous to himself as he can now.

Certainly it means much to the country if a plan can be devised and put into execution whereby the worthy and industrious man may secure a farm, which lack of cash or credit makes impossible to him now. It would count for the individual and the general good if a way could be found whereby the people may be attached to the soil in contentment, comfort, and prosperity, whereas now they seek the city for employment yielding only a bare existence.

It would help mightily in the well-being of society if a plan of organization or cooperation can be put into use whereby the tenant can acquire a home for himself and become the owner of the farm he cultivates.

These ends can be attained by profiting by the experience of others whose necessities compelled a solution of the problem years ago.

For instance, take this illustration from a Danish mortgage-society law, mentioned by the commission on rural credits and betterment: Members of the company (farmers who have mortgaged their property) must pay a yearly amount of 4 per cent interest, three-fourths of 1 per cent amortization, and one-fourth of 1 per cent for expenses, making altogether 5 per cent per

annum, with the result that in 47 years their debts, principal and interest, are paid in full.

The American farmer mortgages his farm and pays from 7 to 10 per cent interest per annum. The average rate of interest paid by the American farmer to-day is 7.79 per cent per annum, while the German pays 3½ to 4 per cent, notwithstanding interest rates are generally higher there than here. His mortgage runs for 3 to 10 years—no matter what time—at the end of which he must pay the entire principal. Suppose, with renewals, his mortgage runs 12 years. He would pay 90 to 95 per cent for the use of his money for that time. The Danish farmer would pay 135 per cent for his money for 47 years. The American farmer would pay 7.5 per cent a year for his money—the Dane would pay 2.9 per cent.

The Dane's loan is an investment. He can afford to borrow money to improve his farm or purchase his farm at that rate. The American is in debt and mortgaging his home; the Dane is using his credit. Each year, while paying only 5 per cent on the money received, the Dane is getting out of debt. The American is paying 7 to 10 per cent and not reducing his debt a penny. At the end of 47 years—or less time if he chooses to pay more—the Dane is out of debt and his premises are free. At the end of any period—even 100 years—the American would owe the original principal, his premises would be encumbered by the mortgage, although he will have paid twice as much as the Dane.

A special imperial act provides for cooperative societies in Germany. As we have seen, there are 17,000 cooperative agricultural banks in Germany, with a total membership of over one and a half millions. The loans outstanding at the end of 1910 for fixed periods, together with overdrafts, amounted to £93,034,000, while the savings deposits totaled £92,429,000, and the deposits on current account amounted to £10,865,000.

The late distinguished minister of finance in Prussia, Herr von Miguel, some 17 years ago said in Parliament:

> This must be our goal—to have a cooperative loan bank in practically every parish of the whole monarchy.

The result is the transaction with the German farmer is as follows: On a loan made at 4 per cent is added three-fourths per cent for amortization, one-fourth per cent to cover operating expenses of the association, and by paying this amount, a total of 5 per cent annually for between 40 and 50 years, the entire loan is paid off. The farmers of this country must be got out of the clutches of money lenders, such as demand unconscionable rates and terms, factors who charge outrageous interest on advances, merchants who sell him goods on time at double prices, middlemen who take advantage of the situation to despoil him, transportation companies which take all his products will bring him and call for more. I do not say these practices are universal or that the farmer is commonly imposed upon; but the picture is quite too familiar and at present he is too often helpless.

Mr. OWEN. Mr. President——

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

Mr. FLETCHER. I do.

Mr. OWEN. I understand that even at the other end of the earth, in New Zealand, they have a plan of lending money to farmers at 3 per cent on the principle of amortization, so that at the end of 30 years, on an extremely low rate of interest a farmer can acquire a home or borrow money on the home, improve it, make it more productive, and by the use of easy credit produce the values from the home easily to pay for its development.

I do not know whether the investigators studied the New Zealand method or not, and I should be glad to have the report include the New Zealand method of farm land credits.

Mr. FLETCHER. Mr. President, the commission did not visit New Zealand, but I do not doubt that the Senator from Oklahoma is entirely correct in his statement of the practice there. I have, however, no information on that subject through the commission or from any investigation which I have made. I have not any question but that the Senator's statement is correct. The system there is similar to the system which has been in existence and in operation in Germany for a great many years.

The farmer, to whom we must go for what we eat and wear, should and must be a free man, when he is fit and does his part, and not the slave of grinding conditions. Some of these conditions can be remedied by legislation. We surely can find a plan adaptable to circumstances here which will build up the economic as well as the social structure of rural life.

I wish to submit as a part of my remarks the preliminary statement agreed upon by the permanent American commission, on board of the steamship *Cedric* as they were returning from the investigations in Europe, in cooperation with the United States commission, heretofore mentioned.

The VICE PRESIDENT. Without objection, leave will be granted.

The statement referred to is as follows:

PRELIMINARY STATEMENT OF THE AMERICAN COMMISSION.

The American Commission on Agricultural Cooperation has completed its tour of European countries and has perfected plans to digest and compile the information obtained with regard to cooperation and the organization of rural life in European countries along financial, business, and social lines. It is believed that this task can be completed before the end of the present year, when the final report of the commission will be submitted.

The commission is deeply impressed with the vital importance of a thoroughly organized and united rural population. In this respect the countries of Europe offer a lesson which may not long be disregarded in America without serious consequences.

The agricultural interests of most of the European countries visited by the commission are organized along one or more of the following lines: Credit, production, distribution, and social organization for the betterment of country life.

Organizations for the provision of credit facilities for European farmers follow the natural division into short-time personal credit and long-time land-mortgage credit. The organizations for the provision of personal credit facilities are as highly developed as are the systems of commercial banking. The prevailing rate of interest paid by the farmers for short-time loans is from 4 to 5½ per cent. The terms offered European farmers are generally better designed to meet the peculiar requirements of agriculturists than are the terms obtainable to-day by the American farmers.

The personal-credit organizations have the form of cooperative societies. Very often the members of these societies assume unlimited liability for the debts of the society, while in other cases the societies take the form of limited liability. As a rule, in European countries the law makes little or no provision for exemptions of any kind. These short-time credit societies furnish cheap, safe, and elastic credit to their members by reason of their control by farmers, and are organizations exclusively in the interest of farmers, who operate them at nominal cost and without seeking dividend profit to such societies.

Land-mortgage credit has been organized so as to place a collective security back of bonds issued by land-mortgage societies, in contrast with the system of marketing individual loans upon individual mortgages. Without discussing the form of organization employed for this purpose it may be stated that these land-mortgage institutions bring to European farmers low interest rates; the privileges of repaying loans in small fixed annual installments extending over a term of years—in some cases as long as 75 years under the amortization plan, although provision for earlier payment is made if the borrower so desires; protection from advance in interest rates, and the practical elimination of commission charges. Many of these personal-credit societies and land-mortgage associations are fostered by Government grants, loans, or special provisions of law. Mortgage bonds issued by commercial banks and by private joint-stock land-mortgage banks sell substantially on the same basis with like securities issued by Government-favored institutions, and both classes of banks are recognized as needful in the development and conservation of agricultural resources. In many instances private and commercial banks purchase the securities of land-mortgage associations. Experience has demonstrated that such land-mortgage bonds are liquid assets.

The systems of land-title registration in countries possessing such mortgage institutions practically prevent dispute of title upon mortgaged land. Provisions are also generally afforded these mortgage institutions which eliminate undue legal delays in the recovery of loans placed with defaulting borrowers. Savings and trust funds are frequently invested in securities of such mortgage institutions under sanction of law. Loans up to 50, or even 66, per cent are made on lands of dependable value and are considered safe and conservative and compare favorably with provincial and Government bonds.

The organizations for production and distribution of farm products follow cooperative lines. Farm products are sold by the producer at a relatively higher price and are bought by the consumer at a relatively lower price, because the cost of distribution is considerably lowered by cooperative marketing, which results also in improving the quality and uniformity of farm products and in promoting more businesslike methods in farming operations.

It is the opinion of many of the leaders of this movement in Europe that the question of rural credit ought not to be divorced from cooperation for business purposes and the general organization of community life in rural districts. In some European countries visited, agriculture and country life interests generally are thoroughly organized and coordinated. The studies of the commission emphasize the necessity of defining the functions on the one hand of the Government, and on the other of voluntary organizations in promoting the development of country life. In some of these countries great emphasis is placed upon the value of voluntary associations, and such State aid as involves governmental control over the activities of rural organizations is deprecated as tending to stifle the initiative of the people.

Rural conditions, environment, and temperament in Europe differ widely in the various countries, and also differ from rural conditions, environment, and temperament in America, as conditions differ in our several States and Provinces; therefore it may be necessary in some cases to modify these European systems if they are to be adapted to meet the needs of American farmers. At the same time cooperative effort among the farmers of America might well be more generally employed, and the facts gathered should be of great value in developing methods suited to the needs of the farmers in the several sections, States, and Provinces.

To this end the American commission, with a membership in 36 States and in 4 Provinces of Canada, has effected an organization, with headquarters in Washington, D. C., and invites the aid and cooperation of farmers and all agricultural organizations and persons concerned in promoting a more prosperous and contented rural life as the enduring basis of our material, social, and civil welfare.

The commission desires to call attention to the geographical scope of its inquiries, which were conducted in Italy, Hungary, Austria, Germany, France, England, Ireland, and Wales, while subcommittees were sent to Russia, Denmark, Switzerland, Holland, Belgium, Norway, Sweden, Egypt, Spain, and Scotland. In all of these countries the members of the commission were officially received by the respective Governments and were given every opportunity to carry out their studies. National and local officials, central institutions, and local societies, eminent

economists, leading agriculturists, and business men all contributed with most gratifying willingness to the successful accomplishment of the work of the commission.

The commission has selected two committees to draft the final report regarding the investigation to submit to the full commission.

The members of the compilation commission are: Dr. Kenyon L. Butterfield, of Massachusetts, president of the Massachusetts Agricultural College and formerly a member of the Roosevelt Country Life Commission; Dr. John Lee Coulter, the Government's expert on agricultural statistics; Mr. Le Roy Hodges, formerly immigration commissioner of the Southern Commercial Congress; Dr. Charles F. Bailey, deputy minister of agriculture, Province of Ontario, Canada; and Mr. Robert L. Munce, of Pennsylvania, farmer.

The members of the advisory committee are: Dr. J. E. Stubbs, president of the University of Nevada; Dr. H. A. Morgan, dean of the school of agriculture, University of Tennessee; State Senator John Cunningham, of Ohio, farmer; Robert B. Van Cortlandt, of New York, farmer and retired banker; William B. Hatch, of Michigan, editor and farmer; Col. J. S. Williams, of Texas, farmer; and Lieut. Gov. E. L. Daughtridge, of North Carolina, farmer.

Mr. FLETCHER. Any financial system is insufficient, inadequate, and fails utterly in its application which denies to that great industry lying at the base of all wealth and which must prosper if there is to be prosperity, which must make progress, if there is to be any, and which must keep pace with the times and improve in method in order to supply the increasing demand of a growing population just and fair facilities equal to those furnished the other great industries.

It is said the farmers' assets are not liquid, therefore they can not be utilized, as, for instance, goods moving in trade. I do not dispute the claim. I simply say then the farmer must have a system or plan different from the commercial plan suitable to the proper demands of agriculture. There is a necessary relation between cooperation and organization among the farmers and a banking scheme which must be evolved in solving their financial problems. Credit is necessary to successful cooperation. Organization on a cooperative basis will make possible the establishment of a system of agricultural credits. The most eminent authority on German commercial and agricultural banking, Prof. Reisser, says, "Agriculture requires a credit system adapted to the special nature of its production." Let us have this great economic truth sink into our minds to stay. Let us not ignore or blot it from our memories. Fully cognizant of its meaning let us face the problem in the blazing light of that truth.

By Bulletin No. 1, April, 1913, by John Lee Coulter, it appears that of the total loans made by national banks only 6 per cent are secured by real estate, including mortgage owned; that of the total loans made by mutual savings banks, 42.6 per cent are so secured; that of the total loans made by stock savings banks, 40.6 per cent are thus secured; that of the total loans made by loan and trust companies, 10 per cent are thus secured; that of the total loans made by private banks, 20.5 per cent are thus secured.

As I understand, this includes all real estate, and I dare say a comparatively small portion of the real estate included is country property.

NECESSITY FOR A COMPLETE SYSTEM OF RURAL BANKING.

Mr. President, in what I have said I have sought to present a kind of general survey of the economic situation as affecting agriculture as an industry, a business, and a life, for it means all of these.

Particular reference has been had to pending and proposed legislation respecting what is designated "currency reform," as related to that situation. I have sought to concisely state some reasons why I regard it highly desirable, if not absolutely necessary, that legislation, such as the pending Federal reserve bill, should be enacted into law, and that speedily.

I have endeavored to point out that our present system of national banks is a commercial system, incapable of meeting the needs of agriculture.

I have contended that the Federal reserve bill likewise is necessarily limited to the demands of commerce and industries. I have attempted, though in a cursory way, to point out the efforts made in other countries to save agriculture by cooperative organizations and the establishment of banking and credit systems and to suggest that we profit by the experience and example of older countries, compelled by necessity to devise and put in operation such systems that agriculture might prosper.

I have sought to give a glance at the status of agriculture in this country, its importance, its problems, and rural conditions to-day.

I have particularly aimed to stress the disadvantages under which the farmer now labors by reason of the lack of proper financial facilities, and to point out the necessity of a separate, distinct banking law under which institutions will be organized which can be authorized and empowered to supply the peculiar needs of the farmer.

I contend that adequate banking facilities are necessary to the successful conduct of any business; that for this large class of our citizenship, about one-third of our population, and for this great industry upon the prosperity of which the welfare of the Nation depends, there has been heretofore no sufficient provision for meeting their banking necessities.

I contend further their financial requirements can not be sufficiently provided for, except through a special system of rural banking.

I would like now to be more specific, both as to the needs and the remedy. Before attempting to provide a remedy you will want to clearly understand the needs.

The needs of the farmer, as I conceive them, can be stated, in a condensed way, under three general heads, as follows:

FIRST. THE NEED OF CAPITAL TO ACQUIRE, IMPROVE, AND EQUIP HIS FARM.

The cost of improving and equipping his farm is as much a part of the capital requirements of the farmer as the cost of the machinery in a cotton mill is a part of the capital cost of the mill. No class of men should be expected to work without tools or to make bricks without straw. A certain amount of money must be invested as capital in any business in order to equip that business and enable it to earn proper returns. This capital must be permanently invested or else it must be loaned to the business for a long period on such terms that the loan can be repaid in small annual installments out of a portion of the profits derived from the business. This is felt keenly, too, when one desires to purchase land and acquire a home in the country. A remedy means tenants will become owners.

SECOND. BANKING FACILITIES.

The farmer must have available institutions which can meet his temporary banking requirements. He must be able to borrow for a few months some of the money needed to till the soil and to harvest and market the crop. Like the merchant who seeks temporary accommodation to secure money with which to discount his bills and pays back this money out of the proceeds of sale of the goods purchased therewith, so the farmer must likewise be able to borrow temporarily to discount his bills for fertilizer, seed, and so forth, and for the purpose of carrying on his business during its nonproductive period. Such loans must run for a few months, must be repaid out of the proceeds of the crop, and should not properly be borrowed on a real estate mortgage on the farm any more than the manufacturer's temporary accommodations for discounting his bills should be borrowed on a mortgage on his plant.

THIRD. BUSINESS METHODS IN THE CONDUCT OF HIS BUSINESS.

The farmer, like the merchant, will ultimately keep an accurate statement of the condition of his business, so that he can always ascertain whether he is operating at a profit or at a loss, and he will cease depending on the business man to conduct all business transactions for him. He will adopt business methods and put them in practice in his own affairs.

HOW THESE NEEDS CAN BE SUPPLIED.

If this analysis of the farmer's needs approaches accuracy, the important question then is, How can these needs be supplied? And it must be remembered that these needs have been stated in the order of their importance, and that, in order to meet the requirements of the situation, it is necessary to provide some machinery for supplying these needs in the order named.

FIRST. HIS CAPITAL NEEDS.

How can the farmer secure capital for the improvement and equipment of his farm or for the purchase of a farm?

The answer is obvious. The farmer has only one asset, viz, land, on the credit of which he can secure capital. He must secure his capital by borrowing on his land. Remembering that this capital must be in substance a permanent investment, it is obvious that any loan on land, made for the purpose of supplying the capital requirements of the farmer, should be a long-time loan, repayable in small annual installments set aside by the farmer for that purpose out of the annual profits derived by reason of the purchase or the improvements and equipment made possible by the loan. A loan of one year or three years or five years will not furnish the farmer's capital requirements, because he obviously can not repay it from his profits in that time. No other business could pay off its capital investment within such a period.

It is plain, therefore, that the best if not the only method of furnishing the capital requirements of the farmer is the creation of a long-term first-mortgage bond, secured on his land, which bond shall contain an amortization or sinking-fund provision, so that a small amount will be set aside each year sufficient in the aggregate to pay off the bond when it matures. This is analogous to the German Landschaft plan.

Moreover, the capital requirements of the farmer, like the capital requirements of the merchant, manufacturer, or the railroad, can not be met by direct loans from the banks. The farmer's loans, made to furnish his capital requirements, should run from 20 to 50 years. No bank can loan money for such a length of time. The money must be borrowed from the investing public.

Consequently the problem is not only to create such a bond, but more than this, it is to create such a bond in such a way that it will be bought and traded in by the investing public on the best terms.

In order to do this, the bond must not only be secured on the land but it must be guaranteed by some financial institution or institutions of sufficient standing to satisfy the investor that the bond is absolutely beyond question. Just here is where a special system of banks is needed, which will be authorized to use their credit in guaranteeing such bonds under restrictions which will reduce the risk of such guaranties to a minimum. Such banks must be limited in their operations, so that a guaranty of this kind will not, under any circumstances, endanger their solvency.

SECOND. HIS TEMPORARY BANKING NEEDS.

The temporary banking facilities needed by the farmer must be supplied by local institutions managed and controlled by his neighbors, who are familiar with his needs, and who will see that the money borrowed is applied to the purposes for which it was obtained. This means that the farmer should have available the services and resources of a local rural bank, owned and *managed by local* people, which will collect together the neighborhood funds and make them available for neighborhood purposes. In the system outlined in the bill which I have offered, these local rural banks serve this purpose, and are also permitted to use their credit to guarantee the long-term bonds of the farmer, and so aid in supplying his capital requirements, which are the first and greatest needs. This follows the idea of the Raiffeisen system, to which I have alluded.

THIRD. HIS NEED OF BUSINESS METHODS.

The observance of business methods by the farmer and the keeping of proper accounts can not and could not be enforced simply by legislation. Business methods will be observed only where business conditions require the observance. The observance of business principles by the farmer will be accomplished when the banks which lend him the money for his temporary requirements demand the observance of such practices and the keeping of proper accounts as a condition of such loans. The local rural bank provided for in the bill will induce the farmer to keep accurate accounts as a condition to his obtaining the desired credit to meet his annually recurring banking needs.

HOW THE BILL MEETS THESE REQUIREMENTS.

The bill, through a system of rural banks, limited as to their operations and containing the power to use their credit in guaranteeing long-term farm bonds, furnishes a means of meeting these three essentials of any banking system suggested for the rural population. The rural banking board is so constituted and given such powers of supervision and control as to safeguard all transactions and have the system conform to correct principles.

COMMERCIAL BANKS ARE UNABLE TO MEET THE REQUIREMENTS OF THE FARMER.

I feel quite convinced that we can not expect a system of commercial banking to meet the needs of the farmer. It is recognized all over the world that no commercial banks can with safety be allowed to execute a pure contract of guaranty. A commercial bank can not afford to guarantee the payment of long-term bonds. Its assets must be quickly convertible and must become due and payable within a short period. By concensus of opinion it is generally recognized that it is unwise for commercial banks to lend money for a longer period than four months. It must be in position to respond to any liability on demand.

FIRST. CAPITAL.

As the farmer's capital requirements must be met by long-term loans obtained from the investing public, as the guaranty of these long-term bonds by some financial institution is necessary to their sale, as a commercial bank can not safely execute a contract of guaranty, it is obvious that commercial banks can not meet the farmer's capital requirements.

SECOND. TEMPORARY BANKING FACILITIES.

As commercial banks can not safely grant temporary credit for longer than four months, and as the farmer's requirements are for temporary accommodations for a longer period (or until the crop comes in), it is equally obvious that commercial banks are not suited to supply the annually recurring banking needs of the farmers.

THIRD. BUSINESS METHODS.

Commercial banks, as a rule, are located in cities, towns, villages, or other centers. They are usually remote from the farmer. Being remote, they are unable to make small loans needed in the operation of his business because of the expense incident thereto and because they can not keep in close enough touch to ascertain if the money derived from these loans is used for the purposes for which it was granted. The local rural bank is accessible, convenient, and conducted at nominal expense.

THE PRESENT CURRENCY BILL.

Let me recur again to the pending Federal reserve bill, which is generally referred to by the public as a "currency-reform measure." As a matter of fact, it is more than this. It is, in fact, a bill for the reform of the currency and for the reform of the existing commercial banking system. But the bill refers only to commercial banking and not to rural banking, as heretofore stated.

As a currency bill I favor the Federal reserve bill. As a reform of commercial banking I favor it. I am prepared to say that in the effort to meet the needs of the farmers it has gone further than any commercial banking act has ever gone. I respectfully insist that the farmer's needs can not be dealt with and should not be dealt with in a commercial banking bill.

This is so important I feel justified in repeating that it must be evident that the Federal reserve bill, although it attempts to grant some relief to the farmers, does not meet the needs of the situation. The only provisions in the bill to meet the farmer's banking requirements, as we have seen, are contained in section 27. This provides that not exceeding 25 per cent of the capital and surplus or 50 per cent of the time deposits of certain banks can be loaned on the security of unencumbered lands for not exceeding nine months.

This provision, from the standpoint of the farmer, is ineffectual for three reasons:

First. Because a nine months' loan can not furnish the capital requirements of the farmer, for obvious reasons. It is not a permanent investment. It is not a loan which can be repaid out of the profits of the business.

INEFFECTUAL.

Second. The class of loan provided is not suited to meet the annually recurring banking requirements of the farmer. To meet his temporary financial needs a farmer can no more afford to put a mortgage on his property than the manufacturer could afford to put a mortgage on his plant in order to secure a ninety-day, accommodation.

INADEQUATE.

Third. The relief afforded in the bill is, moreover, inadequate. The present mortgage loans on farms in the United States approximate $3,000,000,000. In explanation of section 27 of the bill, the chairman of the committee has said, in effect, that if every bank in the system loaned every dollar that it could under this provision there would be available about $250,000,000, which is just about one-fourteenth, or 7 per cent, of the present requirements, and is obviously inadequate.

SPECIAL BANKS NECESSARY.

The conclusion is irresistible that rural banking should be provided for in a separate system from commercial banking; that rural banks should have a special power to use their credit in addition to their cash resources to meet the needs of the farmer, and especially in order to aid the farmer to obtain capital, and should, on the other hand, be limited and restricted as to their operations and activities, so that the use of their credit will not impair their solvency.

Some critics have suggested that bankers and capitalists would like to facilitate the mortgaging of farms and issuing of bonds in the expectation that they might eventually own the farms. Here, again, the experiences of other countries is helpful. In Saxony 85 per cent of the land-mortgage bonds are held by the people of that Province. The rural people themselves are the chief and, in most instances, almost the exclusive owners of the bonds. The terms are so favorable to the borrower as to interest, reductions, and payments there can be no excuse whatever for losing his land.

Mr. President, I frankly say that the bill I have introduced has its weaknessses. It is not claimed to be perfect. It is not the last thought or the final word on the subject by any means. It has the merit of proposing something definite, and my hope is it will provoke discussion and lead to action now. It seems to me greatly preferable to have it considered at this time rather than have it go over to next session. It ought to be taken up and, if possible, considered and acted upon along with the commercial-banking bill.

Mr. President, there is no more important subject before the people of this country to-day than the unsolved problems of rural life.

It is gratifying to note that interest is being aroused on this subject and our people are stirring in an unprecedented fashion. The highest country ideals mean the highest civilization.

If we can set in motion agencies that will bring about the highest type of an advanced rural society, we will have done a most useful public work.

If we can start moving forces which will develop the best country life, we will have answered the call for genuine service.

We make a tremendous contribution in those directions when we reach out our hand to the tillers of the soil and say, "We will start with you on the land; we will be with you in the cultivation, go with you to the markets, and open the way for you to finance your affairs."

When that is done, fair opportunity will widen the horizon and beautify the lives of those engaged in agriculture. It will open the way for the betterment of rural conditions, even as Daniel's window opened toward Jerusalem.

Mr. President, I move that the resolutions and the bill be referred to the Committee on Banking and Currency, and that the statement which accompanies the bill, explaining it, may be printed as a document. (S. Doc. No. 158.)

The motion was agreed to.

INVESTIGATION OF ATTEMPTS TO INFLUENCE LEGISLATION.

Mr. REED. I send to the desk a resolution and ask that it be read. I shall then make a statement in just a few words about it.

The resolution (S. Res. 159) was read, as follows:

Resolved, That the expenses of the investigation of the charge of a "lobby being maintained in Washington," ordered by the Senate under resolution of May 29, 1913, be paid out of the contingent fund of the Senate upon vouchers to be approved by the chairman of the Committee on the Judiciary or the chairman of the subcommittee thereof. The stenographers employed shall receive a compensation at a rate not to exceed $1 per printed page. The action of said subcommittee in employing clerks is hereby ratified, and the expense so incurred shall be paid out of the fund aforesaid.

Mr. REED. Mr. President, I ask unanimous consent that the resolution may be now considered by the Senate.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. The Chair thinks that under the statute the resolution ought first to go to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. REED. I understand that by unanimous consent the Senate can do almost anything.

The VICE PRESIDENT. The Chair does not think so. The Chair does not think that will satisfy the statutes of the United States.

Mr. WILLIAMS. There is a statute covering the subject. I can assure the Senator from Missouri that the committee will take up and consider the resolution as soon as possible.

The VICE PRESIDENT. The resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. REED subsequently said: Mr. President, I ask consent at this time to report favorably with an amendment from the Committee to Audit and Control the Contingent Expenses of the Senate the resolution submitted by myself this afternoon. The amendment appears upon a separate sheet.

Mr. GALLINGER. Let the resolution be read.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

Mr. GALLINGER. Let the original resolution be read.

The VICE PRESIDENT. The Secretary will read the resolution.

The SECRETARY. The original resolution reads as follows:

Resolved, That the expenses of the investigation of the charge of a "lobby being maintained in Washington," ordered by the Senate under resolution of May 29, 1913, be paid out of the contingent fund of the Senate upon vouchers to be approved by the chairman of the Committee on the Judiciary or the chairman of the subcommittee thereof. The stenographers employed shall receive a compensation at a rate not to exceed $1 per printed page. The action of said subcommittee in employing clerks is hereby ratified, and the expense so incurred shall be paid out of the fund aforesaid.

