

Leech Lake Chippewa Indians in Minnesota; Wah-boose, chief of the White Oak Point Chippewa Indians in Minnesota; and Benjamin Caswell, delegates of the Chippewa Indians in the State of Minnesota, in coming to Washington in the interest of said Chippewa Indians; to the Committee on Indian Affairs.

PETITIONS, ETC.

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

5243. By the SPEAKER (by request): Resolutions adopted by the Juneau Commercial Association, relating to the regulation of the salmon fisheries of Alaska; to the Committee on the Merchant Marine and Fisheries.

5244. Also (by request), resolution adopted by the Presbytery of Binghamton, N. Y., indorsing Senate joint resolution 31, proposing a constitutional amendment authorizing Congress to enact uniform laws on the subject of marriage and divorce; to the Committee on the Judiciary.

5245. By Mr. ANSORGE: Petition of Metropolitan Chapter, No. 140, Royal Arch Masons, of New York City, urging the passage of the Towner-Sterling educational bill; to the Committee on Education.

5246. By Mr. BARBOUR: Petition of residents of Gustine and Newman, Calif., protesting against House bills 9753 and 4388 or Senate bill 1948, known as the Sunday laws; to the Committee on the District of Columbia.

5247. Also, petition of residents of Corcoran, Calif., protesting against House bills 9753 and 4388 or Senate bill 1948, known as the Sunday laws; to the Committee on the District of Columbia.

5248. Also, petition of the council of the city of Modesto, Calif., indorsing House bill 10212; to the Committee on the Judiciary.

5249. By Mr. BROWNE of Wisconsin: Petition of citizens of the eighth congressional district of Wisconsin, protesting against the passage of House bill 9753 or any compulsory Sunday observance bill, such as House bill 4388 or Senate bill 1948; to the Committee on the District of Columbia.

5250. By Mr. CRAMTON: Resolution of the Michigan State Farm Bureau, of Lansing, Mich., urging that there be no reduction in Federal funds for agricultural extension work; also, letter from the board of directors, Tuscola County Farm Bureau, Caro, Mich., urging the same thing; to the Committee on Appropriations.

5251. By Mr. FROTHINGHAM: Resolution adopted by the council of the Appalachian Mountain Club, opposing the transfer of the administration of the national forests, either in whole or in part, from the Department of Agriculture to the Department of the Interior; to the Committee on Agriculture.

5252. By Mr. FULLER: Petition of the Illinois Agricultural Association, protesting against the importation of blackstrap molasses free of duty; to the Committee on Ways and Means.

5253. Also, resolutions of the general committee on Army and Navy chaplains of the Federal Council of the Churches of Christ in America, protesting against any drastic reduction in the number of chaplains for the Army and Navy; to the Committee on Appropriations.

5254. Also, petition of the American Farm Bureau Federation conference for the prevention of grain rust, favoring an appropriation of not less than \$500,000 for the eradication of the common barberry bush; to the Committee on Appropriations.

5255. Also, petition of The Wilson Shoe Co., of La Salle, Ill., opposing any tariff duty on hides and shoes; to the Committee on Ways and Means.

5256. By Mr. KAHN: Petition of citizens of Oakland, Calif., against Sunday legislation; to the Committee on the District of Columbia.

5257. By Mr. KISSEL: Petition of Samuel Black, Z. V. Conway, Francis Gough, Miss Jennie N. Lewis, Richard W. Matthews, Robert H. Montgomery, all of New York City, N. Y.; Robert F. Dean, of Mount Vernon, N. Y.; and W. C. Ingalls, of Kingston, N. Y., relative to the emergency tariff act; to the Committee on Ways and Means.

5258. Also, petition of E. F. Carey, John J. Cowley, John Jacobs, and Antoinette E. Searle, all of Brooklyn, N. Y., relative to emergency tariff act; to the Committee on Ways and Means.

5259. By Mr. LAMPERT: Certified copy of resolution adopted by the council of the city of Oskosh, Wis., giving the voters of Oshkosh, Wis., an opportunity to express their opinion on the question of the amendment of the Volstead Act permitting the manufacture and sale of light wine and beer, together with certified copy of the result of the vote on said question submitted, which is as follows: For such manufacture and sale, 5,310; against, 2,669; to the Committee on the Judiciary.

5260. By Mr. MORIN: Petition of the Pittsburgh Chapter of the Pennsylvania Institute of Certified Public Accountants,

favoring bill introduced by Representative ZIHLMAN creating a board of accountancy in the District of Columbia; to the Committee on the District of Columbia.

5261. By Mr. ROSENBLUM: Petition of the Presbytery of Wheeling, W. Va., indorsing House bill 9753 to secure Sunday as a day of rest in the District of Columbia; to the Committee on the District of Columbia.

5262. Also, petition of the Presbytery of Wheeling, W. Va., indorsing House Joint Resolution 131, proposing a constitutional amendment prohibiting polygamy and polygamous cohabitation in the United States; to the Committee on the Judiciary.

5263. Also, petition of the Presbytery of Wheeling, W. Va., indorsing Senate Joint Resolution 31, proposing a constitutional amendment authorizing Congress to enact uniform laws on the subject of marriage and divorce; to the Committee on the Judiciary.

5264. By Mr. ROSSDALE: Resolution adopted by the Women's Republican Club of New York City (twenty-third assembly district), to restore the tube system of transportation of mails in New York City; to the Committee on Appropriations.

5265. Also, resolution adopted by the Woman's Republican Association, State of New York, to reestablish the postal tube service in New York City; to the Committee on Appropriations.

5266. By Mr. SMITH of Michigan: Protest of M. C. Haase and 144 citizens of Eaton Rapids, Mich., protesting against the passage of House bill 9753 or any other Sunday bill, such, for example, as House bill 4388 or Senate bill 1948, providing for the regulation of Sunday observance by civil force under penalty for District of Columbia; to the Committee on the District of Columbia.

5267. Also, petition of the Larrode Milling Co., in favor of the enactment of the Fordney tariff bill; to the Committee on Ways and Means.

5268. By Mr. SNYDER: Memorial of the officers and standing committee of the Central New York Chapter, Society of Military and Naval Officers of the World War, favoring the adoption of the military policy developed by the War Department as a practical memorial to those who gave their lives to their country; to the Committee on Military Affairs.

5269. By Mr. TAGUE: Resolutions adopted by the Appalachian Mountain Club, 1878, protesting against the transfer from the Department of Agriculture to the Department of the Interior of the administration of national forests; to the Committee on Agriculture.

5270. By Mr. TINKHAM: Resolution adopted by the council of the Appalachian Mountain Club, relative to the proposed transfer of the administration of the national forests; to the Committee on Agriculture.

SENATE.

TUESDAY, April 25, 1922.

(*Legislative day of Thursday, April 20, 1922.*)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Gooding	McKinley	Ransdell
Ball	Hale	McLean	Rawson
Borah	Harrel	McNary	Sheppard
Brandegee	Harris	Moses	Smoot
Broussard	Harrison	Myers	Spencer
Bursum	Hefflin	Nelson	Stanley
Capper	Johnson	Newberry	Sterling
Caraway	Jones, N. Mex.	Nicholson	Sutherland
Colt	Jones, Wash.	Norbeck	Swanson
Culberson	Kellogg	Norris	Townsend
Cummins	Kendrick	Oddie	Wadsworth
Curtis	Keyes	Overman	Walsh, Mass.
Dial	King	Page	Watson, Ga.
du Pont	Ladd	Pepper	Watson, Ind.
Edge	La Follette	Phipps	Weller
Ernst	Lodge	Pittman	Williams
Fletcher	McCumber	Pindexter	Willis
Frelinghuysen	McKellar	Pomerene	

Mr. HEFLIN. My colleague [Mr. UNDERWOOD] is absent on account of illness in his family. I ask that this announcement may stand for the day.

Mr. FLETCHER. I desire to announce that my colleague [Mr. TRAMMELL] is necessarily absent. This announcement may stand for the day.

The VICE PRESIDENT. Seventy-one Senators have answered to their names. There is a quorum present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed Senate bills of the following titles, each with an amendment, in which it requested the concurrence of the Senate:

S. 2616. An act to empower the Commissioners of the District of Columbia to convey certain land; and

S. 3170. An act regulating corporations doing a banking business in the District of Columbia.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolution, and they were thereupon signed by the Vice President:

H. R. 1009. An act for the relief of H. C. Mullins, his wife and minor children;

H. R. 3346. An act for the relief of the heirs of Oscar Chryster;

H. R. 5588. An act to repeal section 5 of an act entitled "An act to establish the Lassen Volcanic National Park in the Sierra Nevada Mountains, in the State of California, and for other purposes," approved August 9, 1916;

H. R. 5820. An act to place Albert Hamilton on the retired list of the United States Marine Corps;

H. R. 6686. An act for the relief of George Ciszek and Anna Ciszek;

H. R. 7415. An act to correct and amend the service and military record of Herbert Langley, United States Marine Corps;

H. R. 8690. An act to add a certain tract of land on the island of Hawaii to the Hawaii National Park;

H. R. 9671. An act to amend section 87 of the Judicial Code;

H. R. 10740. An act authorizing the use of special canceling stamps in certain post offices; and

H. J. Res. 57. Joint resolution making the provisions of section 2296 of the United States Revised Statutes applicable to all entries made under the homestead laws and laws supplemental and amendatory thereof.

PETITION.

Mr. LADD presented a resolution of Stevens County District Progressive Grange, No. 5, of Colville, Wash., favoring the passage of Senate bill 2604, the Ladd honest money bill, which was referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES.

Mr. LODGE, from the Committee on Naval Affairs, to which was referred the bill (S. 3356) to commission Capt. William Rees Rush as a rear admiral on the retired list of the Navy, reported it without amendment and submitted a report (No. 634) thereon.

Mr. WATSON of Georgia, from the Committee on Claims, to which was referred the bill (S. 531) for the relief of Ivy L. Merrill, reported it without amendment and submitted a report (No. 635) thereon.

BILLS INTRODUCED.

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

By Mr. NORRIS:

A bill (S. 3506) to regulate foreign commerce in the importation into the United States of the adult honeybee (*Apis mellifica*); to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A bill (S. 3507) to allow officers and employees of the United States to be commissioned in the Officers' Reserve Corps and to receive pay and allowances when on active duty; to the Committee on Military Affairs.

By Mr. WILLIAMS:

A bill (S. 3508) providing for defendant's attorney fee in certain cases; to the Committee on the Judiciary.

By Mr. MOSES:

A bill (S. 3509) regulating the production of wares which enter into interstate commerce; to the Committee on Education and Labor.

By Mr. McKinley:

A bill (S. 3510) granting the consent of Congress to the city of Ottawa and the board of supervisors of the county of La Salle, in the State of Illinois, to construct a bridge across the Fox River; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 3511) to provide for the protection and development of the lower Colorado River basin; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A bill (S. 3512) to regulate the rate of interest that may be paid by national banks in certain cases; to the Committee on Banking and Currency.

TARIFF BILL AMENDMENT.

Mr. LADD submitted an amendment, intended to be proposed by him to House bill 7456, the tariff bill, which was ordered to lie on the table and to be printed.

ADJUSTED COMPENSATION FOR EX-SERVICE MEN.

Mr. WALSH of Massachusetts. Mr. President, I request the attention of the chairman of the Finance Committee, the Senator from North Dakota [Mr. McCUMBER]. I wish to call attention to a newspaper article in the Washington Post of this morning, the headlines of which read as follows:

Bonus discussed at secret session. Senators take up various plans with MacNider, of Legion, and other leaders of veterans. Approve bank loan idea. Agreement on final features may be reached at another meeting to-day. (MacNider's statement.)

The news article follows.

Mr. President, I wish to protest vigorously against any committee of the Senate holding secret sessions to hear evidence in regard to legislation in which the whole country is interested, and in which the minority is as keenly interested as the majority. I can understand and appreciate the desire upon the part of the majority of the committee, charged with the responsibility of drafting bills that represented the majority views, to hold secret sessions and to deliberate in secret about the form and character of the bill to be reported, but I can not understand why it is necessary for any committee of this body to hold secret sessions for the purpose of hearing testimony from witnesses upon contemplated legislation. I am informed that yesterday the majority members of the Finance Committee held a meeting at which there were present several witnesses representing the American Legion and possibly others; that testimony was heard; that the press was excluded; that the minority was excluded; and that again this morning witnesses appeared and testimony was taken in the same way before the majority members only.

I want to protest, I repeat, against the practice of hearing evidence from witnesses summoned or invited before a committee without the full committee being present. The minority has some rights, and one of the rights which the minority ought to have is to know all the facts, to know all the evidence that is disclosed upon which legislation is framed and drafted. I think, especially when a bill of this character, in which there is so much public interest, is being heard that the hearing of evidence by the majority members is not the proper course to pursue in a legislative body of this character. I would like to have the chairman of the committee make some explanation for such a policy, and I wish that the minority might be informed whether or not we are to be excluded from hearing all the evidence presented for or against proposed legislation on the various issues which are being presented from time to time for legislation.

I repeat there may be some excuse or justification for secret sessions to draft the provisions of a bill, but when it comes to evidence, we of the minority can not present our views in the Senate properly, we can not argue the technical features of the legislation, unless we have heard all the evidence. We are being put in the position where the minority may hear only a part of the evidence, hear only a part of the arguments, and hear only a portion of the case that is presented upon which the demand for legislation is based. I think it is time for a protest to be registered by the minority against practices of this kind. I would like the chairman of the committee to let us know how long this is going to continue. How long must the minority remain dumb? Are we to tell the people of the country that our functions and duties consist only of attendance here upon the floor and expressing our opinions here or are we going to be permitted to maintain our position as members of the various committees, share all the responsibilities of committee membership, and hear all of the evidence that is presented?

The Senator from Utah [Mr. KING] yesterday called attention to the fact that secret sessions have been held and witnesses were present and heard in the drafting and framing of the tariff bill. I think it will appear before the discussion is over that witnesses were actually heard, and the selfish or disinterested interests of those witnesses, the propositions which they present to a part of the committee, ought to be a matter of public record and ought to be known to the whole committee and the general public. Legislation formed in secret session upon testimony from which either side of the Chamber is excluded can not but have a suspicion attached to it and will certainly fail to merit the full confidence, approval, and support of the American people.

Mr. President, as a member of the minority, I wish to ask how long we are to be debarred from our right to participate in the deliberations of Senate committees in so far as the hear-

ing of testimony is concerned? I think, especially when we are considering a measure of this kind, a measure in which the people of the country are, perhaps, more interested than even in the tariff bill, we should be informed to what extent and for how long the minority are to be excluded from the deliberations of the committees of this legislative body.

Mr. McCUMBER. Mr. President, the junior Senator from Massachusetts [Mr. WALSH] erected a man of straw and then proceeded to knock him to pieces. After he had succeeded in doing that, he asked me if there was any such man. I think he would have saved himself some trouble if he had merely asked the question in the first instance whether or not there had been a meeting of the majority members of the committee and whether or not witnesses had been subpoenaed in order to take testimony and whether or not the testimony had been taken. Had he done so, I should have told him that no witnesses had been subpoenaed and that no testimony had been taken by any number of Senators.

The Senator, of course, in the matter of the consideration of tariff bills knows what has heretofore been the uniform custom. There has been no testimony taken in reference to the pending tariff bill since we concluded the taking of testimony by the entire committee. Senators, however, have been allowed to come before the members of the committee who were preparing the bill. Senators from both sides of the Chamber have come to consult us in reference to the various schedules of the bill. They were always very welcome to come. The Republican majority of the committee, however, on the question of the policy of protection, in reference to which there is a marked difference between the two parties, have always framed protective tariff bills. The Democrats when they have been in the majority have always framed their tariff for revenue bills after the hearings have been closed. In the framing of the pending bill the Republicans have followed the same rule. If it is desired to expedite business I think the present method is really the best, although very often I should have liked to have been present when the Underwood-Simmons bill was being framed, but I was denied that privilege. On the whole, I think I would have gained nothing, probably, had I been permitted to be present.

In reference to the soldiers' compensation bill, however, I have not considered the condition to be similar. The Senator from Massachusetts understands the differences that exist between the President and some of the members on this side of the Chamber who are in favor of the soldiers' compensation bill; differences growing out of the means by which revenue is to be secured to meet the obligations of that legislation. As chairman of the Committee on Finance, I am ready to consult with those representing the soldiers at any and all times in order to explain to them, as nearly as I can, the differences that arise and to obtain their views. I also may wish to talk the matter over sometimes with two or three other Senators, desiring to have their views as well. However, when we reach the consideration of the bill the Committee on Finance will be called together and we shall discuss all of the matters which are therein involved.

The Senator from Massachusetts undoubtedly consults with persons representing the soldiers of the World War just as I do. Both of us try to get all the information we can before the committee finally meet together and enter upon a consideration of the question.

I do not think it will be necessary to take any additional testimony so far as the cause of the soldiers is concerned. Whether or not it will be necessary to draft a bill which will provide a method of raising revenue is a question which we shall have to consider hereafter; but, if it shall be found necessary to do that, such a measure will have to be framed by the House of Representatives, the Constitution requiring such measures to originate there.

So the Senator from Massachusetts is mistaken if he thinks for a single moment that there has been an attempt to hold a secret session of the committee or of any members of the committee in merely talking the matter over with any of the soldiers. Sometimes I have talked with the soldiers alone; sometimes I have had the Senator from Utah [Mr. Smoot], who sits to my left, and one or two other Senators to join with me in the discussion of some feature with those who represented the soldiers' view. Such discussions as we have had were preliminary to hearings, if any hearings shall be had, and also for the purpose of securing the viewpoint of those who are interested in the proposed legislation and the obstacles which we must meet and overcome. There has been no stenographer present and no word has been taken down.

Mr. WALSH of Massachusetts. The Senator from North Dakota has suggested that I have erected a man of straw. I desire to ask, Is it not a fact that certain members of the majority of the Committee on Finance met in the Finance Committee room on yesterday?

Mr. McCUMBER. Oh, yes; I think four of us were there present.

Mr. WALSH of Massachusetts. Is it a fact that the head of the American Legion, Mr. MacNider, and a delegation of representatives of the legislative committee of the American Legion met with the Senator from North Dakota and other Senators of the majority party in the committee room?

Mr. McCUMBER. A number of gentlemen met with us.

Mr. WALSH of Massachusetts. Is it not also a fact that there was a discussion, that arguments were made pro and con between members of the committee and the gentlemen representing the American Legion?

Mr. McCUMBER. No; that part of the Senator's statement is a little far-fetched.

Mr. WALSH of Massachusetts. Did those gentlemen make no statements?

Mr. McCUMBER. We talked the matter over generally between us, just as gentlemen sitting at a table will talk matters over.

Mr. WALSH of Massachusetts. Was the press excluded?

Mr. McCUMBER. There was no testimony taken. Nobody made general statements or anything of that character, nor was anyone asked to do so.

Mr. WALSH of Massachusetts. The facts are that some of the members of the committee did meet; that there were present persons who were interested in the legislation; that there was some conversation—they were not there for nothing—and there was some discussion of the bonus bill. I protest against such action on this bill particularly, because it ought not to be a party question; it ought not to be a question that should be made a party issue before the American people.

Mr. WATSON of Indiana. Will the Senator from Massachusetts yield to me?

Mr. WALSH of Massachusetts. I should like to have the facts absolutely disclosed, and I should like to know whether or not I have been misinformed by this newspaper article, which is to the effect that there were present in the committee room with the members of the majority party various representatives of the American Legion, who, alone and in private, had a discussion about this bill.

Of course, I am not criticizing those present as witnesses. I am objecting to the exclusion of the minority from hearings of the committee.

Mr. McCUMBER. Some of the majority members of the committee were present.

Mr. WATSON of Indiana. Mr. President, two or three days ago there were present in my office several representatives of the American Legion and three or four Senators, and we discussed this question in a general way. Does the Senator from Massachusetts think I ought to have sent out for him to come to my office?

Mr. WALSH of Massachusetts. No, sir; I do not.

Mr. WATSON of Indiana. What difference does it make whether such a meeting is held in my office or held in the office of the Senator from North Dakota?

Mr. WALSH of Massachusetts. I think when such a meeting is held in the committee room and the chairman is present and a number of witnesses who are interested in the legislation appear before any number of members of that committee the whole committee ought to be present. That is my opinion; and I protest, not merely because the Republicans have violated that practice, but I should protest just the same had it been done by Democrats. It seems to me that the practice of having witnesses heard in secret upon matters of legislation will inevitably bring about a distrust of representative government. That is my protest. If the Democrats had done it they would have been just as blamable as are the Republicans. Yesterday Republican members of the Committee on Finance had witnesses present and spent some hours in discussing proposed bonus legislation. I protest, and say that those witnesses ought to have been heard before the whole committee.

Mr. WATSON of Indiana. Mr. President, I fail to catch the viewpoint of the Senator from Massachusetts. On yesterday morning four of us came together.

Mr. WALSH of Massachusetts. I would not make this a political matter. My protest is against any witnesses interested in legislation being heard by any group or any political element of the Senate. I think that the whole committee should have

been present. Because that was not the case, I voice this objection.

Mr. WATSON of Indiana. Four Senators went into the committee room, the Senator from North Dakota [Mr. McCUMBER] having called us up, and we sat there and talked over the question of soldiers' adjusted compensation legislation. There was no hearing; there was no committee meeting, but merely a coming together of Senators. I have had similar gatherings in my office. Does the Senator think that if I call a number of Senators together in my office to talk about a tariff schedule and I have there present some people who may be interested in a given schedule to talk to me about it that I must send for him and ask him to be present? Certainly he does not. What is the difference, whether in the committee room or in my own private office, if four or five of us come together to discuss a tariff schedule or some other question and persons interested in that schedule or in the other question are present? Does the Senator think we are bound to send out and ask for the Democratic minority to be present?

Mr. WALSH of Massachusetts. I think it is a very bad and a very dangerous precedent for the majority of this body to meet in their own committee room and hear witnesses interested in any legislation with no one present representing the Democratic minority. On the Senator's own admission there were four members of the majority, including the chairman of the committee, present at the meeting referred to. I say it is a bad precedent and that such a practice breeds distrust upon the part of our people for our institutions. The only way to safeguard the confidence which the public ought to have in a representative body is to have all discussions in the open, especially when the question of retaining confidence and respect for our laws is involved.

Mr. WATSON of Indiana. Mr. President, I am forced to disagree with the Senator from Massachusetts, as much as I esteem him and as highly as I regard his opinion, as a rule. The majority formulate legislation; they get together and agree on the general provisions, and then they call in the minority members, in accordance with the universal custom, for the purpose of discussing the whole measure. That is precisely what we were undertaking to do, except in a less formal way, with regard to the bonus measure. We simply came together for the purpose of talking it over, and yesterday there were four members of the majority present. I do not know whether other members of the majority were invited to be present or not; I presume they were, but had other business on hand. I do not agree that it is essential that the minority should be brought in every time we want to get together to talk over a schedule of the tariff bill or the provisions of the bonus bill. It is the business of the majority, in the first instance, to formulate the legislation, but, of course, hearings must be had, and the Senator will remember that we had all of the hearings on the tariff bill in the open, for he himself attended most of the committee sessions and was a very valuable member at all of those hearings. The same statement applies, of course, to the preliminary consideration of the proposed bonus bill. The majority get together, discuss it, and undertake to lick it into shape; and then, if hearings are to be had, as a matter of course all the members of the committee will be invited to attend those hearings.

Mr. KING. Mr. President, will the Senator yield?

Mr. WATSON of Indiana. Yes.

Mr. KING. Then, as I understand the Senator's idea of the ethics of legislation, it is that the party in power may hold secret meetings at which witnesses are heard, so long as their testimony is not taken down, may formulate the legislation, and then perfunctorily may invite the minority in and say, "Now we will have some hearings."

Mr. WATSON of Indiana. No. In the first place, the Senator does not discriminate between Senators coming together to discuss a matter and a formal committee hearing. The Senator knows the difference as well as anybody in the world. If a half dozen majority Senators want to get together in a room and talk over some matter affecting tariff or bonus legislation, I think it is the height of folly, with all due respect to my friend, to claim that we have got to send out for some Democrats to come in there to hear the conversation between us. It has not been done, and, with all due respect to everybody, it will not be done.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield for a moment?

Mr. WATSON of Indiana. Certainly.

Mr. WALSH of Massachusetts. Does not the Senator think there is a distinction in this case, inasmuch as the present bonus bill has never been considered by the committee, but has just come to this body from the House and no hearings have been held? Therefore the conference held was for the purpose

of eliciting information of a special character for the benefit of the majority without the minority being present. There has never been a hearing held on the present House bonus bill. This is not a case where, after hearings have been held, the majority go into secret session, but it was the first discussion on the part of the committee of the Senate of a bill that has just come into the Senate and the minority were not invited to be present or given the right to ask questions and to hear what was said upon a pending bill before this body.

Mr. WATSON of Indiana. If the hearings are to be held, the minority will be invited to attend them; but no hearings have been held. There was merely an informal gathering for the purpose of talking over some of the provisions of the proposed measure or some similar measure hereafter to be formulated.

Mr. McCUMBER. Mr. President, I only want to assure the Senator from Massachusetts that I think he and I are not far apart on what ought to be done with reference to this bill; but, as chairman of the committee, a great many people come to see me both on the tariff and on the soldiers' compensation bill. They come to see me every day. I may take them into a private room and talk with them or I may talk with them in the committee room. I shall scarcely refuse to speak with them; and if I meet Mr. Taylor, who is at the head of the legislative committee of the Legion here, I shall still think that I have the right to ask him how he likes the House bill, and, if he has any objections to it, I may go so far as to ask him what his objections are, and I shall not feel that I am called upon to call the committee together before I can have any discussion with him on the subject.

Mr. WALSH of Massachusetts. Mr. President, I think the Senator underestimates the importance of the meeting of yesterday. I have in my hand a bulletin, which was published and distributed, showing the committee meetings that were to be held yesterday. That bulletin reads as follows:

Senate Committee Meetings, Tuesday, April 26, 1922.

Appropriations, hearing military appropriation bill, 10.30.

Commerce and Merchant Marine, hearing ship subsidy, 10 o'clock.

Finance, Republican members, representatives of veterans' organizations, 10.30.

Dye-lobby investigation, hearing at Senate Office Building at 10 o'clock.

Does not this bulletin show that an invitation was given out and notice given to the press and public that the Republican members of that committee were to meet for the first time and hear witnesses from veterans' organizations in regard to a piece of legislation that is not partisan, that must not be partisan, that should not have any partisan character?

Mr. McCUMBER. I have stated to the Senator several times that there were no hearings. I shall probably exercise the right to talk about the soldiers' bonus bill with whomever I see fit. I shall probably call to consult with me those whom I feel I can talk the matter over with. I know of no law against it, and I shall continue to follow that course; and when we have our committee hearings I shall ask the good advice of the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I thank the Senator; but this bulletin did not fall out of the sky. This notice did not come out of the ground. Somebody wrote it. Somebody gave it to the proper authorities. Somebody published it, and it must have been done with the knowledge of the chairman or the secretary of that committee.

Mr. McCUMBER. Somebody published that there were hearings and that there was testimony taken yesterday, according to the statement of the Senator, but somebody was mistaken.

Mr. WATSON of Indiana. Mr. President, I want to ask the Senator from Massachusetts whether on yesterday morning four or five Democratic Senators were not together in the office of the Senator from Alabama [Mr. UNDERWOOD] with some soldiers, discussing the bonus question, and if the Senator was not one of them?

Mr. WALSH of Massachusetts. Mr. President, I am very glad to inform the Senator. I was present alone in the office of the Senator from Alabama yesterday between 12 and 1 o'clock with some reserve officers of the Aviation Branch of the United States Navy who had been with me attending a hearing on a resolution offered by me, before a committee protesting against the kind of examinations they were given when being inducted into the Regular Army. The bonus was not mentioned. They had no interest in it, and they had no relation whatever to any legislation pending on that question, but retired for conference after a hearing before the Naval Affairs Committee. We went to the committee room of the Senator from Alabama because I have no committee room in this building and the Senator from Alabama very kindly has permitted members of the minority to use it for conferences.

Mr. McCUMBER. Why were we not invited to be present?

Mr. WALSH of Massachusetts. The hearing was held before the Naval Affairs Committee, at which there were present two Republicans, and the whole evidence was discussed and presented to the committee in the open. The naval officers assembled, after the hearing, in the room in question to discuss with me the matter of witnesses and other questions to expedite the hearings before the Naval Committee.

Mr. WATSON of Indiana. Mr. President, I just want to say to the Senator that I am entirely satisfied that they had the hearing, and I am not at all angry at the fact that I was not invited to be present.

Mr. WALSH of Massachusetts. Well, I am provoked that I was not invited to be present at the committee meeting, of which I am a member, namely, the Finance Committee of the Senate.

LANDS IN THE DISTRICT OF COLUMBIA.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2616) to empower the Commissioners of the District of Columbia to convey certain land, which was, on page 1, line 11, to strike out all after "be" down to and including "Columbia" in line 2, page 2, and insert "covered into the Treasury of the United States as miscellaneous receipts."

Mr. BALL. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

REGULATION OF BANKING IN THE DISTRICT OF COLUMBIA.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3170) regulating corporations doing a banking business in the District of Columbia, which was, on page 1, line 6, to strike out "or" and insert "nor shall any corporation now or hereafter engaged in the business of banking be permitted."

Mr. BALL. I move that the Senate concur in the amendment of the House.

Mr. KING. I should like to inquire of the Senator what the amendment is, and how it changes the original bill.

Mr. BALL. The bill itself provides that hereafter no banking institution shall do business in the District of Columbia except under the direction of the Comptroller of the Currency. The amendment takes in the banks that are now doing business, and says that hereafter they shall be placed under the Comptroller of the Currency. It is a very proper amendment.

Mr. JONES of New Mexico. Mr. President, I have noticed some statement in the press to the effect that while no new banks would be permitted in the District of Columbia without permission from the comptroller, any existing bank could establish branches without limit and without such permission. Is that in this bill?

Mr. BALL. The original bill covered that so far as the establishment of any bank in the future was concerned. This amendment will cover in the banks that are doing business now. They will also be placed under the control of the Comptroller of the Currency.

Mr. JONES of New Mexico. But this bill does not limit the number of branches which may be established by any existing bank?

Mr. BALL. Not at all. It merely places the banks that are not now under either the District Commissioners or other authorities under the Comptroller of the Currency.

Mr. JONES of New Mexico. I desire to state that some business people of the District of Columbia have protested against the privilege of existing banks being permitted to establish branch banks ad libitum.

Mr. BALL. This does not affect the establishment of branch banks, except that it provides that those branch banks shall be under the control of the Comptroller of the Currency. They can establish as many as the Comptroller of the Currency sees fit to grant permission to establish.

Mr. JONES of New Mexico. The protests which I have heard have been upon that feature. It is contended that there should be a limitation upon the creation of branch banks, as well as new banks.

Mr. BALL. The bill does not limit branch banks at all. I suppose, as a result of placing it under the Comptroller of the Currency, he might control the number; but at present a certain number of banks in the District of Columbia are under no authority. Anybody can establish a bank here and do business.

Mr. JONES of New Mexico. My judgment is that the bill in that respect is a very salutary one.

Mr. BALL. Very.

Mr. JONES of New Mexico. I think it should go further, however, and limit the establishment of branch banks without some sort of supervision and control of the comptroller.

Mr. BALL. Mr. President, that, of course, is placed under the power of the Comptroller of the Currency by this amendment. The Comptroller of the Currency would have absolute control of all branch banks as well as other banks.

Mr. JONES of New Mexico. Then I received a wrong impression from the Senator's first statement. Do I understand now that under this bill an existing bank can not establish a branch bank without permission of the Comptroller of the Currency?

Mr. BALL. They are under the control of nobody. Anybody could start a bank here before the passage of this bill.

Mr. JONES of New Mexico. But I mean after the passage of this bill.

Mr. BALL. After the passage of this bill they can be started only by the consent of the Comptroller of the Currency.

Mr. JONES of New Mexico. What I am seeking to get information about is this: After the passage of this bill, can an existing bank establish a branch bank without permission of the Comptroller of the Currency?

Mr. BALL. I should say not—absolutely not.

Mr. JONES of New Mexico. That is what I want to know.

Mr. LODGE. The Comptroller of the Currency can control the establishment of branch banks under this bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Delaware that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

SUMMONING OF GRAND JURIES IN DISTRICT OF COLUMBIA.

Mr. NELSON. Mr. President, I ask unanimous consent to report back favorably from the Committee on the Judiciary a bill prepared by the Department of Justice; the bill (S. 3505) in reference to the summoning of grand juries in the District of Columbia.

The VICE PRESIDENT. Without objection, the report will be received. The Senator from Minnesota asks unanimous consent for the present consideration of the bill.

Mr. KING. Let it be read.

The VICE PRESIDENT. The Secretary will read the bill.

The Assistant Secretary read the bill, as follows:

Be it enacted, etc., That whenever the United States attorney for the District of Columbia shall certify in writing to the chief justice of the Supreme Court of said District, or, in his absence, to the senior associate justice of said court, that the exigencies of the public service require it, said chief justice or associate justice may, in his discretion, order a grand jury summoned at such time as he may designate, which jury shall be drawn in the manner now provided by law for the drawing of grand jurors in the District of Columbia.

Mr. KING. I should like to ask the Senator if there is any limitation now upon the power of judges to convene grand juries?

Mr. NELSON. They can only draw them now for the special terms of court. There are five terms of court here—October, December, February, April, and June of each year. Each of them terminates on the second Monday preceding the first Tuesday of the second month thereafter. There is a congestion of the criminal business in this District, and the object of this bill is to allow the court, upon the recommendation of the district attorney, to summon a grand jury. They are to be drawn like other grand juries.

Mr. KING. As I understand, then, under the present law grand juries may be called only at those five terms?

Mr. NELSON. At special terms. This bill authorizes the Attorney General, or the chief justice, or the senior associate justice in his absence, to summon a grand jury.

Mr. KING. It is desired by the district attorney here, is it?

Mr. NELSON. The district attorney here and the Attorney General urge it.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

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

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. NELSON. I ask that the letter of the Attorney General may be inserted in the RECORD at this point. It is very short.

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

The letter is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., April 22, 1922.

Hon. KNUTE NELSON,
United States Senate.

MY DEAR SENATOR: The situation in the District of Columbia is such that it is necessary that a law be enacted authorizing the selection of additional grand juries when necessary. You are no doubt familiar with the situation, but, if not, we shall be glad to give you full data.

I inclose draft of a bill which I think should be introduced in the Senate and House. I am sending a copy to Mr. VOLSTEAD asking him to introduce the bill in the House, and I would like to have you introduce it in the Senate, or have some one else do so, if you approve it. We will support the measure, and I would be glad to have the matter disposed of as soon as possible.

With high esteem, I am,
Very truly yours,

H. M. DAUGHERTY,
Attorney General.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. KING. Mr. President, it was expected that the ranking member of the Committee on Finance [Mr. SIMMONS] would be able to address the Senate to-day. He expected to be here to present his views for the information of the Senate and the country. Owing to his absence, I shall be compelled to continue the discussion of the tariff measure now before us, addressing myself generally to the chemical schedule.

Before proceeding to such discussion, permit me to submit a few words suggested by the statement just made by the Senator from Massachusetts [Mr. WALSH], and also by the statement by my friend from Indiana [Mr. WATSON]. Yesterday I referred to the fact that committees of the Senate under the present régime seemed to be devitalized and that legislation was framed not within but outside of Congress; that blocs and groups and extraneous forces and agencies seemed to be dominant and determining factors in respect to important legislation.

It develops this morning, from the statement made by the junior Senator from Massachusetts, that four members of the majority of the Finance Committee met in the committee rooms, rooms which are supposed to be devoted to committee hearings and are or should be open to all members of the committee, which are for the use of committees, not Republicans alone but Democrats also, and that there appeared before them representatives of the American Legion. It is now claimed that they merely "sat down and talked"; but it sufficiently appears that the matter before them was the bonus bill, the provisions of the measure, the terms that are to be incorporated within it, and, generally, the character of legislation that is to be reported to the Senate upon the subject of adjusted compensation.

Republican Senators say that no testimony was taken. What, then, was the purpose of the meeting? It would be a futile thing to assemble without some purpose. We complain because there was a meeting at which witnesses or persons urging legislation were present. If there are to be secret meetings by the majority, let them have the goodness and the fairness, if witnesses or other persons appear before them, to have taken down stenographically the information which is conveyed, and which becomes the basis, in part at least, of the action of the Republicans.

The Senator from Indiana, if I understood him correctly, took the position that, as Republicans are in the majority, they have the right to formulate legislation, and to call in the minority for their approval or their disapproval; of course, in most cases it will be for their disapproval, because the great majority of the legislation prepared by our Republican friends is not entitled to the approval of the minority or of the American people. But I deny the wisdom or the propriety or the fairness of that procedure in securing legislation. We have committees of the House and Senate. In both branches bills are introduced and referred to the various committees for their consideration and mature judgment. Hearings are often granted or ordered by the committees in order to ascertain the facts and to inform the committees as to the action that should be taken. This testimony is stenographically reported and usually printed. It is for the benefit of the Senate and the public. In this manner the public may know at least some of the reasons back of the laws and actions of Congress.

How does the Senator from Massachusetts, or any other member of the Finance Committee, know what Mr. MacNider or other gentlemen stated yesterday before the majority members of the Finance Committee, statements of fact or of policy which doubtless will influence them in framing legislation dealing with a matter of vital importance to the American people?

Mr. President, I stated yesterday that the bill before us was in part based upon testimony which was given or statements made after the hearings were closed. These statements and this testimony were not for Democrats and were submitted in secret to Republican members of the committee. I am told that Mr. Irene du Pont, representing one of the most stupendous and colossal organizations the world has ever seen, went before the Republican members of the Finance Committee after the hearings were closed. What he said we do not know. What testimony he gave the Democrats do not know.

and have no means of finding out. What influence it had in shaping the present bill we can only surmise. The distinguished Senator from North Dakota [Mr. McCUMBER], who always endeavors to be fair and just, stated upon the floor of the Senate this morning that some Senators appeared before the Republican members of the committee and that the latter were glad to receive them. Of course the Senators who appeared had the right so to do, and doubtless gave reasons for certain rates to be incorporated in the pending bill. But if the Democratic members of the committee could have heard their views it would have aided them in reaching conclusions as to the course to be adopted in dealing with this important legislation. But my information is that not only a few Senators appeared but a considerable number of persons from various parts of the country, who are deeply interested in securing tariff legislation and the adoption of schedules which will greatly affect their business. These interested parties, these witnesses who had interests to serve, gave testimony and made statements in relation to this bill and the schedules in which they were respectively interested. We do not know what they said, nor can we determine how important their testimony was, or to what extent it influenced, or possibly might, the Republican members of the committee who reported this bill after making perhaps thousands of amendments to the House bill. We can not tell what the form of the bill before would have been except for this secret testimony given in these secret hearings.

Is this the way legislation is to be prepared? Are majorities to meet in secret, and are witnesses to come secretly before them and make statements, statements which never see the light of day, and of which the minority and the country are not advised? Not only are Democratic Members of the Senate left to speculate and guess as to the reasons for certain rates and schedules and provisions contained in this bill, but Republican Senators, not upon the Finance Committee, are left in the same uncertain condition unless their colleagues shall undertake the task of informing them.

The statement of the Senator from Massachusetts [Mr. WALSH] is true; this method of legislation develops suspicion among the people; it undermines their faith in Congress and governmental agencies. It subjects Congress and committees to the charge that their legislation was framed in the dark, in secrecy, and that back of it are sinister and selfish forces and interests. Bills reported from committees when the hearings are not open and when testimony was secured in secret will be, in the minds of the people, tainted and discredited. In my opinion, the course pursued was unwise; this is a dangerous method of legislation; it discredits our parliamentary system; and it will be unfortunate for Congress as well as the Government.

The Republican majority in Congress is evidently of the opinion that the two things which were in the minds of the people when they invested the Republican Party with the administration of the Government were that the country wanted an old-fashioned protective or prohibitive tariff and desired, or at least expected, that the Republican Party would at once appropriate to itself all of the jobs, positions, and patronage covered by the civil service. Protection and patronage seem to be the dominant passion of the party in power. But the victory of the Republican Party was not won upon the tariff issue, nor because the people wanted a new protective or prohibitive tariff, or because the people desired that faithful servants and employees of the Government should be summarily discharged to make place for Republican office hunters and to provide means for the payment of the partisan debts of Republican politicians. It is to be deplored that in the face of the important issues before the country, or rather in the face of the complex problems which affect our public policy, the country, merely because it obtained a change in the administration, was compelled to turn to Republican politicians, who are apparently without judgment or vision or capacity, to meet and solve the questions of policy which demand the attention of Congress, but who, on the other hand, are obsessed with the petty, protective, partisan policies of the Republican Party, which seems to regard archaic and narrow views as the inexorable inheritance of the Republican Party to be treasured as pearls of great price.

Mr. President, the Republican Party has become proud and arrogant by reason of its recent victory. Promising a progressive administration and the execution of policies adapted to new issues and to new world conditions, it surrenders authority to the same old reactionary and antique forces which in the past guided its activities. It seems incapable of meeting the issues of the hour. It offers but one formula—the same which it has proclaimed for half a century—to meet ills, domestic, na-

tional, and international; that is, "prohibitive tariffs and national isolation." It manifests the same traits as are exhibited by narrow and nonprogressive scientists who treat with disdain the new discoveries and the advancing truths of philosophy, which batter down the dark and musty prisons and battlements erected in past ages. Religiously we find sightless persons who refuse to be warmed by the new light of the new day and to have the scales of darkness fall from their eyes, that they may be guided by the illuminating truths which the liberation of spiritual forces in the world manifest to those who seek the light. The days of witchcraft and burning at the stake are past. Old systems are passing away and must pass away, if there shall be political and scientific and religious development. I do not disparage, of course, fundamentals. These persist, but fundamentals are the bases upon which we build the structures of the hour and the age. The trouble is that too often we misconceive the fundamentals, the basic things, and confound them with the superficial and the perishable.

There are moral forces which persist in all ages. The mutations of time do not change them. There are basic principles underlying governments and political philosophy and political economy. They are adequate for all time. It is the misapplication of these principles and the failure to comprehend them and all of their implications that lead to the injustices, inequalities, and chaos so often appearing in the governments of men. In every age and in every country there are people of limited vision, of narrow perspective, and of illiberal tendencies. They wrap the mantle of self-complacency about them and desire their country either to be isolated from the world or to dominate the world. Back of such view is greed and selfishness and an utter ignorance of the vibrant forces that animate and control the world. Our country to-day, more than ever, should pursue a liberal policy. More than ever should American people be the first to catch the dawn of the new day and the inspiration of the new age. More than ever must there be contact with the world.

We have sought during the eight years of Democratic administration to be placed in opposition with the world. We built a merchant fleet to carry our products to every port in the world. We have secured cables that will bring us into touch with all lands, and we speak through the air the language of fellowship and fraternalism to most distant lands. It was supposed that we were learning something of the destiny of humanity and of the bond of unity which more and more must bind all peoples together. But we find the Republican Party erecting impediments to trade and commerce and projecting a policy which must inevitably provoke international controversies and promote national selfishness and isolation.

I saw this morning a cartoon illustrating the McCumber-Fordney tariff bill now before us. The great cartoonist visualized the situation. He represents a huge block of granite being lowered by mechanical means. Underneath the block is the prostrate form of the people, upon whom it rests with crushing force. This tariff law will rest upon the American people. It will crush industry. It will prevent the operation of the natural laws of trade and commerce. It will protect trusts and combinations in restraint of trade. It will build up giant monopolies, and behind its formidable ramparts pirates and buccaneers in our domestic markets will exploit the helpless people. I am not exaggerating, Mr. President, when I say that this bill is not only an economic fallacy, but it is an industrial monstrosity. Our Republican friends speak of opening the mills and the mines and bringing prosperity to the agricultural interests of our land. Mr. President, the mills would open and the mines would send forth their mineral wealth and the fields and the farms would yield abundantly for the sustenance of man and prosperity would come to the American people if we would recognize the inexorable laws of trade and of commerce and conform our course to their currents. Because of world depression, which inevitably would gather this Nation within its sweep, we think to correct the world situation by casting further obstacles into the commercial currents of the world.

No truthful person can say that the financial depression in the United States is occasioned by the Underwood tariff law. Under it our imports have been reduced in many of the commodities of life—reduced to negligible quantities, and in many instances reduced to the vanishing point. Indeed, many commodities upon the free list are not imported because of the abundance and cheapness of domestic production, as well as world conditions. Our exports have likewise been materially reduced from the peak reached in 1919 and 1920 under the Democratic administration.

What we need to-day is to expand our exports, and with the expansion of our exports of necessity there will be an increase of imports. If under the Underwood law imports are limited

as they are to-day, it is hypocrisy to charge that such limited imports menace our industrial and economic security, and it is conclusive evidence that the purpose is to cut off all imports regardless of the effect upon our exports. It is sheer madness to strike at our foreign trade through the schedules of this absurd, foolish, and altogether reactionary bill.

I repeat, Mr. President, this tariff bill before us is a measure which interrupts the returning tide of business activity, and if we do have a revival in business it will be not because of this tariff bill but in spite of it and its absurd provisions and inequitable and monopolistic and exclusive features.

It is only proper to say that in the last campaign the tariff was not an issue. It is certain that the tariff was not in the minds of the voters when they went to the polls and cast the majority vote for the Republican administration.

If I understood correctly the speech made by the Senator from North Dakota the other day, he indicated that this bill was in response to the demands of his party's platform. I most respectfully dissent from that view.

Our Republican friends over and over again upon the floor of the Senate have ascribed their triumphant victory to the issue presented by the League of Nations; never to the economic question involved in the repeal of the Underwood tariff bill and the enactment of some other tariff measure. Our Republican friends have repeatedly declared that the American people had by "solemn referendum" declared against the League of Nations. They have said that the American people upon that great issue found with the Republican Party. Now they are shifting their position and are attributing their victory at the last election to their promise to enact a high tariff law, a prohibitive tariff law. I deny that that issue was submitted to the American people.

There was no public interest whatever in the tariff question; the people had discovered that their greatest prosperity had been under a tariff law enacted by the Democratic Party. So great was the indifference upon the part of the people to any sort of tariff measure that Republican orators made little or no mention of the subject during the campaign. I was in many of the States during the campaign of 1920 and heard numerous addresses by Republicans. The entire burthen of their remarks was that the League of Nations was an entangling alliance, and that following the advice of Washington and Jefferson, this Republic should not enter it. It was pictured as a huge Frankenstein that would swallow up the Nation and destroy the sovereignty and independence of the United States. There never was a crusade waged with greater vehemence and passion than the fight against the covenant of the League of Nations. I shall not pause to demonstrate the fallacy of the arguments made or point out the misrepresentations made to the people.

I repeat, the tariff was not an issue. The people were not concerned in the subject. They were satisfied with the Underwood tariff law. Under that bill we had attained the greatest prosperity that had ever come to this Nation. Our exports had increased from a few billion dollars annually to \$8,000,000,000, and our foreign trade and commerce had reached the colossal sum of \$13,000,000,000 in 1919.

In the Republican platform adopted June 8, 1920, it was stated under the significant title "International trade and tariff":

The uncertain and unsettled condition of international balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence.

There was a glimpse of statesmanship in that declaration, Mr. President.

But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

This was a most remarkable declaration and disclosure on the part of the Republican Party. In a temporary lucid interval the platform makers got a glimpse of the light that there was some proper relation between international trade and the tariff, and while their minds were thus illumined they saw clearly that the unsettled and uncertain conditions of international balances and the abnormal economic and trade situation of the world made it inopportune to undertake any tinkering with the tariff at this time. Those platform makers now will see that the formulation of a definite scheme to raise the duties on imports and interdict foreign trade would not meet any response from the American people.

I repeat, Mr. President, that the first part of that platform declaration was a correct conception of the world's condition. How can we draw a proper tariff bill that is to endure for a decade or more with the fluctuating conditions that now exist in the world? The tides of trade and commerce are as undulatory as are the seas when whipped into foam by the storms

and mighty winds. A tariff of 20 per cent ad valorem on one item to-day might be prohibitive in a month or two months from now, or, if protection was desired, a 20 per cent tariff which might afford ample protection to-day would be inadequate in a few months from now.

So, Mr. President, with the world in an abnormal condition, in a condition of flux, the absurdity of trying to draw a tariff bill must be manifest to the most superficial investigator of economics and of industrial questions.

But, Mr. President, our Republican friends, having obtained a temporary glimpse of the truth, the platform makers immediately relapsed into their partisan subconsciousness and reaffirmed their belief in the protective principle of a tariff for the preservation of the home market for American labor, for agriculture, and for industry, and indicate that a revision of the tariff will be made as soon as conditions make it necessary. There was no waiting, however, for conditions to make it necessary.

The new Congress was elected in November, 1920, and did not convene in regular session until December, 1921, more than a year later. But already, in January, 1921, within two months of the election and nearly a year before the regular session of Congress should convene, hearings for the revision of the tariff were inaugurated by the Republican majority of the Ways and Means Committee of the House of Representatives, and those hearings continued intermittently, either by the Ways and Means Committee of the House or the Finance Committee of the Senate, almost down to the very day when the pending bill was reported out of the Senate Committee on Finance on April 10; that is, the 10th day of the present month.

Let us examine this point for a moment. Many of our imports relate to commodities of great importance and constitute about 1 per cent or less of our domestic production. It is contended by the proponents of this bill that the industries of our country are threatened by these negligible imports. To so contend and to insist that the restoration of prosperity is impeded and that our industries are menaced is the height of absurdity. How foolish it is to argue that a domestic product, particularly where it is manufactured in large quantities, will be materially affected, or the industry developing it will be jeopardized by such competition as would result from imports amounting to 1 per cent of such commodity. Such contention taxes the patience of all sensible people.