Mr. REED. The amendment has been written in there. It comes in at that point.

The SECRETARY. The following amendment is proposed:

The committee is authorized to continue the employment of such clerks and stenographers until the work of the committee as authorized be completed.

Mr. GALLINGER. Mr. President, I will venture to ask the Senator from Missouri whether or not the end of this investigation is anywhere in sight?

Mr. REED. I can not answer that question.

Mr. SHAFROTH. What is the question?

Mr. GALLINGER. I asked the Senator from Missouri whether the end of the so-called lobby investigation was in sight.

Mr. SHAFROTH. The Senator from Missouri knows more about that than I do.

Mr. GALLINGER. I asked the question of the Senator from Missouri.

Mr. REED. I can not answer the question. The committee has been proceeding as rapidly as it could with some regard for some of the duties of the Members here. The expenses have been held to the absolute minimum. The only reason for requesting the adoption of the resolution at this time is that a technical objection has been raised to it as it was originally submitted, in which it is claimed that there was no authorization of clerks. The only clerks employed have been some five or six people to separate, out of something like 150,000 or 200,000 letters, those which appeared to be somewhat pertinent to the inquiry. Their work is almost completed, although probably there will be a couple of indexes to be prepared.

Mr. GALLINGER. Beyond question provision ought to be made to pay the expenses of the investigation; and yet I am somewhat curious to know exactly how far it is going. Almost every suggestion that is made here about somebody being around the Capitol, as a suggestion was made this morning concerning Mexico, is met with the remark, "Why, let the lobby committee take it up." Some of us had not thought the field would be as wide as it has proved to be.

I have noticed that about 4,000 printed pages have been sent to us. That means $4,000 for stenographic work. Of course, I have no disposition to curtail the work of the committee; and yet I venture to say that I trust the committee will exclude everything they can in the future, so as to get to the end of the investigation, and make a report.

Mr. REED. Mr. President, nobody wants to quit this work more, I think, than the members of the committee, because it is very onerous.

I ask for the present consideration of the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

Mr. WILLIAMS. Mr. President, the Committee to Audit and Control the Contingent Expenses of the Senate has reported the resolution favorably; but before we dismiss the subject I want to express the hope that the committee to discover lobbies in Washington will not quit until it has investigated the lobby—the paid syndicate which I believe to exist—which is trying to propagate and bring about a war between the United States and the Republic of Mexico. The original language of the resolution is broad enough to cover that question, and I hope the committee will go into it before it ceases its labors.

I am firmly convinced that special interests—moneyed interests in Mexico and moneyed interests in the United States—are enlisted in bringing about a war between this country and that country. It is of the utmost importance to the American people, if that be a fact, as I believe it to be—I do not know with any degree of absolute personal knowledge—that it should be examined into before the committee adjourns.

Mr. GALLINGER. Mr. President, I will add to what I have said that I sincerely hope this committee, which was appointed for a different purpose, will not enter upon an investigation of matters connected with our relations with Mexico.

There may be somebody who wants a war. I do not know who he is. I am sure I do not want a war. I can not believe there is a conspiracy on foot to plunge the United States into a war with any country. I think it would be "love's labor lost" if the committee should undertake that investigation.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the committee.

The amendment was agreed to.

The resolution as amended was agreed to.

PHILIPPINE INDEPENDENCE (S. DOC. NO. 159).

Mr. SHAFROTH. Mr. President, I ask unanimous consent that an article by Mr. Moorfield Storey, relative to the Philippine Islands situation, be incorporated in the RECORD or printed as a public document.

The VICE PRESIDENT. Is it the Senator's request that the article may be printed as a public document?

Mr. SHAFROTH. I ask that it may be incorporated in the RECORD.

Mr. SMOOT. I did not hear the Senator's statement as to what the article is.

Mr. SHAFROTH. The article is one by Mr. Moorfield Storey relative to the Philippine Islands situation. It is a very able

document and one that he has taken considerable time to prepare. It is upon a subject that is bound to be of great interest to the American people, especially during the next year. I know it will throw great light upon the situation, and I ask that it may be printed in the RECORD.

The VICE PRESIDENT. Is there any objection?

Mr. JONES. Mr. President, I assume the Senator has read the article?

Mr. SHAFROTH. I have read it. It is a very able document.

Mr. SUTHERLAND. Mr. President, I have read the article, and it is a very able one, as the Senator says; but I do not think an article of its kind and length ought to be printed in the RECORD. Those who are particularly interested in the subject can be informed if it is printed as a public document. That is the usual practice of the Senate with reference to documents of this character. I shall object to its being printed in the RECORD.

Mr. SHAFROTH. Will the Senator object to its being printed as a public document?

Mr. SUTHERLAND. I have no objection at all to that.

Mr. SHAFROTH. Then I ask that it may be printed as a public document.

The VICE PRESIDENT. There being no objection, the article will be printed as a public document.

PERSONAL PRIVILEGE—FATHER'S DAY.

Mr. LEWIS. Mr. President, I rise, in a small matter, for a dual purpose—something of privilege, but more of justice to a Member of the coordinate branch.

The public papers have been printing, and the CONGRESSIONAL RECORD recording, by some error, that I am the author of a bill or measure of some nature having for its object the creation of a day designated as "father's day." I have never seen such a bill; I never heard of such a bill until this publication; I have never presented such a measure. But since there seems to be some credit here and there given to that benefaction it is in justice to the distinguished Representative from Maryland, Mr. LEWIS, that I desire the public records corrected and that he may be given the credit wherever such credit is due, as he, I understand, is the author of this very meritorious project.

Again, sir, the public press, by some error, credits me with the excellent literary production of the distinguished Senator from Oregon [Mr. LANE] in the proceedings of the woman suffrage day. The Senator from Oregon created an observation exquisite for its literary invention, as well as for its delightful construction. The public press for some days has been crediting me with this. I simply desire to say that I made no speech to this honorable body on the woman suffrage question at the time of the presentation of the petitions on the subject. The credit and praise which have been given me are due to the Senator from Oregon.

With these corrections, I thank the Senate for its attention, as I rose merely to "render unto Cæsar the things which are Cæsar's."

SALARIES OF PAGES.

The VICE PRESIDENT. The Chair lays before the Senate a joint resolution from the House of Representatives, the title of which will be stated.

The SECRETARY. House joint resolution 118, making appropriations for certain expenses incident to the first session of the Sixty-third Congress.

Mr. MARTIN of Virginia. Mr. President, I ask unanimous consent for the present consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. JONES. Let it be read, Mr. President.

Mr. MARTIN of Virginia. The resolution will be read in a moment. In the meantime it will take but a second for me to say that it is a joint resolution passed by the House of Representatives on yesterday, providing for paying the salaries of the pages who serve here in the Senate and those who serve in the House.

Mr. GALLINGER. Will not the Senator have the resolution referred to the Appropriations Committee and reported back in the regular way?

Mr. MARTIN of Virginia. I will go through that empty form if any Senator desires it.

Mr. GALLINGER. I think it would be better.

Mr. MARTIN of Virginia. Senators will know just as much about the joint resolution when they hear it read as they will know after it has been reported from the committee.

The joint resolution contains about a dozen lines, and simply provides for paying the salaries of these little boys, who ought to be paid before to-night. They have not had a cent of money for more than a month.

Mr. GALLINGER. There is no question about the urgency of the matter, but there are a great many other bills that might be acted upon in the same way, and requests of this kind are constantly made. I am not one of the technical Members of the body, but the Senator is the chairman of the Appropriations Committee, and some of the rest of us are members of it, and we will authorize the Senator to report back the joint resolution immediately.

Mr. MARTIN of Virginia. If the Senator objects, I shall have to go through that form.

Mr. GALLINGER. I shall not object, Mr. President.

Mr. MARTIN of Virginia. I ask unanimous consent for the present consideration of the joint resolution because of its absolute simplicity. It is but a simple provision to pay the salaries of the pages. The Senate will understand it just as well without a report as with a report from the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. JONES. Let us have it read.

The VICE PRESIDENT. The Secretary will read the joint resolution as requested.

The Secretary read as follows:

Resolved, etc., That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, namely:

SENATE.

For compensation of the officers, clerks, messengers, and others in the service of the Senate, namely:

For 16 pages for the Senate Chamber, at the rate of $2.50 per day each from July 1, 1913, until the close of the first session of the Sixty-third Congress; so much as may be necessary.

HOUSE OF REPRESENTATIVES.

For the following employees, from and including July 1, 1913, until the close of the first session of the Sixty-third Congress, namely:

For 46 pages, including 2 riding pages, 4 telephone pages, 1 press-gallery page, and 10 pages for duty at the entrances to the Hall of the House, at $2.50 per day each; 3 telephone operators, at the rate of $75 per month each; so much as may be necessary.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PERSONAL EXPLANATION—CONSTITUTIONALIST CAUSE IN MEXICO.

Mr. SHEPPARD. Mr. President, I rise to a matter of personal privilege.

The VICE PRESIDENT. The Senator from Texas will state it.

Mr. SHEPPARD. On Thursday, August 7, the Senator from Michigan, Mr. WILLIAM ALDEN SMITH, made the following statement in the course of his remarks on the Mexican situation:

The difficulty of this situation, if I may be permitted to say so, is that there is so much misinformation abroad. This morning, for instance, the first page of the CONGRESSIONAL RECORD contains an exhibit of the so-called Carranza strength which an immediate investigation might easily dispel.

I am bound to say, in justice to my colleagues upon both sides of the Chamber, that there is at the present moment in this Capital a thorough, practical, systematic lobby, putting forth their revolutionary propaganda with a serious and a definite object of affecting the American attitude toward the Government of Mexico, which Senators ought to fully understand.

I had been called out of the Chamber before the Senator from Michigan began his speech and was not present when he was on the floor. I would have called attention to this matter yesterday but for the fact that the Senate properly adjourned on account of the unfortunate death of the late Senator from Alabama.

Mr. President, I was responsible for having placed in the RECORD the statement to which the Senator from Michigan referred. As he stated in the very next sentence, after referring to that exhibit:

There is at the present moment in this Capital a thorough, practical, systematic lobby, putting forth their revolutionary propaganda with a serious and a definite object of affecting the American attitude toward the Government of Mexico, which Senators ought to fully understand—

I deem it my duty to state the source from which I obtained that statement. I neglected to do this through pure oversight when I obtained permission Wednesday to have the statement published in the RECORD and printed as a public document.

I want to say here that since the death of Madero and the rise of the constitutionalists I have been watching affairs in Mexico with especial interest. On Tuesday, July 29, I introduced a resolution recognizing the belligerency of the constitutionalists, because I believe that this recognition is necessary to the maintenance of neutrality on the part of this Government between the contending forces. I introduced the resolution on

my own initiative and at the suggestion or intimation of no one else.

A day or two after I introduced the resolution Mr. Romero, the official agent of the constitutionalists in Washington, called to see me and thanked me for having introduced the resolution. He did not endeavor in any way to suggest what my course should be in this matter or any other matter. I was impressed with the earnestness, the sincerity, and the ability of Mr. Romero, and I requested him to prepare a statement for me showing the history and the nature of the constitutionalist cause, the extent of the territory that the constitutionalists now control, and the number of men in the constitutionalist army. Mr. Romero had this statement prepared in his office at my request, and did not know to what use I might put the statement.

When I read the statement I deemed it of such value that I asked permission to have it published in the RECORD and printed as a document. It did not emanate from any lobby whatever, and if any lobby exists here in behalf of the constitutionalist cause I do not know it. I know that my good friend the Senator from Michigan would not suggest, in view of my statement, that I was influenced in any way by a lobby in this matter. If any lobby exists here improperly to influence legislation in behalf of the constitutionalists, the information ought to be given to the lobby investigating committee in order that the matter may be properly investigated.

Mr. SMITH of Michigan. Mr. President, of course the Senator from Texas understands that in what I said about the exhibit which appeared in the CONGRESSIONAL RECORD, giving the so-called strength of the Carranza forces, I had no disposition whatever to criticize the Senator from Texas, whose motives and high character I appreciate very thoroughly. In a service of many years with him I have learned that he is both painstaking and active and honorable in everything that he does.

I did say, as the Senator has quoted me as saying, that much misinformation was abroad. I shall not repeat it. It is unnecessary to repeat it. I could emphasize it, and I could give specific instances of proof, if that be desired.

I encountered these same people on the Mexican border. They infested the city of El Paso for two years. They made it the base of their operations, and have now shifted their base of operations from El Paso to Washington.

Mr. SHEPPARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Texas?

Mr. SMITH of Michigan. Certainly.

Mr. SHEPPARD. Would the Senator object to giving us the names of those parties?

Mr. SMITH of Michigan. No; I will not object to giving the names.

Mr. OVERMAN. If the Senator will excuse me, does he mean lobbying with Members of Congress?

Mr. SMITH of Michigan. No. They are not lobbying with Members of Congress, so far as I know.

Mr. OVERMAN. If they are lobbying with any Members of Congress, I think the matter ought to be investigated.

Mr. SMITH of Michigan. But if any Senator on the other side of the Chamber challenges the statement that there is such an organization here, that it has its headquarters in one of the prominent buildings in Washington, that it has as its adviser a man who drew $50,000 from the Mexican treasury for his services at the close of the Madero revolution, I am prepared to sustain that charge.

Mr. CLAPP. Will the Senator yield to me for a moment?

Mr. SMITH of Michigan. Certainly.

Mr. CLAPP. Of course, I would not say what I am going to say in any sense to challenge the Senator's statement, but it does seem to me that if for any reason the accuracy of the statement could be challenged, the information ought to be stated as to the individuals and the office and the association of which he speaks.

Mr. SMITH of Michigan. Well, Mr. President, I had thought possibly that if I could get my data together soon I would report fully to the Senate the result of my investigation and certain recommendations concerning its present aspect, which will include that matter.

Mr. CLAPP. If the Senator will pardon me further, it strikes me that the question of making the report of the committee and its recommendations is not necessarily involved in the statement that there is now an organization here, who they are, and where are their headquarters. I confess I have not seen any of them. If there are any such characters here, I think we should know who they are. I do not want to press the Senator at this time if he has any hesitancy about the matter.

Mr. SMITH of Michigan. I appreciate the motive of the Senator from Minnesota. I am only going to say that the junta to which I refer is advised by Mr. Hopkins, of this city, a lawyer, who has been engaged by the Madero government in Mexico for service in this Capital, who seems to have had the ear of the State Department in the last administration and who may have had access to this administration. I refer to Mr. Hopkins and to Mr. Sommerfield, Mr. Sommerfield having been for over two years the head of the so-called Maderista propaganda on the border between the United States and Mexico. They are here now; they are carrying on this work, and they are undertaking to influence, not corruptly, the course of public opinion and the action of officials of this Government.

Now, if you want further evidence, summon Mr. Hopkins and summon Mr. Sommerfield, the agent of the Maderista government, before the committee. I have had both of them before my committee.

Mr. OVERMAN. Has the Senator made a report from his committee?

Mr. SMITH of Michigan. I have not made a formal report. The testimony has all been submitted to the Senate, and I think a final report should be made.

Mr. JAMES. Mr. President, I should like to ask the Senator a question.

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. SMITH of Michigan. Certainly.

Mr. JAMES. What is the basis of the charge of the Senator from Michigan that Mr. Hopkins has the ear of the State Department? That is a grave charge.

Mr. SMITH of Michigan. It is a grave charge.

Mr. JAMES. And it appears to me that if the Senator has such information as that upon which he bases so grave a charge in the Senate of the United States, the Senator ought to state to the Senate the facts upon which he bases the charge, and he himself ought to appear before the lobby committee to give this information. In the crisis that now confronts our Government, whether it is grave or not, certainly the charge the Senator has made upon the floor of this Chamber that our State Department has given its ear to a representative of the Madero government in Mexico is one that ought not to pass by unnoticed, but the facts should, if the Senator has them, be given.

Mr. SMITH of Michigan. Well, I do not intend that it shall pass unnoticed.

Mr. SIMMONS. Mr. President, I rise to a question of order.

The VICE PRESIDENT. The Senator from North Carolina will state his point of order.

Mr. SMITH of Michigan. I shall make my report to the Senate.

Mr. SIMMONS. I withdraw the point of order for the present.

Mr. GALLINGER. Mr. President, if the Senator from Michigan will permit me, it seems to me that he ought not to be loading any more work on the so-called lobby committee.

Mr. OVERMAN. I agree with the Senator.

Mr. GALLINGER. If there is substantial ground for the accusation which the Senator from Michigan makes—and I assume there must be—he ought to go to the Committee on Foreign Relations, it seems to me, that committee having, I think, direct jurisdiction over matters of this kind.

Mr. OVERMAN. I agree with the Senator as to that.

Mr. SWANSON. Mr. President——

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

Mr. SMITH of Michigan. Certainly.

Mr. SWANSON. The Senator from Michigan is a member of the Foreign Relations Committee. The Secretary of State has repeatedly appeared before that committee. If the Secretary has been improperly influenced and has given improper hearings to anyone, the proper place for the Senator to have made that charge would have been to his colleagues on that committee, and I am satisfied that committee would have directed a full investigation. The Senator has been attending the meetings of that committee, and I am surprised he could leave the committee this morning, come on the floor of the Senate, and make a charge that was not heard in that committee.

Mr. SMITH of Michigan. Well, Mr. President, the Senator from Virginia need not be surprised. I was called to my feet by the Senator from Texas [Mr. SHEPPARD], who rose to a question of personal privilege. I was biding my time and would have made my report formally to the Senate for the Senator's information. I have never seen the Secretary of State in the Committee on Foreign Relations since he assumed the duties of his office.

Mr. SWANSON. If the Senator failed to see him, it is not the fault of the Secretary of State, who is always accessible.

Mr. SMITH of Michigan. Mr. President, the Senator from Virginia ought to be cautious as to his own words in attempting to put me in a false position, because the Senator from Virginia has no warrant whatever for saying that I have said that any one has the ear of the Secretary of State. I was very cautious to say "the State Department." I did not say the Secretary of State.

Mr. SWANSON. The State Department is run by the Secretary of State.

Mr. SMITH of Michigan. I do not believe it; but you say it is so.

Mr. SWANSON. I believe it is so. The Secretary of State is capable, he is efficient, he is able, and patriotic; and I believe he runs the State Department. He is attentive to it. I am sure the Senator from Michigan, as I do, entertains for the Secretary of State a very exalted opinion.

Mr. SMITH of Michigan. Certainly. My opinion has never changed as to the eminent ability and patriotism of the Secretary of State. I have not criticized him and shall not do so.

Mr. SWANSON. I should like to ask the Senator another question, and that is, Does he think it improper for the Department of State to listen to representations made by the constitutionalists and the different factions in Mexico? Should they not listen to them all and get all the facts they can? Is the Senator such a partisan that he thinks nobody ought to be listened to except one faction in Mexico?

Mr. SMITH of Michigan. Oh, no, Mr. President. I think the State Department should get its information wherever it can obtain it accurately, and I assume that it does so. I am finding no fault about that. When I said that there was in this Capital a determined lobby attempting to affect public opinion in the United States on the Mexican situation, I stated the fact. I know it to be the fact, and I know the men; I have encountered them before. They have never attempted to influence me, but their testimony under oath is upon the record, and it requires no guesswork from anyone to ascertain what they have done or how they have done it.

Mr. SWANSON. Is that the information that the Senator gathered as chairman of a subcommittee——

Mr. SMITH of Michigan. It is; some of it.

Mr. SWANSON. On which the Senator says he expects to make a full report to the Committee on Foreign Relations very soon?

Mr. SMITH of Michigan. I think I shall try to make a report on Monday to the Senate committee.

Mr. SWANSON. Is the Senator authorized to report to the Senate or to the Foreign Relations Committee?

Mr. SMITH of Michigan. I will do whichever seems to be proper.

Mr. SWANSON. Does the Senator think he is authorized to report to the Senate?

Mr. SMITH of Michigan. I am sure that, in the regular order, it ought to come through the committee of which I am a member.

Mr. FALL. Will the Senator yield to me?

Mr. SMITH of Michigan. But, inasmuch as I have been asked to do it, I thought I might as well respond to the invitation.

Mr. SWANSON. When was this wonderful evidence taken that is so important to the country?

Mr. SMITH of Michigan. I do not understand the Senator.

Mr. SWANSON. When was this wonderful evidence taken—how long ago?

Mr. SMITH of Michigan. While the Senator was busily at work here in the summer of last year.

Mr. SWANSON. When was it finished?

Mr. SMITH of Michigan. It was printed about March 1.

Mr. SWANSON. About March 1, and yet no report has been made?

Mr. SMITH of Michigan. Yes.

Mr. SWANSON. The Senator says the State Department has been derelict, although it only came into office on the 4th of March.

Mr. SMITH of Michigan. Well, Mr. President, the attempt of the Senator from Virginia to becloud our work will not have any influence with me. I have known him long enough to know that when he sees that it has been conscientiously and appropriately done he will acknowledge it.

Mr. SWANSON. I know that the evidence has been conscientiously gathered. The Senator is always alert and active. I am only complaining of the delay in getting it to the attention of the Senate.

Mr. SMITH of Michigan. It is just possible, Mr. President, that, if I may have the cooperation of my friends on the other side of the Chamber who are also members of the committee, we can quickly finish and report our work.

Mr. CRAWFORD, Mr. WILLIAMS, and Mr. BACON addressed the Chair.

Mr. SMITH of Michigan. I am going to say no more.

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from South Dakota?

Mr. SMITH of Michigan. Certainly.

Mr. CRAWFORD. I thought the Senator had yielded the floor.

Mr. SMITH of Michigan. I have.

Mr. FALL. I should like to ask the Senator a question.

Mr. CRAWFORD. Mr. President——

The VICE PRESIDENT. The Chair would like to recognize all Senators at once, but that is an impossibility.

Mr. SMITH of Michigan. If the Senator from New Mexico desires to ask me a question, I will answer it.

Mr. FALL. Mr. President, along the line the Senator was addressing the Senate upon, I merely wanted to ask a question that possibly may throw some light upon this matter, if the Senator from South Dakota [Mr. CRAWFORD] will yield to me. I think the testimony of Mr. Hopkins taken before the committee here in Washington is the testimony to which the Senator from Michigan referred?

Mr. SMITH of Michigan. It is.

Mr. FALL. That testimony is printed, and any Member of the Senate can get it at any time he wants it. It was taken, I think, in the presence of the Senator from Nebraska [Mr. HITCHCOCK] and several of the other members of the subcommittee.

Mr. SMITH of Michigan. And the Senator from North Dakota [Mr. MCCUMBER].

Mr. JAMES. Will the Senator tell us when that testimony was taken.

Mr. FALL. It was taken in February, I think.

Mr. JAMES. Does the Senator think that testimony taken last February ought to be the basis for a charge made in the Senate that the State Department now is under the influence of certain individuals?

Mr. FALL. I have made no charge.

Mr. SMITH of Michigan. I did not say that.

Mr. FALL. I know nothing about Mr. Hopkins's influence upon this administration, if he has any. I imagine he has very little. That is my guess at it. There is, however, something in the testimony of Mr. Hopkins itself which was perfectly frank. He is the man who testified to receiving a $50,000 fee.

Mr. JAMES. If the Senator will permit me, certainly that testimony taken in February last can not throw any light upon the conduct of the State Department at this time, when we all know that this administration was not inducted into office until last March.

Mr. FALL. Certainly not. I was simply trying to explain what this testimony of Mr. Hopkins's was and what was the basis, as I understand, of the statement of the Senator from Michigan that Mr. Hopkins had influence with the State Department. Mr. Hopkins, I believe, testified—there was a question asked him on cross-examination—with reference to a certain letter which he had written to a man by the name of Firth, in Germany, and which had been repeated to the President of one of the Central American Governments, stating that Mr. Hopkins did have great influence with the State Department; but that was two or three years ago. I have certainly heard nothing of Mr. Hopkins's influence with this administration or with the State Department. I have met Mr. Hopkins two or three times in town recently. I want to say that on a very recent date I called Mr. Hopkins, as the attorney for the constitutionalist junta, into my office, because there was a threat to deport an American citizen from Mexico. The State Department were doing what they could to prevent the deportation of this American citizen, but I did not believe their methods would be thoroughly successful. I sent for Mr. Hopkins and repeated to him a statement that I had made to the Secretary of State with reference to the effect of this attempted deportation, and warned him that there might be interference which even this Government could not control in the event that method of dealing with American citizens was pursued. Mr. Hopkins secured a telegram to Pesqueira, governor of Sonora, with reference to that matter, and I think that it, together with the representations of the State Department, resulted in the action being taken which we wanted.

Mr. STONE. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Missouri will state his parliamentary inquiry.

Mr. STONE. What is before the Senate?

The VICE PRESIDENT. The debate has been proceeding by unanimous consent.

Mr. CRAWFORD. I desire to say a word.

The VICE PRESIDENT. The present order of business is petitions and memorials.

Mr. BACON. Mr. President——

Mr. CRAWFORD. I desire to say a word, and I think the Senator from Missouri [Mr. STONE] will indorse what I have to say.

Mr. STONE. Very well; but after the Senator has finished I shall call for the regular order.

Mr. WILLIAMS and Mr. CRAWFORD addressed the Chair.

The VICE PRESIDENT. The Senator from Mississippi.

Mr. WILLIAMS. Mr. President, if the rule is going to be enforced, I shall insist that it be enforced right now, and not in such a way that one side is to have an opportunity to be heard and no opportunity is to be given to the other side to reply. Therefore, understanding that the Senator from Missouri will call for the regular order in a moment or two, I call for it now.

Mr. CRAWFORD. Well, Mr. President, my desire is not to express a view in harmony with some things that have been said; I take exception to them; and I should like to have an opportunity to say a word or two on the subject.

The VICE PRESIDENT. Does the Senator from Mississippi call for the regular order?

Mr. WILLIAMS. I call for the regular order. If it is understood that it is going to be called for by the Senator from Missouri after the Senator from South Dakota is through, it might as well be called for now.

The VICE PRESIDENT. The Chair lays before the Senate——

Mr. OVERMAN. Mr. President, I understand the Senator from Missouri has not raised a question of order, and I think the Senator from South Dakota has a right to speak.

The VICE PRESIDENT. The Senator from Mississippi did call for the regular order.

Mr. OVERMAN. I think the Senator from Mississippi said that if it was to be called for, he would call for it, but he did not do so.

The VICE PRESIDENT. The Chair knows what the Senator from Mississippi said; and he called for the regular order.

Mr. WILLIAMS. I did not misunderstand, Mr. President; I understood what the Senator from Missouri said, and I insisted that, if the regular order was going to be called for, it should be called for now.

SECOND INTERNATIONAL OPIUM CONFERENCE (S. DOC. NO. 157).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Senate and House of Representatives:

I transmit herewith a communication from the Secretary of State, accompanied with a report prepared by Mr. Hamilton Wright on behalf of the American delegates to the Second International Opium Conference, which met at The Hague on the 1st of July last and adjourned on the 9th of the same month.

The first opium conference assembled at The Hague on December 1, 1911, and adjourned on January 23, 1912. The convention formulated by this conference has since been signed by all of the Latin American States and by a great majority of those of Europe, and all but three of the States that have signed have already agreed to proceed to the deposit of ratifications.

The results of the conferences should be regarded by the Government and people of the United States with great satisfaction. An international convention imposing the obligation to enact legislation strictly to confine the trade in opium and allied narcotics to medical purposes has been signed by all but 10 nations of the world, and there is reason to believe that by the end of the present year, through the action of the recent conference, all the nations of the world will have become signatories of the agreement.

It remains for the Congress to pass the necessary legislation to carry out the stipulations of the convention on the part of the United States. Such legislation has recently passed the House of Representatives without a dissenting vote; and I earnestly urge that this measure, to the adoption of which this Government is now pledged, be enacted as soon as possible during the present session of the Congress.

WOODROW WILSON.

THE WHITE HOUSE, *August 9, 1913.*

PERSONAL EXPLANATION—OFFICERS AND MEN OF THE NAVY.

Mr. KERN. Mr. President, I rise to a question of personal privilege. I hesitate to take the time of the Senate for any considerable time, and I have so hesitated for several days; yet I think it is my duty to call the attention of the Senate to the matter to which I am about to refer.

A few days ago, when the junior Senator from Virginia [Mr. SWANSON] asked unanimous consent for the publication as a public document of an address recently delivered by the Secretary of the Navy, the senior Senator from New Hampshire, in the course of some remarks on that subject, propounded the following inquiry:

> I will ask the Senator from Virginia whether the Secretary of the Navy in this address advocated what he has advocated somewhere else, if not on that occasion, that the officers and sailors of the Navy should be required to mess together?

The Senator from New Hampshire, while regarded as one of the sturdiest champions of stalwart Republicanism here, has such a reputation for fairness on both sides of this Chamber and is usually so careful in statements of this kind that I felt sure he did not desire to do injustice to any man of any party, and being morally certain that the Secretary of the Navy, whom I have known intimately for many years, entertained and had expressed no such views as were thus attributed to him, I asked the Senator from New Hampshire if he was quite sure that the Secretary of the Navy on any occasion had declared in favor of the sailors and officers of the Navy messing together, to which he replied:

> I think there can be no question about it. It has been published broadcast and never denied.

After some further colloquy the Senator from New Hampshire said:

> I will suggest to him (the Senator from Indiana) that the Secretary of the Navy has rescinded that order, admitting that it was not correct—that is my understanding.

Mr. President, all this proves, if proof were necessary, how unsafe it is, here or elsewhere, to base statements reflecting upon the official or personal character of any man upon unverified newspaper reports.

The Secretary of the Navy assures me that he has never, in any public address nor in any other way, expressed the sentiment attributed to him by the distinguished Senator from New Hampshire; that he never issued any such order as was spoken of by him, nor for a moment contemplated the issuance of such order.

It transpires that a certain New York newspaper printed a story some time ago that the Secretary of the Navy favored the plan of requiring officers of the Navy and enlisted men to mess together, and had issued or was about to issue an order carrying that plan into execution. But it also transpires that immediately upon reading that publication, on the day following its appearance, the Secretary of the Navy repudiated and denied it.

The Senator from New Hampshire doubtless read this original publication and observed that it was reproduced in other newspapers, but did not see the denial so promptly made by the Secretary.

Such an oversight is neither strange nor unusual, for it is a matter of common knowledge that the people who read publications, however false and libelous, rarely see the denial or retraction which often follows.

To illustrate still further the unreliability of many news items, I call attention to the fact that notwithstanding my efforts, in the colloquy referred to, to defend the Secretary of the Navy against a charge which I characterized as cruel if untrue, one of the leading newspapers of Washington on the following day in giving an account of the Senate proceedings stated in effect that Senator KERN had declared himself in favor of the proposition that officers and sailors should be required to mess together; while a day or two later it was declared by an afternoon paper, usually accurate in its news reports, that I was about to institute an investigation into certain matters pertaining to the Navy—there being not the slightest basis for such a statement.

Mr. President, I allow no man to go beyond me in admiration for the American Navy, nor is any man prouder of its achievements, which have glorified so many pages of American history. But, sir, I have insisted, and shall continue to insist, that the door of opportunity shall never be closed in the faces of enlisted men who by bravery, devotion to duty, and proved ability show themselves to be worthy of promotion.

I have complained that under present regulations, as I have understood them, when the enlisted man, no matter what his merit may be, reaches a certain subordinate place a dead wall stands in his way which prevents further advancement. There is only one avenue through which it is possible for him to reach further promotion, and that is under a regulation which permits 12 of such men to take an examination once each year before a board of naval officers and who if successful in that examination may be advanced to higher rank. Many enlisted men, common sailors, are looking forward to this examination as their last and only chance for preferment, and study hard and work as-

siduously while in the service, hoping that through this only avenue they may have their laudable ambitions gratified.

These enlisted men who take this examination are, according to an editorial printed in a recent issue of the Washington Post, referred to by officers of the Navy as "mustangs," an appellation of doubtful compliment, to distinguish them from their more favored comrades, and it is charged that the examining board referred to, composed of naval officers who have been educated at public expense and who for the most part came from the ranks of the common people, has adopted such methods of examination as to make it extremely difficult for any man who has ever been a common sailor to run the gantlet of their tests.

It is also charged, but I hope for the honor of the American Navy that it is not true, that some of these officers who sit on that examining board have expressed their abhorrence of the idea that a man who has been a common sailor should by reason of a promotion through such examination become entitled to sit at the same table with them and other officers who have had the good fortune to reach the higher grades without the hard service known only to the common sailor.

When in the colloquy the other day I used the term "perfumed naval officers," I had in mind such un-American snobs as would thus discriminate against their equals; nor did I refer to the brave, manly Americans fully imbued with the American spirit of equality, who for the most part make up the great body of officers of the American Navy, and who have in so many ways honored the uniform they wear.

Mr. President, I am sure that our naval officers are too brave, too thoroughly American in all that the name implies, to forget that in this Republic there can exist no order of nobility, save that which is within the reach of all brave, true, and deserving men in every walk of life, who by intellectual superiority and moral worth are entitled to it, and they must know that every attempt to introduce into any department of this Government any regulation or practice which does violence to the American idea of equality will surely arouse resentment throughout the country and be condemned by all patriotic people.

It is not strange that irregularities should often exist and abuses spring up in any department, for there is not perfection anywhere, but it is one of the glories of this Republic that most such irregularities and abuses vanish almost at once upon their discovery, and I have no sort of doubt that if such wrongs as have been complained of exist they will be quickly righted, not by reason of congressional investigation but because of the high ideals and patriotic impulses of the officers of the American Navy.

Mr. GALLINGER. Mr. President, I will apologize in advance to the Senator from North Carolina [Mr. SIMMONS], who is anxious to take up the tariff bill, for taking a single moment of the time, and I will occupy only a minute or two.

In the first place, I thank the learned Senator from Indiana for his kind personal reference to me. The newspapers exaggerated the little colloquy that occurred the other day between the Senator from Indiana and myself. One would have supposed from the newspaper accounts that we had had almost a personal altercation in the Senate Chamber. No one admires the Senator from Indiana, his diligence, his learning, and his knowledge of public affairs, any more than I do, and it was far from my mind to say or do anything offensive or unfair either to the Senator or the Secretary of the Navy.

Mr. President, what occurred the other day is a fresh illustration of the fact that unless a man is a real humorist he would better not undertake to indulge in humor. My question was asked in a humorous spirit, and I supposed that it would end with a simple reply to the effect that the incident to which I alluded did not occur on the occasion to which the Senator from Virginia alluded.

I regret, Mr. President, if I was the innocent means of doing the Secretary of the Navy the least possible injustice. I have watched his career since assuming that high office with a great deal of interest. I have noticed the practical manner in which he has taken hold of naval affairs, his investigation of naval stations and navy yards; and a recent report from the board of inspection, approved by the Secretary, has been read by me with the greatest possible satisfaction, because I believe it is calculated to do very great good to the Navy.

So far as the officers of the Navy are concerned, I have had the honor of knowing many of them, having served upon the Committee on Naval Affairs of the Senate for a good many years, and I have never come in contact with the "perfumed" officers the Senator from Indiana referred to the other day. There are possibly some of them in the service, but I have found them, as a rule, high-minded, patriotic, earnest men. I confess I regretted and do regret that the Senator from Indiana used the term in the broad sense that he seemed to use it on that occasion.

Now, Mr. President, I repeat my regret that any casual observation of mine has done an injustice to the distinguished Secretary of the Navy, and I would gladly withdraw it from the RECORD if it were possible to do so. I saw the statement in several newspapers, and it also came to me from another source, and I did not see the denial which the Senator from Indiana says was made by the Secretary. Had I seen that denial, I assure the Senator from Indiana and the Senate itself that no allusion to the matter, even in a humorous way, would have been made by me.

THE TARIFF.

Mr. SIMMONS. Mr. President, I ask unanimous consent that House bill 3321 be laid before the Senate and proceeded with.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Mr. KENYON. Mr. President——

Mr. CRAWFORD. I do not want to trench on the time of the Senator from Iowa, but I do want, if he will permit me, to have the opportunity to say a word or two, which I wanted to say a little while ago when the discussion was indulged in here relating to the Mexican situation.

Mr. KENYON. I yield to the Senator from South Dakota.

Mr. CRAWFORD. Mr. President, with all my heart and with the deepest conviction of my being I sympathize with the statement which has been made here several times that all partisanship and all factional spirit ends at the seashore, and that when a grave, delicate, and difficult situation arises between our country and a foreign nation we are one.

I have no doubt, sir, and I do not believe that any Member of the Senate has any doubt, but that the President of the United States and the great State Department of this Government, presided over by a man who for years has been a national figure, commanding the admiration of millions of his fellow citizens, aided in his work by a master of international law—I say I do not believe there is a doubt in the mind of a single Member upon this floor but that these men are bringing to the service of their country patriotism, wide experience, great ability, and that they are giving to these difficult questions their constant, anxious, and solicitous attention. They are entitled to our united, sympathetic, loyal, complete support, and I deplore, sir, the evidence of any disposition to be hypercritical, to add to their difficulties, to lay upon them greater burdens than they are now compelled to bear.

Mr. President, the Senate has in its service a committee which deals with foreign relations. Every member of that committee, no matter to which political party he belongs, has distinguished himself in service in this body, enjoys the full confidence of the Senate, measures up to the responsibility placed upon him. That committee is in charge of this delicate situation as the working committee into whose hands great questions of this character have been intrusted by the Senate. I regret to see any course or conduct which may add to the difficulties which surround this committee, which we all know is giving its undivided and solicitous attention to this situation of embarrassment and great difficulty.

I wish to say to the distinguished chairman of the Committee on Foreign Relations that I for one appreciated every word that he uttered on the floor of the Senate the other day. No matter if I do belong to this side of the Chamber, and to a different political party, I regret to observe any inclination, any disposition, or evidence of desire to hinder or embarrass or make more difficult the work which that great committee is called upon to perform.

Mr. President, the administration may commit error; probably it will. It will be subjected to criticism; that is inevitable. The argus-eyed press of the country, watching every step, and filling the columns of the papers with readable articles in regard to the situation, will start criticism. The great public will indulge in criticism. But Members of the Senate, a body which must participate in the settlement of difficulties with foreign nations, the making of treaties, and the abrogation of treaties, have a responsibility that compels the Senate in its dignity to rise above the field of carping criticism, of partisan criticism. I do not say that criticism should not be indulged in here by Members in the discharge of their duties who think mistakes are being made, and who wish to call attention to them and have them rectified, but it ought not to be partisan criticism.

There is a grave situation in Mexico. There are Americans in Mexico with property, women, helpless children. Certainly nothing should be said to inflame the passions and arouse the

excitement of people unduly, because if the public temper is inflamed to a certain condition of fever we know what the result will be. We might crush Mexico as a paper box, perhaps, but it would be no credit to us to do that. We might take upon ourselves a responsibility that would extend down to our children and our children's children, and raise the lid from Pandora's box; but we ought to weigh the situation very carefully before we take the first step that may lead to such a result.

I say this question is too serious to be discussed from the standpoint of small advantages for anybody or in any spirit of that kind. I wanted to say that much here in the hope that it may aid in small part at least in bringing to this situation sober, dignified, impartial judgment and discretion. The American people expect that from us. That much is due from us all.

I hope, Mr. President, that in the deliberations of the Senate, in the grave situation before us, which may remain here for some time to come, every phase of it will be viewed in the spirit of loyalty, patriotism, and unselfish interest in the welfare of the whole country which is expressed in the language used by the distinguished Senator from Georgia [Mr. BACON] the other day when he said all partisanship stops at the seashore.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. The Senator from Iowa is recognized. Does the Senator yield to the Senator from Mississippi?

Mr. WILLIAMS. Will the Senator yield to me for three or four minutes?

Mr. KENYON. No more than that?

Mr. WILLIAMS. I think not.

Mr. KENYON. I am not inclined to yield for a long speech, I will say to the Senator, but I am perfectly willing to yield for three or four minutes.

Mr. WILLIAMS. That is what I want.

The VICE PRESIDENT. The Senator from Mississippi will proceed.

Mr. WILLIAMS. Mr. President, all enlightened America will applaud the cool, dispassionate, and patriotic remarks just made a moment ago. There are periods in the life of a people when speech may be silver, but when silence is certainly golden. We have a period of that sort now confronting us. I do not think that anyone who loves the three Americas—North and South and Central America—would willingly inflame the minds of the people or any part of them against each other at this moment.

Mr. President, I frankly confess, with the first Secretary of State of the United States, that my passion is peace. I am a peace-at-almost-any-price man, anything short of absolute humiliation, national pusillanimity.

Therefore in what I am about to say I know that nobody will think that I am trying to exaggerate the situation. Several Senators have given their credos as regards what is going on in Mexico or about what is now happening here. I want to say to the Senate, and I want to say to the American people in a voice of warning—and I wish the voice were strong enough to catch their attention—that I am of the deliberate opinion that there is now an organized and a syndicated effort to bring about war between the United States and Mexico, organized with lobbyists here, organized and syndicated through the newspapers with money behind it, and not all of it Mexican money, and that they must, in their patriotism and good sense and wisdom, hold themselves in check all they can. I do not believe there is a Senator here who has been noticing recent editorials in many metropolitan newspapers who will not agree with me that they have a sameness of tenor, a sameness of purpose, and a sameness of statement that show a syndicated, moneyed effort behind them. It is time, I think, that we should pause.

I merely want to add this sentence: So far as I am concerned, I do not feel even brave to myself—and a man very easily does that—when I am talking about war with poor little Mexico, disrupted, torn to pieces, disemboweled, weak anyway. I might feel a certain degree of inspiration, of sham courage, if I were talking about war with some nation that could stand upon its own two feet for a little while.

Mr. SHIVELY. Mr. President——

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

Mr. KENYON. I yield to the Senator from Indiana.

Mr. SHIVELY. Mr. President, I came into the Senate just as the senior Senator from Michigan [Mr. SMITH] was making his statement relating to certain work that had been done by a subcommittee of the Committee on Foreign Relations. It so happens that I was a member of that subcommittee. It is only justice to the other members of the subcommittee to say that it was impossible for me to participate in the work that was done by that subcommittee. The burden of that work fell upon the senior Senator from Michigan and the senior Senator from New Mexico [Mr. FALL].

The question of the report by the subcommittee was only adverted to while I was present in the Chamber, but I was glad to be reassured that before any report by that subcommittee should be made that report would be submitted to the full Committee on Foreign Relations of the Senate. I did not apprehend that the Senator from Michigan would assume to make the report before taking into his confidence the entire Committee on Foreign Relations; and I am glad to be assured by him that whatever report is to be submitted, whatever recommendations are to be made by those who investigated the subject, will be first submitted to the Committee on Foreign Relations, to be there considered by that committee, utterly regardless of any question of partisanship.

Mr. KENYON. Mr. President, if there is no one else who desires me to yield, I will submit a few observations. I am, however, glad that I yielded to the Senator from South Dakota [Mr. CRAWFORD]. He has expressed the sentiments, I know, of a large number of Senators on this side of the Chamber. The President of the United States, the distinguished Secretary of State, and the level-headed and distinguished chairman of the Foreign Relations Committee of the Senate [Mr. BACON] are doing their best in a troublesome situation, and we ought to hold up their hands, and not in any way irritate the situation with relation to Mexico.

I know, Mr. President, it is customary in submitting remarks here on the tariff question to state that the speaker hesitates to take up "the valuable time of the Senate." I had that feeling in my mind for the first two weeks of the discussion, but I have gotten entirely over it now. We have spent hours on the discussion of dextrine, wool grease, peanut oil, oxalic acid, and so forth. Even in the last two days we have entered upon the trial, practically, of a Senator in this Chamber; and I have been suspicious now and then that there might be an organized effort among a few of our Democratic friends to delay this bill by talking and filibustering, much to the sorrow of many of us on this side of the Chamber, who want to get through with it. So I am not going to enter any apology for taking up "the valuable time of the Senate" in this discussion. I have come to the conclusion that it is not so very valuable after all, but I would have been glad to have waived any argument in the discussion had it not been for what seemed to me a waste of time; and as we are apparently settled down here now for the summer and fall on this bill, I am going to be so bold as to take a little time in advancing some arguments in favor of some propositions contained in amendments I have introduced.

Mr. President, I know that a number of Senators on this side of the Chamber would be glad to vote for some bill that would reduce or eliminate some of the extravagant and unnecessary duties of the Payne-Aldrich law. I regret that a bill has not been drawn that would more nearly conform with their views, although, of course, we could not expect or ask it.

I am not one of those, Mr. President, who join in the clamor and cry that this bill when enacted into law will produce devastation and panic; nothing will so assist in bringing on panic as to continually predict it. I am aware of the fact that there are those in this country who are so blinded by partisanship that they will be actually disappointed if panic does not follow the enactment of this measure; if factories do not close; if times are not hard; if men are not out of employment; if children are not hungry; but I believe it a patriotic duty to decry all such clamor. The country is prepared for the passage of this bill; the people know it will pass in practically its present form. Their one anxiety is to get through with discussion and let the bill pass as soon as possible. The waters of the industrial sea should be calmed instead of being lashed into any further fury.

There is a distinct line of cleavage in this country between the advocates of a protective tariff and the advocates of free trade. Our country must be in the last analysis either protection in principle or free trade. This bill seems to be framed on no tariff-for-revenue principle; it draws no inspiration from the philosophy of the Walker revenue tariff; some one seems to have taken the Payne-Aldrich bill and simply reduced duties here and there, removed certain articles from the protected list and placed them on the free list. It is not a tariff-for-revenue measure, it is not a free-trade measure, it is constructed on no economic theory, it is a protection-in-spots measure, and "selected spots" at that. Many of the reductions are good, and could the bill be taken up schedule by schedule many Members on this side would be glad to support a large part of the bill, including, of course, the income-tax feature.

It is a protective measure to a certain extent. If protection is a robbery, as our Democratic friends have so often asserted in their platform and preached from the rostrum, a robbery of the many for the benefit of the few, then protection is wrong.

If protection is a robbery of the many for the benefit of the few, why not get rid of the robbery and go to a free-trade basis? If a national system of protection is right as a system, then why not proceed with a permanent tariff board and take the question entirely out of politics? Along these two lines must come the essential difference in the future of the two great political parties. The Democratic Party has hardly dared declare for free trade, but the time will come in this country when some party will so do, and then the two principles will be squarely fought out.

Mr. President, while believing in the principle of protection as a national policy, I am not a high-tariff Republican, and never have been. The people of my State are not, but the general system of a tariff so levied as to equalize conditions in this country for the producers has nothing to fear from the firesides of the West. The farmer of the West has believed that a general system of protection by tariff duties which would protect the American working man against the low-waged laborer of foreign countries was a wise and thrifty policy, a policy that would preserve a home market for the home producer. He has believed that if competition existed behind tariff walls the tariff would not increase to the consumer by the extent of the tariff the cost of the article; he has realized that where he was selling his products abroad and was an exporter that the tariff was of little direct benefit to him, and its benefit came in the general welfare that it might bring to the people, an incidental benefit to him; that the duties given to him on his products practically amounted to nothing as long as we were a Nation exporting agricultural products, but he now sees great areas open in Canada and the Argentine and finds that the American consumption is increasing so that he may cease to be an exporter in a short while, and that articles such as he produces will be imported, and when the tariff therefore becomes of some direct practical benefit to him it is taken away. It occurs to him as he sits around his fireside that this is not a fair proposition, and that it does not savor of the square deal. He has been taught that to sell his products in a free-trade market and buy in a protected market is a species of discrimination.

But, Mr. President, I never, up to the last few years, have heard it preached to the farmers of this country that the tariff on wheat, the tariff on corn, and the tariff on oats directly increased the price of those articles. I have heard from boyhood, and have believed, that the farmer was benefited by a protective tariff only incidentally, by the promotion of the general welfare, by the planting of the factory by the side of the farm, by furnishing more mouths to fill, and by giving better wages; but, Mr. President, I fear those who advocate a high tariff on the products of the farm and preach to the farmer that that is a direct benefit to him are sowing a whirlwind, because, if the day ever comes in this country that the tariff on wheat or corn or oats directly increases the price to the consumer by the extent of the tariff, and thus imposes a tax upon breadstuffs in this country, such a tariff can never stand before the enlightened judgment and the conscience of the American people. The farmer has been content to accept the protective-tariff theory as one making for great general welfare, in which he has been a participant, and he is more prosperous to-day than ever before in his history.

Mr. BRISTOW. Mr. President——

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

Mr. KENYON. Yes.

Mr. BRISTOW. Let me inquire if the Senator thinks it is any worse or more indefensible to put a tariff on foodstuffs than it is to put a tariff on clothing?

Mr. KENYON. Well, it is about the same thing. I will talk about that later.

Mr. President, in 1908 the Republican Party went into the campaign pledged to a revision of the tariff, and that revision was understood to be a downward revision. No one is candid who claims otherwise. Protection, while being a great national system, and believed in by a majority of people in this country, had been abused by those who desired to plunder the American people. It was not the principle of protection that the people were at war with, but it was the abuse therof. Its abuse had developed lobbyists, trading statesmen, conglomerations of favor-seeking selfishness, and the people were restless under it. Tariff bills had been so drawn that it was difficult to understand their meaning; there grew up a feeling that protection in some way bore a close relationship to campaign contributions; there was dissatisfaction and suspicion over Members of Congress serving on campaign committees soliciting funds from protected industries. The abuse of the system seemed to have atrophied the power of many men in public life for moral thinking and assisted in commercializing our legislation.

The Republican Party, therefore, in 1908, pledged itself to a revision of the tariff. Up to that time, however, it had never been inserted in the Republican platform that the tariff should be such as to afford a reasonable profit to manufacturers. That appeared for the first time in the platform of 1908. With American genius, American capital, American brains, labor conditions being equal, we could compete with the world. The protective-tariff system was not a system to help some and injure others. It never could have stood the test of the years if such was its mission; it never was based on the proposition of insuring profits to anyone.

The justification for a protective tariff was and is that it is a great national system making for general welfare. If it ceases to do that, its existence can not be justified. It had made for general welfare, but it had become possible for those who cared more for special welfare than general welfare to crack the party whip, to wave the flag, to talk about American wages for American workingmen, to talk about the best-paid labor in the world, which was true, and the splendid conditions under which labor worked, which was only in part true. And so, rallying the party and winning victories, they had gone on increasing tariff duties until the people rebelled.

We heard much and do hear much of the standard of American wages; no one wants to lower them. The protective tariff has given better wages and higher standards of life, but it is idle to contend that the American workingmen have received or are receiving their proportion of the great prosperity that has come to this country under laws, the very excuse for their existence being that they benefit the man who toils.

If one picks up the report of ths Pittsburgh Survey or the report of the Commissioner of Labor investigating conditions in the steel industry, he will see that there has been a good deal of buncombe about the talk of labor conditions in this country. Men were compelled in those steel industries to work long hours at the white-heated furnaces with little chance to see their families, enjoy the blue sky or the green grass. It is easy for men living in luxury to talk about the high prices paid labor; wages of labor have not increased in proportion to the price of necessities, and wages have been increased not through generosity but because of the organizations of labor demanding it. Labor conditions have driven mere children to work in factories and shops; have required women, who ought to be attending to their families, to go into the factories and the sweatshops and try to earn something to keep their families going.

In 1909 the leaders of the Republican Party had come to realize these things and yet, after the pledge in the platform for a revision of the tariff, they presented to the country the Payne-Aldrich bill, which was an instance at least of party forgetfulness. Four years ago a little band of Senators in this Chamber blazed the way for fair tariff reduction; they asked only for a fulfillment of the Republican platform. The old leaders of the party would not consent, with the result that they became absolutely lost in a wilderness of a popular condemnation. Opportunity knocked at the door of the Republican Party, modestly asked that party pledges be kept; it was denied admission, and passed on. Had President Taft denounced the Payne-Aldrich bill as a failure of the party to live up to its pledges and vetoed it, Mr. Wilson would not, in my humble judgment, have been President to-day, but Mr. Taft would have been triumphantly reelected.

The Payne-Aldrich bill has been referred to by a distinguished Senator as the Gettysburg of the Republican Party. I think it comes much nearer being the Waterloo of the Republican Party.

People in this country are not particularly interested in party welfare; they are deeply interested in public welfare, and any party that does not keep its promises can not longer hold men to its ranks by imploring them by the old slogan of "party fealty." In the election of 1910 the country repudiated the Payne-Aldrich bill. It was the issue in that campaign. Broken party platforms were on trial; the verdict was easily understood except by those "who having eyes see not and ears hear not." In the last presidential campaign the Republican Party and the Progressive Party agreed on one thing—the protection principle. I hope they may soon agree on other measures.

The President of the United States believes in his party keeping its pledges. I do not join in the clamor against him for alleged attempts to influence legislation. I do not believe he attempts to influence legislation improperly. He has the right, elected on a platform making certain pledges, to urge Members of Congress to carry out those pledges. He has no right to try and coerce by the use of patronage. Any President who would do that should be impeached. But the present President of the United States has too high a conception of public duty, is too honorable a man to use patronage to accomplish his pur-

poses. The President is one of those conscientious men who believe that party platforms should be kept; he believes his party has been commissioned to revise the tariff downward.

I doubt not the country wants a revision of the tariff downward. They have grown tired of deception with reference to tariff revision; tired of having schedules written by those who have a direct pecuniary interest therein; and they have likewise grown tired and weary of tariff debates. Whatever may be the result of the passage of this bill—and let us hope in a spirit of patriotism that it may result in great good to the country—no one in the future can rise and say that President Wilson did not have the courage of his convictions, even though it was a little embarrassing to our friends from Louisiana who have been voting the Democratic ticket for so many years and whose present predicament finds great sympathy on this side of the Chamber, but, like the philosophy of Hancock, our friends have been, I fear, rather of the opinion that the tariff was a local issue.