The very fact that lobbyists and certain manufacturers are here demanding a prohibitive tariff upon commodities where the domestic production is 90 to 99 per cent of all consumption is incontrovertible evidence that they seek a monopoly in the domestic market, and are determined to prevent the lowering of prices to a proper level, and indeed, perhaps to increase them and to make themselves secure from any possible competition, no matter how unimportant it might be. These are the interests and trusts which would impose burdens upon the laborer and the great masses of the people. They would fetter by high prices the workingman, compel him to pay exorbitant prices for food and clothing, and drugs and medicines. They would tax him upon the shoes that he is compelled to purchase out of his slender wage for his wife and children. They would place a tariff-tax gatherer upon the doorstep of every humble home and wring from the people much of their earnings, won by toil and struggle.

For the last 15 months the city of Washington, the Houses of Congress, the committee rooms of the Senate and the House, and the corridors of the office buildings have been literally infested with tariff lobbyists importuning the committees to raise the tariff on practically every article of domestic production, at a time, too, when the interests of the country have had an effectual eight years' embargo against foreign competition incident to the war against Germany and the subsequent crippling of competitive industries in Europe.

The outstanding fact is that at this time, in the fourth year since the conclusion of the war, the balance of trade in favor of our country is relatively greater than before the war. Imports in the great majority of American industries are more than ever balanced by exports of the same commodities, the imports themselves representing but a relatively insignificant proportion of the American consumption, in many cases not amounting to one cent more than the goods are worth. They want to charge the American people, the housewife, the children more for the goods than the goods are worth, and thus increase the burdens upon the consumer, for the purpose of putting additional profits into the already swollen purses and treasures of the great manufacturing interests and corporations of the United States.

The pending bill should be labeled "A bill to make richer the rich, to give greater power to the corporations and trusts to

fasten monopolies upon the American people, and to exploit and rob the consuming public."

As I said, the imports in a great majority of American industries are more than overbalanced by exports of the same commodities, the imports thus representing but a relatively insignificant proportion of the American consumption, in many cases not amounting to 1 per cent.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Utah yield to the Senator from Georgia?

Mr. KING. I yield.

IVY L. MERRILL.

Mr. WATSON of Georgia. I ask unanimous consent for the immediate consideration of the bill (S. 531) for the relief of Ivy L. Merrill, which was reported by me this morning from the Committee on Claims. It is a little claim bill in favor of an Indian woman who was injured in the Government service 13 years ago. The amount is only \$500, and the case is perfectly plain.

Mr. SMOOT. Was the bill reported from the committee this morning?

Mr. WATSON of Georgia. Yes; reported from the Committee on Claims, and the report was unanimous.

Mr. SMOOT. What is the character of the claim?

Mr. WATSON of Georgia. I shall be very glad to state it to the Senator. This Indian woman was a cook at one of the Indian schools, the Shawnee Indian school in Oklahoma, and it was her duty to ring the dinner bell. On this particular day she went to ring the bell and it fell, striking her as it fell from the tower, and injured her severely on the shoulder, the arm, and the wrist. She lost a week's time, that much salary perhaps; anyhow she must have suffered considerable pain and the shock must have been great.

The original bill called for \$10,000. I am frank to say that after the most careful examination I, still thinking that that was the amount claimed, reported in favor of the payment of \$2,500, but I found that the Assistant Secretary of the Interior, after going over all the facts in the case, had on January 15, 1913, recommended the payment of \$500. So the Senator from Oklahoma [Mr. OWEN] in introducing the bill in the present Congress changed the amount and made it \$500, and the committee have recommended the passage of the bill in that amount, without amendment.

Mr. SMOOT. Was she an employee of the Government?

Mr. WATSON of Georgia. Oh, yes; she was employed by the Government as cook at this Indian school, which is a Government school. She had to go out on the steps outside the kitchen door. The bell was in a tower about 12 feet high. She had to stand on a little platform, 2 or 3 feet high, in order to ring the bell. There had been a fall of sleet and a freeze. The supposition is—in fact, it is almost certain—that the bell had stuck on account of the ice or the sleet. It required extra strength and an extra pull to ring the bell and to unfasten or loosen it from the ice. Evidently the belfry had been badly constructed, a thing which she could not know and for which she was not responsible. The support of the bell gave way; the bell fell; and the wonder is she was not killed, but she was knocked down.

Mr. SMOOT. The bill was favorably reported.

Mr. WATSON of Georgia. Oh, yes; it is reported favorably unanimously, and its passage is recommended by the Assistant Secretary of the Interior.

The PRESIDING OFFICER. The Senator from Georgia asks unanimous consent for the present consideration of the bill named by him. The bill will be read.

The Assistant Secretary read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ivy L. Merrill, a quarter-blood Pottawatomie Indian, of Pottawatomie County, Okla., the sum of \$500, in full compensation for permanent and lasting injuries received, without negligence on her part, while in the employ of the United States Government as a civil-service employee at the Shawnee Indian School in Pottawatomie County, Okla.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill which the Secretary has just read?

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

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. JONES of New Mexico. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Harris	Myers	Smoot
Borah	Harrison	Newberry	Spencer
Broussard	Heflin	Nicholson	Stanley
Bursum	Jones, N. Mex.	Norbeck	Sutherland
Capper	Jones, Wash.	Norris	Swanson
Caraway	Kellogg	Oddie	Townsend
Curtis	Kendrick	Overman	Walsh, Mass.
Dial	Keyes	Page	Walsh, Mont.
du Pont	King	Pepper	Warren
Ernst	Ladd	Phipps	Watson, Ga.
Frelighuysen	La Follette	Pomerene	Watson, Ind.
Glass	Lenroot	Ransdell	Williams
Gooding	McKinley	Rawson	Willis
Hale	McNary	Sheppard	
Harrell	Moses	Shortridge	

Mr. CURTIS. I desire to announce that the senior Senator from Maryland [Mr. FRANCE] is detained from the Senate on official business.

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the first amendment reported by the Committee on Finance to the bill.

Mr. KING. Mr. President, I desire now to call attention to the chemical schedule, which is one of the most important schedules of the pending bill.

Schedule 1 of the bill, as reported by the committee, covers the duties imposed under the general title of "Chemicals, Oils, and Paints." This schedule consists of 88 paragraphs and imposes duties upon about 300 different items. The schedule is important as covering a wide range of commodities of primary importance, both to the people as consumers and to the industries of the country as the source of their raw materials. An enumeration of a few of the classes of commodities covered by this schedule will disclose the following to be included: Chemicals, medicines, drugs, soaps, oils, paints, varnishes, pigments, fertilizers, perfumery, flavors, edible oils, celluloid, cellulose, tanning materials, dyes, colors, inks, glycerine, starches, dextrine, and flavoring extracts.

It is a fair conclusion, drawn from an examination of the rates imposed, that these rates are designed to be protective in the sense that they are to be prohibitory, and are intended to operate as an effectual embargo against the importation of the commodities embraced within this schedule. The rates can not be warranted from any standpoint of the revenues, because the imports are in many cases negligible, not comprising 1 per cent of the domestic production, and the slight quantity of imports is in most cases counterbalanced many times over by domestic exports of the same commodities.

I will say, in passing, that the record shows that all imports from Germany, not only those covered by the schedule to which I have just referred, Schedule 1, but by all of the schedules, were slightly more than \$88,000,000 for the year 1921, against a domestic production which is variously estimated to be from \$55,000,000,000 to \$65,000,000,000. This little drop of water carried from Germany and thrown into the great reservoir of our domestic production is, according to the apostles of high protectionism to destroy the American market and the American manufacturer and the American laborer, and to bring chaos and ruin to the economic and industrial life of the American people. The suggestion is so preposterous, Mr. President, as to exhaust the patience of sensible and serene persons.

Mr. President, it is astounding to learn of the lengths to which selfish interests will go to secure advantages. A defeated nation, and a people prostrate—with reparations exacted that can only be met, if met at all, by unparalleled sacrifices, and by years, if not decades, of toil, and people who are seeking to bear their burdens and mitigate the hardships and tribulations to which they are subjected—are pointed to as the most serious menaces to which our country is exposed, and the devouring monster which lies athwart our economic and industrial path, and which must be destroyed if America is to live.

I denounce this wicked, cruel, and heartless propaganda which has been carried on for months by sordid and monopolistic industrial and business forces in our country. Efforts are being made by these forces to perpetuate war prejudices and to develop and maintain racial prejudices in the United States against the German people. It is a shameful exhibition, and I protest against it and denounce those who seek legislation by such abominable methods.

I shall have more to say about the "German market" and the "German menace" later in the consideration of this bill; but let me add here, that while Lloyd-George and

others at the Genoa conference are attempting, I think, in a patriotic way, to resuscitate Europe, to stabilize economic conditions—and that will mean the stabilization of political conditions—while they are trying to help Germany, because Germany, notwithstanding the views of many of the American people, is the key to European production and European revival and the rerudescence of economic activity—while they are attempting to solve these problems which directly affect them as well as the United States—some Americans, with a selfishness and a sordidness that can not be justified, are holding Germany up to the American people as a frightful specter and monster which will destroy our business enterprises and devour the American people.

The only effect of the rates imposed in this bill in many cases will be the raising of the prices of the commodities affected in the domestic market, a market in which under present conditions the domestic producers have, speaking generally, exclusive sales, there being no appreciable competition of imported articles. It may be that under the present tariff, which imposes only temperate duties upon a large number of commodities in this schedule, and carries others of these commodities on the free list, the American market prices are influenced, not to say determined, by the ruling prices in the open world market. But this is not to be regarded as an evil, but as the only effectual means of maintaining American prices at a reasonable and dependable level, without which trade is disturbed to the disadvantage of the industries of the country and the consuming public.

As a matter of general policy the endeavor ought to be to permit the industries of the United States the widest possible range for the selection and procurement of the raw materials of the respective trades, particularly in the field of primary chemicals and chemical compounds. In these respects our industries should be permitted to draw their supplies from the ends of the earth, without the interdiction of prohibitive tariffs, licenses, or selective embargoes. Moreover, the matter of the health of the people is of such transcendent importance that the medical profession ought to have the freest selection of drugs, medicines, and medicinal articles which the open market of the world affords. The policy of imposing prohibitive duties upon the importation of drugs, medicines, and medicinal materials is not sound, and is not justified by any consideration of the real advantage of the people and the country. The outstanding fact is that in these great fields our own country is the greatest source of these materials in the world. We are exporters rather than importers in this field. There is hardly a chemical of wide general use and consumption of which we do not produce superabundant quantities, and the surplus of which must find an outlet in the markets of other countries. It must be said that labor is not the primary factor of cost in the production of these materials—and I shall analyze that a little later—and therefore that any argument for a prohibitive tariff, based upon the alleged difference in labor costs at home and abroad, can not be sustained with reference to the items covered by Schedule 1 of the bill.

The aim of the American producer is a large production of standardized products, and in pursuit of this purpose the American producer has been willing to remit to the foreign technicians the development and the production of the more refined and complex chemical compounds of small relative consumption, and for which a wide world market alone warrants the investment of capital for their composition and production.

A few examples of the flagrant and unwarranted increase in the rates on important commodities will indicate that these rates have been written at the suggestion of parties who are only concerned with the increase of their facilities for raising the domestic price to unconscionable levels. In conformity to this scheme the duty on calomel is to be raised to 300 per cent of the present rate; on castor oil the duty is to be raised to 200 per cent of the present rate; on Epsom salts the duty is to be raised to 500 per cent of the present rate; on chloroform the duty is to be raised to 400 per cent of the present rate; on carbolic acid there is to be an embargo; on court-plasters the duty is to be raised to 166 per cent of the present rate; on castile soap the duty is to be raised to 150 per cent of the present rate; on varnishes the duty is to be raised to 150 per cent of the present rate; on citrate of lime the duty is to be raised to 600 per cent of the present rate; on citric acid the duty is to be raised to 360 per cent of the present rate; on licorice root the duty is to be raised to 200 per cent of the present rate; on inks the duty is to be raised to 200 per cent of the present rate; on formaldehyde the duty is to be raised to 200 per cent of the present rate; on collodion the duty is to

be raised to 700 per cent of the present rate; on Rochelle salts the duty is to be raised to 200 per cent of the present rate; on ammonium phosphate the duty is to be raised to 150 per cent of the present rate; on fustic extract the duty is to be raised to 533 per cent of the present rate; on sodium chromate and dichromate the duty is to be raised to 233 per cent of the present rate; and upon sal soda and caustic soda, chemicals of wide general use, produced in this country in excess of our requirements and largely exported, the duty is to be raised to 200 per cent of the present rate.

Think of it, Mr. President! Many of these items come under the designation of drugs and medicines and are important to the health of the people. But we are to increase the burdens of the sick and the afflicted to put money into the coffers of the rich manufacturers and compounders of these prime necessities of life. Chloroform has become a vital thing in medicine in the hospital and operating room. But that must be seized upon by the merciless interests who have dictated the schedules in this bill, and the poor and the suffering must pay tribute to the drug men and the chemical men of the United States and increase their already swollen fortunes. They have already preyed upon the American people, and they now demand that the Republican Party commission them not only to continue their predatory course but to increase their exactions from the people suffering from disease and ailments, and who, to alleviate their sufferings, are compelled to meet their demands.

If there are to be monopolies and protection is to run riot, there certainly ought to be enough humanity upon the part of Congress to resist the demands of those interests which manufacture drugs and medicines. So profitable has the drug business become in the United States that there are thousands of druggists where there should be hundreds, and millions of profits where there should be thousands. Large drug concerns like Powers, Weightman & Rosengarten, and Parke, Davis & Co. have derived enormous profits in their business. I should say, in justice to the last-named company, that so far as I know it has not sought an increase in the present schedules and is not directly and, so far as I know, is not indirectly responsible for the changes proposed in the measure before us.

May I add, parenthetically, that Senators know that the E. I. du Pont de Nemours & Co. manufacture various kinds of drugs and chemicals, as does the Allied Chemical Co. The first-named corporation has \$353,000,000 invested in its chemical, dye, and allied corporations. It has other holdings. It has interests in other corporations, which increase its holdings and raise the value of its properties to hundreds of millions of dollars.

May I inquire, Is this the infant industry that is to be protected? Is this huge concern, as well as others of large proportions and with enormous holdings, to be granted practical prohibitive tariffs? If so, may I inquire why?

Indeed, this bill lays an embargo upon many of the products manufactured by these colossal organizations, which already control the domestic market and constitute a monopoly.

The Allied Chemical & Dye Corporation, which is a combination of the Barrett Co., the Semet Solvay Co., the Solvay Process Co., the General Chemical Co., and the National Aniline & Chemical Co., has invested capital of \$300,000,000, and it is one of the chief beneficiaries of this chemical schedule. These great organizations with their enormous power come to Congress and demand an embargo upon products which they manufacture and prohibitive tariffs upon other commodities which they manufacture. These "infants" are formidable enough to force legislation through Congress as they did in the dye embargo act.

There was a period in the life of our country when honest believers in tariffs could justify legislation in the interest of "infant industries." It is possible there are still some industries which are jeopardized by foreign competition. But there are few such within the scope of this bill. The infants who cried so loudly for protection are giants; they dominate our industrial life; they control much of our trade and commerce, and in many instances produce more than the domestic market requires and are successfully seeking and finding markets in all parts of the world.

They now admit their adult standing and their huge station, but profess great solicitude for labor. They will always discover a reason (?) for demanding exclusive domestic markets.

This bill, responding to their wishes, taxes the chamber of the sick, the life saving and healing drugs that minister to the children in home and in hospital. It not only taxes, but it raises the prices over the schedules of that unusually condemned tax law—the Payne-Aldrich law. The American people discovered the iniquities in that law and denounced it. What

must they say of this bill? Its enormities far exceed those of any tariff law ever enacted in our country.

One of the beneficiaries of this bill is the Union Carbide and Carbon Corporation, a combination of the Union Carbide Co., the Carbon & Chemical Corporation, and over 30 other subsidiaries, with invested capital of \$275,000,000—

Mr. OVERMAN. Mr. President, will the Senator let me interrupt him there?

Mr. KING. Yes.

Mr. OVERMAN. On a general average of the items under this chemical schedule, what is the difference between the rates under the Payne-Aldrich bill and the Underwood bill and this bill? Has the Senator a general average of the whole schedule?

Mr. KING. Later, if opportunity affords, I shall show the Senate the tariff on every item in this schedule, more than 300 of them; also what the rates are in the Underwood bill and under the Payne-Aldrich tariff bill; the rates fixed in this bill as it came from the Senate committee. Let me simply say, generally—and I will analyze the schedule before we conclude consideration of the bill—that the rates in this bill are on an average of from 40 per cent to 60 per cent higher than those in the despised and hated Payne-Aldrich tariff bill, a bill which brought the Republican Party to defeat.

But our Republican friends, because of their great majority in both branches, feel that they can "put over" on the American people a bill more infamous than the Payne-Aldrich tariff bill. They can force it through Congress, and doubtless will. Thank God, there is another forum to which we can appeal, another great and final tribunal, which will weigh in the balances the conduct of this Republican administration, and I predict that after so weighing it they will find it wanting.

Let me add, parenthetically, Mr. President, that most of our political battles are fought on economic lines. We may from time to time bring in extraneous questions like the League of Nations, vital and important as they may be, but, after all, our political contests are fought over economic and industrial questions. The next campaign will be waged largely upon the questions of taxation, the abuse of the taxing power, the inequalities and injustices of the Fordney-McCumber tariff law, the interruption of our foreign trade, the extravagance and inefficiency of the Republican administration, and the narrow and provincial foreign policy pursued by the party in power.

But let me return to the carbide company. Later I shall call particular attention to it and the swollen fortunes which have been accumulated by those who are controlling its activities. This corporation desires the power to mulct the farmers and to get control of certain elements and factors which are essential in the manufacture of fertilizers. And the tariff bloc in the Senate—and some belong to the agricultural bloc—think they are getting something out of this bill for the farmers, but they will discover that the manufacturers and the trusts and the combinations of the United States have been too sharp for them. There are many jokers in this bill, Mr. President, which my good friend from Idaho and this tariff bloc, whose names I mentioned yesterday, have not discovered; and when they and the American agriculturists discover that this bill is a fraud upon the agriculturists there will be discontent and indignation which, like a mighty storm, will sweep from power the present administration. The Union Carbide & Carbon Corporation has a capitalization of \$275,000,000, and this chemical schedule will put millions of ill-gotten gains, wrung from the pockets of the poor, into the coffers of this gigantic corporation.

There is the Sherwin-Williams Co. which is to be benefited by this bill. Its assets are \$42,942,067. Is that an infant industry? It has to do with the paints and the varnishes that go to the farms and homes of the people. When we want building prices to come down, and when we are seeking the adoption of a policy which will enable men and women to secure homes, we are now by this bill making it more difficult for them to do so. We swell the mighty fortunes of the Paint Trust and the Varnish Trust and the other trusts, some of which are ancillary to the Sherwin-Williams Co., with its enormous capital.

The Grasselli Chemical Co. is to be benefited by this bill. It is one of the organizations that has had its representative here for months clamoring for increased rates. Its capital is \$40,000,000.

The Mathieson Alkali Works has a capitalization of \$12,266,369.

The Monsanto Chemical Works has a capitalization of \$10,242,660.

The Merrimac Chemical Co. has a capitalization of \$7,825,029.

Let me say, Mr. President, that the figures which I have given are merely the value stated by some of the publications, such as Moody's Manual. What the actual assets are perhaps no one except those who control the companies know.

It is interesting to note the fact that the capital invested in our chemical industry in 1914 exceeded \$3,000,000,000. Now, these same organizations, and those which have followed them, have increased their capital to \$5,200,000,000. A large part of that increase has resulted during the last two years, when we had the rates of the Underwood law in effect.

It will be noted that under the Underwood law, which has been in force since 1913, the amount invested in the chemical industry has almost doubled. This is persuasive evidence that no menace exists from foreign competition. Many of the commodities found in the chemical schedule are on the free list in the Underwood law. Yet the chemical business has increased, and the profits of the business has been great.

There are numerous other chemicals, dye, and medicinal manufacturers in the country whose invested capital exceeds millions, and runs into the hundreds of millions, and indeed billions, of dollars in the aggregate, detailed information of which is not obtainable, because they had not furnished the data to Moody's Manual or to the great organizations which seek to collate information and data concerning corporations, or to the Department of Commerce, or to the Tariff Commission. I have sought what I thought were the available sources of information to ascertain the capital invested in each of the great chemical plants in the United States, but my efforts have in most instances been futile; neither have I been able to obtain accurate information as to their profits. Data, I should say, is available as to some, and so far as that has been obtained I shall present it to the Senate.

Mr. President, I return now to the point I was discussing a moment ago, when I called attention to a number of items and showed that the increase in this bill was from 150 per cent to more than 600 per cent in the matter of chemicals, drugs, and medicines which the people of the United States must have.

There are also many commodities of wide, general use of which the country produces over 99 per cent of the domestic consumption, and of which large quantities are annually exported which have, without warrant or reason, been removed from the free list and made dutiable under this bill. I wish Senators would think of this; I wish the American people would let this fact sink into their minds with a view to determining what their conduct should be. Just think of it. Here are articles and commodities only 1 per cent of which or less are imported from foreign countries, 99 per cent or more being domestic products, and yet in order to help the domestic producer increase his profits we increase the tariff rates from 150 to 600 per cent.

It is hypocrisy which can not be characterized in temperate language in a parliamentary body to say that it is for the protection of home industry, or to enable the domestic manufacturer to secure proper returns on investment, or to protect labor. In these items to which I refer the exports are greater than the imports, showing that our domestic production exceeds our domestic consumption.

If these corporations and trusts who are urging these extravagant tariffs were accurate students of political economy they would see that in the long run they are going to injure their own country. They may monopolize the domestic market, and profit by it and rob the American people, but they will cut off foreign trade and drive the American flag from the seas. It may float from the mastheads of war vessels, but this policy of the Republican Party, as exemplified in this bill, will drive from the seven seas the commercial flag of this Republic, and we will become a hermit nationally, economically, industrially, and commercially, and be robbed and plundered by the domestic corporations and trusts which our foolish policy develops.

Talk about reactionism; talk about the atavistic propensities of individuals and races and peoples. This bill is a "throw-back" to the Dark Ages, to the periods when men and countries sought isolation, or if contact with others—only for the purpose of plundering them.

Among the articles put on the dutiable list by this bill is common salt, used upon every table in the land, and in the preparation and conservation of foods. Another article is phosphorus, which is an essential ingredient of matches, which everybody uses.

Another is acetic acid, the base of vinegar, and which is used for the preservation of pickles, condiments, relishes, and salad dressings. There is stearic acid, used in the manufacture of candles, necessary for miners and for the poor of our land who live in the more isolated regions of the country.

There is strichnine, an important medicinal product, and also widely used for the extermination of noxious insects and animals. There is oak extract, used in tanning sole leather, the imports of which act only to conserve our own too meager supply.

There is wood alcohol, which is widely used in the arts and of which in 1914 we produced 9,600,000 gallons and of which, for the first nine months of 1921, our export was 300,000 gallons. The imports are so inconsequential they are scarcely noticeable, being less than 1 per cent of the domestic consumption. Yet we put a tariff upon wood alcohol and help these trusts and these swollen fortunes.

Soda ash is another article of which we are by far the largest producers in the world, the domestic production for 1920 being 1,238,000 tons, the exports for the first nine months of 1921 being 131,000 tons, the imports for the same period being only 5,800 tons. We export more than we import and our production is so stupendous that when we speak of the imports they are lost sight of because of their inconsequential character.

Soda ash is the most important of our industrial alkalis, as all Senators know. Why put a tariff on that? There is no competition from abroad. We export four or five times as much as we import and our domestic production is nearly fifty to one hundred times more than our imports; but we tax the people of the United States in order to increase the fortunes of those same corporations and others to which I have referred, whose gigantic capital to-day amounts in the aggregate to more than \$5,260,000,000.

Soda ash is also used in the glass, soap, wood pulp and paper, caustic soap, dye, and textile industries, and in the manufacture of drugs, enamel ware, and cleaners, and for the softening of water.

Do not Senators see the point? They get a tariff on soda ash. Then they raise the price of soda ash, not because of any competition but because they can. The tariff keeps out any possible competition. Then when they manufacture soap or glass—and high tariff rates are laid on these commodities—higher prices for the soap and the other products are fixed, because there will be taken into account the high tariff on the ash and the tariff on tallow and on the other concomitants entering into the finished product; in this manner they will pyramid the tariff duties, adding one upon another, until the entire burdens will have to be met by the ultimate consumer. No wonder Mr. Procter, the fairy godfather or godmother of a former candidate for the Presidency of the United States, made millions out of a certain brand of soap, which I shall not mention here. I have the testimony of one man—I shall not stop now to read it, though I shall ask to put some of it in the Record later in the debate—calling attention to the fact that, instead of needing a tariff upon soap, we are exporting enormous quantities. As I recall the figures, the exports increased from \$4,000,000 to \$20,000,000 within a short period. We are the greatest consumers as well as the greatest producers of soap in the world. We compete with the world and can drive practically all foreign competitors off the market. There are reasons for our supremacy in this field. The great meat-packing industry yields tallow and fats, which constitute largely the best of our soaps. I wish we could make a soap that could cleanse our consciences as well as our bodies and enable us to see what justice and duty in this hour require in dealing with the American people. As suggested by my friend from Kentucky [Mr. STANLEY], we might use some soap to advantage on this bill. It would require a great many cakes of soap to wash the bill clean.

Another of these important alkalis which is transferred from the free list to the dutiable list is sodium silicate or water glass. Let me add that many of these chemical products which I have been discussing have been on the free list and, notwithstanding they have been on the free list, our production has increased and the importations in many instances have decreased. There has been no competition from abroad. There can be no competition from abroad that is worthy of consideration with respect to many items in this bill. Of course, Mr. President, the chairman of the committee will later on explain these things to our entire satisfaction. I shall listen with greater interest to such explanations.

I was speaking of the domestic production of sodium silicate, which is important in our chemical industry. The domestic production of this alkali exceeds 300,000 tons per annum. Exports for the first nine months of 1920 were nearly 7,000 tons and the imports were 334 tons. Why a tariff? Why raise the tariff wall upon this product when there is no competition? There is only one reason. It is because the big Chemical Trust demands it. I do not want to say, "We know our master's voice," but they have demanded it and they are getting it.

The duty imposed upon this article amounts to about 50 per cent ad valorem. What does it mean? It means an advance in the prices, or, if not an advance in the price, the maintenance of prices at levels so high as to become extortionate and increase the profits of the trust. It is manifest that these rates have

been imposed because interested parties asked that they be imposed, when every consideration of sound policy requires that these alkalis should remain as they are upon the free list. Think of it, on the free list, and yet the imports were only 334 tons and we were exporting nearly 7,000 tons; and yet they say, "Oh, Germany. Germany is about to flood us and inundate the land with her surplus products." Before I get through I shall have something more to say about conditions in Germany. I was bitter against the German military machine during the war, but the war is over.

I deplore this anti-German spirit manifesting itself, I fear, in the Senate, which prompts Senators and others to urge as an excuse for these extortionate rates a German invasion of our markets. I want to see Germany rise from her prostrate position. I want to see the Germans prosper, the English prosper, and the French prosper, and all the nations of the world rejoice in the sunlight of a glorious day, children, as they are, of one common Father who watches over all and even the fall of the sparrow is taken note of by Him.

I want international prosperity, and I want the yoke of servitude, political and economic, lifted from the necks and backs of people, whether they be Americans or Germans, whether white or brown, or yellow or black, so that in the end all people may be brought together in amity and in peace, rejoicing in the common blessings that flow from a Christian civilization and from progressive and enlightened policies. This is not republicanism, but it is theism; it is the political creed, which in the end will dominate the world, because that creed which ultimately will prevail must rest upon the moral law and upon the principles of justice and equity.

But, Mr. President, I have digressed, for which I apologize.

A flagrant example of this method of writing tariff rates is in the case of calcium carbide—and I want Senators to recall this—which is removed from the free list and made dutiable at 1 cent per pound. That sounds innocent. As a specific rate that is not very much, the ordinary superficial observer would say. When it is considered that this commodity is sold by the ton, not to say carload, the imposition of a duty on a pound basis is a mere effort at camouflaging the iniquity of the rate imposed. This rate is actually \$20 per ton. The principal uses of calcium carbide, as Senators know, are as a fixation agency for nitrogen, with which it forms calcium cyanamide, which has become the leading nitrogenous fertilizer. We are talking a great deal about the fixation of atmosphere and about the Haber process and about cyanamide and about Muscle Shoals. All those questions are related to the question here.

I stated that it becomes the leading nitrogenous fertilizer, and it is used for the making of acetylene gas for illumination and for the welding and cutting of metal. The rate on calcium carbide was undoubtedly dictated by the Union Carbide Co., a corporation which controls about 90 per cent of the domestic production and owns carbide plants at Sault Ste. Marie, Mich.; Niagara Falls, N. Y.; Welland, Ontario, Canada; and another in Norway. Ninety per cent of the domestic production by this trust, whose power extends beyond the United States into Canada and into Norway. The only competitors in the domestic carbide market of the trust referred to are Canadian concerns, some of which are owned by American interests and whose production costs are equal to the production costs of the Union Carbide Co. in its American plants.

The Union Carbide & Carbon Corporation has a capitalization of how much? Can anyone tell me? Perhaps \$25,000,000, Senators would say; but it is \$275,000,000. Ninety per cent of the production now is controlled by that corporation, and we must feed to this powerful trust the unwilling victims, the agriculturists and others, of the avarice of the trust.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER (Mr. NORRIS in the chair). Does the Senator from Utah yield to the Senator from Kentucky?

Mr. KING. I yield.

Mr. STANLEY. I hesitate to interrupt the very lucid and powerful argument the Senator from Utah is making, but if he will pardon me I will call to mind a little incident.

The Committee on Agriculture, with practical unanimity, as I understand, reported in favor of the completion of the plant at Muscle Shoals. As soon as that was done the makers of these materials and the owners of by-product coke oven, whose capitalization mounts into many billions of dollars, got busy. It was a fight on the part of the Government in an effort to supply the farmer with cheaper fertilizer and a fight on the part of the wealthiest and most powerful corporations, not only in this country but in the world, to keep up the price of the fertilizer. The subsequent offer of Henry Ford has but accentuated that fact. Some day some farmer is going to stumble on the roll call of his bogus friends, who supported him whenever it did not offend the Steel Trust and the Carbide Trust.

Mr. KING. Mr. President, the Senator from Kentucky remembers the siege of Troy; he remembers the wooden horse and the armed soldiers therein, which was moved alongside the walls of Troy, thus enabling the victorious Greeks to conquer their foes. There are wooden horses—and in wooden horses we oftentimes find sinister influences and enemies who ravish and destroy the land—now being carefully placed against the fabric of our social and economic structure. Within this bill are wooden horses which conceal deadly foes, who will assail the best interests of this Republic.

Mr. STANLEY. The ancient Greeks went into Troy concealed in a wooden horse, but the emissaries of greedy corporations slip by the farmer in a load of hay. [Laughter.]

Mr. KING. Mr. President, I sometimes think that much of our lives are devoted to discovering the impositions and the deceptions that have been practiced upon us, and sometimes because of the deceptions and the intrigues practiced on the people we grow pessimistic and think that humanity is deteriorating and that there is nothing honest or just under the sun. I do not feel that way at all. There are injustices and wrongs, but, thank God, there are millions of men and women who want the truth, who are seeking for the truth. Oftentimes they are deceived and the veneer prevents discovery of the genuine from the counterfeit. This tariff bill is a counterfeit; it is veneered in such a way that many will regard it as a bill in the interest of the American people; but sooner or later the veneer will be worn away and they will discover its hideous deformities and the excrescences which cling to it. Then they will repudiate it, as they repudiated the Payne-Aldrich tariff bill, and the party which sponsored it.

But to return: This corporation—little corporation, with a capitalization of \$275,000,000—which through its subsidiary, the Union Carbide Co., has a practical monopoly on domestic calcium carbide, paid out in dividends in the three years 1918, 1919, and 1920, \$37,900,000. The Union Carbide Co., in the five years from 1913 to 1918, paid cash dividends of 42 per cent and stock dividends of 92½ per cent on its capital stock. This enormous business has been developed and has reached these unprecedented proportions with calcium carbide on the free list.

The Union Carbide & Carbon Corporation owns the following subsidiary companies: Union Carbide Co., the National Carbon Co. (Inc.), Linde Air Products Co., the Prest-O-Lite Co., Electro-Metallurgical Co., the Oxweld Acetylene Co., Michigan Northern Power Co., the Union Carbide Co. of Canada (Ltd.), Electric Furnace Products Co. (Ltd.), the Oxweld Railroad Service Co., Haynes Stellite Co., Dominion Oxygen Co. (Ltd.), Carbide & Carbon Chemicals Corporation, and 20 other subsidiary companies. This combination also, I assume, dictated the imposition of the rates contained in paragraph 2 of the bill, covering the following items—and I want Senators to listen to these items—acetaldehyde, aldol or acetaldol, aldehyde ammonia, butyraldehyde, crotonaldehyde, paracetalddehyde, ethylene chlorhydrin, ethylene dichloride, ethylene glycol, ethylene oxide, glycol monoacetate, propylene chlorhydrin, propylene dichloride, and propylene glycol, at 6 cents per pound and 30 per cent ad valorem.

Although this corporation has a tremendous capital and profits, having paid 40 per cent dividends, as I have indicated, and increased its capitalization 92½ per cent, carbide is transferred from the free to the dutiable list and its products taxed now at 6 cents per pound and 30 per cent ad valorem. These commodities are not produced in this country; but, notwithstanding that fact, this combination was also able to dictate that an embargo be placed upon their importation, which was done in the emergency tariff act, which embargo is continued in force by the terms of the pending bill.

The bill, without necessity, and, indeed, without reason, increases the rates on a large number of articles of which for many years the imports have been negligible, amounting to less than 1 per cent of the domestic production. Even under the temperate rates of the Underwood tariff on these commodities there have been practically no importations, and it is altogether likely that putting of these articles on the free list would not result in any notable increase, the market being dominated by the American producer.

In cases where the American production makes the world market—and I assert this, Mr. President, as an axiom in political economy—there is, of course, no legitimate purpose in a prohibitive tariff or of any tariff so far as the protection of the domestic industry is concerned. Some of the articles of which the imports are negligible but upon which the rates of duty have been increased are covered in a table which I have before me.

Mr. President, I ask the indulgence of the Senate for a moment to examine this table.

I submit it as an illustration of some of the iniquities of this bill. Before this debate is over I shall present other tables of like character for the consideration of the Senate. Take, for instance, Mr. President, oleic acid, found in paragraph 1 of Schedule 1 of the bill. The duty under the bill as reported by the Senate committee is 1½ cents per pound. Senators will know that that acid is used very largely in the manufacture of oleomargarine, a butter substitute for the poor. The rate of duty in the Underwood law is 25 per cent ad valorem, which equals, as I figure it, one-half cent per pound; so that the tremendous increase in the rate is apparent. The domestic production for the fiscal year of 1914 was 40,000,000 pounds; the imports in 1914 were only 367,070 pounds. I have been unable to get the imports for the first nine months of 1921, but the quantity is insignificant. I have been able to obtain figures as to the exports, and they have been increasingly large. The domestic production in 1913-14, which covers the year before the World War, was 40,000,000 pounds, and the importations were only 367,000 pounds.

In paragraph 3 of Schedule 1 of the bill reported by the Senate committee the rate of duty on acetone is 25 per cent ad valorem, which is equal, as I figure it, to 2½ cents per pound. Under the Underwood law the rate is 1 cent a pound. Senators will see that the duty is therefore increased from 1 cent a pound to 2½ cents a pound. The domestic production in 1914 was more than 10,425,000 pounds while the imports were only 2,726 pounds, and the imports for the first nine months of 1921—I was able to obtain those figures—were only 54 pounds. That is the terrible competition to which we are subjected by Germany—an importation of 54 pounds! Yet we must swell the tariff from 1 cent a pound under the Underwood law to 2½ cents a pound. Why? Let Senators and the country answer the question.

On chloroform, found in paragraph 17 of Schedule 1 of the bill, the rate fixed by the Senate committee is 8 cents per pound. In the Underwood law the rate is only 2 cents per pound. The domestic production in 1914 was more than 1,333,000 pounds, and the imports were only 2,444 pounds. The imports for nine months of 1921 were 2 pounds.

That is destructive (?) competition, is it not? We are about to be destroyed by Germany and these awful European and Asiatic nations. Why put this high tariff upon chloroform? It is to increase the profits of the drug manufacturers and the trusts that manufacture chloroform.

Paragraph 29 of Schedule 1: Compounds of pyroxilin, unfinished, under this bill carry a duty of 40 cents per pound; under the Underwood bill, 25 per cent ad valorem. The domestic production in 1914 was valued at \$8,876,509. The imports in 1914 were less than 1 per cent. There was no importation to speak of; nothing that could be competitive, less than 1 per cent, so that it was impossible to determine quite what they were. The imports for nine months of 1921 were only \$35,311, and the exports for nine months were \$1,771,299. There we have a domestic production greatly in excess of the domestic market, and we ship abroad and sell nearly \$2,000,000 worth, and we import \$35,000 worth, and yet we put this enormous tariff upon it! It can not be defended or justified.

Take formaldehyde. Everybody is familiar with the importance of that, not only for sanitation but for other purposes. The tariff duty fixed in this bill is 2 cents a pound. The duty in the Underwood bill was 1 cent a pound. They have raised it 100 per cent. The domestic production was 8,426,247 pounds in 1914, and the imports in 1914 were less than 1 per cent; not only then but during the war. It was not in competition with us then, in the pre-war days and during the war. Let us see what the situation now is. For nine months in 1921 the imports were only 85,769 pounds, and the exports were valued at \$275,901, showing again that the domestic production largely exceeds the consumption and that we must find markets abroad, and we did find markets abroad; and yet we put a higher tariff on this article, not because there is foreign competition but to enrich the manufacturers of the product.

Let me take the item of inks, paragraph 41 of this schedule. Under this bill 30 per cent ad valorem is fixed. Under the Underwood bill it was 15 per cent ad valorem. The rate has been doubled. As a matter of fact, inks ought to be on the free list. Everybody uses inks, the poor as well as the rich; but we must double the tariff on inks, and penalize the American people. The domestic production of inks, writing and printing, in 1914 exceeded \$16,000,000 in value. The imports for the same year, 1914, both for writing inks and printing inks, were only approximately \$32,000. But they say: "Oh, that was in 1914; but think of the terrible menace that Germany now is, with her tremendous chemical activities," which, of course, is a myth, but it is used as a pretext to support unjust and unjustifiable

rates. What are the imports? For the nine months of 1921 the entire value of writing inks was \$3,096 and printing inks \$4,595.

We are all familiar with castor oil. Some of us as boys remember castor oil. It was the family medicine. If we had a cold, castor oil was administered. If we had a fever, castor oil was the remedy. It was a sort of a universal panacea. Castor oil is still of vital importance, not only in a medicinal way but in other ways. The rate of duty under the Senate tariff bill is 3 cents per pound. Under the Underwood bill it was 12 cents per gallon, or approximately 1½ cents per pound. It is increased 100 per cent. What about the production? One would suppose that as an excuse for laying tariff rates a home industry or a new industry was being established, and that it could not thrive without protection; and yet we find that in 1914 the domestic production was 20,423,000 pounds, and the imports 80,000 pounds. The imports for the nine months of 1921 were 120,000 pounds, and there were exports, as I recall, in excess of that amount, but the exact figures I do not carry in my mind.

Plasters, all sorts of porous and other plasters—25 per cent ad valorem is the tax fixed by this bill; under the Underwood bill, 15 per cent ad valorem. The domestic production in 1914 was in excess of \$1,000,000, and the imports were \$10,929, and the imports for the nine months in 1921 were only \$9,754, and there were some exports; so that the imports are less now than they were in 1914, and the production has increased. So in the future those who use porous plasters are compelled to pay an additional tax to the manufacturer, because the manufacturer of this article has been able to secure the legislation which he wants.

Let me discuss briefly paragraph 63 of schedule 1, paints. The duty on paints under that paragraph amounts to 25 per cent ad valorem under this bill, 15 per cent ad valorem under the Underwood bill. The domestic production in 1914 was more than \$112,000,000, and the imports were only \$500,000, and the imports for the nine months of 1921 were only \$155,000. As the imports have diminished, we must raise the rates. As the possible menace of foreign competition vanishes, we must increase the rates, to enrich still further the domestic manufacturer. How can that rate be justified on the paints that are embraced in that paragraph, which are so important in our domestic and economic life?

Take the item found in paragraph 67, chrome yellow—30 per cent ad valorem under this bill, 20 per cent ad valorem under the Underwood bill. That was entirely too high, in my opinion. The production in 1914 was 5,747,317 pounds. The imports were only 3,678 pounds, and the imports for the nine months of 1921 were 28,957 pounds.

It will be seen that this is all a myth about the inundation of foreign products, and particularly from Germany. Let me pause here to state that soon after the war the producers of dyes in the United States, who I have asserted on the floor of the Senate, and I assert again, constitute a monopoly, contributed to a propaganda that Germany had an enormous surplus of dyes, and was about to destroy the dye manufacture in the United States. It was absolutely untrue, and was known to be untrue.

The propaganda intended to mislead the American people and to pave the way for a dye embargo which was later obtained, and the American public had to pay for it and are paying for it now. For dyes the average cost of which before the war was substantially 25 cents per pound we have been paying under this embargo \$1.07 and \$1.08 per pound. The American people have been robbed, and, of course, the manufacturers of textiles have been compelled to pay more for the dyes than they formerly did, and that has been reflected in the prices of the finished commodities. Ladies who buy their dress goods and men who buy their shirtings are compelled to pay tribute to the dye monopoly, which was powerful enough to force through Congress a dye embargo, and is powerful enough to procure the insertion of extortionate rates in this bill, as will be seen before we conclude discussing it.

Paragraph 68 covers gas black, lampblack, and so forth. Under this bill the rate is 30 per cent ad valorem. It was 15 per cent ad valorem under the Underwood tariff bill. The production in 1914 was \$1,464,000, and the imports for that year were only \$26,000. The imports for the nine months of 1921 were only \$16,425, and our exports were \$905,608. We go out and compete in the markets of the world and sell a large proportion of our domestic product in competition with the world, with Germany and Switzerland and England, where these pigments are made. We competed with those nations and sold nearly a million dollars' worth of these pigments in nine months of 1921 and imported only \$16,000 worth. Yet

they demand virtually an embargo. How can it be justified? If we were not selling abroad, there would be some greater excuse; but when we can compete with the world, what is the excuse?

Paragraph 69 covers litharge, on which under this bill the tariff is 2½ cents a pound. It was very high under the Underwood bill, 25 per cent ad valorem, or practically 2 cents a pound. That has been increased in this bill from 2 to 2½ cents a pound. And yet in 1914 we produced 75,478,000 pounds and imported only 35,500 pounds. In the nine months of 1921 for which the figures are available our imports were only 100 pounds. Yet we are asked to erect an embargo and tariff walls to protect us against that frightful invasion.

The rate on white lead is 2½ cents a pound under this bill. White lead is used by the farmers; it constitutes the basis of their paints. It is needed upon the farms, and it is needed in the erection of houses. It is one of the important products of our country, important to the poor as well as to the rich. The rate is fixed at 2½ cents a pound in this bill; it was 2 cents a pound under the Underwood bill, and that was very high, in my opinion. In 1914 we produced nearly 300,000,000 pounds of white lead and we imported only 700,000 pounds. Last year, nine months of 1921, when this great invasion that is to destroy us was coming, we imported 123,116 pounds, but we exported 8,647,947 pounds. Why pay tribute again by this extortionate tariff to this great Chemical Trust, which reaches out and robs the farmer and robs the American people? Yet it goes into the world and competes in the markets of the world and ships abroad tens of thousands and hundreds of thousands of pounds.

On varnishes this bill fixes a tariff of \$2.20 per gallon. That is equivalent, as I figure it, to about 35 per cent ad valorem. There is provided a specific tax of 35 cents per gallon, or 35 per cent ad valorem.

Mr. SMOOT. Mr. President, I suppose my colleague does not care about being interrupted, but I thought perhaps wherever we have reduced the Underwood rates, as we have in the case of white lead, which is used by the farmers of the country and so many other people, it ought to be noted in the RECORD. At least let the American people know that we have reduced some of the Underwood tariff rates.

Mr. KING. I will say to my colleague that before I conclude I shall give him and the other Republicans credit for every reduction which they have made in this bill. I am speaking of the schedule I am particularly addressing myself to. I will show the increases, the departures from the Underwood bill, and the transfers from the free list in the Underwood to the tax list in this bill, and I will show wherever there has been a decrease from the rates in the Underwood bill. I can assure my colleague that I want to give him and the Republican Party all the credit they are entitled to. I believe that he is entitled to credit, and has resisted many unjust demands for higher rates. I think I can say, in parenthesis, that if my colleague's views had been followed this bill would not have as many indefensible provisions as now appear.

The domestic production of varnishes for the year 1914 was \$33,214,949. What do Senators think the imports were for the same year? They were \$55,787, as against \$33,000,000. The imports last year, for the nine months for which figures are available, were only \$63,000, and we exported, in competition with the world, \$2,671,668. Yet we want this enormous tariff.

On potassium iodide this bill lays a duty of 25 cents per pound. The rate in the Underwood bill was 15 cents per pound.

Products importations of which in 1914 were 1 per cent or less of domestic production and rates of which in Senate tariff bill are higher than Underwood law.

Paragraph No., Senate bill.	Article.	Rate of duty, Senate tariff bill.	Rate of duty, Underwood law.	Domestic production, 1914.	Imports, 1914.	Imports, 1921 (9 months).	Exports, 1921 (9 months).
1	Oleic acid.....	1½ cents per pound..	25 per cent ad valorem, equals ½ cent per pound.	40,000,000 pounds....	367,070 pounds.....	(1).....	(1).....
3	Acetone.....	25 per cent ad valorem, equal to 2½ cents per pound.	1 cent per pound....	10,425,817 pounds....	2,726 pounds.....	54 pounds.....	(1).....
17	Chloroform.....	8 cents per pound....	2 cents per pound....	1,333,954 pounds....	2,444 pounds.....	2 pounds ²	(1).....
29	Compounds of pyroxylin (unfinished).	40 cents per pound....	25 per cent ad valorem.	\$8,876,509.....	(1).....	\$35,311.....	\$1,771,299.
38	Formaldehyde.....	2 cents per pound....	1 cent per pound....	8,426,247 pounds....	(1).....	85,769 pounds.....	\$275,901.

Statistics not available.

January 1 to July 1, 1920.

² Import of unfinished pyroxylin plastics less than 1 per cent of domestic production.

¹ 1921 Tariff Commission Survey—Imports prior to and during war less than 1 per cent domestic consumption.

The production in 1914 was 521,678 pounds, and the imports were 169 pounds only. The imports for the nine months available of 1921 were only 226 pounds. Yet we are asked to increase the tariff, with only 226 pounds imported.

The next item to which I shall refer is sodium carbonate, or sal soda. Everyone is familiar with the importance of that product. Under the bill a specific rate of one-quarter of a cent per pound is levied, as against one-eighth of a cent under the Underwood bill, or an increase of 100 per cent. The production in 1914 was 106,591 tons. The imports were 80 tons. The imports for the nine months of 1921 available were only 80 tons, and our exports 7,000 tons. That demonstrates, of course, that we had a surplus of production, and we had to find a market. We found it in the world. We imported 80 tons. Many considerations would explain these very small importations, but the deductions to be drawn from these figures are that the surplus was so great that we sought a market abroad and obtained it, found a market for 7,000 tons. Now, we are importuned to pass this bill because the deluge is upon us, and it is necessary to keep back this rising tide which threatens to inundate and destroy our prosperity.

In paragraph 78 a tariff of 1½ cents a pound is levied on sodium chromate. Three-fourths of a cent per pound was the specific rate of the Underwood bill. We produced in 1914 23,648,000 pounds and we imported 11,146 pounds. There were no imports in 1921, none even threatened, but there were some exports in 1921, the exact amount of which I have been unable to ascertain, because they have not yet been reported. Yet we are asked to raise that rate from three-fourths of a cent per pound to 1½ cents per pound, or more than 100 per cent; it is 125 per cent, as I hastily figure it in my head.

Now, take sodium hydroxide. Under this bill the rate is a half a cent a pound. Under the Underwood bill the tariff was a specific rate of a quarter of a cent per pound, an increase of a hundred per cent. In 1914 we manufactured 425,078,000 pounds and we imported 668,714 pounds. The imports in the nine months of 1921 were 645,694 pounds and our exports were 26,810,000 pounds. We exported in nine months last year nearly 27,000,000 pounds, finding markets in the world, competing with the world, and imported only 645,000 pounds plus. Of course, our production exceeded 425,000,000 pounds in 1914.

I come now to fustic extract. The tax under this bill is 25 per cent ad valorem. It was three-eighths of a cent per pound under the Underwood bill. In 1914 we produced 4,509,943 pounds. Our imports were only 1,212 pounds. I was unable to obtain the figures of the exports or imports for 1921. They were not available in the Tariff Commission or in the Department of Commerce; at least, I was unable to obtain them.

I will refer briefly to paragraph 37 of this bill, covering flavoring extracts. Twenty-five per cent ad valorem is the rate levied by this bill. Twenty per cent ad valorem was the rate under the Underwood bill. Our production in 1914 was \$11,380,423, and our imports were only \$4,000. Our imports for the nine months of 1921 were \$24,210, and our exports \$705,852.

Mr. President, later, at another time, if afforded the opportunity, I shall present to the Senate information with respect to other items in this schedule.

The PRESIDING OFFICER (Mr. NORRIS in the chair). Did the Senator ask permission to have the table printed?

Mr. KING. I would like to have this printed as a part of my remarks.

There being no objection, the table referred to was ordered to be printed in the RECORD, as follows:

Products importations of which in 1914 were 1 per cent or less of domestic production and rates of which in Senate tariff bill are higher than Underwood law—Continued.