I find myself in an embarrassing position as to this bill. I have advocated for many years revision of the tariff downward; am anxious to vote for many schedules of this bill; am especially anxious to vote for the income-tax feature. I do not want to cast a vote that might in any way be an approval of the Payne-Aldrich Act. That act placed duties too high. I fear in some instances this is too low.

My predecessor gave days and nights of ceaseless toil in the fight against that measure. His work shortened his life, and he was as much a martyr to the people's cause as any soldier who ever died on the battle field. He gave his life fighting a battle to reduce the burdens of the toiling millions in this country who are compelled to wear clothes, and while his fight was of no avail in Congress it awakened the conscience of the people and made it impossible ever again for trickery and deception to fool the American people on any tariff bill, and, although he is gone, he has left a great work, a work that makes for better citizenship, better legislation, better politics, and keeps open a little wider the door of opportunity for the children of tomorrow. No voice rang out more in exposing the shams and hypocricies of the Payne-Aldrich bill than did his.

Believing in him as I did in life, and believing in him now that he has crossed over the river, I would be false to myself, false to him, and false to my constituency if I was not willing to do something to reduce the tariff rates of the Payne-Aldrich bill. That I am ready and anxious to do. If some changes were made in the Simmons-Underwood bill I should not hesitate to cast my vote for it. If we could get rid of caucus domination, those who believe in tariff revision on this side and those who likewise believe in it on that side could undoubtedly frame a bill that would be satisfactory to the country. Of course, Mr. President, it is impossible to have an ideal bill or one that suits everybody, and I realize that the majority have tried to frame a measure in line with their belief as near as possible.

I have offered two amendments to this bill, one to place trust and monopoly controlled products upon the free list; the other to place aluminum on the free list. I introduce the amendment as to aluminum because it is a sample of a monopoly-controlled product.

I think I will not stop at this time to read the amendment, Mr. President.

I want to urge my Democratic friends to adopt these amendments. Their platform at Baltimore declared in favor of such legislation.

You said in 1908:

> We favor immediate revision of the tariff with reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list.
>
> * * * * * * *

In 1912 you said:

> Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

The Republican platform in 1912 said:

> The Republican Party is opposed to special privilege and to monopoly.

So in adopting this amendment you would be merely carrying out your party pledges.

Many years ago in my State the Republican Party adopted a somewhat similar plank, its import being that where the tariff in any case was a shelter to monopoly it should be removed. This was the somewhat famous Iowa idea, and like Iowa ideas in general, it is sound. I am glad that the Democrats followed this Iowa idea in their platform and wish that they might follow it in their bill. It is in no spirit of criticism or with any desire to embarrass anyone that I offer this amendment. I offer it because I firmly believe in the principle, and see no reason why a Republican who believes in a protective-tariff theory can not consistently advocate such a doctrine. In my judgment Alexander Hamilton's theory of a protective tariff was right. A protective tariff covering the difference in cost of production at home and abroad would produce prosperity if behind that tariff wall combinations were not formed to control prices. Protection for the producer and competition for the consumer. A far greater trouble in this country than high tariff has been the enormous growth of trusts and combinations.

I know when anyone says anything about trusts or combinations he must expect to be termed a demagogue, and so we are derided, and pass it by, and they go on and flourish. But if my Democratic friends, by adopting an amendment to this bill in accordance with their platform at Baltimore, could assist in the work of destroying the trusts in this country, they would accomplish greater good than merely to reduce the tariff.

Mr. President, the question of controlling the great combinations of wealth far overshadows any other question in this country. It has demanded the attention of all political parties. The figures of the distinguished Senator from Idaho as to the control of the wealth of the country, submitted in a speech a few days ago on the subject, were startling. One of the leaders of the new Progressive Party, who had made a fortune in trust organizations, elucidated during the campaign the philosophy that he wanted this country to be a better place for his children to live. I have always thought that rather a selfish view, and the broad view would be to have this country a better place for everybody's children to live, and I could have had more enthusiasm for the cause he advocated and his trust policies if he had not been instrumental in the organization of two of the greatest trusts that the world has ever seen. Reformation is splendid, but it is more entitled to respect if the reformer returns the stolen goods.

Mr. President, if this Government can not control the trusts in this country, if it must confess itself impotent on this proposition, then we may as well concede that the trusts are powerful enough to destroy this Government. The Sherman Act has been helpful. The Supreme Court of the United States in the Naval Stores case, recently decided, has upheld the criminal sections of that act, and I hope that some trust magnates may eventually land in jail. It has always been my theory that the criminal sections of the Sherman Act if enforced, and jail sentences imposed instead of fines, would restrain trusts in this country.

That proposition was so splendidly put by a distinguished Senator from Texas, who has left this body, that I am going to make bold to use his language.

Senator Bailey some years ago, in discussing this question, said:

> Mr. President, I will tender my good offices to this administration. I will show that I am more of a patriot than a partisan, and God knows I am as much of a partisan as any good citizen ought to be. Yet I am willing to see the Republicans do right, and I am even willing to help them do right.
>
> I will tell them how they can make obedience to the laws of the United States certain. The plan is simply to send one of the malefactors of great wealth to the penitentiary. That will do it. Send one of them there for violating either the interstate-commerce law or the antitrust act, and he will be the last one of his kind to violate it. You can not restrain them by levying a fine, because when the court fines a trust the trust fines the people. They pay the sheriff with one hand and they take a double sum out of the pockets of the people with the other hand. As long as their punishment can be measured in dollars and cents they will continue to violate your laws, because men will take the chance of a pecuniary loss, in the hope of a greater pecuniary gain. But send one of them to the penitentiary and it will operate like magic. The millionaire trust magnate values but one thing in this world more than he does his fortune, and that is his liberty. He does not seem to love justice. He does not seem to love that repose of mind for which other men toil. He seems bent, after having many millions, upon acquiring many millions more.

Now, my Democratic friends——

Mr. NELSON. Will the Senator allow me?

The PRESIDING OFFICER (Mr. OVERMAN in the chair). Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. KENYON. Certainly.

Mr. NELSON. I do not want to interrupt the Senator against his will, but I wish to call his attention to the fact that it has been the reluctance of the juries to convict.

Mr. KENYON. I am painfully aware of it.

Mr. NELSON. The Senator is no doubt familiar with the Packers' Trust prosecution in Chicago. The law has been on the statute book all the time. Yet there has been no conviction and sentence of these men. The trouble has been with our juries. That great trial in Chicago, which lasted weeks and weeks and months and months, proved a failure because the jury was loath to convict. Now, what is the remedy for that? I should like to hear the Senator on that point. How are we to put the right heart and the right spirit into American jurymen in such cases?

Mr. KENYON. Of course the best method is education. I am painfully aware of what the Senator said, because we have——

Mr. BORAH. Mr. President——

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

Mr. KENYON. If it is on the same line with the question of the Senator from Minnesota. If it is not, I wish to answer the question before yielding.

Mr. BORAH. I will not interrupt the Senator until he has answered the Senator from Minnesota, and then I wish to discuss the same subject a little.

Mr. KENYON. I discovered where great business enterprises had been built up in a community and it was thought that the prosperity of the community was to some extent created by those great enterprises, and that influence reached all through the employees and the citizens, you could not secure a jury that in some way was not subjected to that influence. But I believe you can secure juries in most cases outside of the great cities. It is not an easy task to try and convict men who have built up a great enterprise, as the packers had done in Chicago, of violating the law when it was thought at least a jail sentence would follow; but time and time again there have been convictions, and the courts instead of sending to jail have imposed fines. A fine is merely transferred to the back of the consumer, but a jail sentence can not be transferred to anyone else's back. Because the jurors may not convict in every case does not seem to me to be an argument against the law. The same argument would apply to a murder trial and all kinds of criminal cases.

I yield to the Senator from Idaho.

Mr. BORAH. It seems to me that there is another pertinent suggestion in connection with the failure of juries to convict which we have overlooked.

In the first place, the Sherman antitrust law provides the remedy of injunction against the formation of these combinations. The juries have been called upon frequently to convict some 10 or 15 years after the Government has connived at the existence of these combines. There was a combination formed some 8 or 10 years ago, and before it was formed it was advertised throughout the papers that it was going to be formed, and upon what basis it was going to be formed, and the amount of the capital stock. It was discussed and understood that it was to be one of the most powerful combinations that could be brought into the industrial field.

The Government of the United States could have restrained the formation of that combination. The law provided for it. But the Government not only failed to restrain it, but by failing to restrain it connived at its formation.

Now, if a jury is called upon some 8 or 10 years thereafter to convict men and send men to jail for that which they have done with the practical connivance and consent of the Government, it is no wonder that a spirit of equity to some extent prevails and they refuse to act.

Now, there is another proposition, if the Senator will pardon me, and that is that the law itself is almost impossible of execution before a jury. To my mind it is just as impracticable to try a man for the crime of restraint of trade as it would be to try a man who had committed murder for having retarded the development of the human race. If the law was simplified, and it was specifically stated that such and such an act should be a violation of the law—for instance, the lowering of the price of an article in a particular community in order to destroy its competitor, the making of an agreement to limit output, the division of territory—that these separate acts should of themselves be offenses, the court and the jury could get hold of the matter and juries would not hesitate to act. But now weeks and weeks are taken to try a question which involves law, evidence, economics, speculation, and so forth, and thus a matter is presented so involved and intricate that it often results in a miscarriage of justice.

Mr. KENYON. I think such a law would be absolutely impossible. It would be well if human wisdom could devise such a law. But I do not believe that it is so difficult to enforce the Sherman Act as the Senator says. As everyone knows who has had any experience with it, it is just as easy to define terms under the act as it is, for instance, in a question of negligence in a lawsuit. Of course there are difficulties in it, but it is not impossible of execution.

Mr. COLT. Mr. President——

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

Mr. KENYON. I do.

Mr. COLT. Mr. President, I am inclined to think that in the enforcement of the Sherman law on its criminal side one difficulty arises in the rules of evidence and in the constitutional safeguards which are thrown around the individual with respect to his conviction of a crime.

I hardly agree with the position of the Senator from Minnesota [Mr. NELSON] that it is the fault of the jury. It seems to me that the trouble lies in applying the strict rules of the common law in criminal cases and the constitutional safeguards to a question of industrial combination under the Sherman Act. In other words, it would seem as if the rules of the common law must be somewhat modified in order to secure convictions by the jury under the instructions which must now be given by the court.

The difficulty, it seems to me, is not so much with the jury as in the application of the present rules of procedure to an industrial question of this character. I merely suggest this to the Senator and ask him if he does not consider this to be one of the difficulties. I am not combating his argument at all.

Mr. KENYON. Does not the Senator believe that the difficulty is that the courts have dealt with this as a business statute—an economic statute—and dislike to send men to jail for violating such a statute?

Mr. COLT. Possibly.

Mr. KENYON. However, I did not want to go into a discussion of that question.

Mr. COLT. I am inclined to think, so far as the courts are concerned, after a very long experience, that it is their endeavor to enforce the law, whether it sends a poor man or a rich man to jail; that they know no distinction, but that they do enforce the law and the rules of procedure as they exist. Of course, the temperaments of judges differ. Liberal-minded judges would seek, so far as appears to be justifiable, to conform the law to public opinion, but there may be other judges who take a more technical view. However, I do not think that the men who are convicted are not sent to jail because the judge himself has any leaning in support of the proposition that a man convicted under the Sherman Act should not be sent to jail.

Mr. KENYON. Of course, I did not want the Senator to understand me as criticizing the courts at all. I entertain the same high respect for the courts that he has. The courts can have nothing to do with it until the man is convicted. I have had some complaints with the courts for not sending men to jail when they were convicted instead of fining them. In the whole history of the Sherman Act, which has been 21 years on our statute books, to my knowledge, up to the Cash Register case, where a number of men were sentenced to jail, there was but one case where distinguished gentlemen were sentenced to jail, and that case was reversed by the Supreme Court not over two or three months ago. So we never have had the experiment of these men, who seem to think the earth and all the fruits thereof belong to them, reflecting over this matter in jail.

I am not ready to give up the Sherman Act—I know that many people are—until we put it to that final test. Then if it will not do the work it is time to try some other plan.

Now, I know, Mr. President, that a great many——

Mr. SHERMAN. Mr. President——

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

Mr. KENYON. Certainly.

Mr. SHERMAN. The inquiry I wish to make is entirely friendly to the line of thought that the Senator from Iowa is pursuing. The statement already made that jurors are loath to convict under the Sherman Antitrust Act is true. It does not follow that any just ground of criticism of jurors or the jury system exists. A verdict rendered in a prosecution under the antitrust law in the jurisdiction from which I come, where I know the personnel of the jurors——

Mr. KENYON. What case was that?

Mr. SHERMAN. It was in the Packers' case; not the original immunity case, but, I believe, another one. There was on that jury a number of farmers. There was on it a farmer with whom I had been associated, off and on, for, I will say, 18 years, an actual farmer. If he had any prejudices it must have been against the defendant. There were out of the 12 jurors 7 farmers, and none of them lived by the sweat of the hired man's brow. Their hands were just as hard as those of the average farmer who sustains himself, in large part, by his own toil. Still there was very little difficulty in arriving at a verdict of acquittal. I am stating this as a certificate to the integrity and fitness of juries. This is only in justification——

Mr. KENYON. And let me add, one, I think, had been a Progressive candidate for Congress.

Mr. SHERMAN. He was a candidate for nomination, but did not quite succeed. The farmers did not quite get him in that

year. This is only in order to round out the thought presented here that ultimately will be found to come up at a long session.

The question raised by the Senator from Rhode Island [Mr. COLT] on the rules of procedure embraces two things. One is the admission of testimony. That is very material on a verdict. The jury is sworn to try the case on the evidence. The admission of the testimony is governed by the rules of which the Senator speaks. The court does not arbitrarily make those rules; he administers those rules as he finds them. Again, the instruction from the court, in a Federal court especially, and in many State jurisdictions, obliges the jurors to take the law from the court.

In these industrial controversies there are sometimes in some of the larger industrial combinations, such as the Packers, the Steel Trust, and similar ones, having offices both in the East and in the Middle West, grave questions, and it is extremely hazy as to whether the Sherman anti-trust law on the acts complained of has been violated at all.

Again, the question is whether it is such a violation as to constitute a crime. This leads me to make the inquiry——

Mr. KENYON. I do not want to try the Packers' case over again; I spent three months upon it.

Mr. SHERMAN. No; this leads me to make the inquiry, in view of the statement made, whether in the solution of this question and the reluctance of a jury to convict under present conditions we must not reach the point where we must decide on what has come up any number of times in these prosecutions and in the formation of these industrial combinations.

First, whether in the formation there ought to be some authority to approve the incorporation articles before the concern is launched upon the industrial life of this country. That constitutes one feature of remedial legislation. One fragment of the Republican Party inclines to the opinion that there ought to be some form of a commission or some head of a department or some reliable authority to pass upon and validate the articles of incorporation before the corporation is given a Federal license.

Mr. KENYON. Does the Senator speak by authority as to this constituting a fragment of the Republican Party?

Mr. SHERMAN. No; only the Progressive platform of 1912. I speak by the authority of that platform only.

Mr. KENYON. Then the Senator is speaking without authority.

Mr. SHERMAN. The only authority I have is from the returns of the last election. It seems to me like there was little of anything but fragments of our party to speak of, to the best of my information. I was in it.

Mr. KENYON. So was I.

Mr. SHERMAN. If the Senator will pardon me, the other method is whether we will not take outright the platform of the Democratic Party as adopted at Baltimore a year ago this summer. It laid down the principle of a code that shall definitely and specifically define what is lawful and what is unlawful in the formation of these industrial combinations. That is what we reach here. It is what has been reached in State legislation, and in any attempt to modify or amend the Sherman antitrust law we will reach it in this Chamber. The question arises whether it shall be a commission, with authority to license or approve and with powers to suspend and dispense with statutes, to grant absolution for industrial sins, or whether we go to the opposite view and frame a code which will define specifically what can be done lawfully and what can not be done. Then when there is a specific code, anybody who comes along, lawyer, client, and other authority passing upon this question, will have brought squarely before them the lawfulness or unlawfulness of the act on the part of these industrial combinations or whether they shall be launched upon the business life of the country. You will find in this instance it is a statute which will be your guide. Every man who practices law where these things have come up knows that many, many times the hardest thing in the world is to advise a business combination whether they can properly invest their money in it without the danger of being prosecuted under the antitrust law or possibly be charged with an offense that will land them in jail.

Mr. NELSON. Mr. President——

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

Mr. NELSON. I shall not trespass on the Senator——

Mr. KENYON. I hardly know who started this subject. I should like to go on with my speech.

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

Mr. KENYON. I do.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. SHERMAN. Mr. President——

The PRESIDING OFFICER. The Senator from Iowa declines to yield further.

Mr. SHERMAN. I want to complete the inquiry——

The PRESIDING OFFICER. The Senator from Iowa refuses to yield.

Mr. SHERMAN. I do not want to take any time.

Mr. KENYON. How long will it take to complete the inquiry? I will yield to the Senator only to finish.

The PRESIDING OFFICER. The Senator from Iowa yields, and the Senator from Illinois will proceed.

Mr. SHERMAN. In rounding out the explanation of this principle, some light might be properly given by the Senator on this subject, whether we take a code or a commission. I am asking for information.

Mr. KENYON. I will just make this answer to the Senator from Illinois: Many good and wise men have come to the conclusion that the Sherman Act is a failure. I am not a wise man, but I try to be a fairly good man. I am not willing to accept that theory. If the time comes when it is a failure and we are not going to accomplish anything under the Sherman Act, I am ready to join in the movement for a commission of some kind to pass upon the question of incorporation and probably on the question of capitalization. It must be one or the other. But let us not give up the Sherman Act until it has been fully tried out. Let us rather equip the Department of Justice with trained lawyers and pay them large salaries and let them go ahead and enforce the criminal features of that act. You can not do it under the present equipment of the Department of Justice.

Now, Mr. President, I want to get back to where I was. I know there are a great many wise people who feel that the tariff and the trusts have nothing to do with each other, that they ought to be separate subjects, and that you can not undertake in a tariff bill to do anything in relation to the trusts. Other very wise people believe otherwise.

I quote from a very distinguished lawyer, who was President of the United States, Mr. Taft, who at Missouri Valley, in my State, said relating to this question:

> It should not be so high as to furnish a temptation to the formation of monopolies to appropriate the undue profit of excessive rates.

In his speech of acceptance he said:

> The excess over that difference serves no useful purpose—

That is, the difference in the cost of production at home and abroad—

> but offers a temptation to those who have monopolized the production and sale of such articles in this country to profit by the excessive rates.

It seems to me that excessive tariff rates may help monopoly.

I can not understand why my Democratic friends are not willing in this bill, if it can be done, to assist in a new method of helping to destroy the trusts in this country.

Where the Nation has granted protection, and when the industry so protected violates the law of the Nation, that protection should be taken away from it. That is all this amendment seeks to do, and it only does that when a court has decreed that the article is the subject of monopoly. Out of abundance of caution it does not go as far as your platform. If this may strike down the protective-tariff system, it certainly will not hurt your feelings. You do not believe in having the country, the wealth thereof, and its industries dominated and controlled by great trusts and combinations. Why will you not support this amendment? Do you not mean what you said in your platform about it, that articles entering into competition with trust-controlled products should be put upon the free list? Have you no independence? Are you the slaves of King Caucus? Is your party in caucus greater than you party in convention assembled? I implore you not to set aside the action of your convention and submit to the dictation of a caucus. How far is this caucus proposition to go?

Is the currency bill to be a matter of caucus? Is the Mexican situation to be a matter of caucus? Is every question that comes up here to be a matter of caucus? I am glad that we can not have binding caucuses on this side of the Chamber. We refuse to abide by party caucuses on this side. Everything should be open. Let the sunlight of publicity in. Committee meetings, except where foreign relations are involved, should be open to the public; caucuses likewise should be open to the public. Do not, my Democratic friends, I beseech you, because of caucus slavery, repudiate this important plank in the Baltimore platform. It will be suggested that Republicans have nothing to do with this platform, that you are suspicious of such assistance from Republican sources; but I have waited in vain for some Democrat to take up the cudgel for this plank. As no

one has come forward, I venture in a modest and humble way to offer my assistance with this amendment, because I believe it to be in the interest of those seeking industrial freedom in this country.

Mr. SUTHERLAND. Mr. President, I promise not to trespass on the Senator's time——

Mr. KENYON. I have been accustomed to it. I am perfectly willing.

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

Mr. SUTHERLAND. The Senator has yielded.

I understood the Senator from Iowa in the beginning to justify, and I think, perhaps, going further than that, to commend the President of the United States in his effort to direct the present Congress, or, at any rate, the Democratic——

Mr. KENYON. No; I did not. I ask the Senator to place it as I stated it, if he desires to comment on it.

Mr. SUTHERLAND. I was simply stating, preliminary to the question——

Mr. KENYON. I should like to have the preliminary correct, however.

Mr. SUTHERLAND. The Senator justified the President in his effort to induce the Democratic membership of the two Houses to put through a tariff bill, because, as the Senator said, that would be carrying out the platform pledge of the Democratic Party, and the Senator seemed to think it was the duty of the President to see that that platform pledge was carried out as far as he was able to do it.

Mr. KENYON. I said I thought he should not be criticized for attempting to carry it through in a proper way, by argument——

Mr. SUTHERLAND. By advising the members——

Mr. KENYON. Not by the use of patronage.

Mr. SUTHERLAND. I quite understood that, but by advising in a legitimate way the members of his party in Congress.

Now, the Senator has called attention to this particular plank in the Democratic platform with reference to the trust question. It is a part of the party platform, and does not the Senator think that it was the duty of the Democratic President to have advised his party with reference to that as well as these other things?

Mr. KENYON. I wish he had done so. I think certainly it would do no harm. Of course I am not in the confidence of the President, and I do not know what he would prefer.

Mr. SUTHERLAND. Does the Senator think that may explain the failure of the Democratic Members of the two Houses to put that proposition into the bill; that is, that the President had not so advised them to do it and therefore they left it out?

Mr. KENYON. I am not going to try to explain anything that the Democratic Congress may have done.

If this amendment were adopted, doubtless many articles would go on the free list. I want to take one glaring example of a monopoly-controlled product as an illustration—a great corporation that has come up from a small investment of money to where they have declared enormous dividends and represent millions of capital, have secured power from Niagara Falls, and now seeking further power on the St. Lawrence River, and willing to invest $40,000,000 to secure it; a monopoly so bold that it has not only absorbed practically all the business in this country in its line, but through a subsidiary company in Canada has entered into contracts with European companies actually providing that this article shall not be sold to the United States Government by these foreign concerns; a company that has built up a monopoly so powerful that it is engaged in business treason against the Government under which it lives and under which it enjoys protective-tariff duties. I refer to aluminum and the products thereof, which are now protected by tariff duties.

I do not want to spend much time in argument, as I am not in favor of delay in the passage of this bill. Even those who are opposed to the bill, knowing that it will pass, are anxious that it be immediately passed. The country is squared away for the bill and will try it out, and it must stand or fall by the test of operation. If the bill is a good one, the country is entitled to it at once; if bad, the sooner found out the better. If the bill is a success, if it reduces the high cost of living and still maintains high wages for the laborer and good prices for the farmer, the Democratic Party can look forward to a long lease of power; if it does not do these things, however, it will be some sixteen or so odd years before they will come into power again. I am glad the bill is not a compromise measure. It should embody the views of those who sincerely believe in a principle, and I assume it does, although it is difficult to discover the principle.

Indeed, in my judgment, Mr. President, the country is not particularly alarmed concerning this tariff bill. Nothing but failure of crops can bring hard times in the present condition of our affairs. The people are more interested in the question of banking and currency and in questions of industrial and social justice than they are in tariff legislation.

ALUMINUM.

I now want briefly to take up the question of aluminum.

In 1889 Charles M. Hall was granted a patent on a process for the manufacture or reduction of aluminum by the aid of an electric current.

In 1892 Charles Bradley, who had made application prior to Hall, was granted a similar patent, and about the same time a French inventor named Herroult began to apply substantially the same electrical process in the manufacture and reduction of aluminum.

In 1888 the Pittsburgh Reduction Co., afterwards the Aluminum Co. of America, was incorporated. They became the owners of the Hall patent process and had some litigation with reference to the Bradley patents, securing rights under both these patents. The capital stock of the Pittsburgh Reduction Co. originally was $20,000. This stock was increased in 1889 to $1,000,000. There is some question as to just how much of this was cash.

I ask to be permitted to insert in my remarks, without taking the time to read it, certain portions of the testimony taken before the Ways and Means Committee of the House.

The PRESIDING OFFICER. Without objection, permission to do so is granted.

The matter referred to is as follows:

Mr. PALMER. How long did the capital continue at $1,000,000?

Mr. DAVIS. For a number of years, when we increased the capital to $1,600,000 by issuing $600,000 of preferred stock for $600,000 in cash. The capital then remained at $1,600,000 for another period of years, when we issued $2,200,000 more of common stock, making the total of common-stock capitalization $2,200,000, and of this $2,200,000 $1,200,000 was for cash and $1,000,000 was a stock dividend.

Mr. PALMER. $1,200,000 was cash?

Mr. DAVIS. Yes, sir; and $1,000,000 was a stock dividend. And then at the expiration of our patents—our patents expired in 1909, or at the end, I think, of 1908—we capitalized the earnings which we had always left in the company, because we paid little or no dividends during all those years; we declared a stock dividend and authorized the issuance of $20,000,000 worth of stock, but only $18,750,000 is issued.

Mr. PALMER. Is that all that has been issued?

Mr. DAVIS. Yes, sir.

Mr. KENYON. Mr. Davis admits that no amount equal to $2,000,000 in cash was ever invested from outside sources in the aluminum company.

Mr. OLIVER. Mr. President——

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

Mr. KENYON. I think I will.

Mr. OLIVER. I merely want to correct——

Mr. KENYON. I should like to ask the Senator first, however, before I yield, if he is interested in any way in the Aluminum Co. of America?

Mr. OLIVER. Mr. President, I regard that question as being rather impertinent in this place.

Mr. KENYON. I will withdraw it.

Mr. OLIVER. But I will cheerfully answer it. I am not and never have been in the slightest degree interested in that company.

Mr. KENYON. Did the Senator not appear before the House committee with reference to power sites on the St. Lawrence River in behalf of the Aluminum Co. of America?

Mr. OLIVER. I did, Mr. President——

Mr. KENYON. The Senator was there directly representing this company in the hearings before the House committee?

Mr. OLIVER. I was there representing the owners of this company, who are constituents of mine, and endeavoring, so far as I could, to accommodate them; but I am not and never have been directly or indirectly interested in any degree whatever in this business or in anything connected with it.

Mr. STONE. I should like to ask——

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

Mr. STONE. I should like to ask the Senator from Iowa——

Mr. OLIVER. I was just going to ask——

The PRESIDING OFFICER. To whom does the Senator from Iowa yield?

Mr. KENYON. I yield first to the Senator from Pennsylvania [Mr. OLIVER], and then I will be glad to yield to the Senator from Missouri [Mr. STONE].

Mr. OLIVER. Mr. President, the Senator said, or, at least, I so understood him, that at no time was any sum approximating $2,000,000 in cash paid in. I think he will find from the

testimony that Mr. Davis said that there was something over $2,000,000 in cash paid in.

Mr. KENYON. I set out the testimony; but I will not stop to read it. My recollection of the testimony is that it was exactly opposite, and that $2,000,000 had not been paid in.

Mr. OLIVER. I think the Senator will find, upon examination of the testimony, that he is wrong.

Mr. KENYON. If I am, I will be glad to be corrected. I now yield to the Senator from Missouri.

Mr. STONE. I merely wanted to remark that the Senator from Iowa, in the beginning of his speech, said something about delay, and, among other things, that a Senator had been practically put on trial here the other day. I was just wondering if the Senator from Iowa was endeavoring to put some Senator on trial.

Mr. KENYON. If I am, I will not take as much time as the Senator from Missouri took in his trial.

Mr. STONE. Then, it is a mere question of time.

Mr. KENYON. I will not occupy in all I have to say anything like the time the Senator from Missouri has occupied on this bill.

In 1903 the Aluminum Co. of America took over the Pittsburgh Co. Its present capitalization is $30,000,000, so that from the investment of less than $2,000,000 the Aluminum Co. in 24 years has made approximately $28,000,000. It developed the industry until 1911, in which year it produced about 30,000,000 pounds, which was substantially the entire production in the United States.

PROFITS.

This monopoly has made enormous profits. In 1908 this company declared a stock dividend of 100 per cent. In 1909, three months after the passage of the Payne-Aldrich Act, it declared a dividend of 500 per cent on a capitalization then of $3,200,000, while at that time their profit and loss account was $6,500,000.

Mr. Davis, the head of this company, had testified before the Ways and Means Committee of the House in hearings on the Payne-Aldrich bill that the tariff of 8 cents on aluminum ingot and 13 cents on sheets, bars, and rods was absolutely necessary if their company was to continue to produce aluminum in this country, to give employment to American workmen, and to provide reasonable profit on the capital invested; and yet within three months after the passage of that act they declared a dividend amounting to $16,000,000. Commenting on this fact, the Iron Age, issued December 2, 1909, said as follows:

The Aluminum Co. of America, whose headquarters are at Pittsburgh, has declared a stock dividend of 500 per cent. It recently gave notice that it would increase its capital from $3,200,000 to $25,000,000. The company is now paying the equivalent of 24 per cent on its common stock per annum. No recent quotations have been made on the stock. It sold some months ago as high as $350 per share and in 1907 at $500 per share.

The New York Times of November 19, 1909, in commenting on the fact that the Aluminum Co. of America had a stock dividend of 500 per cent, properly termed it "Melons to the Mellons."

The Payne-Aldrich Act reduced the duty on aluminum ingots from 8 to 7 cents per pound and reduced the duty on sheets, bars, and rods from 13 to 11 cents per pound. Taking the figures for the total production of aluminum in the United States from the United States Geological Survey and subtracting the figures of imports furnished by the Department of Commerce and Labor, we find that the total production of the Aluminum Co. of America from the year 1891, when their production was 150,000 pounds, to June 30, 1909, was about 160,000,000 pounds. Their lowest duty since the Dingley bill was 7 cents per pound. The highest protection under the Dingley bill was 8 cents per pound. This dividend of 500 per cent, therefore, in 1909 amounts to 10 cents per pound on every pound of metal they had ever produced, or more than the entire duty for this period.

In Mr. Davis's testimony (House committee, p. 1495) he shows the Aluminum Co. from 1891 to 1909 had earned from twenty to twenty-four million dollars on 80,000 tons of aluminum. That would give them a net profit per ton of from $250 to $300 on every ton of aluminum made. The protection on ingots during this time was about 8 cents per pound, or $160 per ton. So they were making in profits the entire protection and an addition of approximately $90 to $140 per ton.

Again, Mr. Davis states in his testimony that the price of the Aluminum Co. of America during 1912 on ingots was 21 cents. The average price in Europe was 15½ cents. If the Aluminum Co. made 10½ cents per pound selling at 21 cents, according to Mr. Davis's own testimony they would have made 5 cents per pound if duty had been removed. In other words, a profit of 5 cents per pound on a cost of 11 cents per pound, or at least 40 per cent on the cost price.

An institution of this character can not well be claimed to be an infant. It has grown to be a very lusty infant, swallowing and digesting practically all other concerns in this country endeavoring to engage in business, and like Oliver Twist continually asking for more. It was before the Sixty-first Congress asking for power sites on the St. Lawrence River and calculating to spend $40,000,000 therefor.

I ask to be permitted, Mr. President, to insert from the hearings of the House committee certain parts of page 690. I do not wish to stop to read it.

The PRESIDING OFFICER. In the absence of objection, permission is granted.

The matter referred to is as follows:

Mr. LITTLEFIELD. What do you take as your aggregate investment?

Mr. DAVIS. We are calculating $40,000,000 ought to see us through.

Mr. LITTLEFIELD. Covering everything?

Mr. DAVIS. Covering everything. That is applied to the power house as well, excluding any aluminum plants or transmission lines or any means of utilization.

Mr. LITTLEFIELD. Does that include damages you may have to pay for riparian rights?

Mr. DAVIS. We do not expect to have to pay any damages for riparian rights, because we own all of the property which would be affected by this enterprise.

Mr. LITTLEFIELD. That is, the expectation of the promoters is that they are in a position where no riparian proprietor will be in a position to recover damages in case the development is made?

Mr. DAVIS. That is our expectation.

Mr. KENYON. On January 14, 1913, Mr. Davis, speaking for the Aluminum Co. of America, stated to the Ways and Means Committee of the House that their present capitalization was $30,000,000, and he admitted that the company was earning annually from 15 to 18 per cent on its capital, or from $4,500,000 to $5,400,000 per annum, and he was asked this question by Mr. Palmer:

So when you earn 15 per cent on your $30,000,000 you are earning from 180 to 225 per cent on the actual money which was invested in your plant?

Mr. DAVIS. Yes, sir.

This company has held the American price of aluminum without reference to cost at a point just a little above or a little below the European prices plus the duty, which is verified from a table taken from the American Metal Market of New York.

I ask permission to insert that table as part of my remarks.

The PRESIDING OFFICER. Without objection permission to do so is granted.

The table referred to is as follows:

Year.	Average price in Europe per pound.	Plus duty.	Average price in United States per pound.
	Cents.	*Cents.*	*Cents.*
1908	18.89	8	26.89 to 30.50
1909	14.56	7	21.56 to 23.00
1910	15.65	7	22.65 to 22.25
1911	12.95	7	19.95 to 20.34
1912	15.25	7	22.25 to 21.00

GOVERNMENT'S CASE.

Mr. KENYON. Mr. President, so powerful had become this great monopoly, and so iniquitous were the contracts it was entering into, both at home and abroad, that the Government commenced suit under the Sherman Antitrust Act in the District Court of the United States for the Western District of Pennsylvania, charging it with violating the Sherman Antitrust Act as a combination in restraint of trade and as a monopoly. It was charged in the Government petition that it controlled not only the raw product but the manufactured product likewise; that it controlled:

First. Raw material.

Second. Cooking utensils.

Third. Castings.

Fourth. Aluminum goods and novelties.

I.

The aluminum company own and control, as charged by the Government, more than 90 per cent of all the known deposits of bauxite in the United States and Canada. This is denied by Mr. Davis in his testimony, but he admits that they control 90 per cent of the bauxite beds in this country which are being commercially used; and that it is true to some extent that the reason the other bauxite beds are not being used commercially is because there is nobody to sell it to except the Aluminum Co. of America.

In 1905 or thereabouts the Aluminum Co. of America acquired the General Chemical Co. In 1911 they acquired the aluminum bauxite properties of the Republic Mining & Manufacturing Co.

from or through the Norton Co. The only remaining independent producer of bauxite in appreciable quantities is the National Bauxite Co., but its output has been used entirely in the manufacture of alum and chemicals with the General Chemical Co., the Norton Co., and the Pennsylvania Salt Manufacturing Co. The only other possible competitors they have are under agreements and contracts, which I will refer to later.

It is quite apparent that the aluminum company has a monopoly as to bauxite. The refiners of bauxite into alumina, suitable for making metal aluminum, are the Aluminum Ore Co., the Pennsylvania Salt Manufacturing Co., and the Merrimac Chemical Co. The Aluminum Ore Co.'s capital stock is owned by the Aluminum Co. of America. The amount of alumina produced by the Merrimac Co. is negligible. These companies are all tied up with contracts, so that the aluminum company practically control it.

II.

ALUMINUM COOKING UTENSILS.

This industry has grown very much. The Government in its petition states:

The history of the aluminum cooking utensil business in the United States is a history of shipwrecks caused chiefly by the arbitrary, discriminatory, and unfair dealings of the Aluminum Co. of America.

The United States Aluminum Co., the Aluminum Cooking Utensils Co., and the Northern Aluminum Co. own and control approximately 78 per cent of the stamped and spun aluminum cooking-utensil business of the United States and Canada.

The United States Aluminum Co. practically owns and controls the stock and entirely controls trade and commerce in aluminum cooking utensils.

III.

ALUMINUM CASTINGS.

Prior to 1909 there were a number of independent manufacturers of aluminum castings throughout the United States. Patents were about to expire. In May, 1909, there was a combination of the plants engaged in the manufacture of aluminum castings. There was one at Cleveland, one at Detroit, and one at Buffalo. These plants combined with the United States Aluminum Co., of New Kensington, Pa., and the Syracuse Aluminum & Bronze Co., of Syracuse, and the Eclipse Foundry Co., of Detroit, Mich. These were all combined by stock exchanges into the Aluminum Castings Co., a corporation organized under law of the State of Ohio, of which the Aluminum Co. of America owns 1,625 out of the 4,000 shares. This ownership, together with the fact that said company is the only profitable source of supply of aluminum ingots in the United States, enables them to control the policy of said Aluminum Castings Co.

IV.

ALUMINUM GOODS AND NOVELTIES.

This is another branch of the industry. Several large plants of the United States have been united under the corporate name of the Aluminum Goods Manufacturing Co. of New Jersey.

Mr. MARTINE of New Jersey. Mr. President——

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

Mr. KENYON. I always yield to the Senator from New Jersey.

Mr. MARTINE of New Jersey. I am quite free to confess that the little Commonwealth of New Jersey has been the festering place, the spawning pool, of a thousand iniquities, of which I am heartily ashamed.

Mr. KENYON. During the long residence of the Senator in New Jersey, in his State, I am surprised they could have existed.

Mr. MARTINE of New Jersey. We Democrats have done our best to allay the iniquity and in a measure we have succeeded, but we are hoping, nevertheless, for better results than we have thus far obtained.

Mr. KENYON. Then I sincerely hope the Senator will support my amendment regardless of the caucus.

The Aluminum Co. of America own 37 per cent of the capital stock, which, together with the fact that it is the sole available source of supply, places them in control of its policy; and in said suit it is charged that on account of its interest in said company they furnished crude and semifinished aluminum to said Aluminum Goods Manufacturing Co. at preferential rates, thereby enabling the said company to underbid its competitors.

In all these respects the Aluminum Co. is a monopoly. It would be difficult to find a more many-sided one. The independent users of the country have been at their mercy. In letters filed before the Ways and Means Committee it was apparent that the independent users were unable to get deliveries at any price from the Aluminum Co. of America in 1912. The price quoted in the table heretofore introduced of 21 cents on American produced aluminum was the price at which the great part of the output of the Aluminum Co. of America was sold by them to their subsidiary companies, in which they owned a large portion of the stock and whom they favor by preferential rates and deliveries in the sale of the raw product, making competition by the independent consumers in the open market practically impossible. I will, if I may be permitted to do so, insert as part of my remarks a copy of one of their contracts, which is a fair sample of the harassing methods employed by this arrogant monopoly toward those who were compelled to deal with them.

The PRESIDING OFFICER. In the absence of objection, permission is granted.

The matter referred to is as follows:

COPY OF CONTRACT.

This option, extended to ——— ———, hereinafter called the purchaser, by Aluminum Co. of America, Pittsburgh, Pa., hereinafter called the company, witnesseth:

(1) The company will furnish —— pounds of aluminum ingot, No. 1, 99 per cent pure (or less amount, as hereinafter provided for in par. 3), at 21 cents per pound f. o. b. Niagara Falls, N. Y., New Kensington, Pa., or Massena, N. Y., at the company's preference. The ingot to be furnished during the period from date of purchaser's acceptance of this offer and December 31, 1912.

(2) Payments will be made by the purchaser at sight draft with bill of lading attached.

(3) The company engages to ship the full amount of aluminum ——— covered by this agreement, if called for, in accordance with the purchaser's requirements, provided the amount of business *already booked* at the date of receiving the purchaser's *orders permits of so doing;* otherwise the purchaser's order will be filled according to the date of their receipt, to await the completion of earlier business and to be filled in preference to business received later. If the amount which the company is thus able to ship within the terms of this agreement is less than —— pounds the company will be considered to have discharged its obligations December 31, 1912, provided the provisions of this paragraph have been complied with.

(4) The word "order," as used in paragraph 3, is taken to mean "definite instructions from the purchaser to ship immediately with shipping address and other details required for the proper delivery of the material."

(5) Strikes, fires, differences with workmen, accidents to machinery, or other unavoidable causes will excuse either of the contracting parties from taking or sending orders.

(6) This option, when accepted, if on or before August 19, 1912, becomes an agreement binding on both of the contracting parties in respect to specifications placed by the purchaser. It is void if not signed on or before August 19, and in any event unless approved by the company's general sales agent.

Mr. KENYON. I also ask permission to insert four letters filed with the Ways and Means Committee of the House from various jobbers, showing the method of treatment accorded them by this monopoly.

The PRESIDING OFFICER. Without objection, permission is granted.

The letters referred to are as follows:

CINCINNATI, OHIO, *January 13, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: As merchant jobbers handling manufactured aluminum products, would say that during the last six months we have lost valuable contracts and orders in large quantities, due to the fact that we are advised by the manufacturers that they are unable to secure a sufficient amount of aluminum ingots. This we believe due to restricted productions by the United States Aluminum Co. and their failure to fill orders placed with them. We as well as the manufacturer find it impossible to secure elsewhere the aluminum ingots, and in a great number of cases other articles have been substituted and aluminum dispensed with, in some cases resulting in permanent diversion of business from us.

Promises of delivery are made indefinite, and we have not only lost valuable orders but are daily threatened with cancellation of such orders as we now hold. The consumers of aluminum products to-day are suffering through nondelivery, and if there is anything, in our opinion, on which the tariff should be removed it is aluminum ingot. It is our opinion, based on the best information we can secure, that aluminum can be manufactured in this country nearly as cheap as abroad, and this applies on sheet aluminum, rods, molding, and aluminum tubing. We think on these there should not be more than 3 cents per pound duty inflicted upon the consumer, provided the rods, molding, sheets not thinner than one-sixteenth inch to one-eighth, and tubing are not smaller in diameter than 2 inches.

We trust therefore your honorable committee can devise means whereby aluminum products may be delivered more satisfactorily to the consumers.

Yours, truly, E. K. MORRIS & CO.

RACINE, WIS., *November 25, 1912.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

MY DEAR SIR:

* * * * * * *

If the protection were of any particular benefit to anyone other than the aluminum company we might be content to pay this duty, but we know for a positive fact that the Aluminum Co. of America has exported material both in sheet and shapes to European countries by fast steamers, such as the *Lusitania, Mauritania,* and other fast boats. And the first thing that confronts them when they reach the European shores is the fact that they must meet the European competition and sell their stock anywhere from 20 to 25 cents per pound, which is the same stock that they are selling in this country at 30 and 40 cents per pound.

We believe that you can readily see the injustice shown the American consumers in this proposition. Because if the Aluminum Co. of America

can produce material and sell it abroad cheaper than what it can be sold at in this country it clearly shows that they are reaping the benefit of the duty on all stock imported. It is not a question of wage earners, but one in which the profits are put on a more equitable basis. This matter would not have arisen had the aluminum company been able to take care of the users of aluminum in this country; but they are not in a position and can not take care of their customers, apprising them all to import their stock.

Our claims, as far as the exporting of this stock is concerned, can be substantiated by referring to the trials of the tariff commission, and if these are not available the information can be secured through Mr. Arthur Seligman, 165 Broadway, New York City, who has a complete copy of all shipments of aluminum made abroad during the past year.

We consider this matter serious owing to the fact that we are importing approximately 20 tons in the coming three months—December, January, and February; and by being able to have this duty of 11 cents removed it would make a tremendous large saving for us as well as the balance of aluminum users in this country, and at the same time put the thing upon a fair basis for all concerned.

We believe in protection where it can be shown that protection is of some benefit to all concerned, and not to any one individual, as it is in this instance.

We appreciate that you have a good many matters come before you; also that a good many of these matters are hard to take up, but we ask that as a favor some action be taken if it is possible. Do not hesitate to ask for any further information that you need.

Yours, very truly,

RACINE MANUFACTURING CO.,
By HAROLD SMITH, *Secretary.*

—

TOLEDO, OHIO, *January 14, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We understand that at an early date the Ways and Means Committee is going to take up the question of tariff on aluminum.

This country, on account of the increased use of aluminum on automobile bodies, is now using an enormous amount of aluminum, and the supply at the present time is very much below the demand.

We ourselves are using a great deal of the material and are having a great deal of trouble to get shipments made quicker than six or eight months. We have been compelled, in order to keep our business going, to purchase several quantities of this material outside of the United States, and the present tariff is exceptionally high and makes the delivery price of such material very large.

We believe that, owing to the increased demand on account of automobile bodies, that this tariff should be lowered a good deal and that it should be placed at not over 3 cents a pound.

We further believe that this country can produce aluminum as cheap as other countries, because it was not very long ago that the United States exported a great deal of aluminum, and this aluminum was sold at lower prices than it was sold in this country.

When we mentioned above that we believed that duty should not be over 3 cents a pound we referred to the semimanufactured article, such as sheet aluminum, rods, moldings, etc.

We also believe that the tariff should be made on a pound basis rather than ad valorem; then the manufacturers of this country would know what duty to figure on.

Yours, very respectfully,

THE MILBURN WAGON CO.,
H. W. SUYDAM, *President.*

—

BLUFFTON, OHIO, *January 21, 1913.*

Hon. J. H. GOEKE, *Washington, D. C.*

DEAR SIR: You are undoubtedly aware of the fact that the rates of duty provided in the present tariff are an injustice to the American consumer. The production in this country has not by any means been sufficient to enable buyers to secure all they needed, and they have been compelled to buy a very large portion of their requirements in the European markets; that is, from importers. We attach copies of two letters from the Aluminum Co. of America verifying this statement.

It is also a well-known fact that aluminum can be produced as cheaply over here as it can abroad, and only a few years ago very considerable quantities of aluminum were exported to Europe and sold by the American producer at prices ruling on the other side, which, of course, were much lower than the prices paid over here; that is, the duty deducted from the American prices usually shows the prices obtainable in Europe. Statistics show that for the year ending June, 1912, there were exported in aluminum from this country an aggregate amounting to $1,144,353. It is only reasonable to say that should the duty be revised it would lead to a very large extension of the aluminum industry in America and would absolutely benefit the manufacturers as well as the country in general.

Ingot aluminum as a raw product should be put on the free list. Sheet aluminum, rods, moldings, etc., being only semimanufactured, should pay no more than 1 cent per pound duty.

We feel sure that some relief must come to the American manufacturer using aluminum. The present situation compels us to order from four to eight months in advance, and it is next to impossible for the average manufacturer to anticipate requirements so far in advance. Reduction in the tariff will be a relief, and we strongly urge that you use your influence in furthering this needed reduction when the metals schedule is brought before the committee for consideration.

Yours, very truly,

THE DILLER MANUFACTURING CO.,
P. DILLER, *President.*

Mr. KENYON. The decree secured by the Government in the suit against them under the Sherman Act recites (p. 14):

This decree having been agreed to and entered upon the assumption that the defendant, Aluminum Co. of America, *has a substantial monopoly* of the production and sale of aluminum in the United States, etc.

This was a consent decree agreed to by the Aluminum Co., in which they agreed that they have a substantial monopoly of the production and sale of aluminum in the United States, and the court so finds.

Why should this monopoly have any further protection for their product? But they say, "We are a good trust, not one of the wicked trusts." Mr. Davis, president of the company, wrote Senator Kavanaugh, of Arkansas, February 16, 1913, a letter, which Senator Kavanaugh placed in the hearings before the House committee. I ask permission to insert that letter in the RECORD.

The PRESIDING OFFICER. Without objection, permission is granted.

The letter referred to is as follows:

WASHINGTON, D. C., *February 6, 1913.*

Hon. W. M. KAVANAUGH,
United States Senate, Washington, D. C.

DEAR SENATOR KAVANAUGH: The Aluminum Co. of America finds one of its principal sources of raw material in Arkansas, which is our reason for venturing to interest you in our behalf, for any blow to the aluminum industry will be correspondingly reflected by depression in value and activity in the bauxite fields of Arkansas.

We have presented a brief to the Ways and Means Committee, and inclose you a copy of it. The fact that we are the only manufacturers of aluminum has, however, brought upon us the undeserved charge of monopolistic practices. We have therefore filed a "supplemental statement" bearing directly upon this point, and inclose you a copy of that statement.

Our patents, which were the foundation of the aluminum industry, did not expire until the beginning of 1909, and for two or three years the effects of the panic were such that few enterprises were started. In 1911 or 1912, however, the only company that ever tried to start in the aluminum business, so far as we know, raised $10,000,000, and have their plant nearly finished in North Carolina. We have never tried to stop anybody from going into the aluminum business, and we have never combined with or bought out any other aluminum manufacturers. *We certainly ought not to be called a monopoly in the offensive use of the term.* We do not hesitate to say that we have *been a good monopoly*, both with respect to our treatment of our customers and workmen and with respect to the development of the aluminum industry. We certainly have not used our position to the detriment of either our customers or workmen or would-be competitors.

Along with the charge of monopoly and the insinuation that our policy has been "monopolistic" the fact that our investment has grown is urged against us. The fact is, however, that our earnings have been only reasonable and normal on the investment, but we have pursued the rather unusual policy of not paying out our profits to any extent, but have kept them in the business. Few people stop to think how fast reasonable earnings accumulate if they are retained in the business. For instance, 20 per cent in a manufacturing business is not an unreasonable profit, yet 20 per cent per annum reinvested in the business doubles the investment in four years; or, in other words, if one starts with $1,000,000 and makes 20 per cent per annum, in 20 years one has got $32,000,000. While we have not done as well as this, we have done well enough, so that the figures look big to one who does not analyze them and who does not give us credit for and appreciate the fact that we have kept our earnings in the business.

We will certainly very much appreciate any assistance which you can give us to getting a fair and reasonable amount of protection.

Very truly, yours,

ALUMINUM CO. OF AMERICA,
ARTHUR V. DAVIS, Jr., *President.*

Mr. KENYON. It will be observed that Mr. Davis says in his letter, "We do not hesitate to say that we have been a good monopoly." It is interesting to note what a "good" monopoly they have been. In the hearings of the House committee, page 1501, is the following interesting dialogue:

Mr. PALMER. Then your only contract is between your Canadian company and the European companies?

Mr. DAVIS. Yes, sir.

Mr. PALMER. Which prevents the European companies from importing into Canada—is that the contract?

Mr. DAVIS. No, sir; that is not the nature of the contract.

Mr. PALMER. What is it?

Mr. DAVIS. Well, the companies agree to subject themselves to certain rules of a committee, both with respect to price and quantity of output, etc.

Mr. PALMER. This agreement prevents competition between your Canadian plant and the foreign manufacturers?

Mr. DAVIS. Yes, sir.

Mr. PALMER. Is it successful in preventing that competition?

Mr. DAVIS. Yes, sir.

Mr. OLIVER. Mr. President——

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

Mr. KENYON. I do.

Mr. OLIVER. The Senator understands that that has reference to the sales in other countries and does not affect sales in the United States in any way whatever.

Mr. KENYON. I am coming to that in just a moment. The Senator is anticipating me a little.

Also note the further dialogue:

Mr. PALMER. Then your Canadian company has a contract with all the aluminum manufacturers?

Mr. DAVIS. Yes, sir.

Mr. PALMER. Which contract regulates the prices?

Mr. DAVIS. Yes, sir.

Mr. PALMER. What is the price in Canada to-day?

Mr. DAVIS. The price in Canada to-day?

Mr. PALMER. Yes. Is it the same as it is here?

Mr. DAVIS. Yes. The same as it is in England or Italy. Just now it is abnormally high. It has averaged about 12 or 14 cents until just within the last two or three months.

Mr. SHIVELY. Mr. President, will the Senator right there yield for just a moment?

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

Mr. KENYON. Certainly.

Mr. SHIVELY. Was it not in this same examination of Mr. Davis that the following testimony was given?

Mr. PALMER. What companies are connected with your Canadian company in a contract? Where do they operate?

Mr. DAVIS.—

Of course, this Mr. Davis was president of the Aluminum Co. of America—

There is a company in Italy, a Swiss company, with plants in Switzerland, Germany, and Austria; two companies, I think, in Norway; some five or six companies in France; two companies in England; and another company in Switzerland, independent of the one first spoken of. I think that is all.

Mr. PALMER. That comprises about all the aluminum manufacturers on the Continent?

Mr. DAVIS. Yes, sir; all aluminum manufacturers on the Continent.

Mr. KENYON. I thank the Senator. I quote further from the testimony of Mr. Davis before the House committee:

Mr. PALMER. Is there real competition abroad between these various companies which you have mentioned?

Mr. DAVIS. There has been.

Mr. PALMER. Is there now?

Mr. DAVIS. Not now; no, sir.

Mr. PALMER. Why not?

Mr. DAVIS. On account of this contract that I speak of.

Mr. PALMER. Well, I mean in the foreign markets; is there real competition?

Mr. DAVIS. This contract covers the foreign market.

Mr. PALMER. As well as the Canadian market?

Mr. DAVIS. Yes, sir.

Mr. PALMER. And the only other territory, then, so far as you are concerned, is the United States?

Mr. DAVIS. Yes, sir; as far as we are concerned.

Mr. PALMER. Did you make an effort at the time to have the United States included within that agreement?

Mr. DAVIS. No, sir.

Mr. PALMER. Why not?

Mr. DAVIS. It was against the Sherman law.

Mr. RAINEY then questioned him concerning French bauxite. I will not take the time to read it, but will ask to have that included in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

Mr. RAINEY. You do not anticipate that French bauxite can penetrate very far into this country, do you?

Mr. DAVIS. French bauxite at the present time goes in large quantities to Pittsburgh. That is the farthest that I know it goes.

Mr. RAINEY. And that is as far as you expect it to go on account of freight rates?

Mr. DAVIS. Yes, sir.

Mr. RAINEY. These foreign countries do not control the bauxite deposits in France and in the other countries where bauxite is found, do they?

Mr. DAVIS. No, sir.

Mr. RAINEY. I understand the situation to be that you own the Canadian company.