Paragraph No., Senate bill.	Article.	Rate of duty, Senate tariff bill.	Rate of duty, Underwood law.	Domestic production, 1914.	Imports, 1914.	Imports, 1921 (9 months).	Exports, 1921 (months).
41	Inks.....	30 per cent ad valorem.	15 per cent ad valorem.	Writing inks, \$2,500,000; printing inks, \$14,000,000.	Writing inks, \$21,983; printing inks, \$11,155 ¹	Writing inks, \$3,096; printing inks, \$4,595; all others, \$9,176.	\$775,127.
50	Castor oil.....	3 cents per pound.....	12 cents per gallon (1.5 cents per pound).	20,423,000 pounds.....	80,000 pounds.....	128,000 pounds.....	(2)
61	Plasters.....	25 per cent ad valorem.	15 per cent ad valorem.	(2).....	\$10,929.....	\$9,754.....	(2)
63	Paints.....	do.....	20 per cent ad valorem.	\$112,408,700.....	\$500,000 ²	\$155,000.....	(2)
67	Chrome yellow.....	30 per cent ad valorem.	20 per cent ad valorem.	5,747,317 pounds.....	3,678 pounds.....	28,957 pounds.....	(2)
68	Gas black, lampblack, etc.....	do.....	15 per cent ad valorem.	\$1,464,000 ³	\$26,000.....	\$16,425.....	\$905,608.
69	Litharge.....	2½ cents per pound.....	25 per cent ad valorem (2 cents per pound).	75,478,000 pounds.....	35,500 pounds.....	100 pounds.....	(2)
69	White lead.....	do.....	2 cents per pound.....	285,972,000 pounds.....	700,000 pounds.....	123,616 pounds.....	8,647,947 pounds.
72	Varnishes.....	\$2.20 per gallon and 35 per cent; 35 cents per gallon and 35 per cent; 25 per cent ad valorem.	\$1.32 per gallon; 10 per cent ad valorem.	\$33,214,949.....	\$55,787.....	\$53,000.....	\$2,671,668.
75	Potassium iodide.....	25 cents per pound.....	15 cents per pound.....	521,678 pounds ⁵	169 pounds.....	226 pounds.....	(2)
78	Sodium carbonate (sal soda).	4 cent per pound.....	½ cent per pound.....	106,591 tons.....	80 tons.....	80 tons.....	7,000 tons.
78	Sodium chromate and dichromate.	14 cents per pound.....	½ cent per pound.....	23,648,000 pounds.....	11,146 pounds.....	None.....	(2)
78	Sodium hydroxide.....	½ cent per pound.....	½ cent per pound.....	425,078,000 pounds.....	668,714 pounds.....	645,694 pounds.....	26,810,068 pounds.
36	Fustic extract.....	25 per cent ad valorem, equal to 2 cents per pound.	½ cent per pound.....	4,509,943 pounds.....	1,212 pounds.....	(1).....	(2)
37	Flavoring extracts.....	25 per cent ad valorem.	20 per cent ad valorem.	\$11,380,423.....	\$4,000.....	\$24,210.....	\$705,852.

¹ 1921 Tariff Commission Survey—Imports in 1914 less than one-tenth of 1 per cent domestic production.

² Statistics not available.

³ Domestic production in 1914 at least \$1,000,000.

⁴ Domestic production in 1916.

⁵ Domestic production in 1918.

Mr. KING. Mr. President, it is evident from the data contained in the foregoing tabulation that the imposition of increased rates of duty upon the aforesaid articles will neither appreciably increase the consumption nor expand the market for the domestic manufacturers of these commodities. The only effect of the higher rates will be to increase the price of these commodities in the home market to the detriment of the consuming public and of the industries which use these commodities as necessary materials for the fabrication of their products.

Among these articles upon which are imposed higher rates of duty, inks, castor oil, plasters, paints, varnishes, and flavoring extracts are finished products as far as consumption is concerned and pass to the trade in the form in which the duty is imposed. Of the other products in the table, compounds of peroxylin (unfinished) are used for the manufacture of combs, mirrors, and other toilet articles and for artificial leather and artificial silk; chloroform is used as an anesthetic, solvent, and antiseptic; formaldehyde is widely used as an antiseptic, disinfectant, and preservative and for the manufacture of products used in competition with hard rubber; oleic acid is used in the manufacture of textile soaps, patent leather, and lubricating compounds; acetone is used as a solvent for fats, resins, and gums and in the manufacture of chloroform; gas black and lampblack are used as fillers for rubber and in the manufacture of printing inks, stove polishes, and paints; litharge is used in the manufacture of paints, glass, and pottery and as a drier for oils; chrome yellow and white lead are used as pigments in the preparation of paints; potassium iodide is widely used in medicine and photography; sodium chromate and dichromate are used in the tanning of leather, for textile dyeing and printing, for pickling of brass and for bleaching oils and fats; sodium hydroxide, commonly known as caustic soda, is used in the manufacture of soap, mercerized cotton, cleaners, paper, dyes, and drugs; fustic extract is used in textile and leather dyeing and especially for dyeing cotton goods khaki color, used for soldiers' uniforms; and sodium carbonate, generally known as sal soda, has been previously described as being widely used in the arts.

How important these articles are to the great mass of the people must become obvious when we refer to the uses to which they are put, those uses showing that scarcely a day passes that the simplest citizen in the land, as well as the most powerful one, is not called upon to employ some of the products that are the outgrowth of the use, directly or indirectly, of these commodities.

In the case of the following important commodities, boric acid, of which the imports only amount to 5 per cent of the domestic production, the duty is raised to 200 per cent of the present rate; phosphoric acid, of which the imports only amount to 4 per cent of the domestic production, has been taken from the free list and made dutiable at 2 cents per pound; linseed oil, of which the imports only amount to three-tenths of 1 per cent and the exports amount to 20 per cent of the domestic production, the duty is raised to 262 per cent of the present rate; peppermint oil, of which the imports only amount to 5.5 per cent and the exports amount to 20 per cent of the domestic production, the duty is raised to about 200 per cent of the present rate; zinc oxide, of which the imports only amount to 4.5 per cent and the exports amount to 12 per cent of the domestic production, the duty is raised to 225 per cent of the present rate; potassium chromate and dichromate, of which the imports only amount to 5 per cent of the domestic production, the duty is raised to 225 per cent of the present rate; and sodium sulphide, of which the imports only amount to 6 per cent of the domestic production, the duty is raised 200 per cent of the present rate.

It will bear repetition that the imposition of the higher rates of duty in the pending bill upon the foregoing chemicals, medicinals, and allied products, will not expand the domestic market for these materials because the domestic market is at the present time almost exclusively supplied by the domestic manufacturers, the imports, as indicated above, being negligible. It is a matter of some significance that among the principal producers of these chemicals, medicinals, and allied products are: E. I. du Pont de Nemours & Co.; Solvay Process Co. and General Chemical Co., subsidiaries of the Allied Chemical & Dye Corporation; Grasselli Chemical Co.; Sherwin Williams Co.; and Dow Chemical Co. These are the corporations which have been making the contention that no rates of duty would be adequate to protect the domestic dye industry. This contention appears to have been adopted by the majority of the Committee on Finance, because in the report of the committee on the pending bill, the committee states:

It was found that the rates provided for dyes and coal-tar chemicals (in the House bill) * * * were wholly inadequate to protect the domestic industry. * * * Your committee has reached the conclusion that no rates in American tariff history would be adequate to protect this industry.

I wish I had the time to read the statements of many eminent protectionists and writers to the American Economist, one of the ablest protectionist papers that is published in the United States. That great organ of the protected industries has

demonstrated, as a proposition in Euclid may be demonstrated, the un-American character of the embargo, its destructive and deadly consequences. They have charged that in the end it would prove destructive to the entire fabric of protection, and as a protectionist paper, a fair protectionist paper, it sees a menace to any defensible system of protection—I am making no concessions as to the honesty or defensibility of protection per se—in an embargo bill which discriminates in favor of one class of commodities and keeps out certain commodities in order that the domestic producer may force prices to such levels as his cupidity and avarice may dictate.

It is obvious what the result will be. If we give an embargo to the dye manufacturers, other manufacturers will demand an embargo. If it is good for the dye people to have a complete monopoly, it will be good for the woolen mills to have a complete monopoly and the cotton mills a complete monopoly, until finally the protective system is destroyed and the people have been turned over to be devoured by the monopolies which would be erected.

Let me say right here as a warning to those Republicans and to those protected industries and to those great trusts and corporations, if they do not heed the solemn warning of the able Senator from North Dakota [Mr. McCUMBER] when he called attention to the high rates in this bill and when he directed attention to what was needed to bring about prosperity, and refuse to reduce prices and maintain combinations and destroy competition, the American people will revolt against such industrial oppression, if not servitude, and in their wrath the business fabric of our country may be destroyed. If we can not preserve the competitive system, the people will turn to a paternalistic or socialistic régime, and every industry controlled or directed by corporations or trusts will be placed in strait-jackets, and there will be commissions and Federal agencies and Federal officials to take charge of the business life of the country, and private business will thus be destroyed.

As a friend of honest business and as one who is opposed to bureaucracy, to paternalism, to socialism, and believes that the business man should have a free field for success, unhampered by governmental regulations, I want to warn American manufacturers and corporations and the powerful business interests of this country that if they do not treat the consuming public fairly, if they destroy competition, if they perpetuate trusts and combinations in restraint of trade and to maintain high prices, the American people will rise in their wrath and pull down the temple of their prosperity. Then we will be menaced by socialism or other evils. People laugh when we talk about socialism developing and growing. Socialism will always appear as a supposed antidote to the aggressions of predatory wealth. Treat the great mass of the people fairly and there will be no demand for socialism. They believe in individualism. They want the individual to have a free field and an open and a fair fight in the race for life. That is all the average American wants. But he will rise up in his wrath, and he will tear down these gigantic corporations and trusts if they destroy the opportunity for individual initiative and individual development. So I want to warn the corporations and the trusts and those men who are writing these tariff schedules and who are demanding them that they are sowing to the wind and they will reap the whirlwind.

If the shoe manufacturer charges these extortionate prices, if the Steel Trust makes these enormous prices, if other corporations grow rich and distribute their ill-gotten gains until their stockholders can live in affluence and the workingmen, upon whose bowed backs rest our economic and our social fabric, are required to carry the increased burden, soon or later our economic system will crack with consequences few can visualize. It seems a cruel thing that peoples build only to see destruction. I sometimes think we are like little children, building houses upon the sand.

The waves come and wash them away. Men build mighty nations which rise to power and affluence; often they attain a high stage of civilization. Then evils develop, selfishness controls, liberty is taken from the masses, and decadence sets in. Wealth controls, and the rich and powerful in the end fall with the nation which their folly and their vices have corrupted. The historian tells us of such nations, and we wonder if "history hath but one page."

We think that this Republic is different from other nations. It is. Some think that it has the seeds of immortality. I do not know. I know that this Republic will last only so long as there is back of it the sense of justice and righteousness that after all must be the basis of those enduring and persisting things in life. Nothing can long endure that is unjust. No social organism can long persist that works injustice. No system of philosophy long endures if it is founded wholly upon error.

The theory of gravitation may some day be successfully controverted. Einstein is assailing it. So one by one our systems of philosophy perish; all of which demonstrates, Mr. President, that there are certain eternal verities, and that unless we get down to the bedrock of truth and of justice and of righteousness we are building upon the sands.

If we do not deal justly with the people, if we erect organizations that oppress, if we develop an economic system that works unequally and unfairly, there will be discontent and the seeds of social and political decay.

Mr. President, I am digressing. I return to the schedule.

Adverting now to the excerpt which I read from the majority report, the contention made in that report is not consistent with the representations officially made by these manufacturers to the Ways and Means Committee of the House of Representatives in January, 1916, wherein they stated that duties of 15 per cent ad valorem and 3½ cents per pound on intermediates, and duties of 30 per cent ad valorem and 7½ cents per pound on dyes, were adequate to develop and protect the domestic dye industry, and that these rates would satisfy the demands of the domestic manufacturers of dyes and coal-tar chemicals. In conformity to these representations and with the understanding arrived at by the Ways and Means Committee, the pending bill, as it passed the House, imposed duties of 30 per cent ad valorem and 7 cents per pound on intermediates, and duties of 35 per cent ad valorem and 7 cents per pound on dyes. The bill, as reported by the Finance Committee of the Senate, carries duties of 50 per cent ad valorem and 7 cents per pound on intermediates, and duties of 60 per cent ad valorem and 7 cents per pound on dyes, duties which are practically double the duties imposed by the bill as it passed the House, and which are double the rates asked by the manufacturers in 1916 for intermediates and dyes. Moreover, the manufacturers in 1916 stated that the rates requested would develop and practically perfect the industry within five years, and that thereafter the specific duties would no longer be required.

Mr. President, I may ask later on—I shall not do so now—to put into the Record the testimony of these men who went before the committee in 1916 and said that the rates then asked for were all that would be required to develop the dye industry. The dye industry has developed to colossal proportions, but now they not only want the duties to be doubled, but they want an embargo. In addition to that, by an illegal sale of 4,500 patents taken out by Germans and registered in the United States by an illegal confiscatory act, they have taken those so that they can invoke the patents and keep out any competition. Not satisfied, however, with that, they now want an embargo; and not satisfied with that, they want to put, as I shall show later, a provision into this bill that has never found expression in any other tariff bill, a most anomalous thing, to make it a crime to bring in certain products in a certain manner, and confiscation thereupon ensues.

The fact is that in the intervening time the domestic dye industry has expanded its production so that over 91 per cent of the domestic consumption is now supplied by the American manufacturers, and, in addition to that, the exports of dyes for 1920 amounted in value to \$25,000,000, or approximately 30 per cent of the value of the domestic production.

The contention that the rates of duty imposed by the bill will not protect the industry can not be sustained. The fact is that these rates will act as an effectual embargo, as far as the bulk of the American consumption is concerned. Not only are these rates without precedent but the bill invests the President with authority to increase by 50 per cent the rates of duty to be imposed upon dyes, intermediates, and other finished coal-tar products, which means that the President may impose duties of 75 per cent ad valorem and 10½ cents per pound on intermediates and duties of 90 per cent ad valorem and 10½ cents per pound on dyes and finished coal-tar products. But this does not represent the limit of the reaching out of the dye manufacturers to prohibit the importation of intermediates, dyes, and coal-tar products. The President is granted authority in the bill to require by proclamation that the ad valorem duties be imposed upon the American market value of the dutiable commodities, which means, of course, that the President may impose duties of 90 per cent ad valorem on dyes and finished coal-tar products based on American valuation. The average American selling price for dyes produced in this country in 1920 was \$1.08 per pound. Upon this valuation an ad valorem duty of 90 per cent would amount to \$0.972, which, with the addition of a specific duty of 10½ cents, would make the duty per pound come to \$1.077, which approximately equals \$1.08, the average selling price of the dyes, and is equivalent to an effectual duty of 100 per cent on the American selling price of the dyes. But even under these conditions, if an American manufacturer of

textiles were willing to pay a premium of 100 per cent for some rare or desirable dye, he might import it and thus satisfy his fancy or the need of his business. But this does not meet the demands of the dye combine. It demands an absolute embargo; and accordingly the majority of the committee reports an amendment to the House bill which extends the operation of the embargo enacted in the dye chemical control act approved May 27, 1921, for the period of one year after the approval of the pending bill, and another amendment which invests the President with power to extend the embargo for another year. Mr. President, we have in these provisions the very consummation of monopolistic avarice, exclusion, and domination.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER (Mr. NORRIS in the chair). Does the Senator from Utah yield to the Senator from Mississippi?

Mr. KING. I yield.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Mississippi suggests the absence of a quorum. The Secretary will call the roll.

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

Ball	Harrison	McKellar	Phipps
Brandegee	Heflin	McKinley	Poindexter
Broussard	Johnson	McNary	Ransdell
Bursum	Jones, N. Mex.	Moses	Rawson
Capper	Jones, Wash.	Myers	Sheppard
Caraway	Kellogg	Nelson	Smoot
Curtis	Kendrick	Newberry	Sutherland
Dial	Keyes	Nicholson	Swanson
Edge	King	Norbeck	Townsend
Ernst	Ladd	Norris	Warren
Fletcher	La Follette	Oddie	Watson, Ga.
Glass	Lenroot	Overman	Weller
Gooding	Lodge	Page	Willis
Harris	McCumber	Pepper	

Mr. CURTIS. I desire to announce that the Senator from Maryland [Mr. FRANCE] is absent on business of the Senate.

The PRESIDING OFFICER. Fifty-five Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China.

The message also announced that the House disagreed to the amendment of the Senate to the bill (H. R. 4882) to provide for the application of the reclamation law to irrigation districts, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KINKAID, Mr. SINNOTT, and Mr. HAYDEN were appointed managers on the part of the House at the conference.

The message further announced that the House disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 9981) making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were subsequently signed by the Vice President:

S. 157. An act for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo.;

S. 518. An act to carry out the provisions of an act approved July 1, 1902, known as the act entitled "An act to accept, ratify, and confirm a proposed agreement submitted by the Kansas or Kaw Indians of Oklahoma, and for other purposes," and to provide for a settlement to Addie May Auld and Archie William Auld, who were enrolled as members of the said tribe after the lands and moneys of said tribe had been divided;

S. 667. An act for the relief of John B. H. Waring;

S. 1077. An act to authorize the payment of \$5,000 to the Government of Japan for the benefit of the family of Tora-hachi Uratake, a Japanese subject, killed at Schofield Barracks, Hawaii, on November 25, 1915;

S. 1610. An act to remit the duty on a carillon of bells to be imported for the Church of Our Lady of Good Voyage, Gloucester, Mass.;

S. 1733. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee*;

S. 1767. An act for the relief of the owner of the derrick *Capitol*;

S. 2147. An act to authorize patent to the Ed E. Richardson Co. (Inc.) of certain lands;

S. 2765. An act for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.; and

S. 3268. An act to authorize the Chicago, Detroit & Canada Grand Trunk Junction Railroad Co., or its successors or assigns, to lease certain of its properties in the State of Michigan.

EXECUTIVE AND INDEPENDENT OFFICES APPROPRIATIONS.

Mr. WARREN. I ask the Chair to lay before the Senate the action of the House on certain amendments of the Senate to House bill 9981.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the report of the committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 9981) making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices.

Mr. WARREN. The situation is such that it can only be handled by getting the bill back to conference. So I move that the Senate still further insist upon the amendments in disagreement, that the House be asked for a further conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WARREN, Mr. SMOOT, Mr. JONES of Washington, Mr. OVERMAN, and Mr. GLASS conferees on the part of the Senate at the further conference.

THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. JONES of New Mexico obtained the floor.

Mr. HARRISON. Mr. President, will the Senator from New Mexico yield to me for just a moment before he proceeds with his speech?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Mississippi?

Mr. JONES of New Mexico. I shall be glad to yield.

Mr. HARRISON. Mr. President, at the beginning of the discussion of this tariff bill it might be well for those who advocate it to know the views of some of the leading agriculturists of the country touching its provisions. I noticed in one of the papers of yesterday, I think, an item which I should like to have read from the desk. Mr. Marsh, who is referred to in the article, is a representative of great farming organizations over the country.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

DECLARES POLICY OF G. O. P. IS "FARMERS BE DAMNED."

The Jones-Green ship subsidy bill, now pending in Congress, will "increase ocean freight rates just as the Esch-Cummins law increased railroad freight rates," Benjamin C. Marsh, director of the Farmers' National Council, declared in a statement yesterday.

"This bill, plus the McCumber tariff bill, will be the last straw to break the farmer's back," Marsh said, "when it is piled on top of the Government's denial of adequate credit to farmers and refusal to enact legislation to stabilize the price of farm products. This combination of measures against the farmers, devised with the approval of the President of the United States, makes it clear that the administration's policy is 'the farmers be damned.'"

Mr. SMOOT. Mr. President—

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

Mr. JONES of New Mexico. If the Senator from Mississippi is through with what he has to say.

Mr. HARRISON. I desire to incorporate another short article in the RECORD. Before I yield to the Senator from Utah, let me say that this statement of Mr. Marsh ought to be a warning to the Senator and his colleagues who propose to vote for the bill.

Now, I yield to the Senator.

Mr. SMOOT. Mr. President—

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

Mr. JONES of New Mexico. I yield.

Mr. SMOOT. I just want to say to the Senator from Mississippi that no doubt Mr. Marsh will thank him for putting his statement in the RECORD, because no doubt it will be taken from the RECORD and sent out through the country in order that Mr. Marsh may collect a little money to go on with his propaganda. If the Senator knew Mr. Marsh, I doubt very much whether he would encumber the RECORD with a statement like that.

Mr. HARRISON. That is from one of the leading Republican papers of the country.

Mr. SMOOT. It is not from a Republican paper; it is from Mr. Marsh.

Mr. HARRISON. The statement was printed in a Republican paper—

Mr. SMOOT. Oh, certainly.

Mr. HARRISON. And it quotes Mr. Marsh, and they thought it was a news item. Mr. Marsh is recognized as the representative of a number of farmers' organizations in this country, and I am surprised that the Senator should think that Mr. Marsh would try to advertise himself in any such way.

Mr. President, that statement from Mr. Marsh did not seem to find any welcome on the other side; but the attention of the Senate has already been called to the fact that the other day there was an election for the selection of a nominee in Illinois. A very distinguished member of the present Ways and Means Committee was a candidate for renomination. Running against him was a man by the name of Mr. Frank Reid.

Mr. Reid made his campaign upon certain well-defined issues. Mr. COBLEY, the gentleman I have in mind, being a member of the Ways and Means Committee, naturally espoused the provisions of the Fordney tariff bill, or the "Fordney folly," as I might call it, and no doubt he would be for the "McCumber muddle" if he were a Member of the Senate. After Mr. Reid was nominated by some 5,000 votes over the present member of the Ways and Means Committee he gave out a statement and assigned the reasons why he received this very large majority over the sitting Member of Congress, one who had assisted in drafting a Republican tariff bill. So I want to read, or have read from the desk, a part of the statement of Mr. Frank R. Reid, addressed to the New York World.

The PRESIDING OFFICER. If there be no objection, the Secretary will read as requested.

The reading clerk read as follows:

CHICAGO, April 16.

To the WORLD:

The Volstead law had nothing to do with my victory. The campaign was waged against the system by which a dozen men of great wealth dominate the action of Congress on matters of tariff and taxation and use their great power to secure legislative protection of their own special interests.

I showed the financial and business interests of the 17 Republican members of the Ways and Means Committee, of which 11, including COBLEY, are millionaires or multimillionaires, and urged the necessity of having a "people's bloc" to oppose this "millionaires' bloc" to return the power of government to the people.

I pledged myself to uphold the policy of progressive, independent men in Congress who believe that the interests of the mass of the people deserve first consideration. I campaigned against the present certificate form of bonus bill in favor of a cash bonus to be paid out of excess-profits tax and surtax or from foreign loans. Condemned COBLEY's action in supporting the repeal of the excess-profits tax and in supporting the reduction of the surtax on incomes; also the action of COBLEY and the Ways and Means Committee on the dye embargo.

FRANK R. REID.

Mr. HARRISON. Mr. Reid was the nominee by some 5,000 majority.

Mr. JONES of New Mexico. Mr. President, I should like to ask the Senator from Mississippi if he has some of the publicity literature of Mr. Reid, showing what the issues in the campaign were?

Mr. HARRISON. I will ask the Secretary to read the matter just following that statement, issued the day after Mr. Reid's nomination, showing what he said in some of his campaign literature.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

The reading clerk read as follows:

LIST OF 11 MILLIONAIRES ON GREAT HOUSE COMMITTEE.

Mr. Reid also sent to the World an extract from his campaign literature, in which he said:

"Who are the men who frame the revenue and impost laws of the Nation which vitally affect the interests of every business man who has something to sell or manufacture, every farmer who produces a bushel of grain or a pound of beef or hogs, and every wage earner in the eleventh district?

"The committee is composed of 17 Republicans and 8 Democrats. The Republicans, of course, control the committee under the present administration; in fact, a bare half dozen of the leading Members dominate the proceedings of the committee and determine its action in respect to legislation on taxation, tariff, and other vital subjects."

He gave this list of the 11 rich men:

Chairman JOSEPH W. FORDNEY, Michigan, millionaire lumberman.

NICHOLAS LONGWORTH, Ohio, a millionaire by inheritance, interested in various banking and industrial enterprises, including an interest in dye and chemical companies.

IRA C. COBLEY, Illinois, multimillionaire, controlling gas companies and three newspapers of the eleventh district, interested also in mining and other properties.

LUTHER W. MOTT, New York, wealthy banker, former president of the New York State Bankers' Association.

ISAAC BACHARACH, New Jersey, millionaire real estate broker, first vice president and director of the Second National Bank and also director of Atlantic Safe Deposit & Trust Co., at Atlantic City.

ALLEN T. TREADWAY, Massachusetts, millionaire hotel owner and magnate.

CHARLES B. TIMBERLAKE, Colorado, wealthy banker and stock raiser.

GEORGE M. BOWERS, West Virginia, millionaire banker and orchardist, president of People's Trust Co., Martinsburg, W. Va.

HENRY W. WATSON, Pennsylvania, wealthy retired business man, who made his fortune in various commercial and manufacturing enterprises. Alanson B. Houghton, New York, a member during the special session, but recently resigned to become ambassador to Germany, a millionaire glass manufacturer.

THOMAS A. CHANDLER, Oklahoma, millionaire oil magnate.

Mr. Reid, who is 44, has figured as counsel in some noted cases. He was retained by the Federal Government in the Standard Oil case and other litigation. He was assistant corporation counsel of Chicago and has served in the legislature.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Ohio?

Mr. JONES of New Mexico. I yield.

Mr. WILLIS. The Senate has just been regaled with an expression of the views of the distinguished and eloquent Senator from Mississippi [Mr. HARRISON] relative to the pending tariff legislation. He has very properly, and within his rights, had read into the RECORD certain matters which he thinks bear upon it. I therefore ask unanimous consent to have incorporated in the RECORD at this point editorials from certain papers—the Albany (Ga.) Herald, the Rocky Mount (N. C.) Telegram, the Galveston (Tex.) News, the Fort Worth Star-Telegram, and the Cincinnati Post. These are editorials setting forth the views of those papers and the views which they think are held by people in that section of our Union relative to the pending tariff bill.

Mr. HARRISON. Does not the Senator want to have them read?

Mr. WILLIS. I do not desire to delay the passage of the bill. I am in favor of the passage of the bill, and therefore do not desire to take the time of the Senate in having long articles read. I want to economize time.

Mr. HARRISON. Does the Senator indorse all that is stated in these editorials?

Mr. WILLIS. I think they are very good reading, and that the Senator from Mississippi will profit much if he will follow the advice therein set forth.

Mr. HARRISON. The Senator is not willing to tell us that he indorses them before he puts them into the RECORD?

Mr. WILLIS. Yes; I indorse them. The substance of the editorials is that the tariff bill ought to be passed at the earliest possible moment, without unnecessary delay, and I cordially agree with that sentiment.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

EDITORIALS OF SOUTHERN PRESS ON SOUTHERN TARIFF ASSOCIATION.

[From the Albany (Ga.) Herald, March 17, 1922.]

It may not be true that "the South favors high tariff," but it undoubtedly is true that there are few parts of the South in which there are not important interests clamoring for the protection of whatever they happen to sell in competition with foreign producers. It has been pretty clearly demonstrated that "the tariff is a local issue."

[From the Rocky Mount (N. C.) Telegram, March 17, 1922.]

The rather pointed question of F. R. Gooding, chairman of the farm bloc in the House, that if the South wanted a protective tariff, that they should vote for it, seemed to reach rather receptive ears down at Houston, Tex., recently when the Southern Tariff Association in convention assembled made it plain that they did by some unanimous votes on the matter. At any rate, what the chairman of the farm bloc wants is votes from southern Congressmen and Senators, and really one can wonder how they could reconcile that appeal with the platform on which most of them were elected. Incidentally it looks as though the South is little different from the rest of the Nation and they want to talk of protection for our goods and nonprotection for the other fellows.

[From the Galveston (Tex.) News, March 19, 1922.]

The members of the Southern Tariff Association, made up for the most part of men who were once tariff reformers, show all the zeal and intrepidity of the new convert. In their congress at Fort Worth the other day they "congratulated Congress"—though apparently not the country—"on the passage of the emergency tariff bill," and they also indorsed the "American valuation method of levying duties on imports."

[From the Fort Worth Star-Telegram.]

The greatest obstacle which stands in the way of obtaining proper recognition for southern products is the attitude of most of the Democratic Congressmen and Senators on this matter. They are assuming an attitude of opposition to the entire tariff program and apparently are willing to have the Republicans pass a measure favoring special industries and sections at the expense of the South in order to make political capital out of it.

OLD ORDER CHANGETH.

[From the Cincinnati (Ohio) Post, February 17, 1922.]

We are at the parting of the ways, politically and economically, in this country. "Old stuff" you say. "Possibly, but let's see."

The Southern Tariff Association, composed entirely of Democrats, comes out with a declaration for a tariff twice as high as anything heretofore suggested on agricultural products.

Well, if everybody's for it—Democrats as well as Republicans—why not go ahead? Why delay? Why this talk about "no bill before August and probably none at all?"

Mr. JONES of New Mexico. Mr. President, I am in accord with the expressed wish of the Senator from Ohio, that whatever tariff bill shall be passed should be passed at an early date. I think the sooner the people of this country find out what sort of a bill they are going to have, the better for everybody concerned. In my humble judgment, the sooner the disaster comes and the recovery is reached the better it will be for the permanent prosperity of the country. I hope we may begin to vote on some of these items this afternoon.

I do not rise for the purpose of entering into any general discussion of this bill. I believe, however, that the very first item in the bill is typical of the purposes of the bill and that each Senator should thoroughly understand just what is proposed. I think each Senator should understand just what this bill means, and, inasmuch as the first item in the bill is an item taken from the free list and put on the dutiable list, it seems to me that the Senate should understand why this thing is done.

I do not believe the Senate ought to assume that the Committee on Finance would propose to take an item from the free list and put it on the dutiable list unless there were some reason for it. So, Mr. President, I call upon the chairman of the Finance Committee to explain to the Senate why acetic acid is taken off the free list and put upon the dutiable list. If the Senator from North Dakota will kindly furnish us with some information on this subject, I am sure I shall appreciate it, and I hope that all of the Senators will appreciate it, because they will be called upon to vote on each one of those items, and I respectfully request that the chairman of the Finance Committee give the Senate and the country the reason why acetic acid was taken off the free list and put upon the dutiable list. Will the Senator from North Dakota oblige us with some information on that subject?

Mr. McCUMBER. Mr. President, the reason I can give for placing this particular item upon the dutiable list is the reason that permeates the bill throughout; it is to equalize the difference between what is supposed to be, as nearly as we can arrive at it, the cost of production abroad, including the cost of shipment into this country, and the cost of manufacturing in this country. The House itself took this item from the free list. The Senate committee has not amended the provision. Of course, I have not the evidence before me in all the hearings to follow each one of these items, but we believe that the evidence as to this item was such as to justify the committee in agreeing to the House provision, which seeks to place a duty on this article which will be the equivalent of the difference between the cost of production abroad, including the cost of transportation, and the cost of production in the United States.

Mr. JONES of New Mexico. Mr. President, I must confess a surprise at the answer which has been given to us by the chairman of the Finance Committee. I have gone through the House committee hearings; I have gone through the Senate committee hearings, and there is not a word of testimony in the whole record regarding the cost of production of this article either in this country or anywhere else.

That, it seems to me, ought to be an astounding statement to the country. The Senator from North Dakota tells us in a solemn and serious way that they have tried to equalize, by the tariff, the cost of production in this country and the cost of production elsewhere, and here is an item affecting many of the vital interests of this country, about which there is not a line of testimony either in the House hearings or in the Senate hearings.

Mr. SMOOT. The Senator certainly does not want that statement to appear in the Record for fear somebody in the future will read his remarks and then find that the statement does not conform to the facts in the case.

Mr. JONES of New Mexico. Mr. President, if my statement does not conform to the facts, I hope the Senator will state what the facts are according to the record. I know there are some statements in the record to the effect that they need this tariff in order to let them keep up this enterprise, but there is not a single line of testimony in the record which shows the cost of production of this article either here or anywhere else.

Mr. SMOOT. Mr. President, I am fearful the Senator has not taken time to read the record.

Mr. JONES of New Mexico. If I am misinformed, of course, I shall be glad to be corrected by the Senator from Utah.

Mr. SMOOT. I know the Senator did not have his attention called to this item, but if the Senator will turn to page 801 of the hearings—

Mr. JONES of New Mexico. I have read page 801.

Mr. SMOOT. He will find that Mr. Bartram, representing the Shawinigan Products Corporation, of New York, testified in quite an extensive way, and beginning on page 804, down to and including 809, there is quite a description of the articles in which

acetic acid is used in this country, and the reasons also are given why, in my opinion, there should be a duty imposed.

Mr. JONES of New Mexico. He does give a reason, but he nowhere tells what it costs to produce it, either here or anywhere else.

Mr. SMOOT. That may be the case, Mr. President, so far as the actual production of the acetic acid is concerned; but I simply rose to call the attention of the Senator to the fact that testimony has been given as to this item, and upon that, no doubt, the House based the duty upon acetic acid.

Mr. JONES of New Mexico. Yes, Mr. President, there has been testimony given upon the subject, and I agree again with the Senator from North Dakota [Mr. McCUMBER] that this case is not only typical of all, in many respects, but it is typical in respect to the kind of testimony on which the committee has acted. The kind of testimony which has been produced upon this item, and upon substantially every item in the bill, consists solely of the statements of interested parties as to how much they want. That is the kind of testimony there is in this record.

Mr. SMOOT. The Senator ought to be fair. He ought to say also that the testimony against any duty whatever is also recorded in the hearings, and persons representing that side of the case were heard by the committee on every item about which they asked permission to appear. I recognize that the hearings are too extensive for all Senators to read; that is out of the question; but when the Senator has carefully examined the testimony he will find that in nearly every case interested parties on both sides have been heard.

I recognize that no tariff bill could be framed based only upon testimony either for or against a duty. One exaggerates one side, and the other exaggerates the other. I do not think there was ever a tariff bill taken under consideration by a committee of this body where hearings so extensive were permitted as has been done in connection with this bill. In fact we were criticized severely in the public press, and by Members of Congress as well, for the length of time that was given to the hearings.

Mr. JONES of New Mexico. The committee was kind enough to hear practically everybody who wanted to be heard. There were two classes of people heard, principally those who were interested in getting a tariff upon the importation of the articles. There were comparatively few witnesses who appeared and protested. Some of them appeared and protested vigorously, and upon this very item the only witness who appeared before the Finance Committee of the Senate was a witness who insisted that the item should be kept on the free list.

Mr. HARRISON. Mr. President, may I ask the Senator if he does not think that the reason why they had such long hearings on the part of the committee, and from certain sources from which they wanted to hear, was to find some excuse for perpetrating the bill upon the country?

Mr. JONES of New Mexico. Mr. President, I do not like to question the purposes of other Senators. I can only state what occurred, and the Senate, and I hope the country, will themselves judge as to the purposes behind the bill.

The truth is that the bill could not have been framed on the theory just announced by the Senator from North Dakota, because there was no attempt at any time to obtain evidence as to the cost of the production of the commodities in this country or elsewhere. I make that statement as a general proposition. There may be a few exceptions to it, but I submit that I have no recollection of a single witness bringing before the committee his cost sheets and submitting them to cross-examination.

Mr. SMOOT. No, Mr. President; and that never has been the practice in the making of any tariff bill from the day the first one was made up to the present time. I will say to the Senator, however, that in making the bill there were members and experts of the Tariff Commission with the committee at all times. The price at which the foreign article sold in this market was given to the committee. The price of the domestic article sold in the domestic market was also given. The testimony that they had gathered in the investigations which they had made shows that there was the difference which I have stated. While the hearings may not demonstrate anything as to the cost of this particular item for producing it in the foreign country or in this country, all the evidence that was collected by the Tariff Commission, as well as the evidence collected by the Reynolds investigation, was presented to the committee whenever a rate was to be decided upon.

Mr. JONES of New Mexico. Mr. President, the Senator has made a statement which implies two things; first, that the Tariff Commission furnished some evidence as to the cost of production in this country and abroad. The Tariff Commission itself had no evidence upon that subject.

Mr. SMOOT. I did not say that. I said the Tariff Commission furnished the price at which the foreign article sold in the American market as well as the price at which the product manufactured in America sold in the market alongside of it. It also demonstrated the fact that beginning with the latter part of 1921 the prices of chemicals coming into this country began to drop rapidly. Even for the first nine months of 1921, every report shows that there is not an item in the schedule but what the price involved was then decreasing, and decreasing rapidly.

I do not want to criticize the figures which were presented by my colleague this afternoon as to importations and exportations, but they were unfair from the very fact that he used the year 1914 to show importations.

Mr. JONES of New Mexico. I hope the Senator will not consume time in discussing something that I have had nothing to do with.

Mr. SMOOT. I was only leading up to what I wanted to say to the Senator from New Mexico.

Mr. JONES of New Mexico. Very well.

Mr. SMOOT. I was going to say that it is not fair for a Senator to take the importations of 1914 or the war-time importations, or any importations between that time and 1920, at the close of the war, and then compare them with the nine months of 1921 when the slump in industry came all over the world. Not only did our production in this country fall off more than our exports in many, many cases, in most of them in fact, but our own trade fell off in the United States until it was a mere skeleton of what it had been during the war. Of course, the figures that were presented were absolutely correct, so far as I could follow them and so far as I could remember them, but in order really to get at the position of the committee, in order to criticize the committee, the criticism ought to be based upon a fair statement of the facts.

Now, I will say to the Senator that on the particular item under discussion I have sent for my papers and think I will have them here within a few moments. I will then show the Senator just what the quotations were, what they are to-day, and, I think, the reason why the House made the rate three-quarters of a cent a pound on a certain strength of acetic acid.

Mr. JONES of New Mexico. Does the Senator mean to say that these rates were made up from evidence which is not in the record?

Mr. SMOOT. The information which was given by members of the Tariff Commission, who were sent as experts from that commission, was not recorded; that is, there is no record of it made in our hearings. The Senator knows that has never been done. When the Underwood tariff bill was under consideration a Republican Senator was not allowed to go before the subcommittee even as a witness with relation to the rates. I know I applied in one or two cases for permission to appear before the committee, and I was a member of the Committee on Finance, too. I was told that no one was to appear before the committee unless invited to appear. That is the way we were treated in 1913.

But I will say to the Senator from New Mexico that no Senator and no Congressman has asked the Finance Committee to appear before us unless permission has been promptly granted. We have had Members of the House and we have had Members of the Senate from both sides of the Chamber before the committee, and they have been allowed a hearing upon any item in the bill whenever they have asked for it. It took a great deal of the time of the committee to listen to those statements, too.

Mr. JONES of New Mexico. I am not entering any complaint at this time because I, as a member of the Finance Committee, was not able to get hold of the testimony which was not presented in the record. I am simply endeavoring now by questions to get before the Senate and the country the information on which the majority of the committee finally acted.

Mr. SMOOT. I want to ask the Senator now if he has not had members of the Tariff Commission before him as to the rates in this schedule?

Mr. JONES of New Mexico. I have.

Mr. SMOOT. Certainly, and those statements have not been printed.

Mr. JONES of New Mexico. Certainly not.

Mr. SMOOT. And I do not know anything about what they have told the Senator from New Mexico.

Mr. JONES of New Mexico. They probably told me just what they told the other members of the Committee on Finance.

Mr. SMOOT. Therefore, if they did that, the Senator has the same information that we have.

Mr. JONES of New Mexico. But I should like to know how the other Senators, who are not members of the Finance Com-

mittee, and how the country are to know the reasons for the action which the majority of the committee have recommended.

Mr. SMOOT. We expect the Senator from New Mexico to do just what he is doing now—to criticize every rate in the bill. We expect the opposition to do that, and they will do it. I have no objection to that at all. I have no objection to a Senator on this side of the aisle who does not believe in a rate that may be contained in the bill criticizing it. I think the Senator is well within his rights when he says that he thinks there should be no duty upon acetic acid. It is his privilege to say so, of course.

Mr. JONES of New Mexico. If the Senator will pardon me, then we are in this peculiar situation: The majority of the Finance Committee, upon evidence privately disclosed to it, has framed a tariff bill, brings it into the Senate and wants the Senate to vote upon it without a word of explanation, and from the fact that there are only three or four Republican Senators now present in the Chamber, I assume that they expect every Republican Senator simply to appear when the roll is called and ratify what the majority has done in secret session.

Mr. McCUMBER. Mr. President—

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from North Dakota?

Mr. JONES of New Mexico. I yield.

Mr. McCUMBER. I am not going to ask the Senator how many Democratic Senators are now present, but to clarify one matter with reference to which the Senator has made inquiry, as to printing in the record all the evidence on which the committee may have acted, I wish to make a brief statement.

We ceased taking testimony, as the Senator knows, as a committee. We took no further testimony, but that did not prevent us from reading the commercial summary of cost of production and any other information which we could find. We have the Reynolds report, which the Senator has. That is not printed as a part of the hearings by any means, but it is subject to consideration. We have the monthly summary of the reports of importations and prices.

The Senator asked me a question awhile ago. I can not always turn immediately at a second's notice to give him the figures upon every one of these chemical items, but if he will turn to the report of the monthly summary of our importations and exportations, he will find the cost of acetic acid, at least the latest that we have; that is, the foreign cost here. He will find that for the same kind of acetic acid, which comes in in all characters of strength—but that which is imported, of course, comes in practically 100 per cent pure in condensed form, there is about 2 cents difference between the price at which it is imported and the American manufacturers' price. The latest price given is about 8 cents for the 100 per cent pure, as against 9½ cents for the American article of 80 per cent pure. So I do not think we are very far off in the 2 cents difference.

These were all examined at the time as we passed over the different items in the schedule. We had the monthly summaries before us, the Reynolds report before us, and the report of the Tariff Commission before us, which everyone has, and none of the three did we ever attempt to put in the record because they are already a part of the record.

Mr. JONES of New Mexico. Mr. President, I have listened with a great deal of interest to what the chairman of the Committee on Finance has just told us. He now brings forward some other evidence. I may say that the evidence to which he has referred has been available to the minority members of the committee, and I am quite familiar with it. I want again to call attention to the fact that neither he nor the Senator from Utah [Mr. Smoot] has presented a line of testimony from any source which bears out the first statement of the chairman of the Finance Committee, that these duties were levied for the purpose of equalizing the cost of production at home and abroad. There is not a line of testimony upon that subject.

The Senator from North Dakota further said that this item was typical of all the other items in the bill. I think he is right about that. The Senator from North Dakota and the Senator from Utah really disclose the basis upon which this bill was founded.

They bring in here the Reynolds report as to prices. There is not a single report as to prices of acetic acid. If the majority of the Finance Committee had any evidence as to the prices of acetic acid in this country or anywhere else, they got it from some source which is not printed in connection with these hearings.

Mr. DIAL. How many manufacturers of that acid are there in this country?

Mr. JONES of New Mexico. I expect to reach that in a little while.

Mr. DIAL. Very well; I do not care to anticipate the Senator's discussion.

Mr. JONES of New Mexico. Mr. President, the replies of the two distinguished Senators, to my mind, reveal the basis which was used by the majority members of the Finance Committee in the preparation of this bill. What is it? The Senator from Utah said that he would send out and get the prices. The Senator from North Dakota has just referred to certain documents whereby prices may be ascertained. In my humble judgment that is all the basis that the majority of the Finance Committee ever had in the preparation of this bill. They simply wanted to ascertain the present prices in the American market and the prices abroad, and then to fix a duty which would give the American producer a monopoly of the American market.

That was done, Mr. President, without any investigation as to the profit which the American producer was making. Is not that an astounding situation to present to the people of this country? Without any regard to whether or not the American producer is still profiteering upon the people, they simply seek by means of this tariff bill not only to protect the American manufacturer with his present prices but in the great majority of cases to give him an absolute monopoly and enable him to increase his prices.

Mr. NORRIS. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Nebraska.

Mr. NORRIS. If a tariff were based upon the prices at home and abroad, and those who wanted a tariff here were able in any manner to increase the price, they could, of course, increase the tariff by that operation?

Mr. JONES of New Mexico. The Senator is obviously quite right; it follows as a logical conclusion from the mere statement of the case. Mr. President, in most instances, as I firmly believe from a careful investigation of many of the items of this bill, the Finance Committee not only have put tariff rates in the bill for the purpose of enabling the present producers to sell at present prices but to enable them to increase those prices; and that, in my humble judgment, was the only purpose which the majority members of the Finance Committee had in framing the bill. That is a woeful spectacle, it seems to me; and I wonder how Senators on either side of the Chamber can sit patiently by and permit this thing to be done. They ought to understand each item; they ought to know just what this bill means.

Mr. President, there are some facts disclosed in the record bearing upon this question. It is necessary to reason them out; it is necessary to know the economic effect of the few facts which are presented. I am going to call attention to some of the things which do appear here.

Acetic acid, as I have said, was on the free list in the Underwood-Simmons law. It has now been put upon the dutiable list, but when the Senate is called in session, presumably for the purpose of voting upon the first committee amendment to the pending bill, the chairman of the Finance Committee has not a word to say in explanation of taking the item from the free list and putting it upon the dutiable list. My judgment is that whenever a tax is put upon the American people those who impose the tax ought to be able to justify it. They ought not to assume, or to expect the Senate and the country to assume, that there is a reason for it. That, however, is the woeful spectacle which is presented here to-day. Here is an item that enters into commerce, which enters into the manufacture of various necessities of life, but not a word is in the printed record, nor have we heard a word from the lips of a single Senator justifying the placing of that tax upon the people.

We are serenely told by the distinguished Senator from Utah that the majority members of the Finance Committee expect the minority members and other Senators, if they hope to secure real light upon this question, to invite into private conversation some so-called expert from the Tariff Commission. I should like to know how that attitude is going to be justified before the people of this country? The majority of the committee come here and ask that a tax be placed upon the people without a word of explanation, and they tell us, if we want any information about it, we will have to go out and hunt it up for ourselves. I submit that whenever a tax is imposed upon the people the burden is upon those who propose it to justify that tax, but there is not a line in this entire record and not a word from the lips of any Senator to justify this item.

Mr. SMOOT. Mr. President, if the Senator does not object—

Mr. JONES of New Mexico. Mr. President, I am going to read, I am sure, from the same book which the Senator from Utah has in his hands before I get through.

Mr. SMOOT. No; I do not think the Senator is going to read from the same book which I have now before me. I

wanted to tell the Senator what the Canadian rate is and the condition of the Canadian production of this commodity.

Mr. JONES of New Mexico. I intend to bring out that information.

Mr. SMOOT. I do not care to interrupt the Senator, but I thought he wanted to know the reasons why we retained the duty on the commodity to which he is referring.

Mr. JONES of New Mexico. That leads to something else. The Senator says he thought I wanted to know why the committee imposed the duty. If the Senator can tell us, I will yield to him now.

Mr. SMOOT. I am not asking the Senator to yield.

Mr. JONES of New Mexico. I will gladly yield. If the Senator can give us the information, I hope he will do so.

Mr. SMOOT. It is no favor to me for the Senator to yield. I merely thought, inasmuch as the Senator had asked the question, that I would tell him not only what I have already told him but of the duty which Canada to-day imposes upon acetic acid. The Canadian duty at this time is 25 per cent ad valorem, so that we can not ship a pound of acetic acid into Canada unless that duty is paid upon it on entering Canada.

Furthermore, during the war Canada developed a process of making acetic acid from calcium carbide, the strength of the acid so derived being 100 per cent, while the strongest acid that we can make by any process used in the United States is 80 per cent. Do we want Canada to furnish the American market with acetic acid, or do we want to have a duty of three-fourths of a cent a pound upon it in order to protect it?

I will also say to the Senator, although I do not wish to occupy his time now, that the prices quoted in Germany on acetic acid as compared to the production cost in this country justify the three-fourths of a cent a pound. The answer may not be satisfactory to the Senator, but that is the situation as it exists to-day.

Mr. JONES of New Mexico. Mr. President, I should like the Senator to continue his very enlightening remarks, and particularly to tell us the reasons which led him to believe this duty was justified.

Mr. SMOOT. Mr. President, I think I have already stated a sufficient reason in justification of the duty. To sum up, the reason is that if we want this trade to remain in the United States, as it has in the past, then it will be necessary to impose the duty provided. On the other hand, if we want Canada to take that trade or Germany to take the trade, although Germany has not been a considerable factor so far, then acetic acid should be put on the free list. That is all there is to it. If we do not want our American laboring men to make this commodity in the United States let us put it on the free list; but if we want it to continue to be made here, rather than to be made in foreign countries, leave the three-fourths of a cent a pound duty upon it.

Mr. JONES of New Mexico. The Senator from Utah again wanders from the question. He has told us, however, that Canada imposes a tariff upon importations of these acids.

Mr. NORRIS. Mr. President, may I interrupt the Senator from New Mexico at that point?

Mr. JONES of New Mexico. I am delighted to yield to the Senator.

Mr. NORRIS. I am one of the Senators who are trying to obtain information, and it is immaterial to me whether the Senator from New Mexico or the Senator from Utah answers the question. To my mind, in framing a tariff bill it is extremely important to ascertain the cost of production at home and abroad. I have been one of those who believe in making up that difference by tariff duties. To my mind the prices at which the article is sold in this country and abroad would be proper evidence, but that is merely evidence; it is not conclusive by any means. To my mind the evidence which ought to govern—

Mr. JONES of New Mexico. It is merely a circumstance, if the Senator will permit me.

Mr. NORRIS. It is a circumstance, that is all. We know, however, that prices are controlled and manipulated both here and in other countries, and the evidence, to my mind, which ought to be the predominating factor is the cost of production. I am exceedingly interested in what the Senator from Utah says about Canada, but he still has not told us whether Canada is producing this acid under this new process cheaper than we do, and I should like to know that.

Mr. SMOOT. Mr. President, I do not want to take the time of the Senator from New Mexico now, but I will call the Senator's attention to the matter in my own time.

Mr. NORRIS. All right; I shall be glad to hear the Senator.

Mr. SMOOT. I will give the account of just what happened during the war period in Canada, and the process by which acetic acid is made to-day, how it came about, and why it can be manufactured cheaper under that process than it is manufactured here. The Senator may ask us why we do not have that process.