Mr. DAVIS. Yes, sir.

Mr. RAINEY. And the Canadian company controls the foreign companies?

Mr. DAVIS. No, sir; the Canadian company controls no companies.

Mr. RAINEY. Well, it has an agreement with all of the other foreign companies?

Mr. DAVIS. Yes, sir.

Mr. RAINEY. And your company in Canada has a perfect agreement with all the foreign companies?

Mr. DAVIS. Yes, sir.

Mr. RAINEY. Of course you do not expect your Canadian company to furnish much competition, do you?

Mr. DAVIS. In this country?

Mr. RAINEY. Yes.

Mr. DAVIS. No, sir; naturally not.

Mr. KENYON. Also, from page 1507 I quote the following:

Mr. HILL. Does your Canadian company, which you own, agree with the European companies as to the price at which the metal shall be sold in Europe only?

Mr. DAVIS. In Europe only. In Europe and Canada.

Mr. HILL. Then it does not affect any other country in the world?

Mr. DAVIS. No, sir.

Mr. HILL. The European companies can sell in any other country except Canada, and at any price they please?

Mr. DAVIS. No, sir; you misunderstood me. The agreement covers all of the world except the United States.

Mr. RAINEY. And the only reason why it does not cover the United States is because we have a law here which prevents it?

Mr. DAVIS. I must admit perhaps that is a fair way of putting it.

So we find this "good" trust controlling the market, controlling the prices, not only in this country but practically throughout the world. And again as a sample of their "goodness" are the contracts entered into by them, one, to which I now refer, being so infamous as to constitute business treason. The Aluminum Co. of America, controlling the Northern Aluminum Co. of Canada, which is owned by them, entered into a contract in September, 1908, with the Swiss Co. of Europe, which is the largest of European companies engaged in the aluminum industry and which is designated in their agreement as A. J. A. G. Parts of this contract are as follows:

2. The N. A. Co.—

That is, the Canadian company—

agree not to knowingly sell aluminum directly or indirectly in the European market.

The A. J. A. G. agree not to knowingly sell aluminum directly or indirectly in the American market—defined as North and South America with the exception of the United States, but including West Indies, Hawaiian and Philippine Islands.

4. The total deliveries to be made by the two companies shall be divided as follows:

European market, 75 per cent to A. J. A. G., 25 per cent to N A. Co.
American market, 25 per cent to A. J. A. G., 75 per cent to N. A. Co.
Common market, 50 per cent to A. J. A. G., 50 per cent to N. A. Co.

The Government sales to Switzerland, Germany, and Austria-Hungary are understood to be reserved to the A. J. A. G.

The sales in the United States of America are understood to be reserved to the Aluminum Co. of America.

Accordingly the A. J. A. G. will not knowingly sell aluminum directly or indirectly to the United States of America and the Northern Aluminum Co. will not knowingly sell directly or indirectly to the Swiss, German, and Austro-Hungarian Governments.

5. The Northern Aluminum Co. engages that the Aluminum Co. of America will respect the prohibitions hereby laid upon the Northern Aluminum Co.

In this agreement it will be noted that the foreign company, under an agreement with the subsidiary of the American company, absolutely refuses to sell aluminum directly or indirectly to the United States Government. And this agreement by a company asking for a protective tariff. The Navy and War Departments use large quantities of aluminum. I was so astounded by the language of this contract that I took up with the War and Navy Departments the question of the use of aluminum since June 30, 1912, and I beg that I may have the privilege of putting in, as part of my remarks, the letters received from these departments showing such and the companies from whom the same was purchased.

The letters referred to are as follows:

ALUMINUM, PURCHASE OF, FOR NAVAL SERVICE.

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington, D. C., May 28, 1913.

Hon. WILLIAM S. KENYON,
United States Senate, Washington, D. C.

SIR: 1. In reply to telephone request from your office, the bureau's records show the following purchases of aluminum, after newspaper advertisement, since January 1, 1910:

Schedule.	Date.	Quantity.	Unit price.	Contractor.
		Pounds.		
2036.....	Jan. 4, 1910	800	$0.215	Great Western Smelting & Refining Co.
2133.....	Jan. 25, 1910	1,500	.2175	Nassau Smelting & Refining Works.
2718.....	Aug. 2, 1910	2,000	.2299	Berry & Aikens.
2759.....	Aug. 9, 1910	3,000	.219	Nassau Smelting & Refining Works.
3021.....	Nov. 8, 1910	3,000	.2175	General Metals Selling Co.
3585.....	May 31, 1911	5,000	.2015	Pope Metals Co.
4104.....	Dec. 5, 1911	16,000	.1820	Aluminum Co. of America.
4217.....	Jan. 16, 1912	20,000	.185	Pope Metals Co.
4477.....	May 7, 1912	6,000	.194	Aluminum Co. of America.
4500.....	May 14, 1912	1,600	.1890	Do.
4626.....	July 2, 1912	25,000	.2160	Do.

2. The above list includes the larger items of this material which have been purchased during the period named, but there may have been certain small purchases made through the various Navy pay offices, in addition to the above quantities, which can not be readily referred to.

3. The bureau understands that the principal use of this material is as an alloy in combination with other metals when it is desired to produce a metal combining strength with lightness of weight, etc., and for similar purposes.

Respectfully,

T. J. COWIE,
Paymaster General, United States Navy.

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, May 28, 1913.

Hon. WILLIAM S. KENYON,
United States Senate, Washington, D. C.

DEAR SENATOR: In reply to telephonic inquiry from your secretary, I desire to state that the following tabulation shows the principal purchases of aluminum made by the Ordnance Department of the Army since June 30, 1912:

Date.	Quantity purchased.	Price per pound.	From whom purchased.	Used for.
		Cents.		
July 1, 1912	3,000 pounds (ingots)..	22	Aluminum Co. of America.	Castings at Rock Island Arsenal.
July 1, 1912	18,000 sheets, 0.04 by 7 by 33½ inches, 0.88 pound per sheet, grade 3 S 2.	31	United States Aluminum Co.	Meat cans, cups, etc., manufactured at Rock Island Arsenal.
	26,000 sheets, 0.04 by 31 by 9¼ inches, 1.08 pounds per sheet, grade 3 S 2.	31	.....do.....	Do.
	300 pounds rivets.....	35	.....do.....	Do.
	250 pounds rivets.....	43	.....do.....	Do.
July 16, 1912	446 sheets, 0.075 by 30 by 48 inches, 10.1 pounds per sheet.	31	.....do.....	Miscellaneous manufactures at the Frankford Arsenal.
Apr. 8, 1913	7,000 sheets, 0.05 by 9 by 40 inches, 1.7 pounds per sheet, grade 2 S 0.	41	.....do.....	Canteens manufactured at the Rock Island Arsenal.

Since January 1, 1912, 93,915 aluminum canteens and cups have been purchased by this department from the Aluminum Goods Manufacturing Co., Manitowoc, Wis., at a price of $1.02 per canteen and cup on a lot of 23,085 canteens and cups, and at a price of $1.07 per canteen and cup for the remainder of the quantity purchased.

The canteen above referred to is of a new design, and there is little likelihood that so large a number will again be purchased during so short a time. A plant for the manufacture of these canteens has been installed at the Rock Island Arsenal, and it is intended to manufacture sufficient aluminum canteens and cups at that establishment to meet the needs of this department.

Very truly, yours,

R. BIRNIE,
Colonel, Ordnance Department, United States Army,
Acting Chief of Ordnance.

Mr. CLAPP. Mr. President——

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

Mr. KENYON. I do.

Mr. CLAPP. I simply wish to make an inquiry, which is whether the contract to which the Senator has just referred is found in the hearings before the committee?

Mr. KENYON. It is in the hearings before the committee and is set forth in the Government's suit. I mean it is in the House hearings.

Mr. CLAPP. I mean the House hearings, of course.

Mr. KENYON. I think it is in the Senate hearings, too.

Mr. SHIVELY. I do not think the bill of the Government and the decree were repeated in the Senate hearings.

Mr. KENYON. They were in the House hearings.

Mr. SHIVELY. They were incorporated in the House hearings. The record is complete so far as concerns the action of the Government against the Aluminum Co. of America.

Mr. CLAPP. I was inquiring about the contract, extracts from which the Senator has just read, with reference to selling in this country and other countries. I wish to know whether that is in the House hearings.

Mr. KENYON. It will be found in the House hearings, in volume 2. I have it here.

It is interesting to note that the War Department purchased aluminum castings, meat cans, cups, canteens, and other miscellaneous aluminum articles which they could not purchase from the foreign company if they desired because of this contract. The Navy Department likewise purchase large quantities of aluminum, which is used for various purposes in the Navy. But there are two great departments of the Government precluded from purchasing abroad what may be necessary in times of war for the safety of the Government by virtue of the monopolistic restraints of trade and contracts entered into by this powerful monopoly. Does not that come pretty well within the Baltimore platform? Such a monopoly ought to be destroyed; it comes close to being treasonable; and why should any protection be longer accorded this product? Why not open the doors and let this gigantic monopoly take its chances with the world's importation?

Mr. McLEAN. Mr. President——

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

Mr. KENYON. I do.

Mr. McLEAN. I should like to know just what effect the reduction of the tariff would have upon a monopoly which, as stated by the Senator, controls the product throughout the world.

Mr. KENYON. It is world-wide. I had anticipated that question.

Mr. McLEAN. If this agreement stands, what effect will the reduction of the tariff have?

Mr. KENYON. Then there can certainly be no objection to reducing the duties, because the converse of the Senator's proposition is true, and they are here asking for this protective tariff.

Mr. McLEAN. Very true.

Mr. KENYON. It may not affect it one particle if they have a world-wide monopoly; but it is a matter of principle.

Mr. LA FOLLETTE. And they must receive some benefit from it or they would not ask it.

Mr. KENYON. They would not be here, appearing before the committee and filing their briefs, if it were not of some benefit, I assume.

Mr. McLEAN. Mr. President——

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

Mr. KENYON. I do.

Mr. McLEAN. I hope the Senator from Iowa will pardon me if I quote to him the opinion of his illustrious predecessor, Mr. Dolliver, in this body.

Mr. KENYON. Anything Mr. Dolliver said is good, and I hope the Senator will always follow it.

Mr. McLEAN. The subject was brought up in 1909. In May of that year Senator Dolliver said——

Mr. KENYON. What is this—a campaign textbook?

Mr. McLEAN. This is taken from the CONGRESSIONAL RECORD.

Mr. KENYON. But is it a campaign textbook?

Mr. McLEAN. No; it is entitled "Story of a tariff."

Mr. KENYON. Whom is it by?

Mr. McLEAN. This is Senator Dolliver that I am quoting.

Mr. LA FOLLETTE. Who compiled it?

Mr. KENYON. "Story of a tariff," by Senator Dolliver?

Mr. McLEAN. No; I am quoting from Senator Dolliver's address, delivered in this Chamber in May, 1909, upon this subject:

I spoke years ago in the Senate Chamber on the subject of the protective-tariff system and the speculative trusts. Very few listened to what I said, and I never have met anybody since who appeared to have had any familiarity with the literature which that speech created. And yet it is some satisfaction for me to know it laid down some broad principles and some sound principles, and among them this, that no trust can master this market place in the present state of American enterprise and the present abundance of American capital without first monopolizing the raw material with which business must be transacted. I have felt ever since that a wise thing for the Senate to do is not to put trust-made goods on the free list, a remedy which would fall equally upon the just and unjust, and instead of killing the trusts would be more likely to kill the struggling competitors and turn the entire domestic business over to the trust, or, if not, would at least sacrifice American labor, which must be entitled to our consideration, whatever may be the offenses of American capital against our policy and our laws.

The point to which I want to call the attention of the Senator is this: If there is an absolute monopoly, I understand the Senator agrees with me that a reduction of the tariff will not affect it. If there is less than a monopoly, you destroy competition in this country.

Mr. KENYON. Regardless of that, does the Senator believe that where a concern has been decreed to be a monopoly, where such contracts have been entered into by a concern as the one I have called attention to, they are in any position to ask for protective-tariff rates?

Mr. McLEAN. That is a question——

Mr. KENYON. It is a moral question.

Mr. McLEAN. It is a question for the courts to decide, upon prosecution under the Sherman Act.

Mr. KENYON. The courts have passed upon it. The only objection I find to it is that it was not a criminal prosecution.

Mr. REED. Mr. President——

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

Mr. KENYON. Certainly.

Mr. REED. Did I not understand the Senator to say, early in his remarks on this branch of the subject, that aluminum was being sold in this country at the European price plus the tariff, or substantially that?

Mr. KENYON. I put in a table showing substantially that.

Mr. REED. Then it is manifest that for some reason—and this is the answer to the question which has just been asked—this company, although a world-wide monopoly, is able to take advantage of the tariff in this country, and that if the tariff were taken off the American people would at least get the benefit of European prices.

Mr. McLEAN. That depends upon the agreements and the contracts.

Mr. KENYON. Unless, of course, the world-wide trust they might be engaged in elevated prices all over the world.

Mr. REED. Of course, they might elevate the prices in Europe, which would diminish their output and profits. With that sort of condition, we need not speculate as to how it obtains, as long as it does exist.

Mr. KENYON. If it were not of some benefit, it is quite certain that Congress after Congress——

Mr. CRAWFORD. Mr. President——

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

Mr. KENYON. Just a moment. I would like a chance to finish once. As I say, if it were not of some benefit, it is quite certain that Congress after Congress would not find these gentlemen present stating that they could not conduct their business without a protective-tariff duty.

Mr. CRAWFORD. I desire to know the present status of the suit brought by the Government. I have not followed the litigation.

Mr. KENYON. The suit has gone to decree. A decree has been entered by the court enjoining this company from further enforcement or carrying out of these contracts.

Mr. BORAH. Mr. President——

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

Mr. KENYON. I do.

Mr. BORAH. I presume, then, if the suit has gone to decree, in view of the experience of the past, instead of having one trust we will have several, and their stocks will increase rapidly in value.

Mr. KENYON. Not yet.

Mr. BORAH. Has the decree been effective?

Mr. KENYON. The decree goes to the annulment of these contracts and enjoins them not to carry out these contracts.

Mr. BORAH. Has it worked out any result?

Mr. KENYON. I do not know whether it has or not.

Mr. OLIVER. Mr. President——

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Pennsylvania or to the Senator from Ohio?

Mr. KENYON. I yield to the Senator from Ohio.

Mr. POMERENE. I was going to ask when this decree was entered?

Mr. KENYON. I can only guess at that. I should say five or six months ago.

Mr. POMERENE. Has any criminal prosecution been begun against any of the parties to the agreement?

Mr. KENYON. There has not.

Mr. POMERENE. Does the Senator know of any reason why such prosecutions should not be begun?

Mr. KENYON. I do not. It is a very fertile field for criminal prosecution.

Mr. POMERENE. I entirely agree with the Senator.

Mr. OLIVER. Mr. President——

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

Mr. KENYON. I do.

Mr. OLIVER. I think the Senator ought to add that the agreement to which he has just alluded was voluntarily abrogated years ago and was not in force when the suit was brought.

Mr. KENYON. I did not know that that was true. If that is true, I ought to add it.

Mr. OLIVER. I can inform the Senator to that effect.

Mr. SHIVELY. Mr. President——

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

Mr. KENYON. I do.

Mr. SHIVELY. I think it will be found that some of the agreements that had been entered into had actually expired by limitation of their own terms before this suit was brought.

Mr. KENYON. I think that is true as to one or two of them.

Mr. SHIVELY. But, as a matter of fact, after the complaint was filed the defendant stopped with filing an answer, preferring not to go into the litigation of the case on the facts and permitting a decree to be taken against itself.

Mr. KENYON. The defendant consented to the decree.

Mr. SHIVELY. Yes; rather than have an investigation and exposure in the court of the real facts in the case.

Mr. KENYON. Which decree, the Senator remembers, recited that they were a substantial monopoly.

Mr. SHIVELY. Oh, certainly.

Mr. BORAH. Mr. President——

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

Mr. KENYON. I do.

Mr. BORAH. I should like to ask the Senator from Indiana, while he is on his feet, in view of his statement, upon what principle this duty was put upon this article?

Mr. SHIVELY. Does the Senator mean in the present act?

Mr. BORAH. Yes.

Mr. SHIVELY. I will give it up, if the Senator please.

Mr. KENYON. The Senator from Idaho means in the proposed act, does he not?

Mr. SHIVELY. The Senator is inquiring about the act of 1909.

Mr. KENYON. No; I think he is talking about the present bill.

Mr. SHIVELY. Under the act of 1909 a duty of 7 cents per pound was fixed upon crude aluminum. A duty of 11 cents per pound was fixed upon the products of crude aluminum—sheets, plates, bars, and rods. Why any such duty should have been placed in the act of 1909 I am unable to state to the Senator from Idaho.

Mr. BORAH. Upon what theory is the duty placed upon it in this bill?

Mr. KENYON. Why is it placed there now?

Mr. SHIVELY. Let me state that the Dingley Act placed a duty of 8 cents a pound upon crude aluminum. It placed a duty of 13 cents a pound upon the plates, sheets, and rods. The act of 1909 placed a duty of 7 cents a pound on crude aluminum, a reduction of 1 cent a pound. The same act placed a duty of 11 cents a pound upon sheets, rods, and strips, or a reduction of 2 cents a pound. The House passed this bill reducing the duty to 25 per cent ad valorem, that applying both to the crude aluminum and to the fabrications of aluminum. That was a reduction of what, at the time these tables were made up, was a duty of about 58 per cent ad valorem to a duty of 25 per cent. It came to the Senate, and we have reduced the duty on crude aluminum from the present law, where it is 7 cents a pound, to 2 cents a pound, and from 11 cents to 3½ cents a pound on the plates, sheets, rods, and strips, leaving a low revenue duty upon the article.

Mr. BORAH. Mr. President——

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

Mr. KENYON. I will let the Senator complete what he is about to say, and then I should like to be permitted to finish.

Mr. BORAH. I will not interrupt the Senator if he desires that I shall not do so.

Mr. KENYON. Go ahead; I am willing to yield to the Senator.

Mr. BORAH. Then, as I understand, this duty is placed here as a revenue duty?

Mr. SHIVELY. Why, certainly.

Mr. BORAH. But it seems, from the argument of the Senator from Iowa, conceded by the distinguished Senator from Missouri, that notwithstanding that fact they sell in this country at a price with the duty added over that which is the price in Europe. So it must be that it is a duty which, while it is a revenue producer, at the same time gives protection.

Mr. SHIVELY. If the Senator please, of course where there is competition there is not any question that as an incident of the revenue the domestic industry will get that much incidental advantage. That will attend any duty that is a revenue duty in its character where there is competition.

Mr. BORAH. I will not further detain the Senator from Iowa.

Mr. KENYON. I should like to finish.

Mr. REED. Mr. President, will the Senator from Iowa yield to me for a second?

Mr. KENYON. Yes.

Mr. REED. As showing how hard it is to agree upon matters of this kind, I call attention to the fact that the amendment offered by the Senator from Iowa [Mr. CUMMINS] gives these rates:

> Aluminum, aluminum scrap, and alloys of any kind in which aluminum is the component material of chief value, in crude form, 6 cents per pound; * * * barium, calcium, magnesium, sodium, and potassium, and alloys of which said metals are the component material of chief value, 2 cents per pound and 20 per cent ad valorem.

Which is about three times as much as is proposed here.

Mr. BORAH. Mr. President——

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

Mr. KENYON. I decline to yield any further. I want to finish what I have to say.

Mr. BORAH. I was going to say something which I think the Senator from Iowa would like to hear.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. The Senator from Iowa has declined to yield further.

Mr. KENYON. I yield to the Senator from Utah for a moment.

Mr. SMOOT. The Senator from Missouri stated that the rate of 2 cents a pound and 20 per cent ad valorem on barium and calcium and magnesium and sodium and alloys of metals was about three times what the present bill provides. The present rate on those articles is 3 cents per pound and 25 per cent ad valorem, and that is only equivalent to 27.79 per cent, whereas the pending bill provides 25 per cent ad valorem. So there is scarcely a 10 per cent reduction in the present rate upon those items.

Mr. REED. Mr. President, the Senator misquotes me. I did not confine my remarks to those articles. I spoke of the entire proposition.

Mr. SMOOT. All I know is that the Senator mentioned barium and calcium.

Mr. REED. I read that at the last of the paragraph and made my comments on the paragraph, the first item of which is 6 cents per pound instead of the rate in this bill.

Mr. KENYON. Now, Mr. President——

Mr. SHIVELY. Mr. President——

Mr. KENYON. I decline to yield.

Mr. SHIVELY. Just one word.

Mr. KENYON. I fear that we will be charged with trying to filibuster against the passage of this bill.

Mr. SHIVELY. No; we will absolve you from any such charge as that.

Mr. KENYON. I yield to the Senator for a moment.

Mr. SHIVELY. The senior Senator from Iowa [Mr. CUMMINS], who has given special study to Schedule C, does propose, as suggested by the Senator from Missouri, a duty of 6 cents a pound on crude aluminum while we propose a duty of 2 cents a pound. He proposes a duty of 9 cents a pound on the plates, sheets, bars, and rods, while we propose a duty of 3½ cents a pound. I only wondered if it were not possible for the junior Senator and the senior Senator from Iowa to hold some sort of conference—not a caucus; I know the Senators object to a caucus—that might result in some unity on this question.

Mr. CUMMINS. Mr. President, I think my colleague will yield to me now for just a moment.

Mr. KENYON. Certainly.

Mr. CUMMINS. Of course, the Senator from Missouri could not resist the temptation to cast some sort of imputation upon me. I have my own views about these matters, for which my colleague is in no wise responsible and for which he must not be held responsible. When I come to present the amendment which I have proposed I will give those views to the Senate. I trust the argument of my colleague may be allowed to proceed without attempting to draw my amendment into the matter, for we have had no caucus respecting the subject. We do not caucus. Each man upon this side holds his independent, free opinion.

Mr. BORAH and Mr. REED addressed the Chair.

The VICE PRESIDENT. Does the Senator from Iowa yield, and to whom?

Mr. KENYON. No. This illustrates the independence of this side of the Chamber. The other side might well follow it. Nobody is doing any thinking for anybody else on this side of the Chamber.

Mr. REED. Mr. President——

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

Mr. REED. The Senator's colleague made a remark indicating that I could not resist the temptation to reflect upon him. I think that statement is of such a nature that the Senator ought to permit me to say what I am going to say.

I made no reflection upon the Senator. I intended no reflection upon the Senator. I have never reflected upon the Senator, in public or in private, and I do not know why he makes that statement. I called attention to this matter merely to illustrate the fact that it was difficult on this side to prepare a bill that would make a reduction satisfactory to the other side.

Mr. CUMMINS. Mr. President, I understood that my colleague was making an argument for the importation of this commodity without duty, and that the Senator from Missouri called attention to the fact that in that respect he did not agree with the senior Senator from Iowa; that is all.

Mr. BORAH. Mr. President——

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

Mr. KENYON. I do.

Mr. BORAH. It is evident that all these schedules were made up without the remarkable information which has been given to us this afternoon. If that be true, why would it not be well for the Democratic caucus to meet with the two Senators from Iowa and put this article upon the free list?

Mr. KENYON. And include the Senator from Idaho, and take up the lead schedule, too.

Mr. BORAH. I have already given my consent. I do not need to be there.

Mr. SHIVELY. Mr. President——

Mr. KENYON. Mr. President, I decline to yield further.

Mr. SHIVELY. Just one concluding observation.

Mr. KENYON. No; not for one word. I am going to get through.

Mr. SHIVELY. Has the Senator really arrived at the point of his speech where he declines all further interruptions?

Mr. KENYON. I have certainly been pretty lenient in regard to interruptions. I should like to get through. The Senator will have plenty of time then. I do not want to be discourteous.

Mr. SHIVELY. An observation had just been made that I thought ought to be answered. Of course, the Senator has the right to conclude his speech without interruption if he insists.

Mr. KENYON. The Senator from Indiana will have plenty of time to answer it before this bill is passed.

I am sorry these little colloquies drift in. The senior Senator from Iowa always has good reasons for his amendments, and will take care of himself in his own proper time. I have simply been trying to argue this out as a moral question and as a patriotic question—rather outside of economic questions. I have been trying to advance the theory that protection ought not to be further granted to such an institution as this; that it comes with poor grace from people who have not only violated the law of their country, but have been willing to rob their Government and to prevent its great departments of national defense from securing at fair prices what they need, to ask for protection from their country in the way of tariff duties. The benefits of a protective tariff ought not to be granted to those who rob their Government and violate its laws to add to their greedy profits.

Other contracts entered into by this "good" trust are those with the General Chemical Co., a portion of which I ask to be inserted as part of my remarks:

Fourth. Said chemical company further expressly covenants and agrees that it will not use or knowingly sell any of the bauxite sold to it by the said bauxite company hereunder, or any other bauxite, or the products thereof for the purpose of conversion into the metal aluminum, and that upon proof that any of said bauxite or products thereof have been put to any such use it will not make any further sales or deliveries to the purchaser thereof.

Eighth. It is understood and agreed that the bauxite sold hereunder by the said bauxite company to the said chemical company shall be used by the said chemical company and by companies under its control, or whose stock is largely held by it, and by no other person or party, and only for the manufacture of alum, alum salts, alumina sulphate, or alumina hydrate for alum and its compounds, and for no other purpose whatsoever.

Fifth. The said reduction company agrees to use its good offices in the interest of said chemical company so far as relates to promoting the trade of the latter in alum and alum products in the United States and in foreign countries; and said chemical company reciprocally undertakes and agrees to use its good offices in the interest of said reduction company so far as relates to promoting the metal business of the latter in the United States and foreign countries.

Also the contract with the Norton Co., a portion of which I ask to insert:

Tenth. Norton Co. may mine and use bauxite from the said 40-acre tract of bauxite land referred to in paragraph D above, which shall be used for the purpose of manufacture of alundum, and may mine and sell from the said property bauxite or other mineral taken therefrom for any purpose except for the manufacture of aluminum; and Norton Co. shall not sell or otherwise dispose of said 40-acre tract except subject to the above restrictions.

Eighteenth. Norton Co. shall not at any time during the continuance of this agreement use or sell any of the bauxite contained on the said 40-acre tract described in paragraph D above, or any other bauxite, or the products thereof, hereinafter acquired by Norton Co., in the United States of America or the Dominion of Canada, for the purpose of conversion into aluminum.

Also the contract with the Pennsylvania Salt Manufacturing Co., a part of which I ask to insert:

The Pennsylvania Salt Manufacturing Co. agrees not to enter into the manufacture of aluminum as long as this agreement is in force.