Mr. NORRIS. Of course I should be glad if we had it, but I know there are a lot of things we do not have that we should like to have. I myself would go a good way to assist the American manufacturer in having that process.

Mr. SMOOT. I will say to the Senator briefly right now, if the Senator from New Mexico will pardon me, that they have a patent on that process.

Mr. NORRIS. Do they have it patented in this country?

Mr. SMOOT. In this country, and in Canada, and in all the countries of the world as far as I know.

Mr. NORRIS. There we get into the law again.

Mr. SMOOT. Now we are getting into the patent law.

Mr. NORRIS. Into the patent law; yes.

Mr. SMOOT. I recognize that in the past the American manufacturer could manufacture acetic acid with the freights in his favor if it were on the free list, although it was established here with just the duty that we have in this bill, three-quarters of a cent a pound, under the Payne-Aldrich bill; but since the development of the manufacture of acetic acid from calcium carbide the cost of producing it has been greatly reduced, and when the Senator gets through I shall put into the Record just exactly what has taken place. There is not any doubt, I will say to the Senator from Nebraska, that if we could use the patent we could make it just as cheaply as it can be made in Canada.

Mr. OVERMAN. Have not we a process by which to make it?

Mr. SMOOT. No; we can not make it, because it is patented.

Mr. NORRIS. The legal effect is that the Canadians have a process of making it that cheapens the product?

Mr. SMOOT. They do.

Mr. NORRIS. And our Government has given them a patent by which they have a monopoly of that process in the United States, and they stick that patent in a pigeonhole and do not manufacture it, as I understand.

Mr. SMOOT. In the United States?

Mr. NORRIS. In the United States. They manufacture it in Canada and ship it in. The tariff law will not remedy that situation, no matter what it may be. That is a situation, however, that has been brought to my attention through patent legislation with which I was connected two or three years ago, that I think it is inexcusable for intelligent people to permit to remain on the statute books. There is an illustration of it. It is only one illustration. There are hundreds of them.

Mr. SMOOT. Thousands of them.

Mr. NORRIS. Yes; thousands of them, it would be fair to say, in which that very thing happens; and yet it is an impossibility to get through Congress now a law that will remedy that situation in the patent business.

A firm gets a patent on the manufacture of acetic acid, let us say—in this case it happens to be foreigners, or perhaps our own citizens, in some cases—and perhaps they already have a monopoly on the manufacture of that acid and it pays them better to put the patent in a pigeonhole and not utilize it; so that the United States Government is in the position of giving to somebody a patent by which we give them by law a monopoly that is used to throttle our own people and make them pay exorbitant prices.

Mr. SMOOT. I want to say to the Senator that when I was chairman of the Patents Committee I introduced into this body a bill requiring all patents to be worked in the United States or else to have the patent forfeited, and I never could get any action on it.

Mr. NORRIS. Of course the Senator could not. I know from my experience that that is so. I beg the pardon of the Senator from New Mexico, because we really are not talking about the tariff bill; but this happens to be something that I investigated and know something about.

Mr. OVERMAN. I should like to know if foreign countries do not do that?

Mr. NORRIS. They do; but let the Senator start out with that proposition and see where he will land. I have been at it, and I am glad to learn that the Senator from Utah has been at it, too. The Senator will not even get to first base. I say that without charging any wrong intent on the part of any Member of the House or of the Senate; but they are interested in other things, and you can not get them to consider a patent proposition. There are very few people in the House or in the Senate, perhaps not more than one or two, who understand the technicalities of the patent law; but any man who has

investigated monopoly in this country will come in contact with the patent law, and if you start out to get that kind of a law passed you will have the opposition from the Atlantic to the Pacific and from the Lakes to the Gulf of some of the most powerful combinations that you ever ran up against. You will not be able to see them always, but you will always find them there, and somewhere, somehow, they will be able to block you, and you will never get anywhere.

Mr. SMOOT. Mr. President, if the Senator from New Mexico will pardon me—

Mr. JONES of New Mexico. Briefly.

Mr. SMOOT. Perhaps with this short statement I need not say anything more. In the United States acetic acid is made 80 per cent pure, and that is the highest percentage that can be made by several steps in the process. Even then it is concentrated, and that is an expensive step, to make 100 per cent acetic acid. In Canada, with their new process, they make it 100 per cent pure with the first step, only one process, and that one process is cheaper than our first process under the old plan.

Mr. JONES of New Mexico. Mr. President, the very last statement which the Senator has made is not fortified by anything that appears in this record. I have no doubt that he believes it, and he may have some private information on the subject.

Mr. SMOOT. I can give to the Senator now, if he wants it, the source from which I get it.

Mr. JONES of New Mexico. Let us have it. We want all the light we can get.

Mr. SMOOT. It is from the investigation that was made by the United States Tariff Commission and the report that they made upon it.

Mr. JONES of New Mexico. Can the Senator turn to anything printed by the Tariff Commission which says that acetic acid can be produced in Canada cheaper than the lower grades of acetic acid can be produced in this country?

Mr. SMOOT. If the Senator will get Tariff Information Surveys, 1921, Schedule A, Wood Chemical Industry, A-2, volume 1, on page 28, and read that, he will find a description of the Canadian process.

Mr. JONES of New Mexico. The Senator has it before him, and I will ask him to read it.

Mr. SMOOT. Mr. President, this is a description of the process as I think I have already stated it briefly. It is headed:

ACETIC ACID FROM CALCIUM CARBIDE.

Large war demands for acetone as a solvent for explosives led to the commercial development of a process for making acetic acid from calcium carbide. It was intended to convert the acetic acid produced by this process into acetone, but this proved too expensive, and only acetic acid was produced.

This process was developed at Shawinigan Falls, Quebec, by the Canadian Electro-Products Co. Calcium carbide, which is produced at Shawinigan Falls in large quantities, is first treated with water to form acetylene gas, which is then chemically combined with water in the presence of mercury salt as a catalyst to form acetaldehyde. The acetaldehyde is then oxidized to acetic acid. The acid produced is of high purity and concentration in contrast to that produced from acetate of lime, which requires several distillations to concentrate and purify it.

That is the American process, as the Senator knows.

The original plant, with a capacity of 700 to 800 tons of acetic acid (100 per cent) per month, was destroyed by an explosion in the latter part of 1918. During the war the Canadian firm erected another plant with funds advanced by the United States Government.

This was during the war.

This plant was practically completed at the signing of the armistice, and soon after was put into operation. The disposition of claims of the Canadian firm against the United States Government, amounting to over \$1,000,000, has not been announced up to the present time (December, 1920). The Canadian firm, however, controls the patent rights on the process and the necessary water power at Shawinigan Falls, and is alone familiar with the technical details.

The productive capacity of the present plant is about 650 tons per month of 100 per cent acetic acid.

Then it goes on with the information, and if the Senator will turn to this he will see that the price—

Mr. JONES of New Mexico. The Senator has not yet read a statement that I have heard to the effect that the acetic acid produced by that Canadian concern can be produced cheaper than the lower grades of acetic acid mentioned in this bill.

Mr. SMOOT. The Senator from Utah has read now that acetic acid 100 per cent pure is made in Canada by one process, and the Senator from Utah has also read from the Tariff Commission report that in order to make 100 per cent acetic acid in this country it is necessary to have two or three processes. No living man can say that they can make acid by the three processes as cheaply as they can make it by the one process.

Mr. JONES of New Mexico. I have limited my inquiry to the grades below glacial acetic acid, or pure acetic acid, to which the Senator has been referring.

Mr. SMOOT. Mr. President, there is where nearly all of it ultimately ends, in glacial acetic acid, because of the fact that it

has to be purified, and the only reason why they do not make it 100 per cent pure is the fact that it takes the refining process. The Senator knows that if it could be done with one process all they would have to do would be to add water to it and make it any strength they wanted. Nobody is going to ship 28 per cent or 60 per cent acid when he can ship 100 per cent acid, and the freight rate would be no more on the 100 per cent acid than it would be on the 28 per cent acid; in other words, it is paying a rate of freight upon the impurities in the acid that must ultimately come out.

Mr. JONES of New Mexico. Now, I will ask the Senator another question: Is there anything in this testimony which shows that they use the glacial acetic acid for the purpose of diluting it and making a lower grade?

Mr. SMOOT. Mr. President, they do not have to do that. The only reason why a lower grade of acid is made in the United States than in Canada is because of the fact that they have no process here by which they can make the 100 per cent acid. It is just the same as it was when the alizarin dyes were first made to take the place of aniline dyes. When they first made alizarin dyes they could only make them of a certain strength, and then they began making them stronger and stronger, and at last, instead of making a liquid, they made them into a powder, and the powder went directly to the user in all parts of the world, instead of having him pay freight upon the water in the liquid. It is exactly the same as this. Everybody wants the 100 per cent if it can be made by the process. It has to be purified to get it to that degree of strength.

Mr. NORRIS. Mr. President—

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

Mr. JONES of New Mexico. I yield.

Mr. NORRIS. To me the humiliating thing about it is that if an American wants to get this acid he must go to Canada to get it, where it will be manufactured by machinery that was paid for by the taxpayers of the United States. Having paid for it and constructed their plant, we likewise gave them a monopoly in America, so that even our own citizens are prohibited from making it here without going to Canada and getting the consent of the beneficiaries of our financial benevolence.

Mr. SMOOT. This rate, Mr. President, would not be necessary, perhaps, in a certain part of the United States because of the freight rate, but Canada is at our door on the north, and calcium carbide is made in Canada on account of the wonderful water power they have in Canada. Calcium carbide is made from lime and coal, and in order to make it they have to have extreme heat, which melts the limestone and burns the coal with it, and the calcium carbide comes as the product of that extreme heat being applied to the limestone mixed with coal. They went to Canada because of the cheap water power to be found there.

In the State of New York, or in other States along the border between the United States and Canada, the Canadians have all the advantage in the world over Americans in making this acetic acid to-day. But in Kansas and the other Middle States, where freight rates will have to be paid on shipments from Canada, if it is made there, they would not need this protection. We have imported very little acetic acid in the past, but there is no doubt, with the new process that is under way now, controlled in Canada, unless we have a duty upon the article, the greater part of this industry, as far as the border States are concerned, as well as the Atlantic Coast States, will have its market taken by Canada.

Mr. NORRIS. I will ask the Senator from New Mexico to yield to me again. He has been very kind, and I have been talking about something else most of the time, but I want to say just a word bearing on this item. The Senator from Utah has just suggested something which brought a thought to my mind.

The Senator has said that if we put this tariff on it will equalize the cost of production. That may be, and I do not know now whether I am going to vote for a tariff on this or to put it on the free list. It depends on what the evidence discloses further on. But I want to suggest to the Senator from Utah that if this process is controlled by a patent, a tariff duty is not going to save it. Nothing in the world could save it with our present patent laws. If some one has a patent he is absolutely the monarch. He can refuse to manufacture it himself and he can refuse to let anybody else manufacture it, and if he does consent to its manufacture he can put any conditions or terms or prices he pleases on the manufacture.

Mr. SMOOT. We have provided rates which will equalize the difference between the cost of manufacture in Canada and that in this country. It is a very cheap article.

Mr. NORRIS. I know that, and perhaps its importance is not so great. I would not have said anything about it if it

had not been that it is really illustrative of other things. The point illustrates, for instance, the effect of the patent law on other articles which are much more important than this item. But I want to say to the Senator that if the cyanamid process for the extraction of nitrogen from the air is undertaken by the Government or anyone else at Muscle Shoals there will be as a by-product in that operation immense quantities of calcium carbide.

I do not know whether the Senator from New Mexico is familiar with it or not, but one plant at Muscle Shoals is now complete, and they use there what is known as the cyanamid process. It is as complete as any plant in the world, as up to date as any plant in the world to-day, and it is owned by the Government. Personally, I do not think it is the most modern. I think there are scientists who agree with the proposition that it may be thrown in the discard, but we constructed the plant there at a cost, in round numbers, of about \$67,000,000. It is one of the largest and most complete plants. There is nothing superior to it anywhere in the world, as far as the plant itself is concerned, and they will use in the manufacture there, as I remember, 1,200 tons of limestone every day, which is converted into lime, and a large portion of it becomes calcium carbide as a by-product.

But we are met at once with the question of patent rights, private individuals having patents, and we are at their mercy to a great extent in the use of some of these by-products. Oxygen is another element that will be produced in immense quantities, but we can not handle it because somebody has a patent on it.

Mr. JONES of New Mexico. Mr. President, I thank the Senators for their contribution to this discussion. I was just wondering whether it would be advisable for me to proceed this evening. I want to put into the Record, as briefly as possible, a statement of some of the facts on the production of this commodity, and I believe that I shall be able to demonstrate that the only effect of this tariff would be to aid in the monopolization of the product in the American market.

I understand the Senator from Mississippi desires to offer and have passed a resolution, and as it is getting near 5 o'clock, our usual time to adjourn or take a recess, I yield that the Senator may offer his resolution.

Mr. HARRISON. Mr. President, I ask unanimous consent that the tariff bill be temporarily laid aside merely for the purpose of allowing me to offer a resolution, and I shall ask for its immediate consideration. I feel that there will be no opposition to it, because it calls for information which every Senator would want.

The resolution calls upon the Tariff Commission to send to the Senate as soon as practicable a report of the facts in the commission's possession, as well as their findings, touching the operation of the rates and the results of the rates which were carried in the emergency tariff act.

We were told, when that emergency tariff bill was passed, that it was the panacea for all agricultural ills, and that it would save the agricultural interests of the country. We knew at the time that it was largely "buncombe," but it has been some time since that bill was passed. The Tariff Commission have investigated the matter, I understand, and have information as to certain facts which the country is entitled to know, and which certainly the Congress is entitled to know.

So, in the wise consideration of this tariff bill, containing schedules where rates in some instances are increased over the rates carried in the emergency tariff act, some where the rates are the same, and some in which the rates have perhaps been reduced, I thought the Senate would go a long ways to get the facts from the Tariff Commission.

I therefore ask that this resolution may be read; that the tariff bill be temporarily laid aside; and that there be immediate consideration of my resolution.

Mr. SMOOT. I object to laying the tariff bill aside, but I have no objection to having the resolution read at this time. To-morrow, if it is deemed wise, the Senator can ask unanimous consent for the consideration of his resolution.

Mr. HARRISON. I will ask to have it read, then, Mr. President.

The VICE PRESIDENT. The Secretary will read the resolution.

The Assistant Secretary read the resolution (S. Res. 284), as follows:

Resolved, That the United States Tariff Commission be, and it is hereby directed to transmit to the Senate, at the earliest practicable date, such facts and findings as it may have in its possession from a study and investigation of the operations and results of the rates carried in the emergency tariff act approved May 27, 1921, and as extended by the act approved November 16, 1921.

Mr. HARRISON. Of course, if the Senator from Utah thinks it is better to let the resolution go over until to-morrow, I can not object.

Mr. SMOOT. I would like to have it go over until to-morrow.

The VICE PRESIDENT. The resolution will go over, under the rule.

BUREAU OF INTERNAL REVENUE.

Mr. KING. Mr. President, some time ago I offered a resolution directing an investigation of alleged inefficiency in the administration of the Bureau of Internal Revenue. May I inquire the status of that resolution? Is it still on the table?

The VICE PRESIDENT. The resolution is on the Table Calendar, next to the last entry.

Mr. KING. I shall seek an early opportunity for its consideration. I shall not ask to have it considered to-night.

EXECUTIVE SESSION.

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

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

RECESS.

Mr. LODGE. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to, and the Senate (at 5 o'clock and 5 minutes a. m.) took a recess until to-morrow, Wednesday, April 26, 1922, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate April 25 (legislative day of April 20), 1922.

UNITED STATES ATTORNEY.

Lafayette French, Jr., of Minnesota, to be United States attorney, district of Minnesota, vice Alfred Jaques, resigned.

REGISTER OF THE LAND OFFICE.

Fred E. Sisson, of Colorado, to be register of the land office at Pueblo, Colo., vice James F. Drake, deceased.

APPOINTMENT IN THE COAST AND GEODETIC SURVEY.

Henry Edward Finnegan, of New York, to be aid, with relative rank of ensign in the Navy, in the Coast and Geodetic Survey, vice J. D. Crichton, promoted.

POSTMASTERS.

ALABAMA.

Charles D. Kirtley to be postmaster at Robertsdale, Ala. Office became presidential April 1, 1921.

ARKANSAS.

Lela L. Henderson to be postmaster at Waldron, Ark., in place of H. L. Fuller. Incumbent's commission expired January 24, 1922.

CALIFORNIA.

William L. McLaughlin to be postmaster at Sanger, Calif., in place of J. M. Qualls. Incumbent's commission expired January 24, 1922.

FLORIDA.

Thomas Roden to be postmaster at Fort Pierce, Fla., in place of A. B. Brown, resigned.

GEORGIA.

Beulah L. McCall to be postmaster at Hinesville, Ga. Office became presidential July 1, 1921.

Gussie C. Lyon to be postmaster at Roswell, Ga. Office became presidential April 1, 1920.

ILLINOIS.

Thomas E. Cahill to be postmaster at Lake Bluff, Ill., in place of T. E. Cahill. Incumbent's commission expired March 16, 1921.

James M. Carey to be postmaster at Maywood, Ill., in place of J. R. Pyne. Incumbent's commission expired July 7, 1920.

Clare E. Godfrey to be postmaster at Morris, Ill., in place of J. H. McGrath. Incumbent's commission expired February 4, 1922.

Raymond R. Rowland to be postmaster at Rutland, Ill., in place of J. R. Barclay. Incumbent's commission expired February 4, 1922.

KANSAS.

John Woolman to be postmaster at Simpson, Kans. Office became presidential April 1, 1921.

William Russell to be postmaster at West Mineral, Kans. Office became presidential April 1, 1921.

Frank W. Coleman to be postmaster at Oskaloosa, Kans., in place of W. B. Ford. Incumbent's commission expired February 4, 1922.

KENTUCKY.

James Noble to be postmaster at Quicksand, Ky. Office became presidential April 1, 1921.

George D. Montfort to be postmaster at Campbellsburg, Ky., in place of S. E. Coblin. Incumbent's commission expired December 20, 1920.

Ira W. See to be postmaster at Louisa, Ky., in place of Robert Dixon, resigned.

Willie G. Thornbury to be postmaster at Munfordville, Ky., in place of W. H. Atteberry, resigned.

MAINE.

Willard E. Day to be postmaster at Monmouth, Me., in place of E. A. Prescott. Incumbent's commission expired January 24, 1922.

George O. Carr to be postmaster at Norridgewock, Me., in place of C. N. Staples, resigned.

MICHIGAN.

Floyd B. Gates to be postmaster at Mesick, Mich., in place of F. G. Hamilton. Incumbent's commission expired March 14, 1922.

MINNESOTA.

Archie M. Hayes to be postmaster at McGregor, Minn. Office became presidential July 1, 1921.

Arlie R. Wilder to be postmaster at Amboy, Minn., in place of M. T. Randall. Incumbent's commission expired August 7, 1921.

Charles C. Keller to be postmaster at Cloquet, Minn., in place of E. S. Scheibe, resigned.

MISSISSIPPI.

Charles W. Boen to be postmaster at Wiggins, Miss., in place of W. A. Davis. Appointee declined.

NEBRASKA.

Frank R. Morey to be postmaster at Gurley, Nebr. Office became presidential April 1, 1921.

NEW JERSEY.

Nicholas T. Ballentine to be postmaster at Peapack, N. J. Office became presidential January 1, 1921.

NORTH CAROLINA.

Overton L. Snipes to be postmaster at Woodland, N. C. Office became presidential April 1, 1921.

NORTH DAKOTA.

Grace G. Berkness to be postmaster at Wolford, N. Dak. Office became presidential January 1, 1921.

T. H. Hulbert Casement to be postmaster at Fordville, N. Dak. Office became presidential January 1, 1921.

Benjamin J. Schnedar to be postmaster at Pisek, N. Dak. Office became presidential July 1, 1921.

OKLAHOMA.

Howard Blevins to be postmaster at Avant, Okla., in place of A. E. Howell, resigned.

Anna Lynde to be postmaster at Okarche, Okla., in place of C. J. Woodson. Incumbent's commission expired February 4, 1922.

Asa A. Puckett to be postmaster at Shattuck, Okla., in place of Edward Learnard. Incumbent's commission expired February 4, 1922.

PENNSYLVANIA.

Mary E. Collins to be postmaster at Lopez, Pa. Office became presidential January 1, 1921.

McClean Stock to be postmaster at York, Pa., in place of E. C. Peeling. Incumbent's commission expired August 25, 1918.

TEXAS.

William B. McCrary to be postmaster at Cushing, Tex., in place of W. H. Pitman, resigned.

George A. Young to be postmaster at Hallettsville, Tex., in place of D. A. Paulus. Incumbent's commission expired July 21, 1921.

William A. Crawford to be postmaster at Pampa, Tex., in place of Claudine Barnes, resigned.

VIRGINIA.

Mary C. Lewis to be postmaster at Camp Eustis, Va. Office became presidential April 1, 1922.

WASHINGTON.

Carl J. Gunderson to be postmaster at East Stanwood, Wash., in place of C. J. Gunderson. Incumbent's commission expired January 24, 1922.

Ray E. Simons to be postmaster at Leavenworth, Wash., in place of G. A. Hamilton. Incumbent's commission expired January 24, 1922.

WEST VIRGINIA.

Clifford S. Musser to be postmaster at Shepherdstown, W. Va., in place of A. S. Lucas. Incumbent's commission expired March 8, 1922.

WISCONSIN.

Arthur C. Bishop to be postmaster at Bloomington, Wis., in place of A. C. Bishop. Incumbent's commission expired September 8, 1921.

William H. Goldthorpe to be postmaster at Cuba, Wis., in place of H. H. Fiedler. Incumbent's commission expired January 24, 1922.

CONFIRMATIONS.

Executive nominations confirmed by the Senate April 25 (legislative day of April 20), 1922.

UNITED STATES MARSHALS.

J. H. Fulmer to be United States marshal, district of Nevada. Jesse D. Moore to be United States marshal, eastern district of New York.

APPOINTMENT IN THE COAST AND GEODETIC SURVEY.

Elliott Burgess Roberts to be aid with relative rank of ensign in the Navy.

POSTMASTERS.

ALABAMA.

Charles E. Brooks, Fort Deposit.

CALIFORNIA.

Clarence A. Dickison, Compton. Josephine M. Costar, Greenville. Margaret R. Faber, McKittrick. Bernard G. Larrecou, Menlo Park. John R. Chace, San Jose.

COLORADO.

Hugh L. Large, Longmont. Pearle L. Gabbett, Orchard.

CONNECTICUT.

Mary H. Newton, Uncasville.

IDAHO.

Andrew Christenson, Lacled.

INDIANA.

Chester F. Morris, Parker. William S. Matthews, North Vernon. Katheryn L. Huckleberry, Whitestown. Fred Dunn, Windfall.

KANSAS.

John L. Lee, Atlanta. David E. Hill, Nortonville. Francis B. Brungardt, Victoria.

KENTUCKY.

Bud Morgan, Lothair. Thomas D. Tapp, Springfield.

MAINE.

Earle R. Hayes, National Soldiers' Home.

MASSACHUSETTS.

Walter L. Burt, Canton. William F. Searle, Peabody. Helen K. Hoxie, Sunderland.

MICHIGAN.

John H. Boehm, Fountain.

MINNESOTA.

Olney A. Solberg, Brooten. Olans E. Burtress, Caledonia. E. Jay Merry, Fairmont. Emanuel Nyman, Foley. Anton E. Rishof, Gary.

John L. Beck, Mountain Iron. Sarah E. Schumacher, Zimmerman.

NEBRASKA.

Ernest E. Goding, Dix.

NEW JERSEY.

Elizabeth Transue, Delaware. Peter A. Greiner, Jr., Woodbridge.

NEW MEXICO.

Ernest A. Hannah, Artesia.

NEW YORK.

John E. Gubb, Batavia.

Everett H. Axtell, Deposit.

Philip J. Brust, Medina.

Sarah M. Taylor, Westbury.

NORTH DAKOTA.

Carl Indergard, Belfield.

Mary B. Engbrecht, Goldenvalley.

OHIO.

Ernest C. Ludwig, Anna.

Fred O. Bates, Bellevue.

George S. Laskey, Custar.

John J. Haines, East Liberty.

Ruth G. McWilliams, Grand Rapids.

James B. Emery, London.

Leo Mutach, Marblehead.

Reinhart W. Kuck, New Bremen.

Everett F. Funk, Warsaw.

SOUTH DAKOTA.

Thomas J. Dolin, Camp Crook.

Arthur H. Siem, Clark.

Jennie Dodge, Egan.

TEXAS.

Joseph D. Powell, Archer City.

Wyatt O. Selkirk, Blessing.

Clarence R. Redden, De Leon.

Velma Scott, Graford.

John C. Beever, Perryton.

Thomas B. White, Rogers.

Herman C. Feist, Rowena.

John W. Osborne, West Columbia.

WASHINGTON.

Richard A. McKellar, Cashmere.

Joseph H. Dean, Castle Rock.

Paul W. Thiele, Grandview.

Martha M. Juvenal, Kahlotus.

Jennie A. Smith, Peshastin.

Frederick J. Fleischer, Prescott.

WEST VIRGINIA.

Daniel M. Shakley, Hollidays Cove.

Winnie O. Law, Mount Clare.

WYOMING.

W. Leroy Call, Afton.

Chester A. Lindsley, Yellowstone Park.

HOUSE OF REPRESENTATIVES.

TUESDAY, April 25, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord God, Thou dost exceeding abundantly for us more than we can ask or think. We know Thee by all the words that bring us joy and confidence. In a world with such partial glimpses and broken lights we give Thee thanks and praise for such rich blessings. These are the greatest, the strongest, and the deepest facts of life. O keep us in close relationship with Thee. Bless the whole great body of citizens, and may our country always be great in intelligence and in love to God and man. For Thy name's sake. Amen.

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

ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills and joint resolution of the following titles, when the Speaker signed the same:

H. R. 1009. An act for the relief of H. C. Mullins, his wife and minor children;

H. R. 6686. An act for the relief of George Ciszek and Anna Ciszek;

H. R. 7415. An act to correct and amend the service and military record of Herbert Langley, United States Marine Corps;

H. R. 5820. An act to place Albert Hamilton on the retired list of the United States Marine Corps;

H. R. 8690. An act to add a certain tract of land on the island of Hawaii to the Hawaii National Park;

H. R. 3346. An act for the relief of the heirs of Oscar Chrysler;

H. R. 9671. An act to amend section 87 of the Judicial Code;

H. R. 5588. An act to repeal section 5 of an act entitled "An act to establish the Lassen Volcanic National Park in the Sierra Nevada Mountains, in the State of California, and for other purposes," approved August 9, 1916;

H. R. 10740. An act authorizing the use of special canceling stamps in certain post offices; and

H. J. Res. 57. Joint resolution making the provisions of section 2296 of the United States Revised Statutes applicable to all entries made under the homestead laws and laws supplemental and amendatory thereof.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 1077. An act to authorize the payment of \$5,000 to the Government of Japan for the benefit of the family of Torahachi Uratake, a Japanese subject, killed at Schofield Barracks, Hawaii, on November 25, 1915;

S. 1610. An act to remit the duty on a carillon of bells to be imported for the Church of Our Lady of Good Voyage, Gloucester, Mass.;

S. 1733. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee*;

S. 1767. An act for the relief of the owner of the derrick *Capitol*;

S. 157. An act for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo.;

S. 2147. An act to authorize patent to the Ed E. Richardson Co. (Inc.) of certain lands;

S. 667. An act for the relief of John B. H. Waring;

S. 518. An act to carry out the provisions of an act approved July 1, 1902, known as the act entitled "An act to accept, ratify, and confirm a proposed agreement submitted by the Kansas or Kaw Indians of Oklahoma, and for other purposes," and to provide for a settlement to Addie May Auld and Archie William Auld, who were enrolled as members of the said tribe after the lands and moneys of said tribe had been divided;

S. 3268. An act to authorize the Chicago, Detroit & Canada Grand Trunk Junction Railroad Co., or its successors or assigns, to lease certain of its properties in the State of Michigan; and

S. 2765. An act for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that April 22 they had presented to the President for his approval the following bills and joint resolution:

H. R. 3057. An act for the relief of George Van Derburgh Brown;

H. R. 2393. An act to provide for the establishment on the Mississippi River of a fish-rescue station, to be under the direction of the Bureau of Fisheries of the Department of Commerce;

H. R. 2158. An act to provide for the monthly payment of pensions;

H. R. 2004. An act for the relief of Frank Ferrin;

H. R. 927. An act for the relief of Capt. Fred S. Johnston;

H. R. 3270. An act for the relief of Estella Barnett;

H. R. 5762. An act providing for a municipal park for the city of Butte, Mont.;

H. R. 7234. An act for the relief of Miles Swift;

H. R. 8342. An act to empower the Attorney General of the United States to fix the compensation of clerks of the United States district courts;

H. R. 8460. An act to authorize the occupation and use of certain lands in Alaska by Ketchikan Post No. 3, American Legion, and for other purposes;

H. R. 9710. An act authorizing extensions of time for the payment of purchase money due under certain homestead entries and Government land purchases within the former Cheyenne River and Standing Rock Indian Reservations, N. Dak. and S. Dak.; and

H. J. Res. 309. Joint resolution appropriating \$1,000,000 for the preservation, protection, and repair of levees under the jurisdiction of the Mississippi River Commission.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bill of the following title:

H. R. 7272. An act for the relief of Monroe B. Shealy.

The message also announced that the Senate had agreed to the amendment of the House of Representatives to bill of the following title:

S. 1059. An act for the relief of J. B. Waterman.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 3195. An act to authorize the Secretary of the Interior to accept completion of Carey segregation No. 11 and to issue patent therefor.

SCRAPPING OF NAVAL VESSELS.

Mr. TUCKER. Mr. Speaker, I ask unanimous consent to have read the following resolution, which I send to the desk, for the information of the House, and that it may have its proper reference.

The SPEAKER. The gentleman desires it read instead of introducing it through the basket?

Mr. TUCKER. Yes.

The SPEAKER. The gentleman from Virginia asks unanimous consent that the resolution to which he referred may be read. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, to what does this resolution pertain?

Mr. TUCKER. It is in reference to the scrapping bill which is coming up later. The resolution is in a form which has been adopted by this House many times before.

Mr. MONDELL. Mr. Speaker, this is rather an unusual request, and I hope the gentleman will withdraw it for the time being.

Mr. TUCKER. Very well, I shall withdraw it and show it to the gentleman.

PERSONNEL PAY OF ARMY, NAVY, ETC.

Mr. MCKENZIE. Mr. Speaker, to-day I expect to file the report of the special committee on the bill (H. R. 10972) to readjust the pay and allowances of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and the Public Health Service, and I ask unanimous consent that the minority members of that committee may have the remainder of this week in which to file their views.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the minority members may have the remainder of this week in which to file their views on the bill H. R. 10972, the personnel pay bill. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, do I understand that this is to be a report on a bill, or does the gentleman expect to report a bill?

Mr. MCKENZIE. It is reporting a bill, and accompanying that bill with a report.

The SPEAKER. Is there objection?

There was no objection.

LIBERIAN LOAN.

Mr. GARNER. Mr. Speaker, I ask unanimous consent that the minority members of the Committee on Ways and Means may have the remainder of the week in which to file their views on the Liberian loan bill, not to interfere with its consideration, of course, if it be called up.

The SPEAKER. The gentleman from Texas asks unanimous consent that the minority of the Committee on Ways and Means may have the remainder of the week in which to file their views on the Liberian loan bill, not to interfere with the consideration of the bill. Is there objection?

The was no objection.

INDEPENDENT OFFICES—CONFERENCE REPORT.

Mr. WOOD of Indiana. Mr. Speaker, I call up the conference report upon the bill H. R. 9981, the independent offices appropriation bill.

Mr. GARRETT of Tennessee. Mr. Speaker, do I understand that this is the conference report upon the independent offices appropriation bill?

Mr. WOOD of Indiana. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. Evidently there is not.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, and the Sergeant at Arms was directed to notify absentees.

The Clerk called the roll, and the following Members failed to answer to their names:

Ackerman	Brand	Codd	Dale
Ansorge	Briggs	Cole, Ohio	Darrow
Anthony	Britten	Connell	Davis, Tenn.
Bixler	Brown, Tenn.	Connolly, Pa.	Deal
Blakeney	Butler	Copley	Dempsey
Bland, Ind.	Chalmers	Crisp	Doughton
Blanton	Clark, Fla.	Cullen	Driver
Bond	Cockran	Curry	Dunbar

Dupré	Kahn	Mudd	Slemp
Echols	Kelley, Mich.	Newton, Mo.	Smithwick
Edmonds	Kelly, Pa.	O'Brien	Snell
Ellis	Kendall	O'Connor	Snyder
Fairchild	Kennedy	Olpp	Speaks
Favrot	Kindred	Paige	Stafford
Fess	Kitechin	Perlman	Stephens
Fields	Kleczka	Petersen	Stiness
Focht	Knight	Pou	Strong, Pa.
Fordney	Kraus	Pringey	Sullivan
Foster	Kreider	Purnell	Summers, Wash.
Freeman	Kunz	Rainey, Ala.	Sweet
Gorman	Lampert	Rainey, Ill.	Tague
Gould	Lee, N. Y.	Reavis	Taylor, Ark.
Greene, Mass.	Lehlbach	Reber	Taylor, Colo.
Hardy, Tex.	Little	Reed, N. Y.	Taylor, N. J.
Hawes	Logan	Riordan	Taylor, Tenn.
Herrick	Longworth	Rodenberg	Tinkham
Hicks	Lyon	Rossdale	Towner
Himes	McArthur	Rucker	Treadaway
Hogan	McLaughlin, Pa.	Ryan	Upshaw
Hudson	Madden	Sanders, Ind.	Vestal
Husted	Maloney	Sanders, N. Y.	Volk
Ireland	Mann	Schall	Ward, N. Y.
Jeffers, Nebr.	Mead	Sears	White, Me.
Johnson, Miss.	Michaelson	Shelton	Wilson
Johnson, S. Dak.	Moore, Ohio	Shreve	Woods, Va.
Johnson, Wash.	Morin	Sisson	Woodyard

The SPEAKER. On this vote 286 Members have answered to their names. A quorum is present.

Mr. WOOD of Indiana. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

INVITATION TO VISIT QUANTICO.

The SPEAKER. The Secretary of the Navy has sent to me a letter extending an invitation to all Members of the House to visit Quantico, the headquarters of the Marine Corps, on May 5, which is next Friday week. The President has placed the *Mayflower* at the disposal of the Navy Department for the day, and it will leave the navy yard wharf at 8 o'clock a. m., and, returning, leave Quantico about 6 p. m. Dinner and supper will be served at Quantico. Members desiring to go will please secure tickets from the House Committee on Naval Affairs.

INDEPENDENT OFFICES APPROPRIATIONS—CONFERENCE REPORT.

The SPEAKER. The gentleman from Indiana [Mr. Wood] is recognized.

Mr. WOOD of Indiana. Mr. Speaker, I desire to call up the conference report on the bill H. R. 9981.

The SPEAKER. The gentleman from Indiana calls up the conference report which the Clerk will report.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 9981) making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1923, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 31.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

“Salaries: Comptroller General, \$10,000; Assistant Comptroller General, \$7,500; assistants to Comptroller General—4 at \$6,000 each; chief clerk, \$3,000; chiefs of divisions—7 at \$3,000 each; chief of appointment division, \$2,500; assistants to chiefs of divisions—3 at \$2,750 each, 4 at \$2,500 each; chiefs of sections—10 at \$2,500 each, 13 at \$2,250 each, two at \$2,000 each; assistant chiefs of sections—11 at \$2,000 each, 1 at \$1,900; chiefs of subsections—3 at \$2,000 each; disbursing officer, \$3,000; deputy disbursing officer, \$1,800; private secretary, \$1,800; attorneys—1 \$5,000, 4 at \$4,000 each, 4 at \$3,600 each, 1 \$3,100, 5 at \$3,000 each, 1 \$2,750; law clerks—1 \$2,500, 4 at \$2,400 each, 4 at \$2,250 each, 2 at \$2,200 each, 9 at \$2,000 each, 4 at 1,800 each, 1 \$1,600; accountants—1 \$2,500, 2 at \$2,400 each, 3 at \$2,100 each, 3 at \$2,000 each; investigators—1 \$4,000, 1 \$3,000, 20 at \$2,000 each; reviewers—8 at \$2,100 each; principal clerks—17 at \$2,000 each; clerks—164 of class 4, 218 of class 3, 255 of class 2, 267 of class 1, 56 at \$1,000 each, 70 at \$900 each; check assorters—4 at \$1,000 each; duplicating machine operator, \$900; carpenter, \$1,400; foreman of messengers and laborers, \$1,400; chief messenger, \$1,000; messengers—1 \$1,000, 15 at \$840 each; assistant messengers—29 at \$720 each; laborers—1 \$720, 21 at \$660 each; messenger boys—14 at \$480 each, 1 \$420; forewoman of charwomen, \$660; charwomen—22 at \$240 each; and temporary clerks, stenographers, typists, and other assistants, to be paid

at a rate not exceeding \$1,800 per annum, \$375,000; in all, \$2,293,190.

“Contingent expenses: For traveling expenses, rent, telephone service, purchase and exchange of books, office supplies (including stationery) and equipment, repairs and maintenance, and miscellaneous items, \$175,261.”

And the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: “No officer or employee of the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation shall be paid a salary or compensation at a rate per annum in excess of \$11,000 except the following: Six at not to exceed \$25,000 each, two at not to exceed \$20,000 each, and one at not to exceed \$15,000”; and the Senate agree to the same.

WILL R. WOOD,

EDWARD H. WASON,

Managers on the part of the House.

F. E. WARREN,

REED SMOOT,

W. L. JONES,

LEE S. OVERMAN,

CARTER GLASS,

Managers on the part of the Senate.

STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 9981) making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1923, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conference committee and submitted in the accompanying conference report:

On No. 21: Appropriates \$2,468,451 for the General Accounting Office in the detailed manner proposed by the House instead of \$2,496,101 in a lump sum as proposed by the Senate. The detailed salaries proposed in the House bill have been reduced in amounts of individual salaries, and in number of salaries, in the aggregate of \$400,000, of which \$375,000 is made available for temporary clerks, stenographers, typists, etc., with a salary limitation of \$1,800, and \$25,000 is added to the appropriation of \$150,261 proposed in the House bill for contingent and miscellaneous expenses. The aggregate proposed in the substitute for the House provision is \$150 less than the amount carried and is \$27,650 less than the amount proposed by the Senate under the lump sum.

On No. 31: Strikes out the language inserted by the Senate granting authority to the United States Shipping Board to continue to use sums received from the liquidation of assets up to \$55,000,000.

On No. 35, relating to salary limitations on Shipping Board and Fleet Corporation funds: Inserts a substitute for the House and Senate provisions, which allows 6 employees at not to exceed \$25,000 each, 2 at not to exceed \$20,000 each, and 1 at not to exceed \$15,000, instead of 13 in excess of \$11,000 as proposed by the Senate, and 6 between \$11,000 and \$25,000 each as proposed by the House.

WILL R. WOOD,

EDWARD H. WASON,

Managers on the part of the House.

Mr. WOOD of Indiana. Mr. Speaker, I desire to state briefly what this conference report is. If it is adopted, it disposes of this bill. The change in the present report as compared with the preference one is as follows:

The Senate has receded from its amendment to the House bill providing that the Shipping Board be authorized to expend \$25,000,000 of the \$55,000,000 heretofore appropriated during the fiscal year 1923. So that is out of consideration. It also receded with reference to the salaries paid to the officers of the Shipping Board by knocking out a \$15,000 position. I desire to state, in order that the membership may know the exact situation, that by reason of the present legislation four \$35,000 men that they were authorized heretofore to employ and did employ, and to whom they were paying these salaries of \$35,000 each, are eliminated, and these gentlemen, under this act, if it becomes a law, will receive only \$25,000 each.

I am confident that we have done the best that can be done. Our work may not be satisfactory to anyone. It is not entirely satisfactory to me, but it is the very best that can be accom-

plished under the circumstances, and I think we labored as best we knew how, at least, to conform to the ideas of this House. As was stated here the other day by the gentleman from Illinois [Mr. MANN], who was in favor of the conference report then under consideration, conferences and results of conferences are a matter of compromise. If we had this whole thing to do ourselves, it might present quite a different picture, but we must get along with gentlemen on the other side. Their ideas and conclusions are entitled to respectful consideration. Their ideas on this matter differed from ours, but they have yielded much in their demands, and we are yielding but little if this report is adopted. In dollars and cents the amount is negligible, and to quibble further over this report will injure others much more than it will harm the Shipping Board.

I desire to impress upon this body again the fact that we are punishing unintentionally a great number of good citizens of this country who are dependent upon this appropriation for the purpose of getting money long since due them, their claims having been agreed upon and settled. As I cited the other day, I know of one instance where a man has been here from Michigan since early in January with a complete agreement between himself and the Shipping Board, and yet without any possibility of relief until this appropriation bill has become a law. That is only one case. I expect there are Representatives here from many States that have similar instances in their own districts. Therefore I ask the gentlemen here to be considerate in this matter of all who are concerned.

Mr. BYRNES of South Carolina. I understand that the provisions of this bill make that amount immediately available?

Mr. WOOD of Indiana. Yes; \$30,000,000.

Mr. BYRNES of South Carolina. What \$30,000,000?

Mr. WOOD of Indiana. There was \$50,000,000 appropriated for the settlement of claims, and \$30,000,000 of that is made immediately available.

I have stated as briefly and succinctly as I know how the changes that have been made by reason of this conference report, and I submit it, gentlemen, for your consideration.

Mr. MILLER. Will the gentleman yield for a short question?

Mr. WOOD of Indiana. I yield.

Mr. MILLER. In the previous conference report made on this same bill there was an item, No. 31, in which there was something about \$55,000,000, was there not?

Mr. WOOD of Indiana. I say that the Senate has receded on that proposition, and that is now out of consideration.

Mr. MILLER. Will the gentleman state generally that if this conference report is adopted that for all of these settlements that have been made by the Shipping Board money will be available, so that the Shipping Board can go ahead and confirm those settlements by the payment of money?

Mr. WOOD of Indiana. Up to the amount of \$30,000,000. The other \$20,000,000 would be available after the 1st day of July.

Mr. MILLER. That will relieve the tie-up, then, so to speak, on all of these?

Mr. WOOD of Indiana. That is correct.

Mr. BYRNS of Tennessee. Will the gentleman yield to me five minutes?

Mr. WOOD of Indiana. I will.

Mr. BYRNS of Tennessee. Mr. Speaker and gentlemen of the House, this matter has been before the House several times, to a large extent upon the same proposition. The question before the House to-day, in so far as this report is concerned, is whether or not the House will specifically authorize salaries of employees in the Shipping Board at \$25,000 per annum, which is nearly twice as much as the justices of the Supreme Court receive, more than twice as much as any Cabinet member draws, more than twice as much as the Vice President of the United States and the Speaker of this House draw. This report provides that six employees of the Shipping Board shall receive not exceeding \$25,000 a year, two not exceeding \$20,000 a year, and one not exceeding \$15,000 a year.

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

Mr. BYRNS of Tennessee. I yield.

Mr. WASON. In the original appropriation bill which passed the House did it not authorize these men at a salary not exceeding \$25,000?

Mr. BYRNS of Tennessee. It did not.

Mr. WASON. Will the gentleman look at the original bill?

Mr. BYRNS of Tennessee. I have the original bill in my hand now.

Mr. WASON. Page 34?

Mr. BYRNS of Tennessee. Page 34. It provides that six officers or employees of the Shipping Board may be paid an annual salary or compensation in excess of \$11,000. The gentleman is correct as to that. I was mistaken. It does read, "but no compensation or salary shall exceed \$25,000."

But this report not only provides that six employees shall not exceed \$25,000, but it adds three additional employees, who may receive \$20,000 for two of them and \$15,000 for one. It was the expectation of the House when this bill was pending and the provision referred to by the gentleman from New Hampshire was adopted that those six employees who might receive over \$11,000 each were to be the operating heads, because Mr. Lasker stated that in order to get men to operate the Government ships it was necessary to pay them a salary exceeding \$11,000. But, gentlemen, I make the assertion that every debate that has occurred in this House upon these conference reports as they have come back here and the amendment in the Senate as adopted by the Senate and the amendment to the old law reported by the House Committee on Appropriations shows that it is the purpose in making these increases to provide additional salaries for attorneys in the Shipping Board. You can not get away from it. That is exactly what this increase is intended for, and the statement has been made time and again, and the amendment adopted in the Senate shows on its face, that this is its purpose.

Now, the gentleman from Indiana [Mr. WOOD] says we will do a great injustice to certain claimants if we do not pass this report to-day, notwithstanding the fact that the provisions of the bill do not become finally effective until July 1; and the basis of that statement is that this bill contains a provision that \$30,000,000 of the \$50,000,000 that is appropriated for the payment of claims becomes immediately available. I say if the Shipping Board is more anxious to secure big salaries for attorneys in the Shipping Board than they are to take care of these \$30,000,000 of claimants, who, I understand, are pressing at their doors for payment, then it seems that the House, in taking that into consideration, should say to the Shipping Board, "If you are as anxious to pay these claims as you say, then drop these high-priced attorneys."

We all know that we can get attorneys down there for \$11,000 and less. Everyone knows that if the Shipping Board desires competent attorneys they can get them for not exceeding \$11,000. How is it that the Attorney General of the United States, having claims under his jurisdiction amounting to \$500,000,000 and over, involving property now in litigation in every Federal court in the United States, from the Supreme Court down—how is it that he can get competent attorneys for \$12,000, and most of them for less?

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. BYRNS of Tennessee. Mr. Speaker, may I ask for three minutes more?

The SPEAKER. Is there objection to the gentleman's request?

There was no objection.

Mr. BYRNS of Tennessee. Gentlemen, this is nothing more or less than an effort, I repeat, to provide salaries for attorneys, some of whom, we know from statements made upon this floor, have come here more for the enjoyment of social advantages in Washington than for the purpose of rendering legal services in the Shipping Board; and I for one am not willing to abandon my convictions on the subject and vote to confirm this report in order to provide these great salaries.

We noticed the other day that there is to be a deficit, according to the statement of the Secretary of the Treasury, of more than \$359,000,000, and his statement showed that when you added to the \$359,000,000 deficit interest payments of \$125,000,000 and the ship subsidy it will run about \$500,000,000 next year or more. The Washington Post, which I am sure represents this administration, threw out the intimation, or made the plain statement in effect, that it would be necessary to raise additional taxes to meet that deficit. Are you willing to levy new taxes on an overburdened people in order to pay the big salaries carried in this report? They may amount to but a few thousand dollars in comparison with the great deficit, but I am not willing to vote to increase the salaries in the amount that this report calls for, and I hope the report will be voted down. [Applause.]

Mr. WOOD of Indiana. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

The SPEAKER. The gentleman from Massachusetts is recognized for five minutes.

Mr. WALSH. Mr. Speaker, as I recall, the limitation of \$25,000 as a maximum that the Shipping Board could pay in salaries was put into the bill when it first passed the House upon my motion, and since that time we have had this matter up before us under conference reports upon two or three occasions. The situation now is that the Senate has acted upon this conference report, so that a motion to recommit would not be

in order, and we are presented now with the alternatives of voting the conference report up or down.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. WALSH. Yes.

Mr. GARRETT of Tennessee. Does the gentleman state that the Senate has acted upon this conference report?

Mr. WALSH. I am so advised. The House asked for the conference the other day, and I am advised that the Senate has agreed to this conference report, and that it was agreed to last Saturday.

Now, I have been opposed, as the membership knows, to the payment of these exorbitant salaries, and I am opposed to it now as a matter of principle. But we are confronted with this situation: The Senate has already agreed to this report. We can not recommit it. We have eliminated another objectionable amendment that was put on in another body, namely, this \$55,000,000 amendment, and we have also reduced the number of these high salaries from 13, as originally proposed by the Senate, to 9 in this bill, only 6 of whom can receive \$25,000 each. And while my views upon paying exorbitant salaries have not changed, and although I believe it is a bad principle to establish, I can readily understand that having engaged men at \$35,000 who are now in the midst of very important work, it will be rather difficult to take and say, "You can not get more than \$10,000 hereafter." I understand that these gentlemen who have received \$35,000 will complete their work, even though their salary is reduced under the provisions of this bill to \$5,000.

Now, I doubt whether, as a matter of fact, the employment of these high-salaried officials in the Shipping Board is going to result ultimately in the saving of very much money, but I understand the motives which prompted the officials down there to seek to secure the best talent available, as they stated, in order to wind up these affairs.

Mr. BYRNES of South Carolina. Mr. Speaker, will the gentleman yield for a question?

Mr. WALSH. Yes.

Mr. BYRNES of South Carolina. The gentleman from Massachusetts thinks that the Shipping Board has now nine men receiving salaries over \$11,000?

Mr. WALSH. No. I stated that the Senate amendment would permit 13, and that has been reduced to 9 by the provisions of this conference report.

Mr. BYRNES of South Carolina. I referred to the statement of the gentleman that some employees now receiving a salary of \$25,000 or \$30,000 would have to consent to a reduction.

Mr. WALSH. They have, I think, four employees now receiving \$35,000, and when this bill becomes a law on the 1st of July, if those gentlemen continue on the pay roll, they will have to suffer a cut of \$10,000 each in their salary.

And so, under the provisions of this compromise, with no opportunity to recommit the report with instructions for further elimination—

Mr. BYRNES of Tennessee. Will the gentleman yield?

Mr. WALSH. I yield to the gentleman from Tennessee.

Mr. BYRNES of Tennessee. If the House votes down this report the bill will go back to conference, will it not, and will come up again?

Mr. WALSH. If the House votes down this report its action will be a message to the Senate, requiring them to reconsider their vote and to ask for a further conference.

Mr. BYRNES of Tennessee. That would not be particularly unusual. It has been done in other cases.