This agreement was ratified, explained, and enlarged by the Pennsylvania Salt Manufacturing Co. in a letter dated January 1, 1907, as follows:

"Referring to the clause in the contract of this same date between our companies for the sale and purchase of alumina, wherein we agree not to engage in the manufacture of aluminum during the term of the contract or the extension thereof in case you avail yourselves of the option contained in the contract for its extension, we wish to assure you that this clause will be carried out to the full extent of the spirit and intent as expressed in our verbal conversations; that is, we will not manufacture aluminum ourselves nor allow any company in which we own a controlling interest to do so, nor will we invest any of our capital in any way, through the stock of any corporation or otherwise, in the manufacture of aluminum. Furthermore, we will not sell, directly or indirectly, any hydrate or anhydrate of alumina while the contract or any extension of it may be in effect to any person or persons for use in the manufacture of aluminum; and in case it should be discovered that any persons to whom we have sold alumina have resold it so that it is being used in the manufacture of aluminum, we will take such steps as to future sales to such persons as will prevent any alumina which has been manufactured by us being used in the manufacture of aluminum."

Also with the Kruttschnitt-Coleman, or rather individuals, which I ask also to insert:

As part consideration for the execution of this agreement by Aluminum Co., Kruttschnitt & Coleman hereby severally agree that for the period of 20 years from the date hereof in that part of the United States of America east of a north and south line through Denver, Colo., neither Kruttschnitt nor Coleman will directly or indirectly engage or become interested in the manufacture or fabrication or sale of aluminum or any article made substantially of aluminum, provided that either or both the said Kruttschnitt and Coleman may be employed by or become interested in Aluminum Co. or said Aluminum Goods Manufacturing Co. without committing a breach of this contract.

The Government also in its suit set up many acts of unfair competition. This guilty company practically plead guilty to the charge and permitted a consent decree to be entered.

The revenues derived from importation are not large. A table prepared by the statistical clerk to the Committee on Ways and Means gives an estimate for a 12-year period under the highest duties, which are duties of 25 per cent. The revenue derived would be $625,000. The Senate has reduced these duties even more and made them specific, so that the duties would not now amount to more than approximately $450,000.

I ask leave to include that table, so prepared, as a part of my remarks.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

The matter referred to is as follows:

Imports.	Dingley tariff, 1905.	Payne tariff.			Estimates for a 12-month period, H. R. 10.
		1910	1911	1912	
Quantity.....pounds..	638,513	12,386,898	6,240,826	14,971,290	.....
Value.....	$153,134	$1,840,851	$445,820	$1,857,726	$2,500,000
Average units.....	$0.240	$0.149	.....	$0.120	.....
Duties.....	$51,081	$875,462	$450,000	$1,047,990	$625,000
Equivalent ad valorem, per cent.....	33.36	47.56	.....	56.41	25.00

Mr. KENYON. Mr. President, I have taken up too much of the time of the Senate, but I have not been entirely to blame. I have cited and discussed aluminum merely as an example of the proposition I am trying to bring forward for attention, namely, that articles entering into competition with trust or monopoly controlled products should be put upon the free list. That does not mean war with healthy business enterprise; no one in this country desires to wage war on large business so long as it is honest business; but whether the Sherman Act embodies a proper economic policy, it is the law, and as long as it is the law it should be obeyed, and those who will not obey the law ought to have no benefit from tariff duties. This amendment has been offered in the best of faith. I believe in the principle thereof, and I am no less a believer in the protective tariff theory—a tariff that will equalize conditions between this country and competing countries abroad, and no more. Business ought to be satisfied with such a tariff and ought to be willing to enter into competition behind such tariff wall. If, however, business is not willing so to do, but prefers to go into combinations in violation of law, then it should take its chances with the competition of the world.

Mr. President, I have approached the debates upon this bill with an open mind, looking for light. The light, it is true, at times has been rather dim, but after the completion of the debate and after all the light has been shed upon it that is possible, I propose to be governed in my vote by the one test whether or not this bill is better for the hundred million people of this country than is the present tariff law. If in the last analysis I shall feel compelled to vote against the bill, it would not indicate that I was opposed to the income tax and a very large number of other features of the bill. The income tax is the fairest form of taxation; it places the burden of taxation upon those most able to bear it. In my judgment the rates on the higher incomes should be increased and increased to such proportion that the great fortunes of this country may bear a large part of the burden of an enlarged Navy for this Nation, which must come just as certain as the sunset. This Nation must increase its Navy.

It is idle to talk about enforcing the Monroe doctrine without a powerful Navy. The American people demand an adequate Navy. We may as well give up the Monroe doctrine as to try and enforce it without a powerful Navy. An income tax, properly graduated so as to reach the great fortunes of the country, together with an inheritance tax, would assist in providing ample funds for the building and maintenance of a great Navy.

I hope this bill may be amended in some respects. I trust, among other amendments, a provision will be adopted for a tariff commission—a real commission, not a makeshift—also a provision for an inheritance tax.

I indulge the hope, Mr. President, that some day partisanship may be set aside and the tariff cease to become a political football; that through the instrumentality of a nonpartisan commission the tariff question may be taken out of politics and we may have a tariff bill formed on the theory of the difference in the cost of production at home and abroad, with some intelligent basis to act on from the investigation and findings of such a commission.

That may be an iridescent dream. Dreams sometimes come true. I trust this one will.

Mr. STONE. Mr. President, a number of paragraphs in Schedule C were passed over at the request of different Senators. I desire to make an effort to dispose of some of them this afternoon.

Paragraph 106 was passed over, but I do not wish now to take it up; also paragraph 116.

Mr. OLIVER. I will ask the Senator what was the number of the paragraph to which he first alluded?

Mr. STONE. Paragraph 106. That was passed over for further consideration by the committee on suggestions made here.

Paragraph 116 was also passed over in the same way. We do not desire to take it up now.

Paragraph 126 was passed over at the instance of the senior Senator from Massachusetts [Mr. LODGE]. I understand from the Senator from Utah [Mr. SMOOT] that the Senator from Massachusetts will be here on Monday.

Mr. SMOOT. I expect him here Monday, Mr. President; also the junior Senator from Massachusetts, who is interested in the same schedule.

Mr. STONE. It is desired by the Senator from Utah that the paragraph shall remain as it is until the Senator from Massachusetts is present on Monday.

I will ask the Senator from North Carolina about paragraph 127. It was passed over at the instance of the senior Senator from Arkansas [Mr. CLARKE].

Mr. SIMMONS. The senior Senator from Arkansas is not here at this moment. If there is to be any controversy about that paragraph, I think it had better go over.

Mr. SUTHERLAND. It is impossible for us to hear what is being said.

Mr. SIMMONS. Paragraph 127 was passed over at the instance of the senior Senator from Arkansas [Mr. CLARKE]. He is not in the Chamber this afternoon. If there is to be any controversy about it, I should prefer that it go over until he is here.

Mr. STONE. Very well; let that be passed over.

Paragraph 130 relates to penknives and cutlery of different kinds. That seems to have been passed over at the instance of the Senator from Ohio [Mr. BURTON].

Mr. BURTON. I am ready to take it up now, if agreeable to the Senator from Missouri.

Mr. STONE. Yes; I should like to dispose of it, if possible. It was passed over at the instance of the Senator from Ohio and the Senators from Connecticut.

Mr. BURTON. The Senators from Connecticut, I believe, are here.

The object of the amendment which I proposed was to impose upon scissors and shears the same duty as upon penknives and razors. The amendment was offered as long ago as May 26. I have here a copy of the section, with erasures and interlineations, which I will ask the Secretary to read, to show what is proposed.

The VICE PRESIDENT. The Secretary will read as requested.

The SECRETARY. In paragraph 130, page 38, line 13, after the word "razors" and the comma, the Senator from Ohio proposes to insert "scissors and shears, and blades for the same"; also, in line 18, after the word "razors" and the comma, it is proposed to insert "shears, scissors"; and in line 19, after the word "razors," at the end of the line, it is proposed to insert "shears, scissors"; and in lines 20, 21, and 22 to strike out the words "scissors and shears, and blades for the same, finished or unfinished, 30 per cent ad valorem," so that, if amended, the paragraph will read:

130. Penknives, pocketknives, clasp knives, pruning knives, budding knives, erasers, manicure knives, and all knives by whatever name known, including such as are denominatively mentioned in this section, which have folding or other than fixed blades or attachments, and razors, scissors and shears, and blades for the same; all the foregoing, whether assembled but not fully finished or finished; valued at not more than $1 per dozen, 35 per cent ad valorem; valued at more than $1 per dozen, 55 per cent ad valorem: *Provided*, That blades, handles, or other parts of any of the foregoing knives, razors, shears, scissors, or erasers shall be dutiable at not less than the rate herein imposed upon the knives, razors, shears, scissors, and erasers, of which they are parts: *Provided further*—

And so forth.

Mr. BURTON. Mr. President, the object of this amendment is to include scissors and shears in the same classification with penknives and other kindred articles, in lines 9 and 10, the first and second lines of paragraph 130, and with razors. For that there are two or three principal reasons. Indeed, when the facts are given, the case for a maximum duty is stronger for scissors and shears than for knives and razors.

In the first place, when you take all classes of scissors and shears into account, the proportion of labor involved in their manufacture is greater. It is especially greater than in the case of penknives. The cost of material for penknives, as compared with shears, is about as 4 to 1. The labor cost of scissors and shears is very large.

In the second place, in certain varieties of scissors and shears there is a comparatively new industry which has started in the last two or three years. The work upon this variety, both at home and abroad, is almost exclusively handwork. Certain factories have been started here, making the finest quality, such

as is manufactured in the city of Solingen, in Germany. That city is one in which this industry has been established for a very long time, and on certain grades it has held a monopoly until perhaps within the last three years. Now factories have been started in the United States and are making fair progress.

A third reason, which is really a repetition of the first, is that the proportion of labor contained in them is even greater than in the great majority of the other articles.

I really think this paragraph ought to go back to the Committee on Finance for further consideration. I think I can conjecture the reason why the distinction was made between the two and a lower duty imposed upon scissors and shears. The difference existed under the Payne-Aldrich bill. But on all classes—penknives, razors, scissors, and shears—the duty was not only ample but large, so that it was sufficient for scissors and shears. But there is now and was then no reason why the last-named articles—scissors and shears—should carry a lower duty than the others. I think they should be classified together.

Mr. STONE. They do carry a lower rate in the Payne-Aldrich bill.

Mr. BURTON. They do; yes. I fancy that is the reason why the Finance Committee made a distinction in this case.

Mr. STONE. It was the action of the House Ways and Means Committee, not of the Finance Committee.

Mr. BURTON. Yes. I shall be entirely satisfied if the committee will pass over this paragraph or amendment for further consideration.

Mr. STONE. Mr. President, of course, if the Senator asks to have the paragraph passed over, under our practice here it will be passed over; but I was taking up the paragraphs which had been passed over heretofore with the hope of disposing of them, if possible.

Mr. BURTON. I recognize the wish of the Senator from Missouri to finish as much as possible of the bill at this time.

Mr. STONE. And I understood the Senator to say he was ready to proceed.

Mr. BURTON. I am ready. I have made my statement in regard to it.

Mr. STONE. I should prefer to have it disposed of now, unless the Senator insists on passing over it.

Mr. BURTON. The matter can be considered by the committee, I take it, between now and the time when it comes up in the Senate.

Mr. STONE. Of course, the committee can consider it in any event; but I should like to dispose of it now, if the Senator pleases.

Mr. BURTON. If there are any reasons why the classification should not be the same, I should like to hear them.

Mr. STONE. I can not spend much time in discussing these amendments; but in the book I have here, being a report of merchandise entered for consumption in the United States in 1911, and so forth, I find that knives and penknives were under a different classification.

Mr. BURTON. Yes; that is true in the present law.

Mr. STONE. It reads as follows:

Valued at not more than 40 cents per dozen, 40 per cent ad valorem; valued at more than 40 cents per dozen and not exceeding 50 cents per dozen, 1 cent per piece and 40 per cent ad valorem; valued at more than 50 cents per dozen and not exceeding $1.25 per dozen, 5 cents per piece and 40 per cent ad valorem; valued at more than $1.25 per dozen and not exceeding $3 per dozen, 10 cents per piece and 40 per cent ad valorem; valued at more than $3 per dozen, 20 cents per piece and 40 per cent ad valorem.

Then, if you go down to scissors, it appears that the value of the blades is very much lower than in the case of knives. In the case of those valued at not more than 50 cents per dozen, the duty was 15 cents per dozen plus 15 per cent ad valorem. The equivalent of 15 cents per dozen is 1¼ cents per piece. In the case of those valued at more than 50 cents and not more than $1.75 per dozen the duty was 50 cents per dozen plus 15 per cent. That is equivalent to 4 cents per piece plus 15 per cent. In the case of those valued at more than $1.75 per dozen the duty was 75 cents per dozen plus 25 per cent, equivalent to 6 cents per piece plus 25 per cent. The average on knives was 77.62, as against 52.55 on scissors. So the value was much lower.

It strikes me that the committees of former Congresses properly classified these articles, and I feel that the Ways and Means Committee of the present Congress has not gone far from the mark of a proper classification.

Mr. BURTON. Mr. President, I am thoroughly familiar with the facts relating to the duty in the existing law; but, as I have already stated, the duties were all of them ample. When you come to reduce them, while a sufficient duty, in my judgment, is retained on razors, the duty is quite insufficient on shears and scissors, partly because of the very large element of labor that enters into their manufacture and partly because some forms of scissors and shears are now made which were not formerly made in this country.

I should like very much, Mr. President, to have the committee give this further consideration. I do not wish to make any undue demand upon their time. I understand the Senator from Connecticut [Mr. BRANDEGEE] also desires to be heard on this question.

Mr. STONE. I will say to the Senator that the committee will give further consideration to it. The Senator offers an amendment?

Mr. BURTON. I offer an amendment to make them all the same rate of duty.

Mr. STONE. I would be glad to have a vote on it, unless the Senator from Connecticut desires to be heard.

Mr. BRANDEGEE. Mr. President, this is one of those instances in the bill where it means a great damage to a considerable number of people without much of any benefit, if any at all, to anyone. There are certain industries—not large industries at all—engaged in the manufacture of shears. I have received communications from three or four of them which are located in Connecticut. I will briefly give the Senate an idea of what they say their situation is. Here is one from the Acme Shear Co., of Bridgeport, Conn., stating:

Referring to our formal letter inclosed, we ask you to note that the manufacture of cast-iron shears is peculiarly a Connecticut industry. The high-priced shears (laid steel) are not made in Connecticut, but in various parts of the country, particularly New Jersey and Ohio.

We appeal to you as a Connecticut Congressman to consider carefully the facts given. Our company has been in business in Bridgeport since 1882, and you may be sure of our integrity and sincerity of purpose.

If you do agree with us that our request for a tax of at least 45 per cent on shears costing 75 cents per dozen or less is a logical and urgent necessity borne out by facts, will not you do whatever you can to have our request granted? Unless such protection is given to our low-priced shears it will mean a greatly reduced production or materially reduced wages for our workmen.

Again they state:

There are two classes of shears and scissors manufactured in the United States.

First. "Laid-steel" shears, which retail at from 65 cents to $2 per pair.

Second. "Cast-iron" shears, which retail at from 5 cents to 25 cents per pair.

The manufacturers of cast-iron shears in the United States are:

The Acme Shear Co., Bridgeport, Conn.

The Atlas Shear Co., Bridgeport, Conn.

The Bridgeport Hardware Manufacturing Corporations, Bridgeport, Conn.

Clayton Bros. (Inc.), Bristol, Conn.

The Ansonia Novelty Co., Ansonia, Conn.

We submit the following figures as substantially correct for the manufacture of cast-iron shears and scissors in the United States, viz:

Number of employees	933
Pay roll for the year 1912	$570,167.00
Average weekly wages (59½ hours)	$11.75
Investment in business	$1,160,000.00
Gross sales for year 1912	$824,380.00
Net profit for year 1912	$74,160.00
Percentage of profit on sales	9.0
Percentage of profit on investment	6.4

DISTRIBUTION.

Eighty-nine per cent of all cast-iron shears manufactured in the United States in 1912 were sold for consumption in the United States, and 11 per cent were exported.

Of the quantity used in the United States over 80 per cent were sold to 5-and-10-cent stores, the other 20 per cent being sold to hardware and department stores, retailing at from 10 cents to 25 cents per pair.

Of the quantity exported not one pair was sold in Germany, and but few in England and continental Europe. Most of the cast-iron shears exported were shipped into Canada and Mexico, where quickness of delivery offset to some degree the lower prices of German competition. The prices for export and domestic trade were and still are equal.

Practically all the competition to American cast shears and scissors is from German factories in the Solingen district. According to the British Board of Trade reports, the wages of cutlery workers in Solingen ranges from $5.10 to $8.64 per week, or an average of $6.88 per week. The wages of American cast-shear workmen averaging $11.75 per week are over 70 per cent higher than the wages paid in Solingen.

The cost of manufacturing American cast shears is proportioned 24 per cent material and 76 per cent labor, as every operation in their manufacture has to be performed by hand.

Bearing in mind the 70 per cent higher wages paid American workmen and the 76 percentage of labor cost, it is shown that the German factories have an advantage of 53 per cent over American factories.

Shears and scissors to the value of over $570,000 were imported into the United States during 1912, this being a greater amount than in any previous year, and an amount nearly as large as the combined yearly sales of American cast-shear factories.

Believing that the broad aim of tariff revision is to lessen the cost of articles and materials to the American consumer, we wish to strongly emphasize the fact that over 71 per cent of all American cast-iron shears and scissors are retailed in the United States at 5 cents and 10 cents per pair. The proposed duty of 30 per cent on scissors (Schedule C) in place of the present average of 53.77 per cent (specific and ad valorem) will simply mean a greater profit to importers and retailers, as the prices of 5 cents and 10 cents per pair will remain unchanged.

We therefore respectfully urge you to differentiate between the two classes of scissors manufactured and respectfully ask that a duty of 45 per cent to 50 per cent be placed on all shears and scissors costing 75 cents per dozen or less.

Mr. President, I will not read more of these communications. They are along the same line. One of them writes me that he will have to go out of business if this rate is imposed. What advantage is it going to be to drive out of business these small manufacturers who are employing American skilled labor in a product that is made entirely by hand labor at good wages in this country? They are paying their taxes, owning their houses, and they are settled in their communities. What is the good of transferring that industry to Germany and Great Britain, throwing these men out of employment, on the chances that the importer, the jobber, and the retailer will be able some way or other to sell possibly a pair of scissors a quarter of a cent or half a cent cheaper when they now sell for 5 cents and 10 cents a pair?

What I view as one of the strongest reasons for not going at every schedule with a reduction without knowing much about the facts and taking the chances is this: The accumulated effect of all these reductions is going to make a lot of discontented people in this country, who will have lost their employment, and the work they have done is turned over to foreigners. It is upon the guess of this committee that this is done. They are not able to guarantee that the goods imported will be sold any cheaper.

These people, who I think know what they are about and know the condition of their own business, say that they can not produce these articles cheaper without lowering wages. I do not think it will be a good thing for anybody to experiment along this line.

As I said, here are five or six factories, whose names I have read, in my own State. They say they sell 89 per cent of the product in this country. They export the rest. They do not sell cheaper abroad than they do at home. They are in no trust or combination. It seems to me, if there is anything which can come within the definition of the leaders of the party in power that they do not want to harm a legitimate industry it is the case of these little New England factories, manufacturing notions and tools and things of this kind, located some in the cities, but some in the smaller towns of New England.

Mr. THOMAS. Mr. President——

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

Mr. BRANDEGEE. Certainly.

Mr. THOMAS. Did I understand the Senator correctly in saying that the manufacturers of shears and scissors export a part of their product?

Mr. BRANDEGEE. Oh, yes. The Senator's attention was probably diverted. The letter that I read stated that of the total product of scissors made in this country 89 per cent were used in the country and the remaining 11 per cent were exported.

Mr. THOMAS. Can the Senator inform me what foreign countries receive the exports?

Mr. BRANDEGEE. The letter stated that they went to Canada and to Mexico, and that they went there because they had to have them immediately and it was quicker dispatch, and they imported some from this country rather than to get them cheaper from Europe by waiting.

Mr. THOMAS. I beg the Senator's pardon; my attention was diverted.

Mr. BRANDEGEE. If I wanted to encumber the RECORD—which I am very reluctant to do, and I shall not do it in this case with these letters—it would appear that in many instances penknives, pocketknives, clasp knives, pruning knives, budding knives, manicure knives, and razors are all made in the same factory that make scissors. Scissors are just as much trouble to make as knives and the blades of razors. They are made of different material, but they are made by the same people in the same factory. Now, I say they are just as much entitled to protection if any of them are entitled to protection.

Whether the committee are bent upon reducing the duty upon razors and these other things or not, I can not see why they should discriminate between these different classes of knives, for that is all the scissor is. It is just two knife blades hitched together.

Mr. McLEAN. Mr. President, I suggest to my colleague that the reason given by the senior Senator from Missouri [Mr. STONE], as I understood him, was because the unit of product in the shears is cheaper than the unit of product in the knives. That is as I understand the Senator. I may have been mistaken. Am I correct in so understanding him?

Mr. STONE. The unit of product of shears is less than that of knives.

Mr. McLEAN. It is cheaper than the unit of product in the knife?

Mr. STONE. I so stated.

Mr. McLEAN. It will be difficult, I think, to explain, when ad valorem duties are applied, why the price of the unit of the product should be considered. For instance, an article that costs 10 cents, it seems to me, is entitled to the same ad valorem duty as an article that costs 20 cents.

Mr. BRANDEGEE. Now, upon scissors they have proposed a rate of 30 per cent ad valorem, and upon pocketknives, and so forth, 35 per cent ad valorem. These constituents of mine think they ought to have 45 per cent upon scissors, but whether the committee could give them that or not, I certainly hope that they will allow scissors, made in the same factories in many cases, to come under the same classification as the other goods. I think no harm would be done to anybody by it. I was about to say that I trust the theory upon which the paragraph was formed will not be invaded or invalidated. I hope the committee will take this into consideration and that the amendment of the Senator from Ohio [Mr. BURTON] may be allowed to prevail.

Mr. STONE. Let us have a vote on the amendment.

Mr. SIMMONS. Before the vote is taken, I wish to call the attention of the Senator from Connecticut to a statement made before the Finance Committee of the Senate by Alfred Field & Co., of New York, in which they say:

> From 1864 to 1890 the rate on scissors and shears was 35 per cent, from 1890 to 1894 the rate on scissors and shears was 45 per cent, and since then the Dingley and Payne mixed rates. So you will see that scissors and shears never paid a higher rate than 35 per cent until the McKinley bill, and under this rate of 35 per cent the American manufacturers completely captured the market on shears and large quantities are exported, some domestic manufacturers having their own agents and places of business abroad for the sale of their goods.

I just wanted to ask the Senator, if he has knowledge of that industry, whether it is a fact that this industry before 1890 and when the duty was only 35 per cent had, as a matter of fact, as stated here, captured the American market and was exporting scissors and shears in large quantities?

Mr. BRANDEGEE. I have not seen the statement of the gentlemen. Who were the gentlemen who made the statement?

Mr. SIMMONS. Alfred Field & Co.

Mr. BRANDEGEE. What was their business?

Mr. SIMMONS. I do not know. It is not stated here.

Mr. BRANDEGEE. Do they state whether they were steel shears or iron shears?

Mr. SIMMONS. No; they do not. They just say scissors and shears, like the language of the bill.

Mr. BRANDEGEE. Of course the statement is by a party unknown to me, and, in reference to a class of goods that is not stated, I could not say anything about it from any knowledge of the business that I have. I have no knowledge of it other than what the Senator has had by the benefit of the letters which I have read. If the American manufacturers, owing to the protective duty of 35 per cent, did get the market, I myself think it was a good thing.

Mr. SIMMONS. If they could capture the market in the early days of the industry, when the rate was only 35 per cent, how does it happen that they can not hold it now at the same rate since the industry has been built up and established?

Mr. BRANDEGEE. The statement of the gentlemen, whose names I do not remember, which the Senator read states that large amounts were exported. I have read what the exports were last year, and it appears that my figures were right. Eighty-nine per cent were marketed in this country, and the rest of it, which would be 11 per cent, was exported to Canada and Mexico. If those constitute large quantities exported abroad, then I take a different view of what a large percentage would be from what the Senator does.

Mr. BURTON. Mr. President, I should like to inquire where a report of the hearings is to be found? It is well for us to know whether the statement is that of an importer.

Mr. SIMMONS. I will take great pleasure in giving the reference to the Senator. It is the "Hearings and statements filed with the Senate Committee on Finance on House bill 3321."

Mr. BURTON. I do not find it in the index of the copy I have.

Mr. SIMMONS. The Senator will find the statement on page 422.

Mr. BURTON. According to the copy that I have, the matter on that page is something on an entirely different subject. I have a copy of the hearings before me.

Mr. SIMMONS. I will state to the Senator that this is volume 1, containing the hearings from Schedule A to Schedule H. I will send the book to the Senator, if he desires it.

Mr. BURTON. I do not seem to have it.

Mr. President, I am convinced that if this provision goes through in this form an injustice will be done to the manufacturers of these articles—scissors and shears. Those with whose business I am familiar manufacture the better grade, the more

expensive grade, and they are not exporters at all. They are seeking to maintain, however, a foothold in the domestic market. The proportion of labor in the manufacture of these articles is very large, reaching as high, perhaps, as 70 per cent of the total cost of the product. To say to these manufacturers, "You shall have less support by the tariff than is given to the manufacturer of all these different grades of penknives which can be made in the same factory," is to virtually tell them, "We will place you at a disadvantage, and we are indifferent whether you are put out of business or not."

Mr. President, one word more about this. These gentlemen, I take it, are without doubt importers. They come from 93 Chambers Street and 75 Reed Street, New York City. That is a locality where there are no factories of which I know. On the other hand, it is a locality where persons are engaged in the import trade. I should question very much the statement made that from 1864 to 1890 the domestic manufacturers had the trade.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Ohio [Mr. BURTON]. [Putting the question.] By the sound, the noes appear to have it.

Mr. BRANDEGEE. Let us have the yeas and nays, Mr. President.

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

Mr. JAMES (when Mr. BRADLEY's name was called). I announce the absence of the senior Senator from Kentucky [Mr. BRADLEY] on account of illness. I wish also to say that he is paired with the Senator from Indiana [Mr. KERN]. I shall let this announcement stand for the day.

Mr. CHILTON (when his name was called). I transfer my pair with the junior Senator from Maryland [Mr. JACKSON] to the senior Senator from Tennessee [Mr. LEA] and vote. I vote "nay."

Mr. SHEPPARD (when Mr. CULBERSON's name was called). My colleague the senior Senator from Texas [Mr. CULBERSON] is unavoidably absent. He is paired with the Senator from Delaware [Mr. DU PONT].

Mr. JAMES (when his name was called). I transfer the pair which I have with the junior Senator from Massachusetts [Mr. WEEKS] to the junior Senator from Louisiana [Mr. RANSDELL] and vote. I vote "nay."

Mr. KERN (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BRADLEY]. I transfer that pair to the senior Senator from Nebraska [Mr. HITCHCOCK] and vote. I vote "nay."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from California [Mr. PERKINS], and as he is not present I withhold my vote. I should vote "nay" if I were at liberty to vote.