Mr. WALSH. Very seldom has that been done.

Mr. BYRNES of Tennessee. I want to ask the gentleman another question. The gentleman refers to the fact that some employees down there under the provisions of the present law are drawing more than \$11,000. If the House provision is adopted these particular officials will not be disturbed. In other words, this report provides for only three additional employees over and above those who are now on the salary roll at over \$11,000.

Mr. WALSH. It will disturb it to this effect, that there will be only two employees getting up to \$20,000, and one, as I recall from the report, who will be permitted to receive in excess of \$15,000, and now there is no limitation.

Mr. BYRNES of Tennessee. And six at \$25,000.

Mr. WALSH. And six at \$25,000. But it is the parliamentary situation, Mr. Speaker, which prompts me reluctantly to agree to support this conference report.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

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

Mr. WALSH. My time has expired.

Mr. GARRETT of Tennessee. Will the gentleman from Indiana yield me about three minutes?

Mr. WOOD of Indiana. I yield three minutes to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. Mr. Speaker, the mere fact that a parliamentary situation has arisen, brought about by the Senate acting upon this conference report in advance of action being taken by the House, is, I respectfully submit, no legitimate argument why the House should forego the conviction which it has so vigorously and earnestly expressed heretofore upon this subject. The appropriation bill is in no danger. The proceedings of the Congress have not reached that point where there is any danger of the appropriation bill failing. So that there is no coercion of time even upon the House. The House has heretofore expressed itself upon this proposition in no uncertain terms.

I do not propose to criticize the conferees. They had to deal with the conferees of the other body. We do not know what went on in the conference. I do not say this in criticism, but the conferees have failed to maintain the sentiment of the House as expressed to them on this particular matter. There is ample time to pass this bill and to have the will of the House carried out, and no parliamentary subterfuge ought to prevent the House asserting its continuing belief in that policy which it has so resolutely asserted heretofore. [Applause.]

Mr. BYRNES of South Carolina. Will the gentleman from Indiana yield me five minutes?

Mr. WOOD of Indiana. I yield to the gentleman from South Carolina five minutes.

Mr. BYRNES of South Carolina. Gentlemen of the House, I have only this additional thought to submit: During the war and immediately afterwards the Government was paying high salaries to employees. It was the expressed desire of this House that we should discontinue authorizing these high salaries. This year there has been a demand for economy by the people and a demand for economy by the Members of this House. On three occasions we have gone on record reflecting that demand and have attempted to limit the number of high-salaried employees of the Shipping Board. The gentleman from Massachusetts [Mr. WALSH] says to-day he is of the same opinion still, that not more than six should be paid over \$11,000, and the only reason he urges the adoption of the report is that the parliamentary situation makes it impossible for us to exercise our best judgment. The gentleman from Tennessee [Mr. GARRETT] has shown that position is not well taken. One other reason, and one other reason alone, is urged. That is that in this bill \$30,000,000 is made immediately available for the payment of claims.

One gentleman on the floor asked if that meant that if this conference report is adopted the Shipping Board can proceed immediately to the payment of claims, and when the gentleman from Indiana [Mr. WOOD] answered yes, immediately his inquisitor was satisfied. But can the Shipping Board say to this House that because you have a constituent who may have a claim that the constituent will not be paid unless you come across and agree to pay high salaries to three additional employees of the Shipping Board? Are you going to be coerced because some claimant may desire immediate payment of his claim? If we do not agree, the House conferees can go back and tell the Senate that until they agree to limit these employees this bill can not go through. Let us tell the Senate that while salaries of men engaged in industry are being reduced we are not going to authorize two additional salaries of \$20,000. No great harm will be done if this \$30,000,000 is not made immediately available for the payment of these claims. But if the Shipping Board thinks it so essential, let them withdraw their demand for these increased salaries. Do not be coerced into voting against your own convictions, expressed on three occasions, in order to pay the claims of some contractors who are demanding immediate payment from the Shipping Board.

Mr. WOOD of Indiana. I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, just a moment, to make clear, if I can, exactly what the situation is.

The House provided that not to exceed six employees of the Shipping Board should receive in excess of \$11,000, and that they should not receive more than \$25,000. The Senate amended that by providing that not more than 13 should receive in excess of \$11,000, so that under the Senate provision 13 of the employees might receive any salary that the Shipping Board saw fit to fix. There was no limit whatever placed by the Senate. Now, we are not dealing with the Shipping Board. We are dealing with a coordinate branch of the Congress. And

while we do not always agree with those gentlemen, we realize that we can not always and altogether have our way about matters. The fact is that the report now presented by the committee does give us essentially the provision as written by the House when the bill was passed. The only difference is a matter of \$21,000 in salaries in this particular item.

Mr. WASON. Twenty-two thousand dollars.

Mr. MONDELL. They can now give salaries as high as \$20,000 to two men who are not provided for by the House. That is the difference between \$11,000 and \$20,000, and twice \$9,000 are \$18,000. They can grant a salary of \$15,000 to one man whose salary was limited to \$11,000 by the House, and \$4,000 and \$18,000 make \$22,000. The gentleman is correct. It is a difference of \$22,000. Gentlemen upon the other side have entirely forgotten that the conferees have insisted, and the Senate has receded in this conference report, upon a matter involving the possible expenditure of \$55,000,000.

But still gentlemen quibble over a matter of \$22,000 in this bill providing for a great establishment.

Mr. BYRNES of South Carolina. The gentleman does not overlook the fact that the \$22,000 is to be divided among three men by way of increase in salaries.

Mr. MONDELL. Oh, yes; I think I stated that was to be divided among three men. The House has had its way in this matter, not only in the matter of salaries but in the vastly more important matter of \$55,000,000 which the Senate insisted should be made available. I think under the circumstances the committee is to be congratulated on the agreement they have been able to make with the Senate and that the House should adopt the conference report.

Mr. WOOD of Indiana. Mr. Speaker, I desire to add but one word. This report is absolutely saving money to the Treasury of the United States, as has been clearly stated by the gentleman from Wyoming, when compared with salaries now being paid. If these three men were added, it would make a difference of only \$22,000, and I want you to bear in mind that there are four who are now getting \$35,000 each. We have limited these by this bill to \$25,000 each, so there is the difference between \$25,000 and \$40,000, and we are making a saving of \$15,000.

Mr. BYRNES of South Carolina. Did the gentleman say there were four employees getting \$35,000?

Mr. WOOD of Indiana. Yes.

Mr. BYRNES of South Carolina. Were these salaries increased since the bill was in the House for consideration?

Mr. WOOD of Indiana. No; but they were paying it under the old law.

Mr. BYRNES of South Carolina. The gentleman will remember that a list of the employees was submitted to the House at the time the bill was under consideration, and there were no four getting \$35,000 at that time.

Mr. WOOD of Indiana. Yes; they had a limitation there.

Mr. BYRNES of South Carolina. There were only two salaries of \$35,000, and I want to know if since that time they have increased it to four?

Mr. WOOD of Indiana. No; long before the bill was under consideration; and so there is to be a saving of \$15,000, anyway.

Mr. WALSH. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. WALSH. I think the statement was made by some member of the committee, as I recall it, during the original discussion of the bill that there were only two members of the Emergency Fleet Corporation getting \$35,000, and one \$25,000. That may have been an error, but that statement was made.

Mr. BYRNES of South Carolina. It was never before questioned.

Mr. WOOD of Indiana. I possibly may be mistaken. The hearings on this bill, however, disclose that there are three getting \$35,000, Smull, Love, and Frey, and another getting \$30,000. So instead of a saving of \$18,000 we are saving \$10,000. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. BYRNES of Tennessee) there were 74 ayes and 66 noes.

Mr. BYRNES of Tennessee. Mr. Speaker, I object to the vote on the ground that no quorum is present, and I make the point that no quorum is present.

The SPEAKER. The gentleman from Tennessee makes the point that no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 137, nays 143, answered "present" 1, not voting 149, as follows:

YEAS—137.

Andrew, Mass.	Elliott	Knutson	Purnell
Appleby	Evans	Kraus	Ransley
Arentz	Faust	Larson, Minn.	Reed, W. Va.
Atkeson	Fenn	Lineberger	Riddick
Bacharach	Fish	Longworth	Robison
Berg	Freeman	Luce	Rogers
Bland, Va.	French	Luhring	Rose
Bond	Fulher	McCormick	Siegel
Bowers	Gerner	McKenzie	Sinnott
Brennan	Glynn	McLaughlin, Mich.	Smith, Idaho
Brooks, Ill.	Graham, Pa.	McLaughlin, Nebr.	Sproul
Brooks, Pa.	Green, Iowa	McPherson	Steenerson
Burroughs	Greene, Mass.	MacGregor	Swing
Burtness	Greene, Vt.	Magee	Temple
Burton	Grist	Merritt	Thompson
Cable	Griffin	Michener	Timberlake
Campbell, Pa.	Hadley	Miller	Underhill
Cannon	Hardy, Colo.	Mills	Vaile
Chandler, N. Y.	Harrison	Millspaugh	Vare
Chindblom	Hawley	Mondell	Volstead
Christopherson	Henry	Montoya	Walsh
Clague	Herrick	Moore, Ill.	Walters
Clason	Hersey	Moore, Ind.	Wason
Cole, Iowa	Hickey	Morgan	Webster
Colton	Hill	Murphy	White, Me.
Crago	Hukriede	Nelson, Me.	Williams
Cramton	Hutchinson	Nelson, A. P.	Williamson
Curry	Jeffeis, Nebr.	Newton, Minn.	Winslow
Dale	Jones, Pa.	Noian	Wood, Ind.
Dallinger	Kearns	Norton	Wurzbach
Denison	Kiess	Ogden	Wyant
Dickinson	King	Osborne	Young
Dunbar	Kirkpatrick	Parker, N. Y.	
Dunn	Kissel	Patterson, N. J.	
Dyer	Kline, N. Y.	Pringey	

NAYS—143.

Almon	Fitzgerald	Layton	Roach
Andrews, Nebr.	Frear	Lazaro	Rouse
Anthony	Frothingham	Leatherwood	Sabath
Bankhead	Fulmer	Lee, Ga.	Sandlin
Barbour	Funk	Linthicum	Scott, Tenn.
Barkley	Gahn	Little	Shaw
Beck	Gallivan	London	Sinclair
Beedy	Garner	Lowrey	Speaks
Bell	Garrett, Tenn.	McClintic	Stagall
Bird	Garrett, Tex.	McDuffie	Stedman
Black	Gensman	McFadden	Stevenson
Bowling	Gilbert	McSwain	Stoll
Box	Goldsborough	Mapes	Strong, Kans.
Briggs	Graham, Ill.	Martin	Summers, Wash.
Browne, Wis.	Hammer	Montague	Swank
Buchanan	Hardy, Tex.	Moore, Va.	Ten Eyck
Bulwinkle	Hawes	Nelson, J. M.	Thomas
Burke	Hayden	O'Connor	Oldfield
Byrnes, S. C.	Hoch	Oliver	Tillman
Byrns, Tenn.	Hooker	Overstreet	Tincher
Campbell, Kans.	Huddleston	Padgett	Tucker
Carew	Hull	Park, Ga.	Tyson
Carter	Humphreys	Parks, Ark.	Vinson
Collier	Jacoway	Patterson, Mo.	Voigt
Collins	Jeffers, Ala.	Perkins	Ward, N. C.
Connally, Tex.	Johnson, Ky.	Pou	Watson
Cooper, Ohio	Jones, Tex.	Quin	Weaver
Cooper, Wis.	Keller	Radcliffe	White, Kans.
Coughlin	Ketcham	Raker	Wilson
Davis, Tenn.	Kincheloe	Ramseyer	Wingo
Dominick	Kline, Pa.	Rankin	Wise
Dowell	Kopp	Rayburn	Woods, Va.
Drane	Lanham	Reece	Wright
Drewry	Lankford	Rhodes	Zihlman
Favrot	Larsen, Ga.	Lawrence	
Fisher		Ricketts	

ANSWERED "PRESENT"—1.

Aswell

NOT VOTING—149.

Ackerman	Deal	Kahn	Newton, Mo.
Anderson	Dempsey	Kelley, Mich.	O'Brien
Ansorge	Doughton	Kelly, Pa.	Olpp
Benham	Driver	Kendall	Palge
Bixler	Dupré	Kennedy	Parker, N. J.
Blakeney	Echols	Kindred	Perlman
Bland, Ind.	Edmonds	Kinkaid	Petersen
Blanton	Ellis	Kitchin	Porter
Boies	Fairchild	Kleckza	Rainey, Ala.
Brand	Fairfield	Knight	Rainey, Ill.
Britten	Fess	Kreider	Reavis
Brown, Tenn.	Fields	Kunz	Reber
Burdick	Focht	Lampert	Reed, N. Y.
Butler	Fordney	Langley	Riordan
Cantrill	Foster	Lea, Calif.	Robertson
Chalmers	Free	Lee, N. Y.	Rodenberg
Chandler, Okla.	Goodykoontz	Lehbach	Rosenbloom
Clark, Fla.	Gorman	Logan	Rosdale
Clarke, N. Y.	Gould	Lyon	Rucker
Clouse	Haugen	McArthur	Ryan
Cockran	Hays	McLaughlin, Pa.	Sanders, Ind.
Codd	Hicks	Madden	Sanders, N. Y.
Cole, Ohio	Himes	Maloney	Sanders, Tex.
Connell	Hogan	Mann	Schall
Connolly, Pa.	Hudspeth	Mansfield	Scott, Mich.
Copley	Husted	Mead	Sears
Crisp	Ireland	Michaelson	Shelton
Crowther	James	Moore, Ohio	Shreve
Cullen	Johnson, Miss.	Morin	Sisson
Darrow	Johnson, S. Dak.	Mott	Slemp
Davis, Minn.	Johnson, Wash.	Mudd	Smith, Mich.

Smithwick	Sullivan	Tilson	Ward, N. Y.
Snell	Sweet	Tinkham	Woodruff
Snyder	Tague	Towne	Woodyard
Stafford	Taylor, Ark.	Treadway	Yates
Stephens	Taylor, Colo.	Upshaw	
Stiness	Taylor, N. J.	Vestal	
Strong, Pa.	Taylor, Tenn.	Volk	

So the conference report was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Cullen (for) with Mr. Knight (against).

Mr. Fairchild (for) with Mr. Driver (against).

Mr. Lee of New York (for) with Mr. Kitchin (against).

Until further notice:

Mr. Treadway with Mr. Cockran.

Mr. Butler with Mr. Upshaw.

Mr. Sanders of Indiana with Mr. Fields.

Mr. Shreve with Mr. Hudspeth.

Mr. Michaelson with Mr. Dupré.

Mr. Taylor of New Jersey with Mr. Kunz.

Mr. Free with Mr. Doughton.

Mr. Lehlbach with Mr. Aswell.

Miss Robertson with Mr. Logan.

Mr. Lampert with Mr. Sisson.

Mr. Gorman with Mr. Mansfield.

Mr. Ellis with Mr. Sanders of Texas.

Mr. Chandler of Oklahoma with Mr. Lyon.

Mr. Shelton with Mr. Sullivan.

Mr. Kahn with Mr. Taylor of Arkansas.

Mr. Ackerman with Mr. Brand.

Mr. Volk with Mr. Blanton.

Mr. Foster with Mr. Smithwick.

Mr. Reed of New York with Mr. Tague.

Mr. McArthur with Mr. Kindred.

Mr. Davis of Minnesota with Mr. Mead.

Mr. Newton of Missouri with Mr. Johnson of Mississippi.

Mr. Olpp with Mr. Rainey of Alabama.

Mr. Snyder with Mr. Crisp.

Mr. Perlman with Mr. Deal.

Mr. Blakeney with Mr. Cantrill.

Mr. Kendall with Mr. Lea of California.

Mr. Johnson of South Dakota with Mr. O'Brien.

Mr. Maloney with Mr. Sears.

Mr. Snell with Mr. Riordan.

Mr. Stephens with Mr. Taylor of Colorado.

Mr. Morin with Mr. Rucker.

Mr. Himes with Mr. Clark of Florida.

Mr. Fordney with Mr. Rainey of Illinois.

The result of the vote was announced as above recorded.

APPLICATION OF RECLAMATION LAW TO IRRIGATION DISTRICTS.

Mr. KINKAID. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 4382, to provide for the application of the reclamation law to irrigation districts, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to take from the Speaker's table the bill H. R. 4382, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. KINKAID, Mr. SINNOTT, and Mr. HAYDEN.

PROMOTION OF TRADE IN CHINA—CONFERENCE REPORT.

Mr. VOLSTEAD. Mr. Speaker, I call up the conference report upon the bill H. R. 4810, to authorize the incorporation of companies to promote trade in China, and I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Minnesota calls up a conference report on the bill H. R. 4810, and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "That this act may be cited as the 'China trade act, 1922.'

DEFINITIONS.

"SEC. 2. When used in this act, unless the context otherwise indicates—

"(a) The term 'person' includes individual, partnership, corporation, and association;

"(b) The term 'China' means (1) China including Manchuria, Thibet, Mongolia, and any territory leased by China to any foreign government, (2) the Crown Colony of Hongkong, and (3) the Province of Macao;

"(c) The terms 'China trade act corporation' and 'corporation' mean a corporation chartered under the provisions of this act;

"(d) The term 'Federal district court' means any Federal district court, the United States Court for China, and the Supreme Court of the District of Columbia;

"(e) The term 'Secretary' means the Secretary of Commerce; and

"(f) The term 'registrar' means the China trade act registrar appointed under section 3.

REGISTRAR.

"SEC. 3. The Secretary is authorized to designate as China trade act registrar an officer of the Department of Commerce. The official station of the registrar shall be in China at a place to be designated by the Secretary. All functions vested in the registrar by this act shall be administered by him under the supervision of the Secretary; except that upon appeal to the Secretary, in such manner as he shall by regulation prescribe, any action of the registrar may be affirmed, modified, or set aside by the Secretary as he deems advisable.

ARTICLES OF INCORPORATION.

"SEC. 4. (a) Five or more individuals (hereinafter in this act referred to as 'incorporators'), a majority of whom are citizens of the United States, may, as hereinafter in this act provided, form a District of Columbia corporation for the purpose of engaging in business within China.

"(b) The incorporators may adopt articles of incorporation which shall be filed with the Secretary at his office in the District of Columbia and may thereupon make application to the Secretary for a certificate of incorporation in such manner and form as shall be by regulation prescribed. The articles of incorporation shall state—

"(1) The name of the proposed China trade act corporation, which shall end with the legend, 'Federal Inc. U. S. A.', and which shall not, in the opinion of the Secretary, be likely in any manner to mislead the public;

"(2) The location of its principal office, which shall be in the District of Columbia;

"(3) The particular business in which the corporation is to engage;

"(4) The amount of the authorized capital stock, the designation of each class of stock, the terms upon which it is to be issued, and the number and par value of the shares of each class of stock;

"(5) The duration of the corporation, which may be for a period of not more than 25 years, but which may, upon application of the corporation and payment of the incorporation fee, be successively extended by the Secretary for like periods;

"(6) The names and addresses of individuals, a majority of whom are citizens of the United States and at least one of whom is a resident of the District of Columbia, to be designated by the incorporators, who shall serve as temporary directors; and

"(7) The fact that an amount equal to 25 per cent of the amount of the authorized capital stock has been in good faith subscribed and paid in cash, or, in accordance with the provisions of section 8, in real or personal property which has been placed in the custody of the directors.

"(c) A China trade act corporation shall not engage in the business of discounting bills, notes, or other evidences of debt, or of receiving deposits, of buying and selling bills of exchange, or of issuing bills, notes, or other evidences of debt, for circulation as money; nor engage in any other form of banking business; nor engage in any form of insurance business.

CERTIFICATE OF INCORPORATION.

"SEC. 5. The Secretary shall, upon the filing of such application, issue a certificate of incorporation certifying that the provisions of this act have been complied with and declaring that the incorporators are a body corporate, if (a) an incorporation fee of \$100 has been paid him, (b) he finds that the articles of incorporation and statements therein conform to the requirements of, and that the incorporation is authorized by, this act, and (c) he finds that such corporation will aid in developing markets in China for goods produced in the United States. A copy of the articles of incorporation shall be made a part of the

certificate of incorporation and printed in full thereon. Any failure, previous to the issuance of the certificate of incorporation, by the incorporators or in respect to the application for the certificate of incorporation, to conform to any requirement of law which is a condition precedent to such issuance, may not subsequent thereto be held to invalidate the certificate of incorporation or alter the legal status of any act of a China trade act corporation, except in proceedings instituted by the registrar for the revocation of the certificate of incorporation.

GENERAL POWERS.

“SEC. 6. In addition to the powers granted elsewhere in this act, a China trade act corporation—

- “(a) Shall have the right of succession during the existence of the corporation;
- “(b) May have a corporate seal and alter it at pleasure;
- “(c) May sue and be sued;
- “(d) Shall have the right to transact the business authorized by its articles of incorporation and such further business as is properly connected therewith or necessary and incidental thereto;
- “(e) May make contracts and incur liabilities;
- “(f) May acquire and hold real or personal property, necessary to effect the purpose for which it is formed, and dispose of such property when no longer needed for such purposes;
- “(g) May borrow money and issue its notes, coupon or registered bonds, or other evidences of debt, and secure their payment by a mortgage of its property; and
- “(h) May establish such branch offices at such places in China as it deems advisable.

SHARES OF STOCK.

“SEC. 7. Each share of the original or any subsequent issue of stock of a China trade act corporation shall be issued at par value only, and shall be paid for in cash or in accordance with the provisions of section 8, in real or personal property which has been placed in the custody of the directors. No such share shall be issued until the amount of the par value thereof has been paid the corporation; and when issued each share shall be held to be full paid and nonassessable; except that if any share is, in violation of this section, issued without the amount of the par value thereof having been paid to the corporation the holder of such share shall be liable in suits by creditors for the difference between the amount paid for such share and the par value thereof.

“SEC. 8. No share of stock of a China trade act corporation shall, for the purposes of section 7 or of paragraph (7) of subdivision (b) of section 4, be held paid in real or personal property unless (1) a certificate describing the property and stating the value at which it is to be received has been filed by the corporation with the Secretary or the registrar in such manner as shall be by regulation prescribed, and a fee to be fixed by the Secretary or the registrar, respectively, to cover the cost of any necessary investigation has been paid, and (2) the Secretary or the registrar, as the case may be, finds and has certified to the corporation that such value is not more than the fair market value of the property.

BY-LAWS.

“SEC. 9. The by-laws may provide—

“(a) The time, place, manner of calling, giving notice, and conduct of, and determination of a quorum for, the meetings, annual or special, as the stockholders or directors;

“(b) The number, qualifications, and manner of choosing and fixing the tenure of office and compensation of all directors; but the number of such directors shall be not less than three, and a majority of the directors and a majority of the officers holding the office of president, treasurer, or secretary, or a corresponding office, shall be citizens of the United States resident in China; and

“(c) The manner of calling for and collecting payments upon shares of stock, the penalties and forfeitures for nonpayment, the preparation of certificates of the shares, the manner of recording their sale or transfer, and the manner of their representation at stockholders' meetings.

STOCKHOLDERS' MEETINGS.

“SEC. 10. (a) Within six months after the issuance of the certificate of incorporation of a China trade act corporation there shall be held a stockholders' meeting either at the principal office or a branch office of the corporation. Such meeting shall be called by a majority of the directors named in the articles of incorporation, and each stockholder shall be given at least 90 days' notice of the meeting either in person or by mail. The holders of two-thirds of the voting shares shall constitute a quorum at such meeting authorized to transact business. At this meeting or an adjourned meeting thereof a code of by-laws for the corporation shall be adopted by a majority of the voting shares represented at the meeting.

“(b) The following questions shall be determined only by the stockholders of a stockholders' meeting:

- “(1) Adoption of the by-laws;
- “(2) Amendments to the articles of incorporation or by-laws;
- “(3) Authorization of the sale of the entire business of the corporation or of an independent branch of such business;
- “(4) Authorization of the voluntary dissolution of the corporation; and

“(5) Authorization of application for the extension of the period of duration of the corporation.

“(c) The adoption of any such amendment or authorization shall require the approval of at least two-thirds of the voting shares. No amendment to the articles of incorporation or authorization for dissolution or extension shall take effect until (1) the corporation files a certificate with the Secretary stating the action taken, in such manner and form as shall be by regulation prescribed, and (2) such amendment or authorization is found and certified by the secretary to conform to the requirements of this act.

“(d) A certified copy of the by-laws and amendments thereof and of the minutes of all stockholders' meetings of the corporation shall be filed with the registrar.

DIRECTORS.

“SEC. 11. The directors designated in the articles of incorporation shall, until their successors take office, direct the exercise of all powers of a China trade act corporation except such as are conferred upon the stockholders by law or by the articles of incorporation or by-laws of the corporation. Thereafter the directors elected in accordance with the by-laws of the corporation shall direct the exercise of all powers of the corporation except such as are so conferred upon the stockholders. In the exercise of such powers the directors may appoint and remove and fix the compensation of such officers and employees of the corporation as they deem advisable.

REPORTS AND INSPECTION OF RECORDS.

“SEC. 12 (a) For the purposes of this act the fiscal year of a China trade act corporation shall correspond to the calendar year. The corporation shall make and file with the registrar, in such manner and form and at such time as shall be by regulation prescribed, a report of its business for each such fiscal year and of its financial condition at the close of the year. The corporation shall furnish a true copy of the report to each of its stockholders.

“(b) The registrar shall file with the Secretary copies of all reports, certificates, and certified copies received or issued by the registrar under the provisions of this act. The Secretary shall file with the registrar copies of all applications for a certificate of incorporation, and certificates received or issued by the Secretary under the provisions of this act. All such papers shall be kept on record in the offices of the registrar and the Secretary, and shall be available for public inspection under such regulations as may be prescribed.

DIVIDENDS.

“SEC. 13. Dividends declared by a China trade act corporation shall be derived wholly from the surplus profits of its business.

REVOCATION OF CERTIFICATE OF INCORPORATION.

“SEC. 14. The registrar may, in order to ascertain if the affairs of a China trade act corporation are conducted contrary to any provision of this act, or any other law, or any treaty of the United States, or the articles of incorporation or by-laws of the corporation, investigate the affairs of the corporation. The registrar, whenever he is satisfied that the affairs of any China trade act corporation are or have been so conducted, may institute in the United States Court for China proceedings for the revocation of the certificate of incorporation of the corporation. The court may revoke such certificate if it finds the affairs of such corporation have been so conducted. Pending final decision in the revocation proceedings the court may, at any time, upon application of the registrar or upon its own motion, make such orders in respect to the conduct of the affairs of the corporation as it deems advisable.

“SEC. 15. (a) For the efficient administration of the functions vested in the registrar by this act, he may require, by subpoena issued by him or under his direction, (1) the attendance of any witness and the production of any book, paper, document, or other evidence from any place in China at any designated place of hearing in China, or, if the witness is actually resident or temporarily sojourning outside of China, at any designated place of hearing within 50 miles of the actual residence or place of sojourn of such witness, and (2) the taking of a deposition before any designated person having power to administer oaths. In the case of a deposition the testimony shall be reduced to writing by the person taking the deposition

or under his direction, and shall then be subscribed by the deponent. The registrar, or any officer, employee, or agent of the United States authorized in writing by him, may administer oaths and examine any witness. Any witness summoned or whose deposition is taken, under this section, shall be paid the same fees and mileage as are paid witnesses in the courts of the United States.

"(b) In the case of failure to comply with any subpoena or in the case of the contumacy of any witness before the registrar, or any individual so authorized by him, the registrar or such individual may invoke the aid of any Federal district court. Such court may thereupon order the witness to comply with the requirements of such subpoena and to give evidence touching the matter in question. Any failure to obey such order may be punished by such court as a contempt thereof.

"(c) No person shall be excused from so attending and testifying or deposing, nor from so producing any book, paper, document, or other evidence on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpoena and under oath, he may so testify, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

"(d) For the efficient administration of the functions vested in the registrar by this act he, or any officer, employee, or agent of the United States authorized in writing by him, shall at all reasonable times for the purpose of examination have access to and the right to copy any book, account, record, paper, or correspondence relating to the business or affairs of a China trade act corporation. Any person who upon demand refuses the registrar or any duly authorized officer, employee, or agent such access or opportunity to copy, or hinders, obstructs, or resists him in the exercise of such right, shall be liable to a penalty of not more than \$5,000 for each such offense. Such penalty shall be recoverable in a civil suit brought in the name of the United States.

"SEC. 16. In case of the voluntary dissolution of a China trade act corporation or revocation of its certificate of incorporation, the directors of the corporation shall be trustees for the creditors and stockholders of the corporation; except that upon application to the United States Court for China by any interested party, or upon the motion of any court of competent jurisdiction in any proceeding pending before it, the court may, in its discretion, appoint as the trustees such persons, other than the directors, as it may determine. The trustees are invested with the powers, and shall do all acts, necessary to wind up the affairs of the corporation and divide among the stockholders according to their respective interests the property of the corporation remaining after all obligations against it have been settled. For the purposes of this section the trustees may sue and be sued in the name of the corporation and shall be jointly and severally liable to the stockholders and creditors of the corporation to the extent of the property coming into their hands as trustees.

REGULATIONS.

"SEC. 17. (a) The Secretary is authorized to make such regulations as may be necessary to carry into effect the functions vested in him or in the registrar by this act.

"(b) That the Secretary is authorized to prescribe and fix the amount of such fees (other than the incorporation fee) to be paid him or the registrar for services rendered by the Secretary or the registrar to any person in the administration of the provisions of this act. All fees and penalties paid under this act shall be covered into the Treasury of the United States as miscellaneous receipts.

PENALTIES.

"SEC. 18. No stockholder, director, officer, employee, or agent of a China trade act corporation shall make, issue, or publish any statement, written or oral, or advertisement in any form, as to the value or as to the facts affecting the value of stocks, bonds, or other evidences of debt, or as to the financial condition or transactions, or facts affecting such condition or transactions, of such corporation if it has issued or is to issue stocks, bonds, or other evidences of debt, whenever he knows or has reason to believe that any material representation in such statement or advertisement is false. No stockholder, director, officer, employee, or agent of a China trade act corporation shall, if all the authorized capital stock thereof has not been paid in, make, issue, or publish any written statement or advertisement, in any form, stating the amount of the authorized capital stock without also stating as the amount actually paid in, a sum not greater than the amount paid in. Any person violating any

provisions of this section shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned not more than 10 years, or both.

"SEC. 19. No individual, partnership, or association, or corporation not incorporated under this act or under a law of the United States, shall engage in business within China under a name in connection with which the legend 'Federal Inc. U. S. A.' is used. Any person violating this section shall upon conviction thereof be fined not more than \$1,000 for each violation.

JURISDICTION OF SUITS AGAINST CORPORATION.

"SEC. 20. That the Federal district courts shall have exclusive original jurisdiction of all suits (except as provided by the act entitled 'An act creating a United States Court for China and prescribing the jurisdiction thereof,' approved June 30, 1906, as amended) to which a China trade act corporation, or a stockholder, director, or officer thereof in his capacity as such, is a party. Suit against the corporation may be brought in the United States Court for China, or in the Supreme Court of the District of Columbia, or in the Federal district court for any district in which the corporation has an agent and is engaged in doing business.

FEDERAL TAXATION.

"SEC. 21. Title II of the revenue act of 1921 is amended by adding at the end thereof a new section to read as follows:

CHINA TRADE ACT CORPORATIONS.

"SEC. 264. (a) That for the purpose only of the tax imposed by section 230 there shall be allowed in the case of a corporation organized under the China trade act, 1922, a credit of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in section 217) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by individual citizens of the United States or China, resident in China, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date: *Provided*, That in no case shall the amount by which the tax imposed by section 230 is diminished by reason of such credit exceed the amount of the special dividend certified under subdivision (b) of this section.

"(b) Such credit shall not be allowed unless the Secretary of Commerce has certified to the Commissioner (1) the amount which, during the year ending on the date of filing the return, the corporation has distributed as a special dividend to or for the benefit of such individuals as on the last day of the taxable year were citizens of the United States or China, resident in China, and owned shares of stock of the corporation, (2) that such special dividend was in addition to all other amounts payable or to be payable to such individuals or for their benefit by reason of their interest in the corporation, and (3) that such distribution has been made to or for the benefit of such individuals in proportion to the par value of the shares of stock of the corporation owned by each; except that if the corporation has more than one class of stock the certificate shall contain a statement that the articles of incorporation provide a method for the apportionment of such special dividend among such individuals and that the amount certified has been distributed in accordance with the method so provided.

"(c) For the purposes of this section shares of stock of a corporation shall be considered to be owned by the person in whom the equitable right to the income from such shares is in good faith vested.

"(d) As used in this section the term "China" shall have the same meaning as when used in the China trade act, 1922.

"SEC. 22. Subdivision (b) of section 230 of the revenue act of 1921 is amended to read as follows:

"(b) For each calendar year thereafter, 12½ per cent of the amount of the net income in excess of the credits provided in sections 236 and 264."

"SEC. 23. Subdivision (f) of section 238 of the revenue act of 1921 is amended by adding after the figures '262' the word and figures 'or 264.'

"SEC. 24. Subdivision (c) of section 240 of the revenue act of 1921 is amended by adding at the end thereof a new sentence to read as follows: 'A corporation organized under the China trade act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.'

"SEC. 25. That section 2 of the revenue act of 1921 is amended by adding at the end thereof a new paragraph to read as follows:

"(12) A corporation organized under the China trade act, 1922, shall, for the purpose of this act, be considered a domestic corporation."

"SEC. 26. Subdivision (b) of section 213 of the revenue act of 1921 is amended by striking out the period at the end of para-

graph (12) thereof and inserting in lieu thereof a semicolon, and by adding after paragraph (12) a new paragraph to read as follows:

"(13) In the case of an individual, amounts distributed as dividends to or for his benefit by a corporation organized under the China trade act, 1922, if, at the time of such distribution, he is a citizen of China, resident therein, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him."

"SEC. 27. Subdivision (a) of section 216, paragraph (6) of subdivision (a) of section 234, and paragraph (3) of subdivision (a) of section 245, of the revenue act of 1921, are amended by inserting in each after the word and figures 'section 262' a comma and the words 'and other than a corporation organized under the China trade act, 1922.'

RESERVATION OF RIGHT TO AMEND.

"SEC. 28. The Congress of the United States reserves the right to alter, amend, or repeal any provision of this act."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert the following: "An act to authorize the creation of corporations for the purpose of engaging in business within China"; and the Senate agree to the same.

A. J. VOLSTEAD,

L. C. DYER,

HATTON W. SUMMERS,

Managers on the part of the House.

ALBERT B. CUMMINS,

T. J. WALSH,

FRANK B. BRANDEGEE,

Managers on the part of the Senate.

STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China submit the following statement in explanation of the effect of the action agreed upon by the conferees and submitted in the accompanying conference report:

The amendment of the Senate strikes out all after the enacting clause in the House bill. The House recedes from its disagreement therewith with an amendment which is a substitute for the Senate amendment. The effect of the substitute amendment is explained under the following headings:

SCOPE OF BUSINESS.

The House bill restricted the scope of the business of a China trade act corporation to business to be conducted wholly within China and carried on with persons in China, except that the corporation might purchase in the United States for transportation to China goods necessary to the establishment and conduct of its business, might issue and sell its stock at places outside of China, and might do business outside of China which was approved by the Secretary of Commerce as necessary to the establishment and conduct of its business in China. The corporation could not engage in the banking business, but could engage in the insurance business.

The Senate amendment places one general limitation upon the scope of business in which a China trade act corporation may engage; namely, that the business must constitute commerce between the people of the United States and the people of China, or be business properly connected therewith or necessary and incidental thereto. In effect the business of a China trade act corporation under the Senate amendment might be held limited to the import and export trade.

The bill as agreed to by the conference committee retains the House provision of restricting the business of a China trade act corporation to business within China and to such other business as is properly connected therewith or necessary and incidental thereto, and further requires that the principal business be such as will, in the opinion of the Secretary of Commerce, aid in developing markets in China for goods produced in the United States. This corporation is prohibited from engaging in either the banking business or the insurance business. Corresponding to the scope of business as agreed upon by the conference committee is the provision restricting the privilege of the use of the legend "Federal Inc., U. S. A." to its use in connection with business in China conducted by a China trade act corporation or by any other corporation created under Federal law.

FEDERAL SUPERVISION.

The House bill placed the supervision of a China trade act corporation and the administration of the act in the hands of

the Secretary of Commerce; except that, if the Secretary chooses to have the functions vested in him performed in China instead of the District of Columbia he must do so by delegating the performance of such functions to an agent designated jointly by himself and the Secretary of State. The House bill also contained a further provision that the regulations for the administration of the act were to be jointly prescribed by the Secretary of Commerce and the Secretary of State.

The Senate amendment places this supervision and administration solely in the hands of the Secretary of Commerce. It contains no restrictions as to whether the Secretary of Commerce is to perform the functions vested in him in the District of Columbia or in China through subordinates.

The bill as agreed to by the conferees places the supervision of a China trade act corporation and the administration of the provisions of the act in the hands of the Secretary of Commerce, with the limitation that certain of these functions are to be performed, under the supervision of the Secretary of Commerce, by a registrar located in China and appointed by the Secretary of Commerce, while other of the functions are to be performed in the District of Columbia by the Secretary of Commerce.

In order to facilitate supervision in the District of Columbia by the Secretary, the bill as agreed to by the conferees requires the corporation (1) to be a District of Columbia corporation, (2) to file its articles of incorporation and its application for a certificate of incorporation with the Secretary of Commerce and have the application granted and amendments to the articles approved by the Secretary at his office in Washington, and (3) to have as one of the temporary directors a resident of the District of Columbia. On the other hand, such functions as the valuation of property received by the corporation in exchange for shares of stock is left either to the Secretary of Commerce or the registrar, and revocation proceedings are to be instituted in the United States Court for China by the registrar only. The bill as agreed to by the conferees also requires that copies of the report of the corporation, the certificate of incorporation, and all other certificates and certified copies issued by either the Secretary or the registrar in respect to such matters, for instance, as the value of property of the corporation received in exchange for shares of stock, amendments to the articles of incorporation, by-laws, and the minutes of stockholders' meetings shall be filed and open to inspection in the offices of both the Secretary of Commerce and the registrar.

CAPITAL STOCK.

The House bill provided, and both the Senate amendment and the bill as agreed to by the conferees provided likewise, that an amount equal to 25 per cent of the amount of the capital stock must at the time of the filing of the articles of incorporation have been in good faith subscribed and actually paid in cash or personal or real property. The House bill further provided that all shares of stock shall, when issued, be paid for in cash or personal or real property at not less than their par value, and when issued shall be held to be full paid and shall be non-assessable, whether or not they have been full paid prior to issuance.

The Senate amendment provides, as in the House bill, that the shares of stock shall be issued at par value and may be paid for either in cash or personal or real property. The Senate amendment does not provide, however, that the shares when issued shall be full paid and nonassessable, but provides that the amount of the par value that has been paid shall at all times be indorsed upon the face of the certificate representing the share.

The bill as agreed to by the conferees retains the House provisions that the shares shall be issued at par value only, may be paid for in cash or personal or real property, and shall be, when issued, held full paid and nonassessable. The bill as agreed to by the conferees further places the duty upon the corporation not to issue any share until the amount of the par value thereof has been paid in.

The House bill places no liability upon shareholders except that provided in their subscription contracts after the share has been issued to them.

The Senate amendment provides that the shareholder is liable not only upon his subscription contract, but also that the indorsement of the amount of the par value of the share paid shall not relieve the shareholder from liability to creditors, and, further, does not prevent the stock from being assessable even after the subscription price has been paid in full. The Senate amendment also provides that the shareholders shall be individually liable to the creditors to the amount of the unpaid stock held by them for all debts of the corporation until such time as the whole amount of the capital stock has been paid in.

The bill as agreed to by the conferees, while requiring the full par value of the share to be paid at the time it is issued, does not place any liability, either by way of assessment by the corporation or liability to the creditors for its debts, upon the shareholder after the issuance of the share.

AMERICAN CONTROL.

The House bill provided that a majority of the voting shares should at all times be owned by citizens of the United States, that a majority of the temporary directors and a majority of the temporary officers shall be citizens of the United States, and that a majority of the permanent directors and a majority of the permanent officers holding the office of president, treasurer, or secretary shall be citizens of the United States resident in China.

The Senate amendment merely provided that a majority of the temporary directors and a majority of the permanent directors shall be citizens of the United States, with no limitation as to residence.

The bill as agreed to by the conferees requires that a majority of the temporary directors shall be citizens of the United States, that at least one of them shall be a resident of the District of Columbia, and that a majority of the permanent directors and a majority of the permanent officers holding the office of president, treasurer, or secretary shall be citizens of the United States resident in China.

SUITS AGAINST THE CORPORATION.

The House bill provided that suits against a China trade act corporation might be brought in the United States Court for China, the judicial district in which the cause of action arose, or the judicial district in which a corporation has an agent and is engaged in doing business. The House bill further provided that any judgment or decree rendered by the court in any suit against a China trade act corporation should, upon the presentation of a certified copy thereof to the United States Court for China or any Federal district court, be enforced by such court.

The Senate amendment has no provision in this respect, the result being that under the Senate amendment suit might be brought against the corporation only in the place whereof it is an inhabitant.

The bill as agreed to by the conferees retains so much of the House provision as provides for suit to be brought against the China trade act corporation in the United States Court for China, the Supreme Court of the District of Columbia, or the Federal district court for the judicial district in which the corporation has an agent and is engaged in doing business.

FEDERAL TAXATION.

The House bill provided that a China trade act corporation should be totally exempt from the corporation income tax and excess-profits tax unless it derived 5 per cent or more of its gross income from sources within the United States. The exemption was conditioned on the distribution in dividends during the taxable year of at least one-third of the net income of the corporation. The legal effect of the language of the House bill was also to exempt such of the stockholders of the corporation as were United States citizens from normal income tax on dividends received from the corporation. The House bill also provided that a China trade act corporation should be considered a domestic corporation within the meaning of the income tax law, but that it should not be deemed to be affiliated with any other corporation within the meaning of the section of the income tax law providing for consolidated returns of net income.

The Senate amendment provides no exemption from Federal taxation.

The bill as agreed to by the conference committee contains amendments to the income-tax law allowing narrower exemptions than provided in the House bill. It is proposed to allow to a China trade act corporation a credit on its net income of an amount equal to that proportion of its net income from sources within China which its capital stock owned by citizens of the United States or China, resident in China, bears to its entire capital stock. This exemption is, however, allowed only if an amount, equal to the saving in tax, is distributed as a special dividend to such of its stockholders as are citizens of the United States or China and reside in China. Citizens of China, resident therein, are exempted from tax on their dividends, but all other stockholders are subjected to both surtax and normal tax on all their dividends from a China trade act corporation. The provision of the House bill treating these corporations as domestic corporations for the purposes of the income tax law is retained, as well as the provision prohibiting such a corporation from making consolidated returns of net income with other corporations. The conference bill also provides that a China trade act corporation shall not be permitted to

avail itself of the privilege allowed other corporations by the revenue act, namely, to credit against its income tax, dollar for dollar, the amount paid to foreign countries as income, war profits, or excess-profits taxes.

A. J. VOLSTEAD,
L. C. DYER,
HATTON W. SUMMERS,
Managers on the part of the House.

Mr. VOLSTEAD. Mr. Speaker, I think it is not necessary to devote a great deal of time to the further discussion of the bill, as the report gives, I hope, in a fairly intelligent way the various changes that have been made in the bill in conference. The Senate bill proceeded upon the theory that what was wanted was power to create corporations that would engage simply in foreign commerce, shipping goods from this country to China, and from China back. The object of the legislation was not to do anything of that kind. The object was to create corporations that might do business practically as domestic corporations in China. The business is being developed over in that country in that fashion by foreign nations—by England, Japan, Germany, and other countries. Up to within recent times our people have taken advantage of English charters. Lately, however, the English Government saw fit to change those charters so as to place the control of their corporations entirely with the English subjects. In that fashion they have been able within the last year or so to exclude Americans from participation in a great deal of Chinese trade which otherwise might have been secured.

The bill, as it has been finally agreed upon by the conference committee of the two Houses, practically restores the House bill. The provisions agreed on authorize the creation of corporations for the purpose of doing business in China. The Senate bill struck out the provision contained in the House bill granting tax exemption. We have in conference substituted a provision in lieu of the one that we have in the House bill, exempting to some extent these corporations from taxation. It is absolutely necessary as we look at it, if we are to do business successfully in China, to place the American citizen upon the same plane in that respect as the English, German, French, or Japanese subjects who do business there. They, as I understand it, have exemption from taxes. The bill, as we have agreed upon it, does not give quite as much exemption as was given in the House bill. Through a mistake in an amendment offered and agreed to on the floor of the House, we actually gave more tax exemption than the House intended, more than the bill as we reported it from the Committee on the Judiciary really gave.

Mr. KING. Mr. Speaker, will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. KING. What further taxes are exempted?

Mr. VOLSTEAD. The citizen resident in this country gets no exemption whatever. If he lives here and does business in China, he pays the same tax as though he was incorporated in some other corporation formed in this country; but an American citizen residing in China, or a Chinaman residing in China, gets an exemption to the extent of the Chinese business only. The normal income and surtax upon the dividends, however, have to be paid by the American citizen resident in China or elsewhere; he gets no exemption except of the corporation tax on business done in China. The Chinaman gets an exemption from all taxes if he is a resident of China, but the American citizen resident in China pays the normal income tax.

Mr. GRAHAM of Illinois. Mr. Speaker, will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. GRAHAM of Illinois. What is the necessity for this exemption feature? What is the reason for this?

Mr. VOLSTEAD. The English, Japanese, and other corporations that are foreign to China are granted an exemption, and it is necessary that our citizens, if they are to compete, must get a certain amount of exemption so as to be on a par with them in doing business.

You can not expect Chinamen who are resident in China to pay taxes to the United States. The foreigner who comes over here, for instance the German or the Englishman, does not pay any taxes to Germany or to England when they become residents of this country. The Chinese who live in their own country can not be asked to pay any tax to this country. We must exempt those people, and to some extent exempt residents of the United States who live in China.

Mr. GRAHAM of Illinois. I have been very much opposed to special charters issued by the Federal Government, by acts of Congress. I do not believe that it is a very good policy.

Mr. VOLSTEAD. These are not special charters.

Mr. GRAHAM of Illinois. Why is it deemed desirable to authorize the corporations to be formed in the District of Columbia? Can they be formed under the State laws of the various States?

Mr. VOLSTEAD. They can be formed under the State laws, but here is the difficulty. The Chinese do not know the States nor their laws, but they do know the United States. The United States is looked upon with favor in China, and if they can secure American corporations in which to do business, it is believed, and I believe they are entirely justified in that belief, that it will be a decided advantage in trying to build up commerce between this country and China.

Mr. GRAHAM of Illinois. I am wondering whether it was that or this tax-exemption feature that could not be managed under the State laws.

Mr. VOLSTEAD. That is another very good reason. I think you have to allow Chinamen to be exempt from American taxes in their own home. You can not expect a Chinaman to become interested in the business we are trying to build up in China if he has to pay taxes in this country in addition to paying taxes in his own country.

Mr. LAYTON. How could a Chinaman living in China be taxed by any authority of the United States, anyhow?

Mr. VOLSTEAD. He might be if he becomes a stockholder in an American corporation.

Mr. Speaker, I move the previous question.

The SPEAKER pro tempore (Mr. LONGWORTH in the chair). The gentleman from Minnesota moves the previous question.

The question was taken, and the previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

“BLUE-SKY” LEGISLATION.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged report from the Committee on Rules.

The SPEAKER pro tempore. The gentleman from Kansas submits a privileged report from the Committee on Rules, which the Clerk will read.

The Clerk read as follows:

House Resolution 332.

Resolved, That upon the adoption of this resolution it shall be in order for the Committee on Interstate and Foreign Commerce to call up for consideration under the general rules of the House H. R. 10598, being a bill to prevent the use of the United States mails and other agencies of interstate commerce for transporting and for promoting or procuring the sale of securities contrary to the laws of the States, and for other purposes, and providing penalties for the violation thereof. Consideration of the bill not to interfere with bills from the Committee on Appropriations, the Committee on Ways and Means, or conference reports.

Mr. CAMPBELL of Kansas. Mr. Speaker, the resolution just read makes in order the consideration in the House of what is known as the “blue-sky” bill. It may not be out of place to state that the “blue-sky” bill refers to a bill that prohibits the sale of stocks in spurious companies or companies without assets to the people. Several States have adopted laws of that character.

Mr. DYER. Will the gentleman yield for just a minute?

Mr. CAMPBELL of Kansas. I would prefer that the gentleman let me go on.

Mr. Speaker, 12 years ago the State of Kansas, finding a large number of enterprising gentlemen surveying the sky, and selling large areas of it to prospective buyers, decided to put a stop to that practice. Thereupon the legislation that prevented the sale of stocks in companies of that character that had blue sky to sell was enacted and called “blue-sky” legislation. Up to this time, following the lead of the State of Kansas, 42 other States have adopted similar laws. Much improvement has been made in the character of the legislation, as the States one after another have taken up legislation of this character. It now becomes necessary for the States that have this legislation to be protected from States that are without it. There are still six States in which no laws have been enacted against companies organizing with hundreds of thousands and millions of dollars of capital, but with mere pennies of assets. This bill will prevent the use of the mails and other instrumentalities of interstate commerce in communicating information in respect to or in the carrying of the stock of these companies from one State to another.

Mr. KING. Will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. KING. I am very much interested in the gentleman's statement as to the “blue sky.” It undoubtedly covers, I pre-

sume, the blue sky of the United States, but it does not cover the blue sky of Italy, Yugoslavia, and France, and other foreign countries that sell stock in this country now.

Mr. CAMPBELL of Kansas. Many people invest in the blue skies of Italy, and always have. Many are now investing in the blue skies of Yugoslavia, but the legislation now under consideration deals with the United States mails and interstate commerce.

Mr. WALSH. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I yield.

Mr. WALSH. I do not know how careful a study the gentleman has made of this measure, but does it in any way abrogate State laws or affect them in any way?