Mr. SAULSBURY (when his name was called). I have a pair with the junior Senator from Rhode Island [Mr. COLT]. I therefore withhold my vote.

Mr. SMITH of Georgia (when his name was called). I transfer my pair with the senior Senator from Massachusetts [Mr. LODGE] to the senior Senator from Maryland [Mr. SMITH] and vote. I vote "nay."

Mr. STONE (when his name was called). I have a general pair with the Senator from Wyoming [Mr. CLARK]. In his absence, I withhold my vote.

Mr. SUTHERLAND (when his name was called). On account of the absence of the Senator from Arkansas [Mr. CLARKE], with whom I have a pair, I will withhold my vote.

Mr. THOMAS (when his name was called). I have a general pair with the senior Senator from New York [Mr. ROOT]. I transfer that pair to the Senator from Oklahoma [Mr. GORE] and vote. I vote "nay."

Mr. ASHURST (when Mr. VARDAMAN's name was called). I have been requested to announce that the junior Senator from Mississippi [Mr. VARDAMAN] is absent on account of business of the Senate, and that he is paired with the junior Senator from Idaho [Mr. BRADY].

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE] and withhold my vote.

The roll call was concluded.

Mr. SUTHERLAND. I will transfer my pair with the Senator from Arkansas [Mr. CLARKE] to the Senator from Rhode Island [Mr. LIPPITT] and vote. I vote "yea."

Mr. BRYAN. I am paired with the junior Senator from Michigan [Mr. TOWNSEND], and therefore withhold my vote.

Mr. GRONNA. I wish to announce that my colleague [Mr. MCCUMBER] is necessarily absent on account of illness in his family. He is paired with the senior Senator from Nevada [Mr. NEWLANDS]. I wish this announcement to stand for the remainder of the day.

Mr. JONES. I desire to announce that the junior Senator from Michigan [Mr. TOWNSEND] is detained from the Chamber on important business, and, as already announced, he is paired with the Senator from Florida [Mr. BRYAN].

Mr. GALLINGER. I have been requested to announce that the Senator from Maine [Mr. BURLEIGH] is paired with the Senator from Tennessee [Mr. SHIELDS]; the Senator from New Mexico [Mr. CATRON] with the Senator from Maine [Mr. JOHNSON]; the Senator from West Virginia [Mr. GOFF] with the Senator from Alabama [Mr. BANKHEAD]; the Senator from Wisconsin [Mr. STEPHENSON] with the Senator from Louisiana [Mr. THORNTON]; and the Senator from Wyoming [Mr. WARREN] with the Senator from Florida [Mr. FLETCHER].

Mr. LEWIS. I wish to announce that the junior Senator from Tennessee [Mr. SHIELDS] has been called from the Chamber by a calamity which has occurred in his household whereby he has been compelled to leave the city.

The result was announced—yeas 11, nays 38, as follows:

YEAS—11.

Brandegee	Gallinger	Oliver	Smoot
Burton	McLean	Page	Sutherland
Dillingham	Nelson	Sherman	

NAYS—38.

Ashurst	Kenyon	Pittman	Smith, Ga.
Bacon	Kern	Poindexter	Smith, S. C.
Bristow	La Follette	Pomerene	Sterling
Chamberlain	Lane	Reed	Swanson
Chilton	Lewis	Robinson	Thomas
Clapp	Martin, Va.	Shafroth	Thompson
Gronna	Martine, N. J.	Sheppard	Tillman
Hollis	Myers	Shively	Walsh
James	O'Gorman	Simmons	
Jones	Owen	Smith, Ariz.	

NOT VOTING—46.

Bankhead	Cummins	Lodge	Smith, Mich.
Borah	du Pont	McCumber	Stephenson
Bradley	Fall	Newlands	Stone
Brady	Fletcher	Norris	Thornton
Bryan	Goff	Overman	Townsend
Burleigh	Gore	Penrose	Vardaman
Catron	Hitchcock	Perkins	Warren
Clark, Wyo.	Hughes	Ransdell	Weeks
Clarke, Ark.	Jackson	Root	Williams
Colt	Johnson	Saulsbury	Works
Crawford	Lea	Shields	
Culberson	Lippitt	Smith, Md.	

So Mr. BURTON's amendment was rejected.

The SECRETARY. The next paragraph passed over——

Mr. SMOOT. Mr. President, before proceeding to the next paragraph, I desire to call the attention of the Senate to an amendment which I desire to offer, and I hope the Senator having the bill in charge will accept it. After the word "ad valorem," in paragraph 130, page 38, line 17, I move to insert "surgical and dental instruments, or parts thereof, 40 per cent ad valorem."

Mr. President, I offer this amendment for the reason that to-day surgical and dental instruments, or parts thereof, fall into the basket clause and are dutiable at 45 per cent. They are a highly finished product, and under the 45 per cent duty 80 per cent of the consumption of those items in the United States is imported, so certainly 45 per cent is a competitive rate. I now offer this amendment to make the rate 40 per cent instead of 45 per cent, as the present law provides. Under the pending bill these articles will fall under the basket clause at 20 per cent. Mr. President, I believe that the Senator from Misscuri himself will acknowledge that that would be detrimental at least to the manufacturers of the 20 per cent of these goods that are made in the United States. I ask if the Senator will not accept the amendment?

Mr. SHIVELY. Mr. President, am I correct in understanding the Senator to say that, notwithstanding the 45 per cent duty, 80 per cent of these instruments are imported and only 20 per cent produced in this country?

Mr. SMOOT. That is the information furnished me by the makers of surgical instruments.

Mr. SHIVELY. Does the Senator mean to say that as useful instruments as these should be laid under a duty of 45 per cent when 80 per cent of them are now imported?

Mr. SMOOT. Mr. President, they could all be made in this country if it were possible under the present law, but the Senator knows that surgical instruments and dental instruments are among the most technical and highly finished articles of manufacture.

Mr. SHIVELY. I agree to that.

Mr. SMOOT. Mr. President, as I have said, under the present rate of 45 per cent, I am informed by the makers of this class of goods that the importations amount to 80 per cent of the consumption of this country. It does seem to me that these articles

should be made in this country. In case of war what would be our position? We would be entirely at the mercy of a foreign country for this most essential class of goods. If this rate of 20 per cent is adopted, that is exactly the position in which we will be placed.

Mr. SHIVELY. Mr. President, that is all based on the theory that we would have no access to such goods in case of war. What the Senator has just said would indicate that this industry is purely statutory; that it is parliamentary in this country. I can hardly believe that; and, on reflection, I can hardly believe that the Senator will insist on laying the medical profession in this country and their patients under a 45 per cent contribution on this article.

Mr. SMOOT. Mr. President, of course I do not know personally that 80 per cent of these goods are imported, but I have the statement from at least half a dozen manufacturers in this country that to-day, under the 45 per cent rate, there is an importation of 80 per cent of the consumption in this country. I believe that statement, and so I have offered an amendment in paragraph 130 inserting after the words "ad valorem," on page 38, line 17, the words:

Surgical and dental instruments, or parts thereof, 40 per cent ad valorem.

Mr. STONE. I will say to the Senator that I should like to have a vote on the amendment, but I have made a little note in my book on the proposed amendment, and the committee will look into it.

Mr. JONES. I desire to ask the Senator from Utah how long has the 45 per cent rate been in force?

Mr. SMOOT. Since 1909.

Mr. JONES. What was the rate before that?

Mr. SMOOT. The same rate of 45 per cent prevailed under the Dingley law.

Mr. JONES. And they have only developed 20 per cent of the industry under that duty?

Mr. SMOOT. That is all they are able to hold; in fact, they are not making as large a quantity under the 45 per cent duty as they did a few years ago, I suppose on account of the exceedingly sharp competition in this line of business.

Mr. LA FOLLETTE. Can the Senator state how many factories there are in this country manufacturing these instruments?

Mr. SMOOT. There are about 200 manufactories in the industry to-day, and, of course, there are many skilled mechanics employed. The letter which I have does not give the number of employees, but it does state that they are of the highest class of skilled mechanics, as necessarily they would have to be to make that class of instruments.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Utah.

Mr. WILLIAMS. Mr. President, I should like to ask the Senator from Utah what is the duty proposed by him?

Mr. SMOOT. Forty per cent.

Mr. WILLIAMS. On surgical instruments?

Mr. SMOOT. On surgical and dental instruments.

Mr. WILLIAMS. Mr. President, this is an illustration of the consequences of the theory underlying Republican doctrines. Here are thousands of poor men and poor women lying in hospitals, awaiting surgical operations. Of course the Senator from Utah knows that in the long run the surgeons do not pay this duty. Their patients do pay it. If there is any time in a man's life when he needs human charity and help, and can not submit to taxation, it is when he is lying between life and death in a hospital somewhere, being operated upon. Yet the Senator wants to tax the disabled people in the hospitals in order to protect a domestic industry.

Mr. GALLINGER and Mr. SMOOT addressed the Chair.

Mr. WILLIAMS. I yield to the Senator from New Hampshire.

Mr. GALLINGER. Does the Senator from Mississippi really believe that a surgeon would charge more for an operation if his instrument cost $5 than if it cost $4? Does he think he would charge up the difference to the patient?

Mr. WILLIAMS. I not only believe, but I know, that a lawyer must make up the cost of his law library, that a railroad must make up the cost of its expenditures in operation, and that a surgeon must, somehow, make up the cost of all the charges that he must endure in order to exercise his profession. I know as well as I know the name of the Senator from New Hampshire, and he knows as well as he knows his own name, that any man engaged in a business of any sort must pay the cost of his business before he calculates his profit, and that if you tax the entire surgical fraternity in the United States 10 per cent, 25 per cent, or 45 per cent duty—it makes no difference what—they must, somehow or other, take care of the profit and loss account on their ledgers before they even begin to calculate what they can charge their patients.

Mr. GALLINGER. If the Senator will permit me, I know that surgeons nowadays do not calculate their charges on the basis of adding 25 or 50 or 75 cents or a dollar so as to pay for their instruments. They have a schedule of rates that they charge for various operations.

Mr. WILLIAMS. Oh, yes; that is true, and so have the lawyers, so have the physicians, so have the plumbers. All of them, however, in making up their schedules of rates consider what it will cost them to perform their service.

Mr. SMOOT. Mr. President, I want to say to the Senator from Mississippi that his pathetic appeal falls on rather deaf ears.

Mr. WILLIAMS. It is not pathetic at all.

Mr. SMOOT. While I have never had the experience of a surgeon operating upon me, I have had the experience of paying bills for surgeons operating upon members of my family. The first operation cost me $500, and I do not believe the instrument the surgeon used cost him $5. The next one was a plain case of appendicitis, and I received a bill for $150.

Mr. OVERMAN. The Senator got off mighty easily.

Mr. SMOOT. I think so myself. I do not think the instrument the surgeon used cost him $4.

I want to say to the Senator now that it is a mighty weak appeal for anybody to say here that because of a 40 per cent ad valorem duty on a $3 instrument, amounting to $1.20, the surgeon is going to charge the patient more for an operation.

Mr. GALLINGER. And, if the Senator from Utah will permit me, the same instrument is used in 20, 30, 40, or 50 cases.

Mr. SMOOT. In fact, in many, many more than that, I suppose.

Mr. STONE. This is very interesting, Mr. President, but I should like to have a vote on the amendment.

Mr. WILLIAMS. Wait a minute, now; do not be too impatient. The Senator has been pretty patient with Members on the other side of the Chamber. I am beginning to suspect his Democracy.

Mr. President, it is absolutely absurd to put forward the general idea that the cost of carrying on a business has nothing to do with the prices charged by that business. I do not believe that in private conference between the Senator from Utah and the Senator from New Hampshire, where nobody was present except those two and God, they would undertake to say to one another that they thought the cost of carrying on a business had nothing to do with the prices charged in the business.

Of course, I understand that surgeons frequently charge for an operation in accordance with the ability of the patent to pay. I remember once reading in a newspaper where a millionaire in America paid a thousand dollars for a certain operation. Not long after that I went to the hospital in Louisville, Ky., and paid $300 for the same operation. Not very long after that, when I began to get well, a friend of mine from Sunflower County, Miss., sent for me, and he was languishing in another bed in the same hospital, and he had paid only $50 for the operation.

But the fact that surgeons charge different rates in accordance with the ability of men to pay for operations does not disturb the fundamental principle that in fixing the classification, as I might call it, to use a tariff-bill phrase, they are guided by several things—the cost of the surgeon's education, the cost of his maintenance, the cost of his instruments, the rent of his office, the amount of business he has, the number of millionaires like the Senator from Utah he can strike with very large fees now and then, and so forth. By the way, in saying "millionaires" I am not quite certain that I am right.

Mr. SMOOT. The Senator is about as near right in that as he is in a great many other statements he has made about me on the floor. I will say to him, for his own information, that I am nowhere near a millionaire.

Mr. WILLIAMS. I was about to correct that statement. I was about to say that the Senator is at least in a class of men that surgeons regard as legitimate prey. He has accumulated a great deal out in Utah, and his friends and his colleagues there have accumulated a great deal, and they all belong to a class of men that surgeons regard as their legitimate prey.

But when you come down to real poor folks, like the Senator from New Hampshire and myself, we all know the surgeon does begin to calculate, and he says: "Here, on one side, is my philanthropy." He never thinks of his philanthropy when he is dealing with the Senator from Utah, of course. "Here, on one side, is my philanthropy, and here, on the other side, is the cost of my living, the cost of my business, the cost of my preparation for my business, the cost of my library, the cost of my surgical instruments."

Oh, pshaw, Mr. President! Neither one of the Senators will seriously contend anywhere in the world, except upon the floor of the Senate, that the cost of surgical instruments has no relationship to the poor and suffering in the hospitals. Neither one of them will contend that.

Mr. GALLINGER. Mr. President, I do make that contention; and I can show the Senator from Mississippi a scalpel that was used for 25 years—unfortunately it was purchased abroad originally—and it is in good condition now. To say that its cost influenced the surgeon or the physician who used it during those 25 years in the matter of his fees is too absurd to be discussed.

Mr. STONE. Now, let us have a vote, Mr. President.

Mr. SMOOT. I am not going to pay any attention to what the Senator from Mississippi said, but I want to call attention to the paragraph.

In this very paragraph Senators will notice that on penknives, pocketknives, clasp knives, and all other knives valued at more than $1 a dozen, there is a duty of 55 per cent ad valorem. I have only asked that there may be a duty of 40 per cent on these highly finished instruments. I do that because I think they belong here, instead of in the paragraph where steam rollers are provided for. There is no comparison between the making of steam rollers and surgical instruments. Of course, if the amendment is voted down I shall then hope that the Senator from Missouri will take it under consideration, as he has already said he would do.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. SMOOT].

The amendment was rejected.

Mr. STONE. Mr. President, the next paragraph passed over is 136.

The SECRETARY. Paragraph 136, at the top of page 40, to which a committee amendment is pending.

Mr. SMOOT. All there was in this paragraph 136 was the striking out of the words "any of the above" in the committee amendment.

Mr. THOMAS. We agreed to take that back and examine into the merits of the suggestion of the Senator from Utah as to changing the phraseology.

Mr. STONE. Does the Senator desire to pass over it at this time?

Mr. THOMAS. Yes.

Mr. STONE. Very well; let it be passed over.

The SECRETARY. Paragraph 138, on the same page, was passed over.

Mr. SMOOT. That is in relation to fishhooks.

Mr. STONE. Let that be passed over, too. The Senator from Utah desires to have that done.

The SECRETARY. Paragraph 143, at the foot of page 41, regarding umbrella and parasol ribs and stretchers, was passed over.

Mr. SMOOT. The Senator from Pennsylvania [Mr. PENROSE] is not in the city to-day.

Mr. STONE. That paragraph was passed over at the instance of the senior Senator from Pennsylvania.

Mr. OLIVER. My colleague is not here to-day. I should like to have the paragraph passed over.

Mr. STONE. Very well.

The SECRETARY. Paragraph 145, on page 42, relating to aluminum, was passed over, with two amendments pending.

Mr. KENYON. Does the Senator desire a vote on this paragraph to-night?

Mr. SHIVELY. We might as well dispose of the committee amendments this evening, I think. Do I understand that the junior Senator from Iowa has an amendment pending, or did he simply suggest that at some time in the consideration of the bill he would offer an amendment?

Mr. KENYON. I have an amendment pending which I introduced early in the session.

Mr. SHIVELY. Let the amendment submitted by the Senator from Iowa be stated.

Mr. KENYON. I should like to have that paragraph go over until Monday, unless there is some serious objection, when there will be a larger representation here on this side of the Chamber. I ask to have it go over.

Mr. STONE. I understand the amendment of the Senator from Iowa proposes to transfer this product to the free list. Is that correct?

Mr. KENYON. That is correct; but I thought I might desire to call for a yea-and-nay vote.

Mr. STONE. Meanwhile, it seems to me the proper parliamentary course is to perfect the text of the paragraph.

Mr. KENYON. The only question in my mind was as to calling for a yea-and-nay vote. If I do that, I should like to have a larger representation present on this side. I ask that the paragraph go over. Of course, the Senate can do as it pleases about it.

Mr. STONE. I suppose the Senator from Iowa does not object to having the Senate pass upon the amendments proposed by the Senate committee?

Mr. KENYON. No; I think not.

Mr. STONE. Then the Senator's amendment would be in order.

Mr. KENYON. Then I will ask for a vote on my amendment on Monday, with the understanding that the paragraph will go over until then.

The VICE PRESIDENT. The Chair is of opinion, upon examining the amendment proposed by the Senator from Iowa, that the commitee has a right first to perfect the text by having its amendments passed upon. They come first in order.

Mr. KENYON. That would not preclude my amendment in any way?

The VICE PRESIDENT. That would not preclude the consideration of the amendment offered by the Senator from Iowa.

The Secretary will state the committee amendment.

The SECRETARY. The first committee amendment is, in paragraph 145, page 42, line 17, after the word "form" and the comma, to insert "2 cents per pound" and a semicolon.

The amendment was agreed to.

The SECRETARY. Also, on the same page, line 18, after the word "rods," it is proposed to insert a comma and the words "3½ cents per pound."

The amendment was agreed to.

Mr. STONE. Now the amendment offered by the Senator from Iowa is pending.

The VICE PRESIDENT. Yes; it is pending.

Mr. STONE. And that can go over until Monday, as he desires.

Mr. KENYON. That is satisfactory.

The VICE PRESIDENT. The Secretary will state the amendment of the Senator from Iowa.

The SECRETARY. In paragraph 145, page 42, line 20, after the words "chief value" and the comma, it is proposed to strike out the remainder of the paragraph, or the words "25 per cent ad valorem," and to insert in lieu thereof the words "shall be exempt from duty."

Mr. STONE. Mr. President, there is no need of consuming time in looking over the paragraphs passed over. I see they were all passed over at the instance of Senators who are absent, except one, paragraph 154, which was passed over at the instance of the Senator from Utah [Mr. SUTHERLAND], and I suppose he would prefer that it should go over, too.

Mr. SUTHERLAND. I think it would be hardly worth while to take it up to-night. I should wish to speak in regard to it for 10 or 15 minutes, at any rate.

BUST OF WILLIAM PITT, LORD CHATHAM.

Mr. WILLIAMS. Mr. President, I desire to make a favorable report on a joint resolution from the Committee on Foreign Relations. I ask that the joint resolution be read.

The joint resolution (S. J. Res. 64) authorizing the President of the United States to accept, in the name of the United States, a bust of William Pitt, Lord Chatham, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the President of the United States is hereby authorized to accept, in the name of the United States, a bust of William Pitt, Lord Chatham, the friend and champion of American liberties, as the gift of certain American women, married and resident in England, who desire to show their love for their native land and to honor by appropriate ceremonies a great and patriotic English statesman, who was a friend and defender of English liberties and of the American Colonies.

Mr. WILLIAMS. I ask immediate consideration of the joint resolution, Mr. President. It is a favorable report from the Committee on Foreign Relations.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

Mr. GALLINGER. Is it a joint resolution, Mr. President?

The VICE PRESIDENT. It is.

Mr. BACON. Mr. President, if I understand correctly, the joint resolution has just been introduced, and it has been introduced by the Senator from Mississippi by direction of the committee.

Mr. SMOOT. No; I understand the Senator from Mississippi reported it from the committee.

Mr. WILLIAMS. I was directed by the Committee on Foreign Relations this morning to draw up the joint resolution and report it to the Senate.

Mr. BACON. To introduce it.

Mr. WILLIAMS. It is in response to a special message from the President of the United States.

Mr. BACON. The Senator from Mississippi was instructed to introduce it, which he now does.

Mr. SMOOT. Then, the Senator asks now to introduce the joint resolution?

Mr. WILLIAMS. If the chairman of the Foreign Relations Committee says I was instructed to introduce the joint resolution, I now introduce it, and recommend that it be referred to the Foreign Relations Committee, and wash my hands of it. I was instructed this morning——

Mr. JAMES. The Senator from Mississippi has already obtained unanimous consent for the consideration of the joint resolution, and it is entirely too late now for him to wash his hands of it.

Mr. GALLINGER. I think the Senator is wrong, because pending that I made an inquiry as to whether or not it is a joint resolution. Unanimous consent had not been given.

Mr. JAMES. I think the RECORD will show that unanimous consent was given. It was clearly put by the Chair and agreed to. It was after that that the Senator made the inquiry.

The VICE PRESIDENT. Is there now any objection?

There being no objection, the joint resolution was considered as in Committee of the Whole.

Mr. O'GORMAN. May I ask to have the joint resolution read?

The VICE PRESIDENT. The Secretary will read it again.

The Secretary again read the joint resolution, and it was reported to the Senate without amendment.

Mr. O'GORMAN. I do not see the necessity of inserting the words "by appropriate ceremonies." I do not know whether it was intended to have those words inserted. There is no ceremony contemplated. The honor is done in presenting it.

Mr. WILLIAMS. I was instructed by the Committee on Foreign Relations to word the proposition in response to the President's special message, and I have worded it as I thought we meant. I take it for granted that when the President of the United States accepts a bust at the hands of certain ladies there will be certain appropriate ceremonies, even if they amount to nothing except their offering the bust and the President accepting it in a few words. As to what ceremonies shall be appropriate or shall not be appropriate, of course that is left in the discretion of the President.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. STONE. I move that the Senate adjourn.

The motion was agreed to; and (at 6 o'clock and 2 minutes p. m.) the Senate adjourned until Monday, August 11, 1913, at 12 o'clock meridian.

SENATE.

MONDAY, *August 11, 1913.*

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

The Journal of the proceedings of Saturday last was read and approved.

PETITIONS.

Mr. BRYAN presented petitions signed by sundry citizens of Bristol, Southington, Forestville, and Hartford, all in the State of Connecticut, favoring the adoption of a proposed plan, submitted by Henry P. Lason, of De Funiak Springs, Fla., for the passage of a paper-money coinage law, which were referred to the Committee on Banking and Currency.

Mr. PAGE presented a petition of the Equal Franchise League of St. Albans, Vt., praying for the adoption of an amendment to the Constitution granting the right of suffrage to women, which was referred to the Committee on Woman Suffrage.

BILLS INTRODUCED.

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

By Mr. GALLINGER:

A bill (S. 2916) granting an increase of pension to Mary A. V. Sanger (with accompanying paper); to the Committee on Pensions.

By Mr. CRAWFORD:

A bill (S. 2917) granting an increase of pension to John O'Hara (with accompanying paper); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 2918) granting a pension to Mary D. Lauder (with accompanying papers); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. POINDEXTER submitted two amendments intended to be proposed by him to the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes, which were ordered to lie on the table and be printed.

THE CURRENCY (S. DOC. 161).

Mr. GALLINGER. Mr. President, I have here a paper on the currency question by Charles G. Dawes, former Comptroller of the Currency, which will be of interest in the near future. I ask that it may be printed as a Senate document. It is a brief paper.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that action will be taken.

THE TARIFF.

Mr. SIMMONS. I ask unanimous consent that the Senate proceed to the consideration of House bill 3321.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 3321) to reduce tariff duties and to provide revenue for the Government, and for other purposes.

Mr. HOLLIS. Mr. President, as a Democratic Senator from New England, born and reared in a hotbed of protectionism, I take my stand squarely upon the Democratic national platform. I decline to separate New England's tariff interests from the interests of the Nation. The platform that won the confidence of the great West and the solid South is good enough for New England—just as the successful ticket of the Democratic Party was good enough for Maine, New Hampshire, Massachusetts, Rhode Island, and Connecticut on last election day.

THE TARIFF A NATIONAL ISSUE.

My constituents as a whole have no sympathy with the provincial doctrine that New England must be coddled or "protected" at the expense of the South and West. When her public men in years past have begged for special tariff privileges at the Nation's Capital she has been misrepresented. She bids me say, Mr. President, that what is best for the country at large is best for her. She recognizes the doctrine that the tariff is indeed a national issue, and the Congress has no right to tax all the people for the benefit of a few.

By the national Democratic platform this administration is committed to certain definite doctrines and pledges touching the tariff. I desire at the outset to show in a general way how the pending tariff bill conforms to those doctrines and pledges, and then to discuss more in detail Schedule I, dealing with manufactures of cotton.

DEMOCRATIC PARTY PLEDGED TO DOWNWARD REVISION.

All agree that the Democratic Party is pledged to an immediate downward revision of the tariffs established by the Payne-Aldrich law. All agree that this pledge has been redeemed, generally speaking, in the pending bill, which carries an average ad valorem duty of 26.67 per cent, whereas the Payne bill carries an average rate of 36.86 per cent. No one will debate the question whether this revision is upward or downward. It is downward, and it is substantially downward.

MATERIAL REDUCTION ON NECESSARIES.

The Democratic platform contains a further pledge that there shall be material reductions upon the necessaries of life—upon what we eat and wear and upon what gives us shelter. And so we find in the pending bill that meat, fish, eggs, milk, corn, wheat, flour, potatoes, sugar, wool, flax, cheap woolen blankets, raw furs, leather, boots and shoes, lumber, cement, nails, spikes, and a great variety of articles of everyday use are upon the free list, while the duties on other necessaries of life, like fruits, butter, cheese, oatmeal, rice, cotton cloth, woolens, hose, dressed lumber, household furniture, and paper have been largely reduced. Here, again, no one will doubt that the Democratic pledge has been fulfilled.

FARMERS' FREE LIST.

To compensate the farmer for any loss that may come to him from placing his agricultural products upon the free list, the pending bill removes the duty from most of the things essential to his vocation, such as plows, harvesters, reapers, horse rakes, wagons, mowing machines, and other agricultural implements, animals for breeding purposes, harness, bagging, binding twine, fertilizers, cream separators, and the like, making up the "farmers' free list." The farmer also shares with the other consumers in the lower duties on the necessaries of life.

TRUST-MADE ARTICLES.

In response to another pledge in the Democratic platform, articles entering into competition with trust-controlled products, and articles of American manufacture sold abroad more cheaply than at home, are placed upon the free list. Such are steel rails, sewing machines, cash registers, typewriters, shoe machinery, and the products of the American Harvester Co. and the Standard Oil Co.