Mr. CAMPBELL of Kansas. It does not.

Mr. WALSH. They still would be the law and this will not supplant them?

Mr. CAMPBELL of Kansas. On the contrary, this is intended to and is calculated to strengthen the State laws. This is to enable the States to enforce their own laws, such as they have enacted, and it is to prevent interstate commerce in stocks that are prohibited in intrastate commerce.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I would rather move the previous question, after I have yielded some time to the gentleman from Tennessee [Mr. GARRETT], and permit somebody who has studied the details of this bill to answer questions.

Mr. GREENE of Vermont. The inference is that nobody else has studied it?

Mr. CAMPBELL of Kansas. The members of the Committee on Interstate Commerce are thoroughly prepared to answer questions concerning the bill.

Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. Mr. Speaker, I think I shall not use all of that time.

This bill came with the unanimous report from the Committee on Interstate and Foreign Commerce, and the question of a special rule for its consideration was presented to the Committee on Rules several weeks—indeed, I think, some months ago—and the Committee on Rules unanimously reported the rule. From my study of the bill, which I confess has been somewhat superficial, it seems to me to be a very important measure and a very meritorious one; at any rate one well worthy of consideration by the House.

I yield back the remainder of my time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. WINSLOW. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10598.

The SPEAKER. The gentleman from Massachusetts moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10598.

Mr. WINSLOW. Pending action on that motion, the chairman would ask that we proceed in general debate for three hours, the time to be evenly divided and controlled by the gentleman from Kentucky [Mr. BARKLEY], of the committee, and the chairman of the committee, and the debate be confined to the subject matter of the bill.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that general debate be limited to three hours on the subject matter of the bill, and that the time be divided equally, one half to be controlled by the gentleman from Kentucky [Mr. BARKLEY] and the other half by himself. Is there objection?

Mr. BARKLEY. Since I had the conversation with the gentleman from Massachusetts as to the time to be allowed for general debate, I have had requests from two or three Members for a short time, but not on the bill. I have had requests for very little time for debate on the bill.

Mr. WINSLOW. Of course, the gentleman realizes that this bill is one upon which the Members may need some information, and it naturally will excite more or less interest as it goes along.

Mr. BARKLEY. I think the gentleman will find that those explanations will be required more during the reading of the bill for amendment than in the general debate. It is rather a technical bill and will provoke interrogatories as the debate proceeds. The only time that I have had requests for so far is for time to be devoted to subjects not limited to this bill. If it is

limited to the bill I will not have requests for the yielding of much time.

Mr. WINSLOW. Will the gentleman promise that the time to be devoted to other subjects will not be unduly prolonged?

Mr. BARKLEY. It will not be more than 30 or 40 minutes.

Mr. WINSLOW. Then I agree.

Mr. WALSH. Is it expected that the House will do any more than conclude the general debate to-day?

Mr. WINSLOW. It would seem that it would not be necessary to do it, so far as I know.

Mr. WALSH. And that the consideration will be continued on Thursday under the five-minute rule?

Mr. WINSLOW. Yes.

The SPEAKER. The gentleman from Massachusetts asks that three hours be the limit for general debate, half to be controlled by himself and one-half to be controlled by the gentleman from Kentucky [Mr. BARKLEY]. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Massachusetts that the House resolve itself into Committee of the Whole House on the state of the Union.

The motion was agreed to.

The SPEAKER. The gentleman from Ohio [Mr. LONGWORTH] will please take the chair.

Accordingly, the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10598, with Mr. LONGWORTH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10598, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 10598) to prevent the use of the United States mails and other agencies of interstate commerce for transporting and for promoting or procuring the sale of securities contrary to the laws of the States, and for other purposes, and providing penalties for the violation thereof.

Mr. WINSLOW. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. ARENTZ. I object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That when used in this act the term "person" shall mean and include a natural person, firm, copartnership, association, syndicate, joint-stock company, unincorporated company or organization, common-law trust, or any corporation organized under the laws of the District of Columbia or of any State or Territory of the United States or of any foreign government—

Mr. ARENTZ. Mr. Chairman, I ask unanimous consent to withdraw my objection.

The CHAIRMAN. The objection is withdrawn.

Mr. WINSLOW. Mr. Chairman, I yield 45 minutes to the gentleman from Illinois [Mr. DENISON].

The CHAIRMAN. The gentleman from Illinois is recognized for 45 minutes.

Mr. DENISON. Mr. Chairman, the House has had under consideration for several months the appropriation bills, and it ought to be more or less refreshing to turn for a part of the day to the consideration of a bill that affords an opportunity for real constructive and remedial legislation. Our Congress is, I think, one of the most conservative of all legislative bodies. No reforms ever start here. We usually follow other Governments in progressive legislation, and we act only after other Governments have acted and after we are forced to do so by organized public sentiment.

Now, that has been the case with regard to legislation to prevent the sale of fraudulent and worthless securities. All of the great Governments of the world, except our own, have enacted legislation upon this subject. England passed such legislation as early as 1862. It passed a more comprehensive bill of that kind in 1895, and in 1908 Parliament passed what is known as the consolidated companies act, which regulates the issue and sale of securities in Great Britain. It is a very good measure. In fact, since the passage of that act the people of Great Britain have not been imposed upon by the sale of fraudulent securities as has been the case in the United States. France has also a similar law, as have also Germany and Italy and Belgium and some of the British dominions; and fraudulent security laws have been enacted in at least three of the Provinces of Canada—in Manitoba, Alberta, and Saskatchewan—and other Provinces of Canada are now considering similar laws.

We have what is known as "blue sky" bills in 39 of our States. Kansas, as has been the case with other important

questions, blazed the trail for fraudulent securities legislation in the United States by the enactment of the first law in 1911. The banking commissioner of that State discovered that the people of Kansas were being imposed upon by fraudulent flotations, and he began an agitation which resulted in the enactment of the first "blue sky" law, as it is called, in 1911.

Kansas was followed by other States, South Dakota, I believe, and West Virginia, and Michigan and Iowa and other States, until now 39 States have enacted what are called "blue sky" laws. Three other States, namely, New York, Maryland, and New Jersey, have enacted what are called fraud laws, which are not a success, and are not effective to prevent the sale of fraudulent securities. The legislature of the State of Washington passed a bill of this character to prevent the sale of fraudulent securities last year, but the governor of the State vetoed it because he felt it was not what it ought to be. It was too loosely drawn with reference to oil leases or oil stock, and might have allowed the sale of fraudulent oil stocks, and for that reason he vetoed the bill. I am told by the secretary of state of the State of Washington that the next legislature will, in all probability, enact a comprehensive fraudulent securities law. The question is being agitated in other States that have not any legislation of that kind now.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. KNUTSON. I have not had opportunity to study this measure, but I wish to ask the author of the bill what provision is being taken to prevent the formation of legitimate companies that might compete with companies already in operation? I have had in mind a similar case where a company was organized, where the organizers were legitimate business men, and the competitors of the company made it so interesting through the Post Office Department for this company that by process of a lawsuit they put the company out of business.

Mr. DENISON. I will say to the gentleman from Minnesota that this legislation does not deal with the question of the formation of companies, or the issuance of stock, or anything of that kind. That is a question that must be governed by local laws. This legislation, as I will explain in a few moments, deals only with interstate transactions in securities. The question of the organization of corporations and the issuance of stocks, bonds, and so forth, is a question that is, and ought to be, controlled by the local laws of the respective States. Now, the question that arises is whether or not legislation of this kind is needed. Is there any necessity for it?

Gentlemen, I want to give you some information that may be of interest. The complaint that is being made by the officers who are charged with the administration of the different State laws is that their laws are being evaded and violated every day by dishonest and crooked promoters, who are organizing their corporations and sending their stocks and bonds for sale through the United States mails and other agencies of interstate commerce into the different States and selling them contrary to the laws of those States. The States that have blue-sky laws have been very successful in preventing these fraudulent flotations within their borders. They have not prevented all fraud, and no law can be enacted that will absolutely prevent all fraud, but they have controlled it to a large extent, and their laws are working very well, especially those that have been enacted in recent years. But they are being rendered more or less ineffective by reason of the immunities accorded to transactions in interstate commerce, these securities being sent into the States through the agencies of interstate commerce contrary to the laws of those States. During the war we had the War Finance Corporation, and there was a committee known as the Capital Issues Committee that in a general way controlled the issuance of all securities during the period of the war.

We enacted that legislation on the theory that we ought to marshal the credit of the Nation as well as its man power and its finances for war purposes, and so the Capital Issues Committee here in Washington had supervision over the issuance of securities and had a splendid opportunity to observe and study the applications that were made to them for permission to sell their securities. They made a study of this subject, and when they concluded their work and made their final report to the Congress they dealt somewhat with this subject. I want to present their report to the House briefly. I will ask the Clerk to read the part of the report which I have marked. It is illuminating and it shows the necessity for legislation of this kind.

The Clerk read as follows:

The committee desires again to call the attention of Congress to the insistent demand and need for such legislation as will prevent the wholesale distribution of hundreds of millions of worthless or fraudulent stock which is being sold for cash or exchanged for Liberty bonds. The committee, had it continued its activities until the time prescribed in the

act, would not have been able to meet the situation; first, because it was intended as a temporary body only, created for the purpose of conserving money, labor, and capital during the period of the war; and, second, because it had power neither to compel submission to its jurisdiction nor to enforce its findings.

One of the strongest arguments in favor of Federal legislation to check the offering and sale of fraudulent or worthless issues is the magnitude of the traffic. Before the war this traffic amounted to tens of millions of dollars annually, but reports made to the committee from all parts of the country during the past eight months indicate that this traffic has greatly increased during the war, due to high wages and to the further fact millions of people have invested in Liberty bonds. The estimate of \$500,000,000 annually devoted to the purchase of such fraudulent or worthless stocks seems to the committee to be too conservative. This sum represents sheer waste and net loss to the people and the Nation not only of dollars but of morale, confidence, and the incentive to save. The Nation's loss can not be measured alone in money values but in terms of those things which make for good citizenship.

Worthless and fraudulent promotions have been reported from all of the 12 Federal reserve districts and from practically every State. One enterprise whose operations were condemned by the committee claimed to have sold its stock in 46 States, and probably there is not a community in the country, large or small, which has not suffered loss.

State regulation of security issues, which has been undertaken in more than half of the States, has been effective only to a limited extent, principally where a company has organized to operate and sell its securities in the State of its creation. But whenever the enterprise has crossed State lines and its securities are sold indiscriminately from ocean to ocean, the State commissions have been powerless, as they can not reach beyond their own boundary lines, and no State system can be devised for complete harmony by which the authorities of the several States may work in unison.

Purveyors of fraudulent and worthless securities do not generally approach the experienced investor, but operate among those who, through lack of experience and failure to consult responsible banking friends, fall easy victims.

In asking for the enactment of a law to protect the interests of the Government and the public investor, the committee calls your attention to the fact that regulation of security issues has long been an established practice among many nations which enjoy highly developed financial systems. This includes the leading countries of Europe as well as the English colonies. In England such regulation has existed in some form since 1862.

In saying that the United States is almost alone among the advanced nations in having no definite means of checking irresponsible forms of finance, the committee is not in ignorance of the work of the Department of Justice and the Post Office Department. Both have been successful in the detection and prosecution of fraud; but in the very nature of that task they do not and can not act until after fraud has been perpetrated. The purpose of new legislation should be to prevent the perpetration of the fraud.

Having in view the inability of the several States to control financial operations beyond their boundaries, it follows that there is but one agency which can check the major part of the traffic in fraudulent and worthless securities, and that agency is the National Government. As long as its powers are not invoked to suppress this traffic, the organization of irresponsible companies, the sale of their securities, and the deception of the public will proceed.

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

Mr. DENISON. Yes.

Mr. BURTNES. In glancing over the bill I am not certain as to whether its provisions would apply to the securities of a corporation after it had gone into a certain number of States and obtained there a license and privilege to sell its securities in those States. Would this bill, if enacted into law, prevent the promoters of that organization or the owners of the stock from using the mails in sending their material to States where they had actually gotten their license to operate?

Mr. DENISON. It would not. The provisions of this bill apply only to securities that can not lawfully be sold in the States into which they are sent.

Mr. BURTNES. It would not apply to States where the company had made its application and been granted the right to issue securities?

Mr. DENISON. Not at all.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. RAMSEYER. Does this bill undertake to exclude matter from the mail that is not fraudulent, or only fraudulent matter, that is relating to companies organized with little or no capital, which issue a lot of stock and have nothing to sell except blue sky?

Mr. DENISON. Let me explain briefly what the bill does.

Mr. RAMSEYER. I should like to know what the scope of the bill is, and what you are trying to exclude from the mails that the criminal statutes do not already exclude from the mails.

Mr. DENISON. I was coming to that in a moment, but if the gentleman prefers to have me divert now—

Mr. RAMSEYER. I beg the gentleman's pardon. I do not want to break into the continuity of the gentleman's argument, and if he will come to that later, that will be perfectly satisfactory.

Mr. DENISON. I was coming to that, but I will stop here and do it now because I want my friend from Iowa to be perfectly satisfied.

The blue-sky laws of 39 States provide in different forms that before any security may be sold to the people of those respective

States the issuing company must qualify the security by appearing before an officer of the State, a commission created by the act, or the secretary of state, or the State bank commissioner, or some other official of the State, and present information concerning the security that they propose to sell to the public. The laws require that they come before the official, present all the facts connected with the corporation, showing their assets and the amount of their liabilities, and so forth, and they must show the State officer that the proposition is free from fraud. Then when they make the showing required by the law of the State they are given permission to sell the securities in that State. In other words, the laws of these States provide in different forms that before the securities may be placed upon the market they must be qualified by showing to the State official that there is no fraud in them.

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

Mr. DENISON. I want to answer the other question fully first, but I will yield.

Mr. LAYTON. As a matter of fact there is hardly one mining corporation in a thousand as to which you can prove the assets in advance. I remember distinctly that I was offered and I wish I had taken a wad of Tonopah Mining for a few cents a share. It was a gamble. Most mining corporations when they are first chartered are gambles. Nobody under heaven knows what they are going to be worth.

Mr. DENISON. I am not able to give much information on mining propositions. I do know this, that the people of the different States ought to have the right, and they do have the right, to enact such legislation as they think proper to protect their own citizens from fraud in the sale of securities. That is a broad proposition, upon which we all may well stand, that this is a matter with which the States ought to have the right to deal and protect their people as they think best. After a State has enacted a law of that kind it ought to be respected, not only by the people of that particular State but by the people of other States as well.

There has been a growing tendency in late years to centralize legislation and governmental activities here in Washington. We have been gradually encroaching upon fields of legislation that more properly belong to the States. I believe the time has come when we ought to decentralize our government as much as we can; and when practically all of the States have enacted legislation upon a particular subject that is being boldly evaded and violated by use of the mails and other Federal agencies Congress ought to act and cooperate with the States to the extent, at least, of prohibiting the use of its agencies for such unlawful purposes. This bill is intended to see that the people of each State respect the law of the other States.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. RAMSEYER. Whether the State laws are limited to fraudulent schemes or not, I want to state that if they are fraudulent they can be kept out of the mails now. For fraudulent schemes such companies are being prosecuted now and their stuff excluded from the mail. We have a comprehensive law on the statute book, which has been there for over 25 years, and any scheme intended to defraud or a device to defraud is a violation of the criminal code.

Mr. DENISON. I will explain that to the gentleman directly. We have postal fraud laws, of course. But they will only punish fraud after the fraud has been committed; the purpose of this legislation is to stop the fraud before it is committed.

Mr. RAMSEYER. After the deal has been made; that is all you are doing.

Mr. DENISON. The gentleman has apparently not read the bill.

Mr. LAYTON. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. LAYTON. You would have arrested the greater part of the mineral development of the United States if you had had this law in operation.

Mr. DENISON. The gentleman takes the position that all mining operations are pure gamble, and that we ought not to interfere with it in any way. I do not agree to that. I think some mining operations are straight and legitimate, and this bill would not interfere with them.

Mr. ARENTZ. Will the gentleman yield?

Mr. DENISON. I will.

Mr. ARENTZ. Gentlemen have all heard of George Graham Rice. He would hire a big office and spend 95 cents for every dollar he took in. Those are the men the gentleman is referring to as being legitimate dealers in mining stocks. But there are others who do not do that. I never purchased but two stocks in my life and those were in two corporations I was associated with. I never sold a share of stock in my life.

Mr. DENISON. Now, gentlemen, I will proceed if you will permit me to do so, and complete my statement, and then I will be glad to answer any questions that gentlemen may ask if I can. I would like to get an explanation of the provisions of the bill before the House, because I see that some gentlemen do not understand the bill. The Capital Issues Committee estimated that there are \$500,000,000 of the people's money being lost each year through worthless securities. The highest estimate of the revenue that the Government will realize from any tariff law is \$500,000,000. Think of it, gentlemen, and it is mostly the poor people whose savings are being invaded and who are losing this \$500,000,000 each year through these fraudulent stock flotations. There is a duty resting on us as Representatives of the people to try to stop it if we can. Think what a great thing it will be if we can save to the people any great part of that amount that is being stolen from them by these dishonest piratical promoters. That is what this bill will do. It has teeth in it, and if we can pass it in substantially the form that it is reported we will drive the crooks out of the country or put them in the penitentiary. We can do it, and we ought to do it. Congress has been asleep too long now to this public menace. If we had enacted legislation of this kind four years ago, hundreds of thousands of our people who made heavy sacrifices to buy Liberty bonds would have owned their bonds to-day. As it is they have been induced to sell them or exchange them for worthless blue-sky securities that promised a greater return, but were in fact worth no more than so much blue sky.

The Treasury Department estimates that there had been \$400,000,000 worth of Liberty bonds taken from the people after the war by dishonest promoters who went to the people and told them that they could not afford to keep the Government securities which only bore 4½ per cent interest. They persuaded them that they ought to change them for securities that would yield 15 to 25 and 50 per cent, and, of course, many fell for it. So many Liberty bonds which people had bought until it hurt out of patriotic motives were taken from them and they were given blue-sky securities pure and simple. Congress has never seemed to take any interest in this legislation, although the Treasury Department has time and again urged that something be done to stop it. President Taft recommended to Congress during his administration the enactment of a blue-sky law; President Wilson did the same, and Secretary GLASS appeared before a committee of the House urging it. But, as I said, we are inflicted here sometimes with inertia and have only after long delay been aroused to the necessity of protecting the people from this class of big-business buccaneers.

The State securities commissioners, the officials who are charged with the administration of the security laws of the different States, have reached the conclusion that they are powerless to prevent these fraudulent flotations unless the Federal Government does something to stop the evasion of their laws by use of the mails and other interstate agencies.

Here is the situation: These promoters have learned that they can not go into the States that have blue-sky laws and sell their dishonest stocks and bonds. They have learned that they can not do it without being prosecuted. So they have worked out their schemes by using the mails and the telephones to carry on their nefarious business through the channels of interstate commerce.

They are doing it to the extent of hundreds of millions of dollars each year. They are robbing the people of moderate means, but they do not disturb the banks or business men. They select men and women of moderate means for their victims. Since I introduced this bill many letters have come to me telling of instances where widow women, whose husbands had been killed in railroad accidents and who had collected damages, have been robbed of every dollar they had by these promoters, who send them lurid literature describing their fraudulent offerings in glowing colors and promising fabulous returns.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. RAMSEYER. Everybody is against these transactions, but the question I want to submit to the gentleman is this: Women who are defrauded out of money and Liberty bonds, is not that done through the men who go to them and sell the stock and not through the mails? My observation has been that these sales are made by persons coming in personal contact with the persons to whom they sell the stock, and such persons can be punished by the State laws, except in a few of the Eastern States which have not seen fit to pass such laws.

The gentleman's bill does not protect the people in the States that have no laws against blue-sky operations. What percentage of these sales is made through the mail or other agencies

of interstate commerce and what percentage is made by individual salesmen?

Mr. DENISON. If the gentleman from Iowa expects me to give him the percentage on that, he will be disappointed, because I can not do so. All I know is that the State officials who are charged with the administration of State securities laws tell me that the greater part of these fraudulent transactions is now being done through the mails. Of course, there is an occasional case of a fraudulent sale by persons inside the States, but that is a State matter and the Federal Government is not going to be concerned with that kind of a transaction. However, we can see to it that the Federal agencies—the mails and the other agencies over which the Federal Government has exclusive control—are not improperly used to violate these different State laws.

Mr. RAMSEYER. In 1919 there were a great many stock sales in the Middle West, especially in Iowa. I heard of a great number of them, and in every case I heard of the stock was sold by an individual. I did not hear of any sales being made through the mails or other agencies. Since that time the State has passed a law which prohibits that.

Mr. DENISON. Certainly. The State of Iowa now has a law which prohibits it. Iowa formerly had a securities law, but for some reason that law was held unconstitutional. If my friend from Iowa will consult the official who has charge of the administration of the securities law of that State, he will tell him to what extent the State of Iowa is being imposed on by these dishonest and crooked promoters who are carrying on their sales through the United States mails and other agencies of interstate commerce; and by the way, let me say that the administrative officer of the State of Iowa is very much in favor of this bill and is asking that we enact it as soon as we can in order to protect the people of Iowa from these promoters from other States. I do not believe that there is any State which has been imposed on more than the people of the State of Iowa through the sale of fraudulent stocks. I get that information from one of the Senators of that State and from certain of the members of the delegation of that State in the House.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. HILL. Section 7 provides that every sale or contract for sale of any security or securities made or in any manner directly induced by or through any of the acts made unlawful by sections 2 or 3 of this act shall be void at the election of the purchaser. It then goes on to provide for suits in the United States courts. As I understand it, this bill makes it an offense to do certain things with the mail. I would like to have the gentleman discuss this section 7 in the light of whether that does not go beyond any protection of the mails and give rights in the United States courts that do not exist now.

Mr. DENISON. The gentleman has asked that question and I shall answer it now.

Mr. HILL. I do not want to trespass on the order of procedure, but I would like to hear that explanation because it seems to me that is out of the purview of the first two sections.

Mr. DENISON. It is not at all. Let me state briefly what the bill does. It prohibits sending through the mails or through any other agency of interstate commerce any security from a point in one State to a point in another State where it is unlawful to sell that security. It also prohibits the sending through the mails or any other agency of interstate commerce any post card, letter, circular, or prospectus which offers for sale a security when it is sent into a State where that security can not lawfully be sold. In other words, this bill recognizes the right of the States to legislate upon this subject, and it gives to the States the cooperation of the Federal Government to the extent of forbidding the use of its agencies to violate the State laws; and I think the Federal Government ought to do that.

Mr. LAYTON. Right there will the gentleman answer me a question?

Mr. DENISON. If I can.

Mr. LAYTON. If I understand it, the power of exclusion is vested in the sovereignty of the State.

Mr. DENISON. What does the gentleman mean by the power of exclusion?

Mr. LAYTON. The power of excluding transmission through the mail into that State rests simply with that State.

Mr. DENISON. Not at all. The States can not control the United States mails.

Mr. LAYTON. I am not talking about that, but they do this: There is no security that can be sent into the State where the State has not approved of that security.

Mr. DENISON. The gentleman from Delaware is mistaken. That is exactly what is being done to-day, and that is what this legislation seeks to prevent.

Mr. LAYTON. This bill endeavors to prevent that.

Mr. DENISON. Yes.

Mr. LAYTON. Suppose that State tried to exclude something of real value; suppose it arbitrarily attempted to exclude Liberty bonds from that State.

Mr. DENISON. None of the States would do that.

Mr. LAYTON. I am not talking about whether they would or not. Would they have that authority?

Mr. DENISON. They would have that authority, but this bill exempts certain securities from its own provisions, and among them is the security that the gentleman mentions. That is found in a subsequent provision of the bill. If the gentleman from Delaware will examine section 4 of the bill, he will find where securities are classified and certain classes of securities are exempted from the provisions of the bill.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. STEVENSON. Following the question of the gentleman from Maryland, I was myself considering that section.

Mr. DENISON. I have not completed my answer to that question as yet.

Mr. STEVENSON. I shall ask my question while I am on my feet, so that the gentleman can have the benefit of my point of view. Is not the matter of a contract of sale made in a State one of State police regulation? It is determined by the State legislation, as to whether that sale is valid or invalid. In that event, can Congress say that a contract made under certain conditions in a State shall be invalid? That is a question that strikes me about this particular section.

Mr. DENISON. I will answer the gentleman and explain that.

In the first place, we do not deal with any contract made in the State. We are dealing with a transaction in interstate commerce. We are not dealing with any transactions that are intrastate, so that will answer that question. The bill provides penalties; it provides a penalty of a fine and imprisonment for any person who violates its provisions, but in order to better secure its enforcement it provides a double penalty. And it provides in the section referred to by the gentleman from Maryland that if anyone sends a stock through the United States mails into another State and sells it contrary to the law of that State and contrary to the provisions of this act the person who purchases that stock may recover the amount of his purchase price, together with all costs and attorneys' fees, so that the man who violates the law can not profit by his act.

Mr. HILL. May I ask a question about that? Why is not that a matter in which there should be procedure under the State law and not under the Federal law?

Mr. DENISON. Will the gentleman tell me how he could get at the matter in the State courts? This is an interstate transaction under this bill. A man in Texas may sell stock to a man in New Hampshire, but how can the man in New Hampshire get service on the Texas man in the New Hampshire courts?

Mr. HILL. Go to New Hampshire and get after him.

Mr. DENISON. The gentleman must remember that this bill only deals with interstate transactions.

Mr. HILL. Now, section 215 of the Penal Code originally provided that there must have been devised a scheme to defraud and that the mails must be used in pursuance of that scheme. That was found not to be sufficiently broad, and so that section was modified so that anybody having devised any scheme to defraud, and incidentally using the mails, could be prosecuted. That added very largely to the criminal procedure under that section. Now, I would like to know exactly what this bill adds to the existing protection of the mails. It seems to me that sections 2 and 3 deal with protection of the mail, but it seems to me that section 7 goes beyond that and takes up matters which would seem to be normally within the police power of the States.

Mr. DENISON. The gentleman is entirely mistaken. We do not deal with anything that the States can control. It does not deal with any crime that the States can handle, and ought not to do so. This bill only deals with violations of State laws that the State itself can not punish. If a man in Oklahoma, for instance, violates the law of Illinois or Indiana by sending a worthless stock or fraudulent stock through the mails, he is not a refugee from justice. He has not committed any crime in the State of Illinois, and that State has no way of getting him.

Mr. STEVENSON. Will the gentleman yield at that point?

Mr. DENISON. Yes.

Mr. STEVENSON. Has the gentleman looked at the decisions on that question?

Mr. DENISON. I certainly have.

Mr. STEVENSON. I take it that the gentleman has, but I remember a case where a man in the city of Washington here sent some medicine to a young lady in South Carolina, which she took in pursuance of an unlawful purpose, and it killed her. They caught him over here, and they held that he had committed a crime in South Carolina.

Mr. DENISON. These questions have all been looked into by the various attorneys general of the States having "blue-sky laws." And, gentlemen, there are 40 of the States that need this legislation.

Mr. STEVENSON. I am with you on the legislation.

Mr. CONNALLY of Texas. May I be permitted to say that it would depend largely on the decisions of the gentleman's own State of South Carolina in that particular; but is it not a fact that under the common law the sale is supposed to take place in the State where the matter is delivered to the mails or common carrier? If you sell stock from New Hampshire to Texas, in order to get recourse you would have to go to New Hampshire.

Mr. DENISON. There is no question about that. These promoters have learned that they can get around the State laws. The State can not prevent that, and there is only one authority in this country that can stop that class of fraud—that is the Federal Government—and that is the purpose of this legislation.

Mr. MILLSPAUGH. On page 5, subsection (e), it says:

Any security issued by a corporation organized exclusively for educational, benevolent, fraternal, charitable, or reformatory purposes, and not for pecuniary profit.

I suppose that is an exemption. Under that could not organizations be formed for one of those purposes and not for pecuniary purposes, and soak the public very strong through the mails and still be exempt?

Mr. DENISON. You will hardly find any fraud perpetrated by an organization that is organized for purely charitable or fraternal purposes.

Mr. MILLSPAUGH. Then, on page 6, paragraph (g), it says:

Any security issued by a State bank, trust company, or savings institution incorporated under the laws and subject to the examination, supervision, and control of any State or of the United States or of any insular possession thereof.

Is it not a fact that one of the biggest oil fakes or oil-stock fakes we have had was issued by a trust company in Texas, a regularly incorporated trust company, under State supervision, and that they soaked almost everybody that was gullible enough to invest?

Mr. DENISON. I will say to the gentleman from Missouri that I was not aware of the fact that the laws of any State permitted a banking institution or trust company to engage in the sinking of oil wells or promotion of oil stock. Now, I assumed that there would be no such unreasonable law as that in the country. There may be. At any rate, practically all the State laws exempt from their provisions security issued by banks and trust companies and financial institutions of that kind, and properly so; and this act, following the precedent set by the different States, makes a similar exemption.

Mr. MILLSPAUGH. This was within the past two years. It was a monumental fake.

Mr. DENISON. I am not in a position to explain that or to answer the gentleman's question, because I was not aware of the fact that any bank had been perpetrating a fraud upon the people by the sale of oil stock.

Mr. MILLSPAUGH. On page 10, subsection (e), it says:

To any bank, savings institution, trust company, insurance company, or to any corporation, or to any broker or dealer: *Provided*, That such broker or dealer is actually engaged in buying and selling securities as a business.

Would not that throw the door wide open to an oil broker?

Mr. DENISON. The gentleman misunderstands that. That provision exempts sales to brokers. Now then, this legislation is not intended, gentlemen, to protect brokers and others who are engaged in the business of buying and selling stocks. They do not need the protection. Banks are in the business of judging the value of securities and so are brokers who deal in these securities. They do not need this protection. They are never imposed upon by stock promoters. It is the individual, the average ordinary business man or workingman, who is not in a position to judge of the value of securities, who has not the information at hand, that we ought to protect; and so all the State laws, generally speaking, exempt sales to banks, to insurance companies, and to brokers who are engaged in the business of buying and selling stocks. The reason for the law would not

apply to such persons, and therefore the law itself should not apply to them.

Mr. MILLSPAUGH. Mr. Chairman, will the gentleman yield further?

Mr. DENISON. Yes; but I would rather defer explaining the different exemptions until we come to the reading of the bill under the five-minute rule. [Applause.]

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

Mr. BARKLEY. Mr. Chairman, I yield five minutes to the gentleman from Virginia [Mr. TUCKER].

The CHAIRMAN. The gentleman from Virginia is recognized for five minutes.

Mr. TUCKER. Mr. Chairman and gentlemen, I do not rise to participate in this debate, but merely to have read a resolution which I offered this morning, to which objection was made.

The CHAIRMAN. The gentleman from Virginia desires to have read a resolution, as indicated. Without objection, the Clerk will read.

The Clerk read as follows:

House Resolution 333, requesting the President of the United States to send the four-power treaty and other papers to the House of Representatives.

Resolved, It being declared by the second section of the second article of the Constitution that the President shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur, the House of Representatives do not claim any agency in making treaties: but that when a treaty stipulates regulations on any of the subjects submitted by the Constitution to the power of Congress, it must depend for its execution as to such stipulation on a law or laws to be passed by Congress, and it is the constitutional right and duty of the House of Representatives in all such cases to deliberate on the expediency or inexpediency of carrying such treaty into effect, and to determine and act thereon as in their judgment may be most conducive to the public good.

Resolved, further, That in order to facilitate the deliberations of the House of Representatives on the four-power treaty, which requires the action of Congress for its execution, ratified by the Senate of the United States on February 6, 1922, the President of the United States is requested to send to the House of Representatives a copy of said treaty and such explanatory papers as may be necessary for a proper understanding of the same by the House as may not be incompatible with the public interest.

Mr. TUCKER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Virginia yields back the balance of his time, two minutes.

Mr. BARKLEY. Mr. Chairman, I do not desire to take up very much of the time of the House in discussing this measure, but I do desire to give expression to my approval of it, and to give a few of the reasons why I favor it.

The gentleman from Illinois [Mr. DENISON] has already explained some of the provisions of the bill very lucidly. Perhaps he did not reach as many of them as he intended on account of the number of questions which were propounded to him with reference to particular provisions of the bill. I desire to reemphasize one or two of the reasons why the committee felt impelled to report this bill favorably, and why we hope it will be enacted into law.

As has already been suggested, some forty or more States of this Union have adopted laws regulating the sales of securities known as "blue-sky" laws. I do not know how it happens that the other States followed in the leadership of the State of Kansas, or why it is that Kansas first found it necessary to pass such a law unless it be that the people of Kansas had more money to invest in securities or were more gullible than the people of other States. [Laughter.] But be that as it may, Kansas did lead off in legislation of this kind.

Mr. HOCH. The gentleman has at least observed that other States have followed the lead of Kansas.

Mr. BARKLEY. Yes; and I am very glad to follow that leadership, and Kansas, as has been suggested, has its share of "blue sky," and it is entitled to that leadership.

But it is found that under legislation which States can enact separately, requiring that a corporation, before it can offer its securities for sale within the State, must go before their securities commission to obtain consent and approval, or before any person might be permitted to come into that State from the outside and sell securities that may or may not have been approved by the State of origin, many promoters have been able to avoid these provisions both in the State of origin and in the State of destination, because they used the United States mails and the express companies and other agencies of interstate commerce to advertise or correspond concerning a proposed issue of stock which had never been before the commission of the State in which it originated, and, of course, would never go before the commission in the State into which it was proposed to send it. And by that method neither the State where the security originated nor the State to which it is destined having any authority over either the issue or the sale

or control of the stock, millions of dollars have been wasted by confiding people, who were persuaded by attractive literature to invest in bogus securities of all kinds. Thus the commercial and financial interests of the country have for a long time been looking toward a remedy for the situation which none of the States could handle, and the remedy that they have agreed upon and that they hope will be effective is the bill which we have reported.

Mr. COLTON. Will the gentleman yield?

Mr. BARKLEY. I will.

Mr. COLTON. Let me say that I am in sympathy generally with the purpose of the measure as I understand it, but I do not see why you permit stock exchanges in large cities to be exempt from the provisions of this act. It seems to me that if it is good for small cities it is also a good measure for large cities.

Mr. BARKLEY. That same question gave me a good deal of trouble in the committee, and it was a difficult situation for the committee to adjust; but in the commercial world and in the security world there are certain great stock exchanges which are universally recognized all over the country. There may be others that will come in under the exemption when they can qualify under the terms of this bill; but the committee recognized, and the investment bankers' associations recognized, and the regular bankers' associations recognized, and I think the commercial world recognizes that there are certain stock exchanges in the United States whose requirements are so rigid that if a stock is listed upon them we may assume that that stock is legitimate and not intended for fraudulent purposes; and while the limitation fixed here may exclude some other stock exchanges that are equally legitimate, they have not yet the established character that these exempted have, and have not existed a sufficient length of time to give absolute certainty that the stocks which they handle are absolutely safe. We fixed a limitation that could give confidence to the investing world that any stock that was listed upon any stock exchange that came within the definition of this bill might be regarded as safe without any other restrictions being placed upon it.

Mr. COLTON. I think the gentleman shows by his answer that he appreciates the fact that in some of the smaller stock exchanges there are just as rigid requirements as those in the larger exchanges, and this is the point that is in my mind: May not an exchange be organized in these large cities that may do all the damage that is now being done, and yet be exempted simply because of its being organized in the large city? I think the law ought to apply to all cities, irrespective of their size.

Mr. BARKLEY. No; I do not think so. It may be that in the course of time some of these smaller exchanges, organized in a small way, and just as legitimate and safe as the others, may be able to come within these requirements; but certainly no new exchange that might be organized in a city, that did not come within the provisions of this bill, could have its stock exempted from the provisions of the law.

Mr. COLTON. There is the point, if I may interrupt further. I notice that section 4 begins by saying:

That the provisions of this act shall not apply to any of the following classes of securities:

And then in subsection (f)—

(f) Securities issued, outstanding, distributed, and fully listed upon any organized stock exchange having an established meeting place in a city of over 500,000 population.

I have looked over the law and I can not find where it says that an exchange might not be organized in the future or even now be organized, if it has a regular place of meeting in one of the larger cities, and so far as the provisions of this bill are concerned might operate at will.

Mr. HOCH. The gentleman will observe in line 7, page 6, that the exchange must be one where actual transactions in the purchase and sale of United States bonds, and so forth, must have occurred during each of the preceding 20 years. Under that provision, therefore, a new exchange organized in a city of this size would not be eligible to the exemption provided in this bill.

Mr. COLTON. But after it has been in existence 20 years, irrespective of its methods of business procedure, it may then proceed to operate.

Mr. HOCH. That is theoretically true; but it is hardly probable that a concern intended merely for the purpose of floating fraudulent securities would start in with a 20-year record ahead of it in order to get its securities exempted under this statute.

Mr. COLTON. The gentleman misunderstands me. It may be organized in the beginning for perfectly legitimate pur-

poses, but it has to be in existence only 20 years when it may operate at will, irrespective of the provisions of this bill.

Mr. HOCH. But, as a matter of fact, there are no such exchanges in operation, where Government bonds have been listed upon those exchanges for 20 years.

Mr. COLTON. This does not relate to Government bonds entirely, does it?

Mr. HOCH. Oh, yes; I will read the provision:

Provided, That actual transactions on such organized exchange have occurred during each of the preceding 20 years in the purchase and sale of United States bonds or other bonds of any of the classes exempted herein from the provisions of this act.

Mr. BARKLEY. As a matter of fact, the definition there excludes all the exchanges in the United States except three, and that was one of the serious objections urged against that provision by some other exchanges that were just as legitimate and just as safe, perhaps, as these that are included here but that have not that long-established reputation for financial stability and integrity which we felt was necessary in order to entitle a stock exchange to be exempted from the provisions of this bill.

Mr. LAYTON. Will the gentleman yield?

Mr. BARKLEY. I yield to the gentleman from Delaware.

Mr. LAYTON. Does this bill affect in any way the sale of securities on the curb?

Mr. BARKLEY. The curb market is not included within the provisions of this exemption.

Mr. LAYTON. I am asking the gentleman what effect it will have upon the sale of securities?

Mr. BARKLEY. It will not have any effect upon the sale of stocks on the curb by men who are purchasing and selling there; but it might affect them if the curb market undertook to sell fraudulent stock by mail or any of the instrumentalities of commerce. It would affect that only in case the sale of that stock was prohibited in the State where the curb market exists and in the State to which it is intended to send the securities.

Mr. DENISON. Will the gentleman from Kentucky allow me to make a statement?

Mr. BARKLEY. I will.

Mr. DENISON. This bill will not affect any stock exchange in the United States, and it is not intended to do so. No stock exchange had anything to do with the framing of this bill. In order to provide for an exemption for the great body of industrial stocks which have been already issued and are outstanding and have been sold and in which companies are no longer interested, we wanted to provide some sort of an exemption of stocks of that kind, and we adopted as a standard the lists on certain national stock exchanges. It will not affect the doing of business with any other stock exchange.

Mr. LAYTON. If the gentleman from Kentucky will pardon me, I am not opposed to the bill. I want to be for any good measure. But I recognize the fact that this is probably the most highly developed mineral country in the world.

I have been a little bit familiar with matters in regard to corporations. It is a fact that there are very few mineral projects that are not developed on the basis of chance. When you think you have discovered a ledge or lode or outcropping it takes money to sink the shaft; it takes money to make the cross-cut, to see how much mineral you have, to see how much it will assay to the ton, and they get the money by selling the stock without knowing that there is anything there at all. It may be an absolute fake as far as the result is concerned, not intended to be so, of course, but there is no certainty as to the value involved.

Mr. ARENTZ. If the gentleman will yield, the gentleman should not use the word fake.

Mr. LAYTON. Well, I withdraw that word.

Mr. ARENTZ. Because it is not a fake if the money is spent in the ground. That is the trouble, not spending money in the ground received from the sale of stock.

Mr. LAYTON. If the gentleman had any of his good money out of his pocket, and nothing to show for it but a hole in the ground he would spell it any way.

Mr. ARENTZ. No one would call it a fake if the money was spent in the ground. Now, if with the permission of the gentleman from Kentucky I may say a word further, there is a transition period in the life of nearly every one of these companies when they can not be listed on the Boston, New York, or Chicago Stock Exchange. During that period the work is being done, not by the financiers of Boston or New York or Chicago but by men like yourself and myself, men and women scattered all over the country who think they are interested in a legitimate enterprise. As soon as the company reaches the point where the ore is developed it gets the attention of men in New York, Boston, and Chicago, who purchase it for perhaps \$200,000

or a million dollars, and incorporate it for from one to twenty million, and then the company sells the stock to the public without a question of doubt as to its legitimacy, because it is connected with the money interests of Chicago, New York, and Boston. It seems to me that some care should be given to companies that are in this transition period.

Mr. BARKLEY. I appreciate the gentleman's suggestion, but I want to say to the gentleman from Delaware that this bill will not interfere in the slightest degree with the legitimate development of any mineral industry or prospect in the United States, because this bill does not set up any standard of the Federal Government to determine what is a legitimate security. This bill adopts the laws passed by all the States, each State to deal with the company that wants to do business in that State, so that if there is a certain security or promotion project that can not obtain the permission in Delaware or Texas to organize to sell its stock to the people of Delaware or Texas it can not use the United States mails for the purpose of going somewhere else and writing into those States inducing its people to buy stock.

Mr. LAYTON. Suppose A, B, C, D, and E in the State of Kentucky think they have a good mining proposition somewhere. Do they have to go to your bureau or the authorities in Kentucky to get permission to obtain articles of incorporation for that company before they can incorporate?

Mr. BARKLEY. They have to file articles of incorporation with the secretary of state.

Mr. LAYTON. That will come first.

Mr. BARKLEY. Yes.

Mr. LAYTON. Suppose A, B, C, and D go to Maine or Delaware and get articles of incorporation, do they have to be submitted to the State authority in Kentucky before they can get permission to do business?

Mr. BARKLEY. Yes; if a corporation organizes in Maine, if they want to go into Kansas, we will say, they can not do business with Kansas citizens without submitting it in some way to the authorities of Kansas. The trouble is now that they stay in the State of Maine and write letters into Kansas.

Mr. LAYTON. The trouble is this: If a corporation is incorporated in Delaware, before it can do business in 41 States under the blue sky laws they will have to get permission from those 41 States.

Mr. BARKLEY. Yes; they would have to do that, but now they will not go into these States as long as they can stay back in Delaware or Maine and carry on their business through the mail.

Mr. LAYTON. But A, B, C, and D can go to New York and, by arrangement with the curb authorities, can sell that stock through the mails all over the country.

Mr. BARKLEY. Not the curb, because the curb market is not exempted from the provisions of this bill.

Mr. LAYTON. Then you are going to put the curb out of business.

Mr. BARKLEY. No; because the curb market in New York for the last 8 or 10 years has promulgated and established and now is enforcing regulations that are almost as rigid as the New York Stock Exchange or the Chicago Stock Exchange regulations.

Mr. LAYTON. I think the gentleman is right.

Mr. BARKLEY. So that as a matter of fact, if the curb market had existed as long as the law requires this, it might be able to come within this law.

Mr. LAYTON. Still the New York Stock Exchange could put the stock on their list and sell it throughout the country.

Mr. BARKLEY. Under the laws as they exist now, they could, but if it were a security that was prohibited in all of these 41 other States, they could sell it by mail without any power in the State to punish it under present conditions.

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. SMITH of Idaho. Is it not true that in most of these States those wishing to do business there under this bill must put up a fee of about \$1,000 or more in order to sell stock, while under existing law this is not required when offering stock by mail?

Mr. BARKLEY. They have to give some sort of security to the State commissions.

Mr. SMITH of Idaho. I understand that on an average about \$1,000 is required, so that a company organized to develop a legitimate mining or oil property must have \$40,000 in its treasury to distribute around among the different States in order to be able to sell stock by mail if this bill is enacted.

Mr. BARKLEY. Of course, if you assume that each State requires a deposit of \$1,000, and that the company wanted to

send its agents into all of the States, then it would have to put up \$1,000 in each State, but that is rather an exaggerated illustration. The trouble is that every company that might apply to some State for permission to do business in the State and might be denied it can go outside of the State as it is now and send literature back into the State without being required to go before the State authorities, and that is where these hundreds of millions of dollars are squandered every year.

Mr. SMITH of Idaho. If this law be enacted, it will practically make it impossible for a company of poor men to develop a mining property even if there is every reason to believe it is a valuable mining property.

Mr. BARKLEY. It will not make it any more difficult than it is now, because now if these 41 States require that deposit they would have to put it up before they could do business in the various States. This does not change that. This provides that if any party on the outside attempts by the use of the mails or the facilities of interstate commerce to sell securities in the States that have denied the right to sell those securities, the transaction is unlawful. Of course, if the State should be able to get them the State could punish them, but if they can not get possession of the individual—and that is the principal difficulty—in the absence of that power the Federal Government may punish by fine or imprisonment or by the right of recovery against any individual or corporation that engages in that sort of a transaction by use of the mails or through any other interstate commerce facility.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. SUMMERS of Washington. A mining engineer writes to me and says:

I understand that this bill provides that all stocks and bonds shall be handled by bankers, trust companies, or bond houses or stock exchanges in cities of over 500,000 population.

Has this gentleman the right conception of that?

Mr. BARKLEY. No; he has not the right conception at all. This bill does not require that stocks and bonds shall be handled by any particular class of people. These small stock exchanges and brokers can go on just as they have always and handle stocks and securities, but this bill exempts only from the provisions of the law stocks that are handled by banks, which are recognized by banks and by stock exchanges in cities of 500,000. In other words, the stock exchange in New York City or the stock exchange in Chicago or in Boston, the regular recognized stock exchanges, are permitted under this bill to handle such stocks as they are willing to list, without the restrictions provided in the bill, but it has no effect upon the transactions that occur in other stock exchanges, unless you can imagine a stock exchange organized for the sole purpose of defrauding the people, or unless they would permit fraudulent stocks to be sold in States where they are not permitted to be sold, and in that case, I think, the law might cover them.

Mr. SUMMERS of Washington. He further says that the matter of complying with the State laws will entail an expenditure of at least a thousand dollars per State. I do not understand that he means, as the gentleman from Idaho [Mr. SMITH] suggests, that a thousand dollars must be deposited, but that in order to send a representative to a State and satisfy the State authorities the company will be put to an expense of perhaps \$1,000. Can the gentleman state anything in regard to that?

Mr. BARKLEY. I do not think there is anything to that. This bill has created a lot of imaginary fears and has erected a lot of purely imaginary barriers in the pathway of legitimate securities. There is nothing like that in the bill. Of course they have to do that now under the various laws. If they send individuals into the States for the purpose of selling securities, they have to comply now with the State laws. This does not increase the requirements of the State laws. It simply withdraws from legitimacy fraudulent securities sent into the State in violation of the State laws.

Mr. ROACH. Mr. Chairman, will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. ROACH. I favor legislation of this character. While I have not had an opportunity to study the provisions of the bill very closely, I am wondering whether anyone could be convicted for a violation of this law if subsection (c) of section 5, on page 9, is permitted to remain in the bill. That subsection is peculiarly worded to my mind. I appreciate that isolated transactions should be protected in writing a bill of this character, but with the manner in which that subsection is written it occurs to me that it will be next to impossible to convict anyone for any offense under this law, unless it was a repeated transaction, either by the principal or the agent, and I would be glad to have the gentleman elucidate that particular subsection.

Mr. BARKLEY. I do not think that subsection raises any difficulty.

Suppose I as an individual own some stock in a corporation and want to sell it to you. It is perfectly legitimate stock. I want to sell it to you, not through any broker but because I want to get the money on it, and I sell it to you as an individual transaction. That would be an isolated case.

Mr. ROACH. That case would be protected?

Mr. BARKLEY. Yes. What is intended to be meant there by a repetition of the transaction is where men may have a series of stocks that they are trying to sell to numbers of individuals. In that case it could not be said to be an isolated case.

Mr. ROACH. Here is an instance, we will say. The gentleman from Illinois says that we desire to nip these fraudulent transactions in the bud, with which I heartily agree. But here is a transaction in which one of these fellows has fraudulent stock that he wants to impose on the public, and they undertake to nip him in the bud, and he has not repeated the transaction. But his stock is grossly fraudulent, and he sells it to the unsuspecting public. After the first sale he makes he is arrested, and he shows that it is the first sale—that it is not a succession of sales. Is not that an isolated case?

Mr. BARKLEY. I think in that sort of a case, if it was found he had made only one sale, if he had in his possession a succession of stocks he intended to sell, this could not be interpreted as being the kind of an isolated case to which the section refers.

Mr. ROACH. Those things make it hard to enforce this law, if you have to show all those things. My question is, whether, if it is the first offense, it makes it easy for him to get out.

Mr. BARKLEY. If he has started out on a career of making sales—

Mr. ROACH. He has started on this career, and at the very first transaction the authorities arrest him for the very first sale he makes. This law as it is written now provides that unless that is a part of successive transactions he is not guilty.

Mr. BARKLEY. But the gentleman will remember that the burden of proof is on him to show that it is not a series of successive sales, if he is caught with some stock that he has not been able to sell by reason of being caught in the first transaction.

Mr. ROACH. I am afraid that it renders this law inoperative.

Mr. DENISON. I think I can relieve the gentleman from Missouri from any fear on that account. It is a question that has arisen in States that have enacted this legislation. This is the way they solve it. The evil they intended to forbid is the flotation of fraudulent stock. A corporation issues a series of stocks or bonds that have no merit in them and are fraudulent in themselves, and they undertake to float them by putting them on the public. They will not go into a transaction of that kind unless there is prospect of big gains, and so they arrange to sell a big series of them to the public, and that is the evil this legislation is intended to correct. Now, in order to prevent it, we do not want to inflict an injustice upon men as individuals, and so the States have had to meet the problem by not imposing any injustice upon an individual who had a security at home that he wanted to sell as an individual to another individual. And the only way they have been able to solve it is by providing an exemption and exempting the sale by an individual in an isolated transaction.

Mr. ROACH. That is the only way they have solved it, but there ought to be some other solution.

Mr. DENISON. If the gentleman can suggest another solution, I am sure it would be welcome. All the States that have enacted "blue-sky" legislation have enacted this law.

Mr. ROACH. Unfortunately so, I think.

Mr. DENISON. It is the best thing that experience and study has given us in the preparation of this bill. We have used the very best judgment we have had in the light of experience, and we have exempted these individual or isolated transactions.

Mr. BARKLEY. I think all the gentlemen will recognize the hardship it would be to an individual if he was compelled to go through all the processes to sell one share of stock in any corporation in the United States if we did not provide such an exemption.

Mr. ROACH. This bill is subject to that criticism, and this bill does not provide a relief from one fellow passing a fraud onto another. Suppose the gentleman in the State of Illinois had been sold a block of fraudulent stock of no value and he wanted to pass it on to some gentleman in Missouri, under this provision he could do it without a violation of law.

Mr. DENISON. That is true. And I will say this, that there never has been a law devised or thought out that would absolutely prevent every thing or meet every circumstance. We

have got to do the best we can. And this bill is not intended to prevent these individual cases of fraud. We can not do it. What we are trying to do is to prevent wholesale fraud in the flotation of worthless stock.

Mr. ROACH. Could it not be written in the law that in these isolated cases, which I agree should be exempt, where it was apparently a case of gross fraud and intended as a fraudulent transaction on the face of it, the exemption should not apply?

Mr. DENISON. I would be glad to have the gentleman figure out some appropriate language that would carry out the idea and submit it to me, and I will consider it.

But I will say this, that in the preparation of this bill I was advised by the National Association of State Security Commissioners, the executive officer of that association, that represents all the different States which have this class of laws, and this is the very best language that they could suggest, and it is the language that is found in all the State laws.

Mr. BARKLEY. Is it not true that the number of instances in which isolated individuals could take advantage of the United States mails to sell stocks that they own to other individuals are infinitesimal?

Mr. DENISON. Yes; they are very small.

Mr. BARKLEY. They do not amount to anything. The fraud upon the public by the use of the mails is by the men who organize for the wholesale flotation and sale of stocks to the public.

Mr. ROACH. If there is any way of bringing those cases together and prosecuting the offenders it would be a different proposition from the prosecution of men in isolated cases here and there where the public has been imposed upon.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. JONES of Texas. Along the same line as that suggested by the gentleman from Missouri [Mr. ROACH], it would seem that this paragraph would place the burden of proof on the prosecution to prove that the defendant was the owner of the stock in the transaction.

Mr. BARKLEY. Under the general language of the bill in section 9 the burden of proof is on the person claiming to be exempt to show that he comes within the exemptions.

Mr. JONES of Texas. I think there should be a provision, if that paragraph remains in the bill, which should provide that the burden of proof should be in that case of an isolated transaction not upon the prosecutor, but upon the defendant.

Mr. DENISON. We have a special provision, section 9, which provides that the burden of proof is upon the person claiming the exemption.

Mr. JONES of Texas. I did not know of that.

Mr. BARKLEY. Of course, under the general law governing the prosecution of a criminal offense that will apply until the offender shows that he is exempt, and then the burden shifts to him.

Mr. JONES of Texas. There is one other thing that I wanted the gentleman to yield to me to ask about, and that is exemption of sales made through a stock exchange. Does the gentleman think that sales of that character should be exempted from the operation of the laws of the different States?

Mr. BARKLEY. We do not exempt them from the operation of the State laws.

Mr. JONES of Texas. You provide for that through the law you propose here.

Mr. BARKLEY. The provision we make here does not have any effect whatever upon the laws of the States.

Mr. JONES of Texas. The laws of the States would not apply unless you made them apply under the provisions of this bill as to transactions under interstate commerce.

Mr. BARKLEY. The only exemptions we make here of stock exchanges are stock exchanges that come under the definition of the exemptions which are already subject to the State laws. We do not at all diminish the amount of State regulation over these stock exchanges.

Mr. JONES of Texas. They are subject to State laws in the State where the main office is located, but they are not subject to the operation of State laws in an outlying section of the country where they undertake to sell these securities.

Mr. BARKLEY. We do not affect that at all.

Mr. JONES of Texas. But you grant them an exemption which you do not grant to others that are subject to the provisions of the bill. In other words, you make it more onerous on the man who operates in a small way than on the man who operates extensively.

Mr. BARKLEY. We had to draw the line somewhere and we had to make an exemption that would include only those

exchanges that are recognized generally by the public, by listing all sorts of stocks with them, as being just as safe as a national bank. We could not take in all stock exchanges. We have made the limitation so rigid that others have complained of it.

Mr. JONES of Texas. I am inclined to dissent from the statement of the gentleman that securities that happen to be listed on the stock exchange are as safe as a national bank. If you notice, the quotations have sometimes changed suddenly overnight, even on the listed stocks.

Mr. BARKLEY. We can not prevent that. I did not say the securities were as safe as a national bank.

Mr. JONES of Texas. But you can avoid granting them exemption under State laws.

Mr. BARKLEY. This does not exempt any that are not exempted by State laws.

Mr. JONES of Texas. It is exemption in all the States except in the States where they have their headquarters.

Mr. BARKLEY. The gentleman from Texas understands that there are certain well-established stock exchanges in the United States that everybody recognizes as sound.

Mr. JONES of Texas. But they do not guarantee the securities.

Mr. BARKLEY. Neither does the national banks. You can buy stock through a bank, but it does not guarantee this stock.

Mr. JONES of Texas. But a national bank operates on a different basis.

Mr. STEVENSON. Does a stock exchange sell all over the United States, or simply on the stock exchange?

Mr. BARKLEY. On the stock exchange; but it sells to people all over the country.

Mr. JONES of Texas. They sell all over the country, too.

Mr. COLTON. Am I right in taking this position, however, that the purchasing public, when it purchases through a stock exchange on the three exchanges of Boston, New York, and Chicago, is not required to make any study of the standing of those companies, but if it purchases through any exchange other than the three it does have to make a study as to the requirements?

Mr. BARKLEY. Not at all. There is no difference as to the transactions that will occur hereafter with any stock exchange in the United States from the transactions that occur now with all those stock exchanges. The only difference is that these three are exempted from the provisions of this law because they are so well recognized all over the country as legitimate exchanges, by reason of their character and the length of time they have transacted business, that we did not feel it was necessary to restrict dealing through these particular stock exchanges by reason of danger of fraud on the public.

Mr. COLTON. They are unrestricted except as they are regulated by the States.

Mr. BARKLEY. Simply regulated by the States. New York regulates its own, and Illinois the same.

Mr. COLTON. The gentleman, then, will admit that these three being unrestricted, all the others are restricted.

Mr. JONES of Texas. Of course.

Mr. BARKLEY. Both gentlemen are mistaken. None of the stock exchanges are exempt. But this bill simply exempts stocks listed on certain well-established exchanges whose long existence and record entitle securities listed on them to the presumption of being legitimate.

Mr. MAPES. Will the gentleman yield?

Mr. BARKLEY. I yield to the gentleman from Michigan.

Mr. MAPES. Are not some of the Members confusing the stock exchanges with the securities listed upon those stock exchanges?

Mr. BARKLEY. Yes; I think so.

Mr. MAPES. This bill does not exempt any stock exchange. It does not regulate in one way or the other the business of the stock exchange. It simply says that the securities listed upon three stock exchanges in the United States may be sent through the mails and may use other agencies of interstate commerce.

Mr. JONES of Texas. In other words, when a stock is once listed, then it may be sold in any State of the Union without being subject to the laws of that particular State?

Mr. MAPES. Oh, no.

Mr. BARKLEY. Oh, no; the gentleman is mistaken.

Mr. JONES of Texas. In so far as this bill is concerned.

Mr. BARKLEY. In other words, it is not free from the regulations of the particular State.

Mr. JONES of Texas. The State can not regulate it, because it is interstate commerce, and you exempt it from the operations of this bill.

Mr. BARKLEY. If somebody representing the New York Stock Exchange should go down into Texas and try to sell stock there—which, I admit, is not the usual method of selling

stock by anyone connected with the New York Stock Exchange—he would find that he would immediately come under the jurisdiction of the State laws regulating the sale of stocks in that State.

Mr. JONES of Texas. The New York Stock Exchange can use the mails to send its stocks to Texas without being subject to the provisions of this bill. Now, suppose the Sun Oil Co. lists its stock on the New York Stock Exchange. The exchange itself may be subject to the laws of New York, or the Chicago Stock Exchange may be subject to the laws of Illinois, but after the Sun Oil Co. gets its stock once listed, then the Sun Oil Co. can go anywhere in the United States and sell its stock.

Mr. BARKLEY. Not at all.

Mr. JONES of Texas. Without being subject to the restrictions of this bill.

Mr. BARKLEY. Not at all.

Mr. JONES of Texas. Will the gentleman point out where they will be subject to the provisions of this bill when they are listed? What provision of the bill is there which makes them subject to it? If you will read subsection (f), on page 5, you will find that they are specifically exempted on all these issues of stock after they are once listed on the stock exchange.

Mr. BARKLEY. Let us read that and see:

(f) Securities issued, outstanding, distributed, and fully listed upon any organized stock exchange having an established meeting place in a city of over 500,000 population according to the last preceding United States census and providing facilities for the use of its members in the purchase and sale of securities listed by such exchange, and securities senior thereto or evidences of indebtedness guaranteed by companies the common capital stock of which is so listed: *Provided*, That actual transactions on such organized exchange have occurred during each of the preceding 20 years in the purchase and sale of United States bonds or other bonds of any of the classes exempted herein from the provisions of this act: *And provided further*, That such stock exchange requires financial statements to be submitted at the time of such listing and annually thereafter.

The gentleman will observe that this subsection applies to "securities issued, outstanding, distributed, and fully listed."

Mr. JONES of Texas. Now, if you will read in connection therewith the first provisions of section 4, on page 3, you will see—

That the provisions of this act shall not apply to any of the following classes of securities—

And those listed under subsection (f) are the ones referred to.

Mr. DENISON. Will the gentleman yield?

Mr. BARKLEY. I yield to the gentleman from Illinois.

Mr. DENISON. I think I can explain to the gentleman from Texas what that means. Most of the exemption provisions of this act provide an exemption for certain classes of securities as they are issued by the issuing companies, but there are a great many securities of great industrial concerns that are already issued and outstanding and distributed in the hands of the public. They have an established market value which has been gained by trading, actual buying, and selling in public, but the issuing company is no longer interested in them or concerned with them, because it has already sold them and gotten its money. Now, we do provide some method of exempting securities of that kind. Why? Because they are in the hands of third persons, individuals over the country.

Mr. JONES of Texas. I recognize the necessity of some exemptions along that line.

Mr. DENISON. We have exempted securities of that kind which have an established market value gained by actual trading upon the great national stock exchanges of the country. That is what that exemption is confined to—stocks that have already been issued, that have been distributed and are outstanding, stocks in which the issuing companies are no longer interested.

Mr. BARKLEY. And the presumption is that all such stocks have been listed upon stock exchanges whose requirements are so rigid as to give a presumption of honesty and integrity.

Mr. DENISON. Exactly.

Mr. JONES of Texas. Is this provision limited to securities that have already been issued and distributed?

Mr. DENISON. Yes; entirely.

Mr. JONES of Texas. But it can not apply to new issues that are made hereafter?

Mr. DENISON. The gentleman gets the idea exactly. That is the language.

Mr. MAPES. That is the idea.

Mr. DENISON. It refers to securities already issued and outstanding.

Mr. BARKLEY. I think that gentlemen who on first consideration discover provisions of the bill which arouse their fears will reach the conclusion that the measure is designed not only to punish fraud in the sale of bogus stocks and securities but

is intended to interfere with legitimate business as little as possible.

Mr. BARKLEY. Mr. Chairman, I have taken more time than I intended. How much time have I occupied?

The CHAIRMAN. The gentleman has consumed 48 minutes.

Mr. BARKLEY. I yield 10 minutes to the gentleman from Missouri [Mr. HAWES].

Mr. HAWES. Mr. Chairman, there seems to be some misunderstanding about the operation of this proposed law. There are 38 States in the Union with blue sky laws, and the commissioners of these States found that it was impossible to enforce State laws because the salesmen of fraudulent stocks in order to avoid the penalty of a State law would move into another State and use the agency of the mail or express company to do the thing that the State in which they operated prohibited. These blue sky laws are not entirely uniform, but in the main they are the same. The great difficulty of the blue sky law originates from the fact that unless carefully worded it would stop the circulation of millions of dollars of proper stocks and bonds, which would cripple the banking and brokerage business of the entire country. So these State commissioners found there were certain exemptions made in each State of certain forms of securities.

The committee in writing this law, having before it witnesses from the various States, sought to do two things, and only two things. The first was to strengthen the blue sky law, which the various States could not do, and protect them from the outlaw who lives outside of the State; and the next was to permit the free circulation of honest stocks and securities. So this bill will not make a single penalty that is not now upon the statute book of some State. But it does make a penalty for a man from another State who attempts to commit a fraud. The trouble in writing the law was to make the legitimate stock flow easily and freely through the arteries of commerce. These commissioners, acting in conjunction with other witnesses before our committee, investment bankers, associations, and State agencies, have set out in the national law which is now proposed certain exemptions so that legitimate stocks may not be interfered with. Among other exemptions were the stocks that are now listed on the leading stock exchanges of the United States. These leading stock exchanges are in the great cities. It does not mean that stock issued from a smaller city is not a proper and legitimate stock and can circulate, but it does remove from suspicion and interference in interstate transactions 75 or 80 per cent of the legitimate stock in the country. I venture the assertion that there is not a stock exchange in the United States that does not have this large class of securities listed from these three exchanges. That was why this particular exemption was made.

Our committee worked for several weeks trying to define this great volume of legitimate commercial paper in another manner, and we found it impossible to describe it other than by listing in this particular way.

The bill does not say that stock issued from any other State complying with the laws of that State that come under these provisions shall not freely circulate in the mail, but it says that this great class of securities which are not in dispute, that are not attacked by anyone, shall move. I confess that the hearings before the committee will show that I opposed most vigorously the exact language employed here, but our committee was unable to find any other description which would take its place.

It is reported that last year some \$500,000,000 in fraudulent stock was sold in the United States, not to banks, not to trust companies, not to brokers, but to ignorant people who did not investigate. Five hundred million dollars in one year was the amount of fraud perpetrated upon the gullible people of the United States. So this law has but two objects—one to make the State laws enforceable, not to add to the penalties of the State laws or to make them more rigorous, but to take from the scoundrel who sells the stock to the unsuspecting public the use of the agencies of the United States Government.

The difficulty came in trying to protect the victims of these people and not to interfere with that great volume of business which was not tainted in any way. To interfere with this great volume of business would check the commercial liquidity of the stocks and bonds of the United States.

This is a technical bill. There is hardly a line in it that has not received close study. The words have been carefully gone over again and again to find out their exact meaning and every shade of meaning, and, after we finish our work, we believe we are doing the two things I have mentioned—strengthening the arm of the States to reach the rascal that defrauds the people of the States and yet leave free for circulation all legitimate stocks and securities. [Applause.]

Mr. WINSLOW. Mr. Chairman, I yield 15 minutes to a member of the committee from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, I think time will develop that this is one of the pieces of big legislation that this Congress has passed if it becomes a law. I think it is really a measure of superlative merit and one that will rank with the pure food law and other laws of this kind that have been passed. The committee has given it very careful and close consideration. I have been asked by the gentleman from Illinois [Mr. DENISON] to pay some attention to the legal phases of this matter, with the idea that perhaps there might be some doubt in some minds about some of the legal questions in regard to it.

I do not care to weary the House with a long legal argument, but it may be advisable to refer briefly to some of the objections that have been raised by people who have opposed this bill. The bill, it will be noticed, in its first section makes certain definitions. The second section makes it unlawful to transport in interstate commerce certain securities, advertisements, and so forth. The third section makes it unlawful to deposit in the mails the same things. The fourth section exempts certain securities and so does the fifth, and the sixth provides penalties, while the seventh section in general makes void the contracts that were made in violation of this law. The right of the Federal Government to enact this kind of legislation is secured by the constitutional provision in Article I, section 8, giving Congress the right to regulate commerce with foreign nations, and among the several States and with the Indian tribes. From the earliest date our courts and our legislatures, both State and National, have been frequently engaged with the construction of this particular constitutional provision, as to just what it means, how far it goes, and what the particular relations are between the State and the Nation in the matter of commerce. Heretofore the question has always been, How far can the Federal Government go into the regulation of commerce between the States? It has finally come, in my judgment, after looking at the authorities and the laws passed, to the point where the question of commerce between States is not now merely a question of trade between the States but has become a question of intercourse between the States, which may be regulated by the Federal Government under this constitutional clause. It is astonishing to look at the great variety of things which have been held to be interstate commerce by law, and which one on a casual glimpse at the matter would think would not be so. Let me state a few of the acts that have been passed.

The first one is to be found in Third United States Laws, at page 529, and was passed in 1803. It prohibited the importation of slaves into any place where by law of that State importation was forbidden, and provided for suits for damages, and that one-half should go to the informer, and for the confiscation of vessels engaged in such trade.

In the Twenty-sixth Statutes at Large, page 313, the first interstate liquor law was passed. That law prohibited the transportation of liquor from State to State, and provided that all fermented liquors transported into a State for sale shall—and I wish the gentleman would notice the language—

Upon arrival in such State or Territory be subject to the operation and effect of the laws of such State or Territory enacted in the exercise of its police powers, to the same extent and in the same manner as though such liquids or liquors had been produced in such State or Territory.

That was as broad as any statute could be made.

In the Twenty-ninth Statutes at Large, page 512, it was made unlawful to deposit with a common carrier for transportation to another State obscene books, and so forth, and the act contained certain remedial provisions.

In the Thirty-fourth Statutes at Large, page 768, the shipment of adulterated foods or drugs from one State to another was prohibited and adequate punishment provided.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. STEVENSON. The gentleman is right on a point that I am bothered about in respect to this bill. That is the part that provides that any purchaser of these things may void the contract at his own election. None of the laws to which the gentleman has referred go so far as to say that the druggist who purchased the drugs which were not pure should have the right to rescind the contract. Of course, if it was a fraudulent transaction the State law would take care of the matter, and the State law is the proper law to take care of that.

Mr. DENISON. Mr. Chairman, if the gentleman will permit, an answer to the gentleman from South Carolina is the Clayton antitrust law, which provides civil damages and provides that they may recover treble.

Mr. STEVENSON. But it provides recovery of that as a penalty for violation of a Federal law, to be recovered in the Federal courts.

Mr. GRAHAM of Illinois. In this pure-food law the provision was that any article misbranded or adulterated, within the provisions of the law, when shipped in violation of the act, might be libeled, confiscated, taken away, and destroyed.

Thirty-sixth Statutes at Large, page 825, the Mann Act, prohibits the transportation of women for immoral purposes and provides for the prosecution in any court in any jurisdiction through which the woman passed, and provides a penalty for the keeper of a prostitute who does not report that fact to the Commissioner of Immigration, which was the farthest stretch of the interstate commerce clause of the Constitution that had ever been enacted, and yet it was held to be constitutional.

Twenty-eighth Statutes at Large, page 963, prohibited the deposit of lottery tickets in the mail, and that act put an end to the lottery business in the United States.

In the case of *Hoke v. United States* (227 U. S. 392), which was the case deciding the Mann Act, the court said:

The power reserved to the States and those conferred on the Nation are adapted to be exercised whether independently or concurrently, to promote the general welfare, material and moral. This is the effect of the decision, and surely if the facility of interstate transportation can be taken away from the demoralization of lotteries, the debasement of obscene literature, the contagion of diseased cattle or persons, the impurity of food and drugs, the like facility can be taken away from the systematic enticement to and the enslavement in prostitution and debauchery of women, and more insistently of girls.

Therefore, we can see by that brief glance at the laws that have been enacted, and I have not mentioned all of them, but some that are typical of the whole, that the field of regulation of interstate commerce extends much further than the original framers, I imagine, intended, and goes so far as to hold that the regulation of interstate commerce mentioned in the Constitution may amount to a prohibition of that commerce. Many of these statutes that have been passed had the effect of a prohibition of a particular traffic. This is more than a regulation, but it has been held to be a regulation under the commerce clause of the Constitution.

It has been claimed that this kind of a law in its exercise of police powers goes too far and transgresses upon the rights of the States, that the States alone have the right to regulate by the police power these various things sought to be inhibited by this bill.

That is not the law, as I understand it. There can be no doubt that the States have power to control the sale of securities of various kinds within their respective borders and may enforce their regulatory provisions by the exercise of such police powers as are necessary. In support of that proposition permit me to call attention to the recent case of *Stewart v. Brady* (300 Ill. 435). The Legislature of Illinois enacted a blue sky law, very stringent in its terms, providing penalties for a failure to comply with its terms and creating certain classes of exempted securities. The Supreme Court of Illinois, in the *Stewart* case, held that this was a proper exercise of the police powers of the State. There is no penalty or prohibition created by the bill now under consideration differing in principle from the Illinois statute in question. In *Hall v. Geiger-Jones Co.* (242 U. S. 539) a similar statute of the State of Ohio was held valid. In *Merrick v. Halsey & Co.* (242 U. S. 587) a Michigan statute of the same kind was upheld, and in the same volume, page 559, a South Dakota law of the same kind was held constitutional.

In all these cases, in ruling on statutes where exemptions were made, where classes of exempt securities were made as are made in this bill, where contracts were held to be voidable by the statute or made void, where all sorts of penalties were inflicted, the Supreme Court of the United States and the supreme courts of the various States have held distinctly and at length that those were proper powers to be exercised by the various States, and that laws exactly like this constituted a valid exercise of the police powers of the State.

Now we will go a step further. The Supreme Court of the United States has said in very distinct and positive language, in a long line of cases, part of which I shall cite, that the same police powers which any State has the Federal Government has; that the Federal Government in the enforcement of its laws can exercise exactly the same police powers that any State can exercise. It follows, therefore, as a matter of course, that if that is true, these incidental powers that are given by this bill, intended to be conferred on the various courts, the one as to holding a contract to be void, the other as to the infliction of a certain punishment, is a valid exercise of the power of Congress in passing this sort of legislation.

Let me now call attention to some of these decisions:

A government intrusted with such ample powers, on the due execution of which the happiness and prosperity of the nation so vitally

depends, must also be intrusted with ample means for their execution. (*McCullough v. State of Maryland*, 4 Wheat. 316, 408.)

The government which has a right to do an act and has impressed on it the duty of performing that act must, according to the dictates of reason, be allowed to select the means; and those who contend that it may not select any appropriate means, that no particular mode of effecting the object is excepted, take upon themselves the burden of establishing that exception. (410, *supra*.)

All admit that the Government may legitimately punish any violation of its laws, and yet this is not among the enumerated powers of Congress. (416, *supra*.)

The right to punish is a right incidental to the power and conducive to its beneficial exercise. (418, *supra*.)

The principle established by the cases is the simple one, when rid of confusing and distracting considerations, that Congress has power over transportation among the several States; that the power is complete in itself, and that Congress, as an incident to it, may adopt not only means necessary but convenient to its exercise and the means may have the quality of police regulations. (*Mann Act, Hoke v. U. S.*, 227 U. S. 323.)

Mr. Justice Field said:

The power [to regulate interstate commerce] also embraces within its control all the instrumentalities by which that commerce may be carried on, and the means by which it may be aided and encouraged. The subjects, therefore, upon which the power may be exerted are of infinite variety. (*Gloucester Ferry v. Pa.*, 114 U. S. 196, 204.)

Congress may establish police regulations as well as the States, confining their operations to the subjects over which it is given control by the Constitution. * * * Congress has the power to go beyond the general regulations of commerce which it is accustomed to establish and to descend to the most minute directions if it shall be deemed advisable. (215, *supra*.)

We are now arrived at the inquiry. What is this power? It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed. This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed by the Constitution. (Chief Justice Marshall.)

The power * * * is vested in Congress as absolutely as it would be in a single government, having in its constitution the same restrictions on the exercise of the power as are found in the Constitution of the United States. (*Giffons v. Ogden*, 9 Wheat. 197, 347.)

In determining the character of the regulations to be adopted, Congress has a large discretion, which is not to be controlled by the courts, simply because, in their opinion, such regulations may not be the best or most effective that could be employed. (Lottery case, 188 U. S. 321, 353.)

We think the sound construction of the Constitution must allow to the National Legislature that discretion with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and spirit of the Constitution, are constitutional. (*McCullough v. Maryland*, 4 Wheat. 316, 421.)

The Constitution leaves to Congress—

that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and spirit of the Constitution, are constitutional. (Lottery case, 188 U. S. 255.)

The whole subject matter is summarized by Cooley in his Constitutional Limitations as follows:

It is not doubted that Congress has the power to go beyond the general regulations of commerce which it is accustomed to establish, and to descend to the most minute directions, if it shall be deemed advisable. * * * Congress may establish police regulations, as well as the States. (Cooley's Cons. Lim., p. 856, 7th ed.)

So I think there is no doubt, gentlemen, about the constitutionality of that part of this act which provides the penalties and holds contracts void, because such powers are incidental to the general power which is doubtless in Congress.

Mr. STEVENSON. I have been trying to agree with the gentleman that they are void, because it is declared that the contracts are in violation of the State law.

Mr. GRAHAM of Illinois. I believe you are right. But I believe the Federal Government could make them void, if necessary, to enforce this broad provision.

There is one remaining question, and one only, and that is that it is alleged to be a delegation of power to the States, giving them the power to make regulations which we by this act declare to be unlawful as soon as the States enact them. I have looked into that matter with some care.

Mr. HOCH. Right upon that point, the gentleman has made a study of the legal phase of this, and I want to ask him if he has investigated this particular question here as to whether it is an unlawful delegation of legislative power to provide that a thing which the States some time in the future may declare to be unlawful shall constitute a Federal offense? In sections 3 and 4 we provide that where there are certain things unlawful within a State it shall be now unlawful to do them as a Federal proposition.

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

Mr. WINSLOW. Mr. Chairman, I extend the gentleman's time five minutes.

Mr. HOCH. I shall make my question very brief. I do not want to impose on the gentleman. As I understand it—and I am in sympathy with this proposition—we provide here that if at any time in the future any State makes any particular sale unlawfully, it shall then become unlawful to use the interstate commerce for effecting a sale in that State. The question in my mind is as to whether that amounts to a delegation of legislative power to the States—that is, do we permit the States to determine the nature of a Federal offense to such an extent as it might be held to be an unlawful delegation of legislative power? Has the gentleman investigated that?

Mr. GRAHAM of Illinois. Yes; I have. I have looked at all the cases I can find on that subject, and I have examined all the laws I can find that were ever passed by Congress, although I may have missed some. I have examined them and looked at their language to see whether they included things that might happen in the future. As I have called to your attention, I think these statutes do include things that might thereafter be made violations of law by the statutes of a particular State. For instance, the act heretofore cited prohibiting the importation of slaves into a State. This prohibition was made broad enough to include any State that might thereafter enact such slave-prohibiting legislation.

Mr. HOCH. The offense of bringing a slave into a State is determined in the act of Congress to which the gentleman refers. In this case it is not a question of determining it in a particular number of States. The question is whether we have made the offense so uncertain that we have opened it to the constitutional objection to setting up or providing a delegation of legislative power in effect. Take the Webb-Kenyon Act, to which the gentleman refers, and in that case, as I remember, there was no question of there being in the future an offense which was not an offense at the time of the passage of the act. But in this particular case something may become an offense in the future which is not an offense at the time of the passage of this act.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield? Mr. HOCH. Yes.

Mr. STEVENSON. Does not the West Virginia act provide that when you ship liquor into a territory which was then dry, or might thereafter be dry, you commit an offense?

Mr. HOCH. Yes. In that case the offense was the same—shipping liquor into dry territory. I think this is closer than that, because something may in the future be an offense which is not now an offense under this act.

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

Mr. GRAHAM of Illinois. Can the gentleman give me more time?

Mr. BARKLEY. I will give the gentleman three minutes.

The CHAIRMAN. The gentleman from Illinois is recognized for three minutes more.

Mr. GRAHAM of Illinois. In many instances the Congress has enacted laws to assist the various States in the enforcement of their local laws and to prevent inhabitants of other States from, in effect, violating such laws through the instrumentalities of interstate commerce. In recognizing the laws of such States and in protecting the people of such States from interstate commerce in violation of the spirit of the same, the Congress is not delegating to such State any of its legislative functions. The first act of Congress of the kind which I have found was the act of August 7, 1789, which provided that all pilots in bays, and so forth, of the United States should continue to be regulated by the laws of the various States where the pilots were located until further provision should be made by Congress.

Other laws making it unlawful to ship in interstate commerce persons or property where, by the laws of a State, trade in such things was forbidden are as follows:

Third United States Laws, 529, already referred to, which made the shipment of slaves into a State forbidding the importation of slaves by law unlawful.

Twenty-sixth Statutes at Large, 313, where fermented liquors could not be shipped into a State where by the laws of such State such liquor could not be sold.

Thirty-fourth Statutes at Large, 768, which recognized the laws of certain foreign countries in this language:

Provided, That no article shall be deemed misbranded or adulterated within the provisions of this act when intended for export or packed according to the specifications or directions of the foreign purchaser when no substance is used in the preparation or packing thereof in conflict with the laws of the foreign country to which said article is intended to be shipped.

Thirty-ninth Statutes at Large, 1069 (Reed amendment), which contained this language:

That no letter, postal card, circular, newspaper, pamphlet, or publication of any kind containing any advertisement of spirituous, vinous,

malted, fermented, or other intoxicating liquors of any kind, or containing a solicitation of an order or orders for said liquors, or any of them, shall be deposited in or carried by the mails of the United States, or be delivered by any postmaster or letter carrier when addressed or directed to any person, firm, corporation, or association, or other addressee at any place or point in any State or Territory of the United States at which it is by the law in force in the State or Territory at that time unlawful to advertise or solicit orders for such liquors or any of them, respectively.

Fortieth Statutes at Large, 755, the migratory bird treaty law, provided, in part:

SEC. 4. That it shall be unlawful to ship, transport, or carry, by any means whatever, from one State, Territory, or District to or through another State, Territory, or District, or to or through a foreign country, any bird, or any part, nest, or egg thereof, captured, killed, taken, shipped, transported, or carried at any time contrary to the laws of the State, Territory, or District in which it was captured, killed, or taken, or from which it was shipped, transported, or carried. It shall be unlawful to import any bird, or any part, nest, or egg thereof, captured, killed, taken, shipped, transported, or carried contrary to the laws of any Province of the Dominion of Canada in which the same was captured, killed, or taken, or from which it was shipped, transported, or carried.

To the same effect, but as to different subject matter, was the Webb-Kenyon Act.

The bankruptcy law of the United States gives to each bankrupt the exemptions assured him by the laws of the State in which he resides. The act has been attacked on the grounds that it gives to different bankrupts different allowances and hence is not uniform in its operation. The Supreme Court, in holding the act constitutional, said, in part:

It was many times ruled that this provision was not in derogation of the limitation of uniformity because all contracts were made with reference to existing law, and no creditor could recover more from this debtor than the unexempted part of his assets. (Hanover Bank v. Moyses, 186 U. S. 189.)

In conclusion, I want to call attention to a decision in the case of *In re Rahrer* (140 U. S. 561, 564). The court, in passing on a statute making shipments of intoxicants into States where sale of such liquors was forbidden unlawful, said in part:

In so doing Congress has not attempted to delegate the power to regulate commerce, or to exercise any power reserved to the States, or to grant a power not possessed by the States, or to adopt State laws. It has taken its own course and made its own regulation, applying to these subjects of interstate commerce one common rule, whose uniformity is not affected by variations in State laws in dealing with such property.

Again, on page 564, this statement is made:

Congress did not use terms of permission to the State to act, but simply removed an impediment to the enforcement of the State laws in respect to imported packages in their original condition, created by the absence of a specific utterance on its part. It imparted no power to the State not then possessed, but allowed imported property to fall at once upon arrival within the local jurisdiction.

In view of the authorities cited I am of opinion there can be no question about the constitutionality of the bill.

Now, finally, I want to make just a few remarks apropos to the suggestion that has been made here by some of the Members, that this act gave a right to certain securities to circulate in certain States. It does not do anything of the kind. This list of exempted securities here does not exempt anything from the operation of State laws. Nothing could go into a State that can not go in now. The only thing that is done by that particular provision in this bill is that we say as regards certain kinds of securities, "We do not legislate." That is all there is to it. The power of the States remains as it always has been, inviolate. The only thing that this bill does is to help States to keep fraudulent securities out of their borders when they are attempting to do it, and it is a very laudable object. [Applause.]

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

THE CHAIRMAN. The gentleman from Illinois asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. McFADDEN having taken the chair as Speaker pro tempore, a message from the Senate by Mr. Craven, its Chief Clerk, announced that the Senate had still further insisted upon its amendments in disagreement to the bill (H. R. 9981) making appropriations for the Executive and for sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1923, and for other purposes, disagreed to by the House of Representatives, had requested a further conference with the House on the disagreeing votes of the two Houses thereon and had appointed Mr. WARREN, Mr. SMOOT, Mr. JONES of Washington, Mr. OVERMAN, and Mr. GLASS as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to bills of the following titles:

S. 2616. An act to empower the Commissioners of the District of Columbia to convey certain land; and

S. 3170. An act regulating corporations doing a banking business in the District of Columbia.

"BLUE-SKY" LEGISLATION.

The committee resumed its session.

MR. BARKLEY. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

THE CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

MR. STEVENSON. Mr. Chairman and gentlemen, this bill is one of very considerable importance. The principle enunciated in it is a very proper principle, and while there may be some power conferred that will appear drastic, yet in consideration of the vast frauds that are perpetrated and have been perpetrated for years on the unsuspecting people of this country, I am inclined to think that it is a judicious bill to pass. There may be some amendments that should be adopted.

I wanted to talk for a little bit about taxation this afternoon, and taxation from the standpoint of the Sixty-seventh Congress. We were confronted a few days ago with a statement from the Secretary of the Treasury to the effect that in the fiscal year 1923 we would probably have a deficit of \$500,000,000, and it was intimated and it necessarily follows that new legislation in taxation would have to be enacted in order that that deficit may be cared for, because it is inconceivable that this Government in times of profound peace, with the world proclaiming the fact that we are now at peace with all the world and have it nailed down, would sell bonds or borrow money with which to pay its current expenses.

Now, in that matter of taxation which is confronting us, it is a very pertinent question to ask, To whom will be committed the preparation of the proposed taxation in the Sixty-seventh Congress—that part of it which remains? That Congress must make provision if provision is made. I desire to put before this House a discussion made by a very distinguished Republican on that subject, a Republican who hopes to occupy a seat in this House during the Sixty-eighth Congress, although I hope some good Democrat will disappoint him. When this statement was written that gentleman had just been nominated for Congress. He says:

PUT MILLIONAIRE OUT OF CONGRESS—FRANK R. REID TELLS HOW HE DEFEATED COPLLEY, HOUSE LEADER, IN PRIMARIES—URGES A "PEOPLE'S BLOC"—WAGED CAMPAIGN AGAINST SWAY OF BIG INTERESTS.

One of the big upsets in the beginning of this year's congressional campaign was the defeat of Ira C. COPLLEY, member of the powerful House Ways and Means Committee, in the primaries in the eleventh Illinois district. The World asked Frank R. Reid, the successful Republican opponent, how he accounted for his victory. The reply is below:

CHICAGO, April 16.

To the WORLD:

The Volstead law had nothing to do with my victory. The campaign was waged against the system by which a dozen men of great wealth dominate the action of Congress on matters of tariff and taxation and use their great power to secure legislative protection of their own special interests.

I showed the financial and business interests of the 17 Republican members of the Ways and Means Committee, of which 11, including COPLLEY, are millionaires or multimillionaires, and urged the necessity of having a "people's bloc" to oppose this "millionaire bloc" to return the power of government to the people.

I pledged myself to uphold the policy of progressive, independent men in Congress who believe that the interests of the mass of the people deserve first consideration. I campaigned against the present certificate form of bonus bill in favor of a cash bonus, to be paid out of excess-profits tax and surtax or from foreign loans. Condemned COPLLEY's action in supporting the repeal of the excess-profits tax and in supporting the reduction of the surtax on incomes; also the action of COPLLEY and the Ways and Means Committee on the dye embargo.

FRANK R. REID.

That is signed by Frank R. Reid, recently nominated for Congress by the Republicans in the eleventh district of Illinois. To that he appends a sample sheet of his literature upon which he appealed to the untrified voters of the great State of Illinois. He says:

Who are the men who frame the revenue and impost laws of the Nation which vitally affect the interests of every business man who has something to sell or manufacture, every farmer who produces a bushel of grain or a pound of beef or hogs, and every wage earner in the eleventh district?

The committee is composed of 17 Republicans and 8 Democrats. The Republicans, of course, control the committee under the present administration; in fact, a bare half dozen of the leading members dominate the proceedings of the committee and determine its action in respect to legislation on taxation, tariff, and other vital subjects.

He gave this list of the 11 rich men:

Chairman JOSEPH W. FORDNEY, Michigan, millionaire lumberman.

NICHOLAS LONGWORTH, Ohio, a millionaire by inheritance, interested in various banking and industrial enterprises, including an interest in dye and chemical companies.

IRA C. COPLLEY, Illinois, multimillionaire, controlling gas companies and three newspapers of the eleventh district, interested also in mining and other properties.

LUTHER W. MOTT, New York, wealthy banker, former president of the New York State Bankers' Association.

ISAAC BACHARACH, New Jersey, millionaire real estate broker, first vice president and director of the Second National Bank and also director of Atlantic Safe Deposit & Trust Co. at Atlantic City.

ALLEN T. TREADWAY, Massachusetts, millionaire hotel owner and magnate.

CHARLES B. TIMBERLAKE, Colorado, wealthy banker and stock raiser.

GEORGE M. BOWERS, West Virginia, millionaire banker and orchardist, president of People's Trust Co., Martinsburg, W. Va.

HENRY W. WATSON, Pennsylvania, wealthy retired business man who made his fortune in various commercial and manufacturing enterprises.

ALANSON B. HOUGHTON, New York, (a Member during the special session but recently resigned to become ambassador to Germany), a multimillionaire glass manufacturer.

And I might pause to say parenthetically that since his departure for Germany he has been succeeded by the distinguished gentleman, Mr. Ogden Mills, of New York, reputed also to be a multimillionaire and said to be exceedingly close to the great banking firm of J. P. Morgan & Co.

THOMAS A. CHANDLER, Oklahoma, millionaire oil magnate.

That, gentlemen, is not any of my fiction. If it is fiction, it is the fiction of one of the colleagues of gentlemen on the Republican side of the House in the next Congress if they can elect him from the eleventh district of Illinois. I am inclined to believe his testimony—

Mr. TINCER. Will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Kansas.

Mr. TINCER. Do I understand that the gentleman is endorsing or condemning that platform?

Mr. STEVENSON. I am proposing right now to discuss that question. I call this gentleman from Illinois and prove by him that the members of the Ways and Means Committee, which will frame this taxation bill foreshadowed by the Secretary of the Treasury and properly foreshadowed also by the Chief Executive of this Nation, are men who are interested in protecting and taking care of the millionaires of this country and unloading the burden that must be placed somewhere, upon the shoulders of the common people who have small incomes.

Now, gentlemen, there is another thing in connection with that matter that I want to say. I sometimes turn back and look at the Republican platform of two years ago:

We undertake to end executive autocracy and to restore to the people their constitutional Government.

That is one of the promises made by the Republican platform of 1920—one of its important planks. Well, let us see how much that has been done. In fact, I want to say without hesitation that it is a good thing this "blue sky" law was not passed before 1920. The gentleman told us how many people were defrauded and flimflammed in 1920 and 1921 by selling all sorts of stock and making all sorts of promises as to what they would do. If they had passed this bill before that and made it just a little broader, the Republican Party could have been indicted right now for having flimflammed the people on a promise of decentralizing the Government and reducing taxes and expenses. [Applause and laughter.]

Now, what has happened? Let us see what has happened about this autocracy business. Last year we passed a bonus bill through this House. What happened? It went over to the Senate, and the President of the United States, for the first time in the history of the Congress of the United States since its foundation, appeared on the floor of the Senate in a speech against a measure there pending. We have had Presidents who called both Houses together and advised and consulted with them and told them what ought to be done, but there was the spectacle of a President appearing in proper person and making a plea on the floor of the Senate of the United States to sidetrack the bonus bill that had been promised to the boys and by implication had been promised by the President himself.

Well, let us see another thing. He serves notice that this bonus bill which has lately been passed by the House must have a tax attached to it, and preferably a sales tax, which will hang a tag around the neck of every soldier in this country who receives it saying that he is taking money out of the pockets of his neighbors; because whenever a man goes in and buys a dozen cigars and has to pay a sales tax he remembers that he is paying this bonus tax, and he will say, "Yes; I am paying this to that fellow that is loafing around here in a uniform." That is what it will do, and the President told us that this must be done; and the prediction is made very freely that if the bill is passed he will veto it unless it contains that provision. Yet they were promising to end Executive interference in the Government. They made no such provision in the bill by which they gave the railroads six hundred and forty millions.

The President endeavored to control this House on the surtax bill. I am glad to see that Mr. Reid, if he comes here from the eleventh district of Illinois, is going to be in favor of a high surtax and for the excess-profits tax, and we are going to have it, unless the millionaires on the Ways and Means Committee

succeed in putting it somewhere else. I will say, by the way, that the distinguished gentleman from New York [Mr. MILLS] who was added to that committee the other day, when the revenue bill was under discussion on the floor of this House last summer, advocated raising the revenues of this Government by placing a tax on what you spend. Therefore, the man who made \$1,000 and had to spend it all would have to pay a per cent of everything he made, while the man who made \$1,000,000 and spent \$50,000 of it would salt down \$950,000 and pay taxes only on the \$50,000 out of the \$1,000,000, or on one-twentieth of what he made. That is the kind of timber they are adding to this committee that is going to frame this new tax bill.

Now, we had up here the other day the bill making appropriations for the Navy. What did we see? Talk about Executive interference! Why, gentlemen, let us see who all did come here. First we had Secretary of State Hughes. Who ever heard of the Secretary of State undertaking to interfere with the appropriations of the Government, and especially for the Army and Navy? Well, it did not look as if the House was going to get across with it, and then they had Secretary Denby, who had some legitimate right to communicate with us on the naval bill. That went along and did not seem to win, and then they called in the President, and to cap it all they called in Hanford MacNider with his demand for a big Navy and a big Army. Well, you say, "That is all right." Yes; it is all right; but it is not all right in the face of your declaration that you are going to stop the Executive from interfering with the liberties and deliberations of the House of Representatives. Ah, that did not succeed, you say. Well, several times he did not succeed, but he pocketed the bonus bill over yonder. He succeeded there for a good while.

He failed on the surtax. We passed another bonus bill without any tax feature in it; but, gentlemen, about three weeks ago Mr. Daugherty, who is a politician, opened the door a bit and gave out an interview and said that we are going to enforce the civil service in a sensible way, which means in a Republican way. Subsequently after the President turned off 28 men down here at the Bureau of Engraving and Printing, when he called the boys over here this time with just a little fleeting smell of pie, he put his proposition across; that is what happened. Now, those are some of the Executive interferences we have had, but what is the latest? We are going to have a tariff—that is one of the promises that we were to have a tariff adjusted to the new conditions subsequent to the war. We have been in session 13 months and no tariff, and now the Senate of the United States has confessed its inability to write one by doing what? By writing one in which it gives the President the right to shift it up or shift it down; he can go 50 per cent up or 50 per cent down, as he sees fit, as I understand the bill; I do not know whether anybody else can or not. He is given the right to shift the tariff one way or the other, according to his discretion, and yet you say you want no autocracy. The gentleman from Illinois, I think, was exactly right. Now, let us see what the great organ says about this. We had an overturn here the other day on the naval appropriation bill, and, by the way, they are trying to raise the Army bill in the Senate and the President is behind it. [Applause.] The Washington Post had this to say relative to the overturn:

From the point of view of those Republicans in Congress who have seen in the exercise by the President of a general party leadership, the only method whereby unity of party action can be accomplished and legislation enacted in consequence of the development of a composite party opinion, yesterday's events in the House were of far more than passing and momentary significance.

MAY SHIFT LEADERSHIP.

Many see in this instance of exercise of party leadership the beginning of a new policy on the part of President Harding. They appreciate the importance of the influence which the President can exert in directing party action on the bonus and tariff legislation now about to demand attention.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. WINSLOW. Mr. Chairman, we have succeeded in extending the credit to a preferred class of membership, and I think it highly important we proceed with the bill to protect the people from the blue-sky frauds. For that purpose I yield five minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Can the gentleman from Kentucky yield me 10 minutes?

Mr. BARKLEY. I will yield the gentleman five minutes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I realize, as many of the rest do, the need of some regulation such as is provided in this

bill. I also realize that it is a delicate matter to provide a law of this character. The probabilities are that if such a law as this had been upon the statute books in the early days we would not have had much of the development that this country has had because of the fact that many of the developments when they first originated might have been subject to the provisions of a technical law like this. After they were developed, of course, they became more substantial. Therefore we ought to be very careful in legislation of this kind that we do not destroy initiative.

This measure seems to have much merit, and so far as it goes is desirable. For some reason, however, people who understand the mortgage business in this country have not been considered in the drafting of this bill and have had no opportunity to be heard at the hearings, and it would seem that there had been no study of the mortgage provisions of the bill by these people until after the bill had been reported out of committee.

I now find that this bill is defective from the standpoint of the legitimate mortgage banker in at least three particulars:

First. It seems to completely forbid the sale of investments secured by mortgage on properties not carrying buildings. This would bar several billions of dollars of mortgage financing of the highest grade and acceptable for the insurance companies and other conservative investors of the country.

Second. It forbids the sale of mortgage investments in the form of bonds, requiring that mortgages be sold to a single investor.

Third. It absolutely prohibits the offering of investments on real estate security outside of the confines of the United States. It puts a complete embargo, in other words, on all foreign investments of this character, although leaving the door wide open for every other type of foreign investment. It hardly seems to be the function of a "blue sky" bill to put a complete embargo on any one type of foreign investment, regardless of merit.

I want to point out that the effectiveness of the bill will not be interfered with in the least by the elimination of lines 4, 5, and 6, on page 7 of the bill, or at least the dropping of the words "60 per cent."

Paragraph "d" of section 4 permits bonds and notes to be issued against collateral securities, the full value of said securities, even though the market value thereof may be less than the amount of the notes or bonds issued against same.

I can not understand why there should be a line drawn between the common stock or collateral securities and the securities offered or secured by mortgages on real estate and to the discouragement of the latter.

The Ways and Means Committee to-day are considering a bill to amend the Constitution to repeal the tax-exemption subsidy. This will remove a barrier and will greatly relieve and facilitate the transactions in mortgage loans, and I want to protest against adding another burden equally as bad by such a proposal as I have just referred to.

I desire to show you that great injustice will be done to agriculture, and the financing of the farmers will be made much more difficult if this bill becomes a law in the form in which it has been reported. Equal injustice will be done to borrowers on city property.

The bill is intended to prevent the sale of fraudulent or valueless securities, and makes it unlawful to offer for sale through the mails or to transport through the mails certain securities with some exceptions. Sections 4 and 5 provide that the provisions of the act shall not apply to any of several classes of securities. Among those enumerated are the following described in section (h):

Any bond or notes secured by a first mortgage lien on real estate or leasehold situated in the United States when the entire mortgage, together with all the bonds or notes secured thereby, are sold or offered for sale to a single purchaser or at a single sale. Also, any bonds or notes secured by first mortgage lien upon agricultural lands improved with farm buildings and used and valuable principally for agricultural purposes, or upon city or village real estate or leaseholds in the United States improved with buildings used principally to produce income through rental: *Provided*, That the par value of such bonds and notes does not exceed 60 per cent of the then fair value of the property so mortgaged to secure the same.

Within the last five years, since the graduated-income tax has gone into effect, a great change has taken place in the market for bonds and mortgages. Before heavy Federal surtaxes were imposed on wealthy investors who were formerly purchasers of large issues of bonds and of large mortgages it was comparatively easy to sell in large amounts. It is now almost impossible to sell taxable bonds or mortgages in large amounts, because the wealthy investors buy tax-exempt securities. A farm mortgage for ten, fifteen, or twenty thousand dollars is very difficult to sell, and the same difficulty is encountered in selling the bonds or notes of a mortgage of a

similar amount to a single purchaser. In order to secure a ready market it is necessary to split up a \$25,000 loan into thousand dollar parts or bonds and to sell one, or, at most, three or four of said bonds or parts to an individual. Individuals buying these portions of smaller value are those who receive small incomes not subject to heavy surtaxes. It is difficult to sell the bonds or notes representing a \$5,000 loan to a single customer, and it would be almost impossible to finance large loans if obliged to sell under these restrictions.

The section further provides that in order to be salable the notes must be secured by first-mortgage lien upon agriculture lands improved with farm buildings.

A very large part of the most important farm loans are made upon lands not improved with farm buildings. These lands are cultivated and produce income the same as lands equipped with buildings. The farm-tenant problem is one of the most important that confronts American agriculture to-day. We have 2,454,746 farm tenants in the United States. Great efforts are being made to induce farm tenants to own their own homes. Thousands of tenants while occupying the buildings of rented farms purchase land without buildings, hoping to pay for their land while occupying buildings on the rented farm and later to equip their purchased land with buildings of their own. It would be very detrimental to the "own your own farm" movement if the procuring of such mortgage loans is made more difficult by this provision. In tens of thousands of instances farmers desire to extend their holdings by buying additional land for their own use or for the use of their sons. These additional lands are not usually equipped with buildings. It would be a waste of money in many instances to erect farm buildings on each new tract of land acquired. It is usually desirable to mortgage the newly purchased land. In thousands of cases farmers making loans give several mortgages each on a separate tract instead of one mortgage covering the entire farm. This is done for the purpose of making the loans attractive to small investors. The productive value of the land is the most important consideration in determining its mortgage value. Many companies make no allowance for buildings, and under the Federal farm loan act it is unlawful to allow more than 20 per cent of the insurable value of their buildings in determining the value, and thousands of loans are made by Federal land banks on which there are buildings. It would be unfair to borrowers from private investors to impose these additional restrictions. Without amendment, the bill as now drawn would work a great inconvenience to farmers desiring to purchase additional land.

The same sentence continues as follows:

* * * and used and valuable principally for agricultural purposes.

Congress has made liberal appropriations to aid cattle and sheep men occupying ranches in the West. Grazing lands are not always classified as "agricultural." Until the language of a statute is finally passed upon by the Supreme Court no one can safely interpret its meaning. The Constitution of the United States was amended to provide that Congress might collect taxes on incomes "from whatever source derived." Our present Secretary of State, Charles Evans Hughes, then Governor of New York, addressed a message to the New York Legislature stating that in his opinion the amendment meant what it said.

By an involved and circuitous process of reasoning the majority of lawyers have convinced themselves that the Constitution does not permit the taxation of income from State and municipal bonds. Another amendment to the Constitution is now considered necessary in order to make the words "from whatever source derived" include income from State and municipal bonds. It is never safe to take chances on the meaning of a law. It is best to avoid ambiguity. A great injustice will be done to the cattle industry and the sheep industry unless the words "or grazing" after the word "agriculture" and before the word "purposes" are inserted. Congress ought not to enact laws to discourage cattle raising and sheep raising. The sentence continues:

* * * or upon city or village real estate or leaseholds in the United States improved with buildings used principally to produce income through rental.

This would make it of doubtful legality for a loan agent to offer for sale bonds or notes secured by mortgages upon property occupied by the owners for dwellings and for business purposes, and would defeat the purposes of the "own-your-own-home" campaign that has been so patriotically supported by the American people. This would make it impossible for a merchant or hotel man or mill owner to borrow money on a large store or warehouse or hotel erected for use of the owner. In order to comply with the law the owner would be obliged to organize another company to hold title to the building, from whom it could be rented. This provision is of no value. It

serves no good purpose and it is an inconvenience to honest business, without affording protection to investors. It would appear that this might be amended to make it more clear.

If this bill is to become a law all classes of securities ought to be treated impartially. All should be placed on the same level. There should be no discrimination against mortgages on farms and homes and factories. No criticism is urged now as to exceptions made in favor of other securities, but a comparison shows that unusual and unnecessary impairments have been thrown in the way of the borrower on real estate security.

Paragraph (i) of section 4 permits the sale of commercial paper with no limitations, except as to date and maturity.

Subsections "a" and "b" of paragraph (3), section 4, permit the sale of preferred stock in corporations at par if the net assets are equal to or exceed 125 per cent of the stock then offered for sale. That makes the preferred stock equal to 83½ per cent of the value of the property. Such assets are often some form of personal property, machinery, or merchandise liable to depreciation through obsolescence, fire, business competition, or other causes. Real estate is a much more stable security, and a loan of 100 per cent on the cash value of real estate is usually more reliable than 83½ per cent on the assets on the average corporation that could qualify under this act.

The profits possible in the sale of real-estate mortgages on honestly appraised property are too small to attract the high pressure stock salesman or the other get-rich-quick artists. Senator Kenyon, of Iowa, stated last year that the people of his State were defrauded of over \$200,000,000 in one year. The Senator was probably conservative in his statement. These losses were not incurred through investment in mortgages on farms or city homes.

In the blue-sky law of the State of Illinois, which is extremely drastic, no prohibition is made against the sale of mortgages on land situated in the Dominion of Canada. In the Denison bill, recommended, Canadian securities are on the prohibited list. Canadian land mortgage securities sold in this country compare favorably with first-class mortgages based on real-estate situated in the United States. Probably the attention of the committee was not called to the apparent injustice and unfriendliness of this legislation against Canadian securities. While the Canadian Government may not call attention to this action of the congressional Committee on Interstate and Foreign Commerce, in business and financial circles it will be considered a decidedly unfriendly act.

In its present form the bill seriously reflects on real-estate mortgages. They are not given the standing of common stock (see (c), p. 9), which may equal 100 per cent of the value of the property. Farm mortgages by the bill in its present form may be salable only when they do not exceed 60 per cent of the value of the property. This would cause great hardship to parties with small capital desiring to purchase farms or homes.

The restriction on real-estate mortgages is in marked contrast with the provision in paragraph (d) of section 4. The latter permits bonds and notes to be issued against collateral securities to the full par value of the said collateral securities, even though the market value of the collateral securities may be far less than the amount of the notes or bonds issued against them.

On page 13 of the report of the hearings of February 15, 1922, the following appears:

Mr. GRAHAM. In your fourth proviso under this section 4 you state that bonds or notes or other evidence of indebtedness issued by a holding corporation may be issued when they are backed by the securities mentioned in this clause, but provided that the collateral securities equal in par value the par value of the bonds, notes, or other evidences of indebtedness so secured.

Now, then, you say:

"If any portion of the collateral securities consists of stock of no par value, then for the purpose of this subdivision such stock shall be deemed to have a par value equal to the price at which such stock was authorized to be issued by the public commission having supervision of the issue of such stock."

That is, I assume, irrespective of the face value at the actual time of pledging. It may have been issued at 25 cents on the dollar, and it may be worth at the time the securities are issued 5 cents on the dollar. Why is that value fixed arbitrarily in that way?

The question of Mr. GRAHAM was not satisfactorily answered.

The general purpose of the bill is to prevent the use of the United States mail and common carriers for the transportation of letters advertising matters and securities in order to make sales in violation of the blue-sky laws of the several States. The intent of the law will be approved by every honest lender and by every honest borrower, but it needs careful revision before it will accomplish the purposes intended. Section 12 of the bill provides an exception to the general rule regarding Federal statutes. Nothing in the act shall be construed to supersede

"any law of any State now in force or hereafter enacted to regulate the sale of securities within such State."

Sections 4 and 5 of the bill are intended to render dealers in certain classes of securities immune from the penalties of this act. These sections were prepared by exceedingly able attorneys representing these interests. The reports of the hearings before the committee do not show that any representatives of farm borrowers or city real estate borrowers appeared before the committee to discuss paragraph (h) of section 4, relating to real estate loans. Neither did representatives of real estate mortgage dealers appear. Usually bills relating to bonds and mortgages are considered by the Committee on Banking and Currency. As this bill was referred to the Committee on Interstate and Foreign Commerce because of its effect on commerce between the States, it did not come to the attention of borrowers, investors, and dealers until after it had been reported for passage.

In its present form the section relating to real estate loans will be more of an embargo on legitimate business than a hindrance to fraud.

Members of the Farm Mortgage Bankers' Association and other reputable mortgage bankers produce and sell first mortgages on improved farm lands. Their loan limits are 50 per cent of the appraised cash value of the land. They are not directly interested in city mortgages or second mortgages as commodities of commerce, but they realize the handicap which the Denison bill in its present form will impose on deserving borrowers in city and in country.

If the bill were amended by striking out the two immunity sections 4 and 5 entirely, it would serve its purpose much better than in its present form unless paragraph (h) of section 4 is amended.

Real estate securities are not a prolific source of fraud. The public would be amply protected if paragraph (h), on page 6, was made extremely short and to read as follows:

(h) Any bonds or notes secured by a mortgage lien on real estate or leasehold (other than oil, gas, and mining lands) situated in the United States or in the Dominion of Canada, or any mortgage thereon, when the aggregate face value of such mortgage or bonds or notes (but not including interest notes or coupons) secured thereby does not when issued exceed the fair market cash value of such real estate or leasehold.

Mr. BARKLEY. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANKFORD] such time as he desires.

Mr. LANKFORD. Mr. Chairman, during the World War the United States began and carried far toward completion a great development at Muscle Shoals at tremendous cost for the great purpose, among others, of obtaining nitrogen from the air for war purposes in time of war and for use in fertilizer in peace times.

Everyone was much in favor of the enterprise during the war. The enterprise would have been pushed to fullest capacity had the war lasted. Work would be immediately renewed should war start again. All agree Muscle Shoals, if finished, would be very valuable in a future war and would probably be worth more than many mighty battleships and millions of trained men, for these are of no value without ammunition. Why has the development stopped so suddenly? The answer must be apparent to everyone. There is a strong combination in and out of Congress which do not want the plant operated by the Government or any private enterprise for the benefit of the agricultural interest. There can not be any other reason. All favored it for war purposes. The opposition arose after the war. The development was suddenly stopped only when it became apparent that nitrogen was soon to be furnished at reduced prices for agricultural purposes. Many are extremely anxious to see the Government let go to wreck the work begun and lose many millions of dollars rather than see the enterprise operated for the farmers. Men in Congress have said on this floor that they would be willing for the work to be finished if assured it would be shut down and not operated for the agricultural interests or if they could be assured it would be sold or leased to some private enterprise to be operated for private gain. Those opposing the development do not want cheaper nitrogen for farmers. They would be glad for Muscle Shoals to be owned and operated by a syndicate which would furnish nitrogen at a high price and which would not at all interfere with those making enormous profits out of the farmers.

They think this would be a stimulant to business. They believe cheap nitrogen and cheap fertilizer would injure their business and the business of their friends. I believe cheap nitrogen would injure those making enormous profits out of the importation of Chilean nitrates and those engaged in dealing in nitrates on a large scale at excessive profits. I want to hurt their unfair business. Cheap nitrates would not hurt the small guano concern which is anxious to furnish fertilizer as

cheaply as possible to the farmers. It would certainly be a godsend to the farmers of the country. I quote from the speech of Hon. EDWARD B. ALMON, of Alabama, before the Military Affairs Committee of the House on March 8, 1922:

Mr. Ford not only offers a very fair price for the nitrate plants, but agrees to keep nitrate plant No. 2 at Muscle Shoals in an up-to-date running condition and available to the Government without cost if it should ever be needed for military purposes and the manufacture of munitions. It is now in a stand-by condition, expensive to guard and maintain. The older it grows the more expensive the maintenance charges will be. With the very best care it would rust out and greatly deteriorate in value. The fixation of atmospheric nitrogen is a comparatively new art, and it will be improved from time to time; and in order for this plant to keep pace with the progress of the art and be an up-to-date going concern in the event of a military emergency it must be operated in peace times.

Besides, the act of Congress making provision for its construction provided that it should be operated in peace times for the manufacture of fertilizer. So the acceptance of the Ford offer preserves this plant as a military plant and at the same time makes provision for its operation by private capital in peace time for the manufacture of fertilizer. The maintenance of the plant by the Ford company, relieving the Government of all expense and keeping it in an up-to-date running condition, is of inestimable value and would save the Government many millions of dollars, besides the advantages to agriculture, the basic industry on which the success and prosperity of every other business depends.

Mr. Ford further agrees to operate nitrate plant No. 2 during the entire period of the lease to its full capacity in the manufacture of commercial fertilizer and sell direct to the farmers at a price not to exceed 8 per cent over the actual cost of production, through a board nominated by the farmers' organizations and appointed by the President.

The present capacity of the plant would produce about 2,000,000 tons of fertilizer, which is about 30 per cent of the amount of fertilizer consumed in normal times. It has been clearly shown that with cheap water power the Ford company can make fertilizer at about one-half of the present price. The Nation's fertilizer bill is now nearly \$250,000,000 annually. Suppose, for the sake of argument, that the operation of the Muscle Shoals plant should only result in a 20 per cent reduction in prices. That would amount to \$50,000,000 a year saving to the farmers, and this amount for 100 years, out on compound interest—as the opponents of the Ford offer have undertaken to do in claiming what Mr. Ford would make from the Government in compounding interest—would be over \$5,000,000,000 saved to the farmers of the country.

No one can possibly calculate the great good which will come to the farming interest of this country and to the entire Nation from a proper development of Muscle Shoals. At Muscle Shoals there is all that is necessary to make its development one of the greatest industrial moves of the South and the Nation. Minerals, water power, transportation, both rail and water, climate, and in fact everything that is necessary to make Muscle Shoals and its development one of the great things in our Nation's life are there.

Let us see that it is developed for the good of all the people and not for the good of the corporate interest. Henry Ford's proposition does not appeal to the monopolistic concerns which desire to either have the Muscle Shoals proposition closed down and "junked" or owned by them. His proposition does appeal to the farmers and those who are suffering because of the high price of nitrogen, which is so essential an ingredient in fertilizer and which is now obtained principally from Chile at an exorbitant and unreasonable price. Muscle Shoals is a mighty project, and should be utilized for the good of the Nation both in time of peace and in time of war.

Muscle Shoals has in its very waters a mighty power for the good of the Republic.

Some time in the dim past, no one now knows when, even before the happening of things remembered by the red man, a strange people gazed upon the mighty tumbling waters of the great river in northern Alabama and wondered at and worshiped with their benighted minds the mighty power of the seething, tumbling, roaring waters and felt in their souls that some mystic power was there at their very feet. These strange people have passed away and left no record except the mighty mound of earth where they worshiped, but the mighty magical power of the falling waters at which they wondered and which they worshiped has lasted through the years and is still there. The Cherokee Indians following these strange first children of the forest gazed at the mighty scene in admiration and amazement, and thought that they read within the rushing waves the force of the jagged lightning and that they heard there in the roar of the cataract the power of the thunder and called the shoals thundering waters. The Cherokees were right, the power of the lightning and the thunder was there and is still there.

After the Cherokees came the white man and their great war chief, Andrew Jackson, who saw and understood as man had never done before the tremendous power of the mighty torrent, and prophesied that a great city would be built upon the bluff overlooking the mighty rapids, and that it would probably become the future capital of the Nation. He saw in the power of the rapidly moving waters a force great enough to make and control the destiny of a mighty people.

Nearly a century later, while this Nation was engaged in a mighty conflict with a powerful combination of foreign foes,

our statesmen anxiously sought for a mighty force which would make our victory more assured in time of war and which would marvelously enhance the prosperity of our people in time of peace. The tremendous power sought was found at Muscle Shoals on the Tennessee River, and our entire Nation has been aroused to a realization of the power there ready to be harnessed and used for the good of mankind. The red man and the white man, whether worshiper or warrior, were right when they saw in these mighty waters an unknown, tremendous, mystic power. It was there. It is there now. It was placed there by the Creator in the beginning as a part of the eternal plan. The unknown power worshiped by primitive man who first saw the turbulent stream, the power of the lightning and the thunder seen by the red Cherokee, the force sufficient to shape and control the destiny of a Nation admired by Jackson, and the power mighty enough to make our victory assured in time of war and our prosperity vouchsafed in time of peace as seen by the American people during the World War, are all there. They are all there for the everlasting benefit of our people and for the glory of God, if we will only reach out our hands and possess them and use them for the good of all.

Mr. WINSLOW. Mr. Chairman, I yield eight minutes to the gentleman from Idaho [Mr. SMITH].

Mr. SMITH of Idaho. Mr. Chairman, on general principles I am in favor of all legislation intended to compel fair and honest dealing on the part of those who engage in business transactions, but it appears to me that the legislation under consideration is of such a character that great injustice may be done honest men who are engaged in the legitimate development of the resources of the country, especially in mining and oil development. The prospector who discovers valuable minerals is generally a poor man and must necessarily look to those who have money to invest, and who are willing to enter a hazardous undertaking with the hope of reaping a large profit, and in order to secure the necessary money to develop the property a company is organized and shares offered for sale to those who are looking for investments of this character. The pending legislation is of a technical character, and I will not undertake to discuss the merits or demerits of the bill, but desire to read to the House letters received from prominent citizens in my State in whose judgment I have great confidence. The following letter is from Hon. Stewart Campbell, inspector of mines, who is naturally in close touch with the mineral development of the State:

THE STATE OF IDAHO,
MINING DEPARTMENT,
Boise, April 3, 1922.

Hon. ADDISON T. SMITH,
Washington, D. C.

DEAR MR. SMITH: H. R. 10598, introduced in the House by Congressman DENISON, of Illinois, and reported favorably from the Committee on Interstate and Foreign Commerce, is one of the most destructive measures ever offered Congress if considered from the standpoint of western development. Our mines, Carey Act projects, irrigation districts, drainage districts, power companies, manufacturing companies, wholesale houses, etc., owe their life and existence to the sale of their securities, either stocks or bonds; and if all of these undertakings had been compelled to pass the "blue sky" laws of the various States, Idaho to-day would be a vast expanse of sagebrush sparsely inhabited and without operating mines or industries; and, further, if this bill becomes a law all future development will stop, particularly mining, as this industry depends entirely on the sale of stocks or bonds for the money necessary to develop the prospect into a mine. It is almost an impossibility for a mining company to pass the "blue sky" laws of the various States, and if able to do so the cost necessary would often exceed the amount the company expects to raise, and this cost is such that the promoter can not meet it, thus making it impossible to finance an undertaking of any kind.

The work of this office is such that I have had occasion to observe the operations of the "blue sky" laws of a number of States and the way this law is administered by them shows it to be impractical, as invariably the issuance of a permit lies in the hands of some banking clerk, or others equally as unqualified to pass on the merits or demerits of a mining venture; and that it is generally the illegitimate promoter who spends the time and money to procure a permit, which he then uses to further his operations, as this permit is recognized as a State endorsement. In fact, I have seen a number of reports made to the administrators of "blue sky" laws after the property had been visited by one of these examiners. The report generally endorses the venture, and the ignorance of the examiner is pitiful. Yet to these must Idaho bow if this bill becomes a law.

Two important questions come to my mind. Why legislate in favor of cities of over 500,000 population, and who is going to police the law? The Department of Justice or the Post Office Department? If the Department of Justice, would it not be a duplication of the work being done by the Post Office Department?

The necessity of a law of this kind is not clear to me unless it is to prevent the use of the mails, express, and telegraphs to defraud. If such is the case, why kill all legitimate promotions to reach a few illegitimate promoters? If this is the intent of the bill, would it not be better to give the Post Office Department a small amount of the appropriation that would be necessary to police this bill, change the postal fraud laws so it will be possible to convict the illegitimate promoter who is now using the mails to defraud yet is able to avoid conviction and continue his operations through cunningly designed literature that is entirely misleading yet within the law? If this is done, and should be, there would be one Federal law that the people of the

United States will have a unanimous respect for, with the reverse being true if H. R. 10598 becomes a law.

Frankly, my opinion is H. R. 10598 should be killed.

Very truly yours,

STEWART CAMPBELL,
Inspector of Mines.

I also desire to submit resolutions adopted by the Ada County Chapter of the Idaho Mining Association:

Whereas the blue sky laws of the various States are not uniform; and

Whereas the administration of the blue sky laws of various States is generally placed in the hands of officials who are not qualified to pass upon the merits or demerits of various business undertakings; and

Whereas experience has shown that the administration of the blue sky laws of various States is coupled with unlawful exaction as a condition precedent to do business; and

Whereas the Denison blue sky bill is rank class legislation; and

Whereas the Denison blue sky bill is the most destructive measure ever offered Congress, in that it will absolutely prevent development of any and all kinds and particularly in the Western States; and

Whereas the Denison blue sky bill is uncalled for paternalism; and

Whereas the Denison blue sky bill will add one more law for which the people of the United States will have no respect; and

Whereas the Denison blue sky bill will jeopardize all mining enterprises; and

Whereas general business enterprises are dependent upon the sale of their securities to a greater extent than the mining industry: Now, therefore, be it

Resolved, That the Ada County Chapter of the Idaho Mining Association respectfully requests that the Idaho congressional delegation use every power within their means to prevent the passage of such malignant legislation; and be it further

Resolved, That the Ada County Chapter of the Idaho Mining Association respectfully requests that the Hon. D. W. Davis, Governor of the State of Idaho; the Boise Chamber of Commerce; and all civic organization in the State take such action that the citizens of Idaho may realize the danger of this legislation.

J. B. ELDREDGE,
STEWART CAMPBELL,
FRANK E. JOHNESE,
W. H. PADDOCK,
I. H. FREAR,
JOHN E. LOOK,
JAMES S. BOGART,
Committee.

I have also received the following letter from Hon. Miles Cannon, who is a close student of public affairs:

BOISE, April 10, 1922.

Hon. ADDISON T. SMITH,
House of Representatives, Washington, D. C.

DEAR MR. SMITH: Responsive to yours of March 29 relative to H. R. 10598, it is impossible for me to give you an expression as to the merits or demerits of this bill, as I am not a miner and have no idea of the conditions under which stock is sold and mining properties developed. I have no hesitancy in saying to you, however, that I have not talked with a mining man in this State relative to this legislation who has not condemned it in bitter terms. Several meetings have been held denouncing the act as being well intended to destroy the mining industry of the State. You can hear these expressions on any corner of the street wherever you find a mining man, and a large number of attorneys have expressed a similar view.

I want to emphasize, Mr. SMITH, the growing opposition of Federal interference with State industries. We are laboring under a burden of taxation which has reached the limit of our endurance. We are paying the Federal Government now three and a half million dollars per year out of money which we seriously need at home. If you were to ask my advice, I would say to devote every hour of your time from now to the end of the session in opposing further Federal interference in State affairs. It is unnecessary to discuss the merits of Federal bills. The great and overpowering fact is that it is necessary for us to preserve our principles of government, which is of far greater importance than the merits or demerits of any bill. The people who produce the wealth and pay the taxes must perform their functions or else our attempt at free government will fail. This is going to be the political trend for the next 10 years. I have heard any number of people say that they will not vote for any man who favors extension of Federal control. These men are men of affairs, whose influence will be felt. This is the very best of my judgment, and you can accept or reject it as you think best.

Very truly yours,

MILES CANNON.

The following letter is from Frank E. Johnesse, a member of the American Institute of Mining and a mining engineer of wide experience, who has brought to the State of Idaho thousands of dollars from eastern investors for the development of the mineral resources of the State:

BOISE, IDAHO, March 22, 1922.

Hon. ADDISON T. SMITH,
Washington, D. C.

DEAR CONGRESSMAN: All those with whom I have discussed the Denison bill (H. R. 10598—"blue sky") agree with me that it is devoutly to be hoped you will strongly oppose this amateurish, pernicious measure.

This bill simply tends to entrench stronger than ever the vested interests and to reduce to almost a state of peonage the small operator.

In our business of mining it will mean obliteration of the invaluable prospector and small operator, as no new enterprise could possibly withstand the added cost, for no adequate return, of some \$1,000 for qualifying in each one of the numerous States, some \$30,000 to \$40,000 in all, in order to be in a position to be able to ask for public support. Besides subjecting the prospective shareholder to this added expense, unfair to all concerned, he would be compelled to risk the judging of his property to venal or incompetent officials. This condition will apply to all new industries and, carried to a logical conclusion, no industries could be promoted by other than wealthy people who would not need the new money. There are always accredited experts for the public to consult, men who know their business and whose integrity is unquestionable. Under the Denison scheme the whole country would finally stagnate from lack of new blood.

To-day the alleged "blue sky" laws inflict far more hardship upon honest endeavor than they do good by way of protecting the public

from rascality. The good is made to suffer for the bad, a *reductio ad absurdum*, when the fact is that but a negligibly few people put their all into new ventures of any kind.

Anything more dangerous than to place the control of finance of new projects of a technical character in hands of persons so utterly uninformed, from a practical standpoint, in matters of constructive development as are the bankers as a class would be supremely ridiculous. Useful, undeniably, in their proper sphere, they are invariably singularly obtuse concerning potential values in raw materials; are naturally inclined to want to continue to turn over the gradually wasting old wealth rather than to attempt to visualize the positive economic necessity for continually providing new until the crying necessity for it has slowed down the wheels of progress to the point of impending calamity.

That nation which ceases to speculate dies.

As grown-up men we know that without incurring cheerfully reasonable business risks there can be no such thing as progress.

Respectfully yours,

FRANK E. JOHNESE.

Mr. WINSLOW. Mr. Chairman, I yield 12 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, two objections have been raised to this legislation. One is raised by those such as the constituents of the gentleman from Idaho [Mr. SMITH], who think that the provisions of the bill are too stringent; the other by those who think the provisions of the bill are not stringent enough. I believe it would help both classes of objectors if they would keep clearly in mind the purpose and theory of the legislation. It is not really a Federal blue sky law. It is in fact a misnomer to speak of it as such. Its purpose is to make effective the blue sky laws of the different States and to make it harder for those who want to evade the State laws to do so. It does not in itself prevent the sale of any security, and it does not in itself authorize the sale of any security. As has been stated by the gentleman from Illinois [Mr. DENISON], the bill recognizes the right of each State to determine that question for itself. The gentleman from Pennsylvania [Mr. McFADDEN] a few moments ago said that the bill would prevent the sale of farm mortgages. That is far from the fact. He misapprehends the provisions of the bill. It does not prevent the sale of farm mortgages at all. It simply prohibits in certain cases the use of the mails and other agencies of interstate commerce in selling securities in those States where they can not be sold without the consent of the securities commissions until they have obtained that consent. In those few States where there are no blue sky laws at the present time the mails may be used, and the other agencies of interstate commerce may be used without limit to sell any class of securities, as far as this legislation is concerned. In those States which have blue sky laws the mails can not be used to assist in the sale of securities contrary to their own blue sky laws, except these securities, which are specifically exempted by the bill. The legislation will hurt no one who is doing a legitimate business, and it will not unduly hamper anyone in the conduct of such legitimate business.

The gentleman from Illinois [Mr. DENISON] in his modesty has not claimed the credit which he is entitled to for this particular legislation. He is entitled to great credit for originating it and for the work that he has put in upon this bill, and for the shape in which it is finally presented here on the floor of the House this afternoon.

The bill as now presented has the approval of the National Association of Securities Commissioners, the American Bankers' Association, and the Investment Bankers of America. Representatives of these associations met with Mr. DENISON and worked upon this proposed legislation for a long time, literally for weeks, I believe, putting in long hours every day before it was finally whipped into its present shape. As the bill was originally introduced, it met with the opposition of the representatives of some of these associations, but the bill as now presented has their approval. The president of the National Association of Securities Commissioners is the executive officer of the Michigan Securities Commission, Hon. H. N. Duff, a very efficient and capable official. He has taken great interest in this legislation. After the bill was reported by the committee and placed upon the calendar he wrote me a letter in which he said, among other things:

This bill is one in which this commission has unquestioned interest. The bill is designed to aid the Michigan blue-sky law, so called, in that it prevents fraudulent promoters from using the mails from outside the State into Michigan. It will close up the gap in the control of the sale of the fraudulent securities which Michigan at present has. We think it is absolutely necessary, and that as it stands it is a bill which will help nearly everybody and at the same time hurt nobody whose business is legitimate.

Mr. Chairman, the experience of the securities commission in Michigan has been this: It has refused the sale in Michigan of certain securities which that commission, a very conservative commission, thought ought not to be sold within the State.

The promoters of those same securities have gone over the State line into Ohio, established an office in Toledo, or they have gone over the State line into Indiana and established an office in Indianapolis, or into the State of Illinois and established an

office in Chicago, and before anyone knew it the State was flooded with literature offering for sale the same securities which the Michigan Securities Commission had said could not be sold within the boundaries of the State. It is the purpose of this bill to make it impossible for the promoters of that sort of fraud to operate, or to make it possible to put them in jail if they continue to do that. Upon this point Mr. Duff, in a letter to me written some time ago, said:

This bill is of more importance to the State of Michigan and the blue sky law than many people have any idea of. It would make amenable to the Michigan blue sky law all attempts of promoters outside the State to sell stocks and bonds of a suspicious nature by mail. With the amendments which the last legislature made to our Michigan blue sky law we think we have one of the best laws in the country, and the only hole in our armor plate is the proposition of stocks being sold here by mail from some other States. Many instances of such cases brought to our attention, where farmers and merchants of small towns have fallen for the exaggerated promises of the promoters of oil fields in Texas or sulphur deposits in Louisiana and other industrial work. I recall one case where a farmer and his wife living in Kent were stung \$6,000 on a sulphur deposit in Louisiana. We have also had some cases where promoters of stock, which were not of the best type, after disapproval of this commission operated offices in Toledo, Chicago, and Indianapolis, and bombarded Michigan people by mail. Under our State law that the mails belong to the Government and are under interstate commerce we were absolutely helpless, and we have to sit by and see these outside promoters taking money through the mail. It is not only a crime upon our Michigan people but also unfair to Michigan promoters to live up to the letter of the law and take out of the State millions of dollars which should be invested in Michigan industry.

I do not believe that the constituents of the gentleman from Idaho [Mr. SMITH] or that gentlemen from any other State where they have blue-sky legislation, want people to be allowed to sell securities through the mails or otherwise to their people which their own State laws do not allow to be sold when all parties are within the territorial limits of the State. But that is all this bill does. It says no one can sell to the people of Idaho securities in the State of Idaho through the mails or through other agencies of interstate commerce that are not allowed to be sold under the laws of Idaho within the boundaries of that State. The same protection which gentlemen insist upon for the people of their own States they ought to be willing to accord to the people of other States.

Mr. DENISON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. DENISON. I want to state for the benefit of those who are here that the protest we have just heard through my friend from Idaho, made by a certain organization out there, that they are making the same kind of an objection and the same kind of fight against their own State laws. They are opposing all sorts of laws that are intended to prevent the sale of fraudulent securities. Of course, I do not mean the gentleman from Idaho is doing that, but I mean the men who sent the communication to him are doing it.

Mr. MAPES. Certainly. One of the representatives of the National Association of Security Commissioners, who appeared before the committee in advocacy of the bill, was Mr. Canright, a member of the Wisconsin State Commission. He said of the bill as it was finally reported, referring to the conferences which were had between the representatives of the security commissioners, the investment bankers, and the gentleman from Illinois [Mr. DENISON]:

The bill was much better than we had hoped it would be possible to achieve, and it is with considerable pride and satisfaction after our long hours of work that we were able to get a bill which to both sides seemed to accomplish the object desired and at the same time not place any substantial or serious burden on the development of proper business enterprises.

Mr. Duff, president of the National Association of Securities Commissioners, in a letter to the chairman of the committee, which is printed in the hearings, very well said:

The blue sky law of to-day, safeguarded as it is in most cases by court action and subject to enforcement by State officials who are men of experience, not only does not hurt legitimate business but helps legitimate business. Each and every dollar which the blue sky law saves from the crooked promoter goes into legitimate channels. The Denison bill can do no harm to legitimate business. Legitimate business is not so easily hurt nor is legitimate business attempting anything which it is afraid to tell the public, State officials, or anyone else. The theory of the State blue sky laws is merely "throw your cards upon the table." Legitimate business which is afraid to thus display its hand ceases to be legitimate business and becomes illegitimate business, and as such should be stopped by somebody, be it the Federal Government or the State governments.

And again, speaking of the bill:

It hurts no one but the people it is intended to hurt, the crook who preys upon the widow and the orphan and the aged with alluring promises of great riches and gives them nothing.

In the consideration of the bill under the five-minute rule, Mr. Chairman, it seems to me that it would be well to keep this further thought in mind, which is well brought out in his letter by Mr. Duff, who has the welfare of this legislation very much at heart, when he says:

This is an intricate bill and has been gone over by men who have made a study of the situation for years and have come in contact with the problem it deals with in all its phases. It is not perfect, but it

should be put upon the books just as it comes from your committee, and we would respectfully ask that your committee, once it has agreed to report it, stand back of it on the floor of the House and see to it that it goes through without any emasculations or amendments which will destroy its efficacy and injure its effect.

Mr. Chairman, for the purpose of emphasis I repeat that the bill does not in itself purport to prohibit the sale of any security and it does not in itself make legal the sale of any security. Its aim is to make effective the State laws. [Applause.]

Mr. FULMER. Mr. Chairman and gentlemen of the committee, I consider this a splendid piece of legislation, and am very glad to have the privilege of making an argument in behalf of the bill now under consideration. The conditions growing out of the recent war have greatly facilitated the increasing evil connected with the promotion of unsubstantial stocks and securities.

We have in South Carolina—in fact, in practically all of the States—a very satisfactory blue sky law governing the sale of securities, stocks, and bonds. We need, however, further aid in administering the State law by the help of a Federal statute. Those who have charge of administering the State law tell me that there are organized gangs who prey upon the innocent public by selling them fraudulent stock and worthless securities. We have in the United States thousands of concerns represented by professional experts, who in many instances are crooks. These experts are exploiting the unprotected public whose ignorance permits them to accept the terms of such unfair salesmen. These salesmen use all manner of attractive and enticing advertisements and schemes which fool the untrained man into thinking by investing he will greatly improve his financial status. To the trained business man these same schemes seem unthinkable. The men and women who invest in such stock and securities are usually those of small means and have little, if any, experience in dealing in such matters. They risk their little savings with the thought that they will become rich overnight.

I call your attention to a party in my section of the State who received through the mail some very attractive advertising matter in connection with the sale of oil-well stock which promised exceedingly large returns for a small investment. He purchased some of the stock, and in about three months he received a "handsome" dividend, with a statement showing the wonderful progress of the company. They offered him additional stock, stating that they had only a limited amount and that they wished their stockholders to have first choice. He swallowed the hook and line, baited with the "handsome" dividend, making a much larger purchase of the stock. Soon he found that the stock was worthless and lost all the money invested.

During the past few years, when money was plentiful in the Southern States, these expert salesmen with "get-rich-quick" schemes not only worked the city trade but the farmer as well. Folks living in the rural districts, not being in touch with their bankers and business men, were unable to judge the real value of such investments; therefore they were easily made victims by buying these fraudulent and worthless securities. It has been officially estimated that the people of the United States have lost as much as \$500,000,000 annually through the sale of deceitful stocks. When one hears of the discovery of a new oil well or a mine in some distant part of the country these salesmen immediately organize, flooding the country with highly colored advertising matter and promising untold returns for investment in their organizations and in the end robbing thousands of innocent victims. The States are powerless, and unless we pass this kind of legislation they have no means of protecting their citizens. On account of the attractive promises many people even exchange their valuable Liberty bonds for these valueless securities.

A few days ago I received a letter from the Hon. John McMahan, commissioner of the insurance department of the State of South Carolina, stating that it is essential that we have such legislation as proposed in this bill in connection with our State law in order to fill the gap in the protection of the people against the sale of fraudulent securities.

I hope, therefore, that the House will pass this bill, so as to give the States the needed assistance in preventing the sale of worthless stocks and thereby putting an end to the robbery of thousands of innocent people.

[By unanimous consent, Mr. MAPES, Mr. BARKLEY, and Mr. DENISON were granted leave to extend their remarks in the RECORD.]

Mr. WINSLOW. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Thereupon the committee rose; and Mr. GRAHAM of Illinois having assumed the chair as Speaker pro tempore, Mr. LONGWORTH, Chairman of the Committee of the Whole House on

the state of the Union, reported that that committee had had under consideration the bill H. R. 10598, the "blue-sky" bill, and had come to no resolution thereon.

LEAVE OF ABSENCE.

Mr. TILSON, by unanimous consent, was granted leave of absence indefinitely, on account of public business.

MOTION TO RECONSIDER.

Mr. JONES of Texas. Mr. Speaker, I desire to enter a motion to reconsider the vote by which House Resolution 320 was passed on yesterday.

The SPEAKER pro tempore. Was the gentleman present at the time the vote was taken?

Mr. JONES of Texas. Yes. I desire to explain in this connection that I simply wanted to enter the motion in order to preserve the status of the matter for a day or two, until the committee has a chance to see whether an error was made or not.

Mr. LONGWORTH. Will the gentleman advise us as to what the resolution is?

Mr. JONES of Texas. It was to provide a month's salary to the secretary of the late Mr. Parrish. A question rose as to how to apportion the amount. The chairman of the committee is out of town, and no member of the committee desired to take the responsibility, and in order to have it pending, I make this motion. I understand to-day is the last day on which a motion to reconsider could be made, and I desire to make it and not have it acted upon now.

The SPEAKER pro tempore. The gentleman from Texas moves to reconsider the vote whereby House Resolution 320 was passed.

Mr. MONDELL. He enters the motion but does not call it up?

Mr. JONES of Texas. Yes; I just enter it.

CHRISTOPHER COLUMBUS MEMORIAL.

Mr. RUCKER. Mr. Speaker, by request I ask unanimous consent to extend my remarks in the RECORD, giving a brief outline of the ceremonies connected with the unveiling of the Columbus statue on the Depot Plaza, and including an address delivered by the Hon. James T. McCleary, at that time a Member of the House.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to revise and extend his remarks in the manner indicated. Is there objection?

There was no objection.

Following is the account referred to:

THE CHRISTOPHER COLUMBUS MEMORIAL.

Mr. RUCKER. Everyone who has a little time to look around the Plaza in front of the Union Station in this city must be struck by the majesty and beauty of the memorial to Christopher Columbus that stands directly in front of the station. I have lately been looking up that fine memorial. The best account of its dedication that I can find is given in the *Columbiad*, official organ of the Knights of Columbus. In its issue for July, 1912, a copy of which I hold in my hand, the opening article, by Denis A. McCarthy, who at the banquet in the evening of June 8, 1912, read an original poem in honor of the occasion, tells the story of that ceremonial nearly 10 years ago, when the memorial was dedicated. In part it reads as follows:

UNVEILING A MAGNIFICENT SUCCESS.

In the brilliant sunshine of a day whose summer temperature was modified by a delightfully cool and pleasant breeze, the greatest nation in the New World which Columbus discovered in 1492 paid fitting tribute to his memory when amid scenes of splendor and enthusiasm a national memorial to the admiral of the ocean was unveiled in Washington, Saturday, June 8.

The tribute no doubt was tardy; the full and frank recognition by the United States of America of the debt which this Nation and the world owe to the fearless mariner had been a long time withheld (other men of lesser note being honored in the meantime); but the beauty and impressiveness of the memorial to Columbus, and the dignity and brilliancy which marked the unveiling, were such as to make the spectator forget the long years of neglect.

Standing before the majestic monument, or pacing the streets of the Nation's Capital, all ablaze and aflutter with flags and bunting and signs of welcome and festivity, one could not but feel proud of the order which bears the name of Columbus; for, were it not for the knights, it is safe to say that this long-deferred act of justice to the name and fame of Christopher Columbus would be still longer deferred, if indeed it would ever be performed at all. They it was who initiated it; they it was who untiringly advocated it; they it was whose clear presentation of the propriety of erecting such a monument won for the project the friendship and adherence of just and thoughtful men of all creeds and classes.

Saturday, June 8, was therefore with excellent reason a Knights of Columbus holiday in Washington. They thronged the city. The hotels were filled with them and their ladies; and shops, buildings, and public places were gay with banners and badges of the members of the order from all over the country. Honoring Columbus, Washington and the Nation honored them also; and it may well be said that for them the Capital City hung its banners on the outer walls; for them receptions and other functions were held; for them, and of them, parades were organized; and for them the night sky was bright with fireworks.

THE STORY OF THE MEMORIAL.

The story of the memorial whose unveiling was the cause of all this festal beauty in Washington, though often told before, has a place here. By an act approved March 4, 1907, Congress appropriated \$100,000 for the erection in the Capital City of a suitable memorial to Christopher Columbus, and created a commission, composed of the Secretary of State, the Secretary of War, the chairmen of the House and Senate Committees on the Library of the Fifty-ninth Congress, and the supreme knight of the Knights of Columbus, with authority to select a fitting design and to contract for and superintend the construction of the memorial.

On February 4, 1908, the commission selected as a site for the memorial the plaza in front of the new Union Station. In February, 1909, the commission, after carrying out a program of competition, selected Lorado Taft, of Chicago, as the sculptor, and on March 4, 1910, a contract was entered into with Mr. Taft to furnish the models for the sculptural work, to exercise supervision over its execution in stone, and to superintend its erection.

No picture that we have seen gives an adequate idea of the size, beauty, and impressiveness of the memorial. It is constructed of Georgia marble, and is 66 feet broad, 44 feet deep, and its central pylon or shaft is some 45 feet high. This shaft is crowned with a globe which is supported by four eagles connected by garlands. From the front of this shaft a boat's prow extends into the upper basin of the fountain, for the whole memorial is a monumental fountain. The winged figure of decorative prow symbolizes the spirit of discovery. The prow serves as a pedestal for the statue of Columbus, which is 15 feet in height and carved from a single block of beautiful white marble.

This figure—

Writes the sculptor himself in a description of the memorial—wrapped in its medieval mantle, stands in a quiet pose with folded arms and steady gaze, expressive of the confidence of the great spirit within.

It is the first object to greet the eye of the stranger entering Washington through the Union Station, and, as President Taft pointed out in his address at the unveiling, it leads the gaze to the dome of the Capitol, which is dedicated to human liberty. The whole memorial is a striking example of a noble thought nobly executed, and everybody in any way connected with the placing in Washington of such a work of art to speak to all future ages of the genius of Columbus may well experience gratification. The Knights of Columbus particularly may point to it as one of the many noble works they have accomplished since their organization.

THE DEDICATION EXERCISES.

The assemblage was called to order by Secretary of State Philander Chase Knox, chairman. He introduced the Right Rev. Monsignor Thomas J. Shahan, rector of the Catholic University, who prayed the Almighty and Eternal Ruler to look down benignly on the work that was that day being accomplished; to let the light of His countenance shine on the multitude of His people gathered at their national center to honor—

the illustrious man who threw open to religion, civilization, and liberty the gates of a new world and made free to mankind the high and broad pathways it since has trodden. Increase in all Thy children the spirit of faith in which Thy chosen agent crossed the unknown seas and braved many perils to make Thee known to far-off peoples that sat in darkness of heart and mind. Arouse in us, O Lord, some measure of sublime courage with which Thy glorious agent ever faced adversity.

When the prayer was ended Mr. Knox introduced Hon. Victor J. Dowling, justice of the Supreme Court of New York, who paid eloquent tribute to the great discoverer, saying at the close that it was fitting that after centuries recognition should be given, sincere if tardy, to Columbus's great services to humanity.

It is the appreciation of his nobility of character—

Said Justice Dowling—

which is leading to the spreading movement to make Columbus Day a holiday, in which 30 States have now joined, and to whose ranks it is hoped that the Nation itself will soon be added.

Representative James T. McCleary, of Minnesota, a member of the original commission which chose the design and site for the memorial, then made a much-applauded address, in which he lauded the virtues of Columbus. (This address in full follows.)

Then followed the most dramatic moment of the ceremony, as the Italian ambassador, Marquis Cusani Confalonieri, made a short address in English, followed by another in his native tongue, and then drew the cords which unveiled the memorial.

It was a stirring moment and one that was marked by enthusiastic applause as the flag which had hidden the figure of Columbus was drawn aside and the majestic statue of the fearless mariner was revealed to the expectant throng. As if in answer to the applause of the people in the stand, immediately the artillery began to thunder forth its salute of 21 guns.

After this salute and the playing of the Star-Spangled Banner by the Marine Band, His Excellency William Howard Taft, President of the United States, was introduced and made an address which was listened to intently and vigorously applauded.

It is true—

Said the President—

that there were other mariners as skilled as Columbus, as brave in exposing themselves to danger as he was, in that heyday of Italian, Spanish, and Portuguese manhood. And the risks they ran, the dangers they encountered and survived arouse in the reader of the present day amazement and profound admiration. But the supreme merit was his to do first that which, until he did it, presented unknown terrors to the adventurer.

From Mr. McCarthy's inspiring account of the dedication I have taken enough to enable the reader to get an idea of the occasion.

I was in Congress at the time and I well remember the day. It was a real pleasure and satisfaction to me, as it was to all Members of both Houses, to vote for the bill providing for the memorial. Its spirit and purpose were generally approved. That great organization, the Knights of Columbus, had made known to the country the meaning of it all.

The address of Hon. James T. McCleary at the dedication is so well worthy of presentation in the CONGRESSIONAL RECORD that I ask unanimous consent to incorporate it in the extension of my remarks. It is as follows:

THE MEANING OF MEMORIALS.

Mr. McCLEARY. The framers of this program evidently believe in proverbs. In selecting the speakers and arranging the order of the three formal addresses they have illustrated three of these proverbs. "What is well begun is half done," so for the opening address they were fortunate in securing the eminent jurist from New York to whose address we have listened with so much of pleasure and profit. "All's well that ends well," and the occasion is honored by having the closing address made by the foremost citizen of the Republic. With such an opening and such a closing of the formal speaking program, with its success thus assured, it was not necessary for the committee to look far for the one to deliver the middle address. They need only act on the theory, "The ends justify the means."

With the vision of a poet and the skill of an artist, Justice Dowling has pictured for us the career of Christopher Columbus. To that picture it were idle for me to try to add. On the other hand I am not unmindful of the fact that this occasion has certain aspects, some of them international in character, which can most appropriately be presented by the Chief Magistrate of the Nation. My field, therefore, as the representative of the Columbus Memorial Commission, seems in the nature of the case circumscribed to the memorial itself and some of the things that it suggests.

WHAT ONE SEES DEPENDS LARGELY ON WHAT HE IS.

Our first transcontinental railway was completed in 1869. Westward from Omaha and eastward from the Golden Gate the work of construction had for years been pushed. Across the plains and over the mountain passes strong men had long been building the two sections of the road toward each other. Nearer and nearer month by month they came. Finally not far from Ogden the two sections were united, and to mark the wedding of the east and the west a golden spike was driven.

From all parts of the country prominent men journeyed out to the Sierras to witness the crowning act of the epoch-making achievement. Among those assembled on the day appointed for the ceremony were groups of aborigines. These Indians saw the wondrous locomotives which always impress us with awe. They looked on those engines, but marveled not at their mechanism or their power. On the moving palaces that we call railway coaches they gazed with stolid faces. They saw the wires stretching from pole to pole away off into the distance, and they were told that over those lines men hundreds of miles apart could talk as if face to face. Even this wonderful thing evoked from them no sign of surprise.

But there was one performance, that seemed to fascinate them, one that called forth from them great grunts of admiration. On it they gazed with eyes and ears and mouths—every avenue of approach to the brain—wide open with appreciation and approval. As they watched it they became tremulous with excitement; every fiber of their bodies seemed to vibrate with enthusiastic admiration. And what was it that called forth such marked evidences of appreciation? It was the way in which the linemen climbed the telegraph poles to fix the wires!

Why did this comparatively unimportant performance command their admiration while the really great things to be seen were unable even to secure their attention? It was because the climbing of the telegraph poles came within the range of their experience and thus came within their power to appreciate. They had climbed trees. They knew the difficulty of tree-climbing even with the aid of bark and branches. Here were bare trees, barkless and branchless, and yet these wonderful white men climbed them with surprising quickness and certainty!

The powerful locomotives, the beautiful coaches, the wonderful electric telegraph—none of these made any impression on the natives. Why? They failed to admire simply because they could not understand. Under such conditions men always and everywhere are prone to do one of two things, either remain wholly unmoved or else be so overwhelmed that they regard the phenomena as supernatural.

A CREDIT TO THE NATION.

Only those who have themselves achieved can intelligently appreciate achievement. Only she who has patiently day after day run her fingers back and forth over the keyboard can really understand and adequately admire the technique of the pianist. Only those who have participated in the construction of some great work can appreciate constructive achievement at its true worth. Intelligent appreciation of greatness in others argues a measure of greatness in oneself. Monuments to great men are honorable alike to those for whom they are set up and to those who erect them. It is to our own credit as a Nation, therefore, that even though tardily we have erected out of public funds, and are now dedicating with dignified ceremonial, this fine memorial to the world's foremost discoverer, perhaps its greatest secular benefactor.

It is a principle of human nature that what men habitually contemplate they come to resemble. That is the lesson of Hawthorne's picture of The Great Stone Face. And every-day observation and experience confirm its truth. Those whose minds habitually dwell on mean and petty things tend to become mean and petty. Those who think often on large and noble things grow day by day in breadth of mind and magnanimity of soul. "As a man thinketh, so is he." And so I extend my hearty congratulations to that great society so numerously represented here to-day on having named their organization after him in whose honor we are now assembled. That the very name, Knights of Columbus, is elevating and ennobling. Knights! Columbus! What pictures of chivalry the words conjure up! What courage in the presence of danger! What persistence in the face of discouragement! What kindness to the weak! What generosity to the poor! What sympathy for the suffering! What faith! What constancy! How could a man fail to be bettered by membership in an organization "so conceived and so dedicated?"

It was Italy that gave Columbus to the world. So it seems fitting that this memorial should be unveiled by the distinguished gentleman who as ambassador so worthily represents that great country at this Capital. When in a few minutes now the ambassador shall have performed that pleasant duty it will be found that the memorial is to Christopher Columbus alone. Not a man who accompanied him on his memorable voyage is here remembered. Even Ferdinand and Isabella are honored only by a medallion on the back of the memorial. Is this a just arrangement? To the American people it is more important than may at first appear that the popular answer to this question be right.

The men shared with Columbus the dangers of the deep; should they not here and now be honored with him for the achievement? In a certain sense, yes. But who knows their names? The human mind has limitations. The ability to remember some things depends on the power to forget many things. Only the loftiest mountains can be seen at great distances; the supporting hills at their base soon disappear from view.

COLUMBUS THE CHIEF FIGURE.

Ferdinand and Isabella rendered their own country many and great services, and for those services they are justly honored in the annals of Spain. But the world at large remembers them chiefly as the patrons of Columbus in his fateful enterprise. Their fame is due primarily to his achievement. Their relation to that achievement was such that it seems fitting that their names and faces should appear on this memorial.

And here it seems proper to note that whenever and wherever a great deed for humanity is done, it will usually be found that connected with it in some inspiring and helpful way is a good woman.

Considering now the particular achievement that we are assembled to commemorate, whose brain conceived the enterprise? Whose skill wrought out the details? Whose soul furnished the courage that surmounted all difficulties? Who pushed on when everyone else wished to turn back? Who was the one person for whom there could be no substitute? Who was the one person indispensable to the success of the enterprise? As a matter of inherent justice and the highest equity, whose should be the supreme credit for the result? The world rightfully ascribes to Columbus the chief glory. This memorial is evidence that we concur in the world's opinion. That judgment will never be reversed or recalled.

It would be out of place on this occasion to discuss questions of a partisan character. We have come as one people to pay honor to Columbus. Our hearts are beating in unison with gratitude to our benefactor. The memorial is the tribute of all our people—all sections, all parties, all creeds—to a man who has rendered a service of incalculable value to the entire world. But the very setting up of the memorial to this heroic soul contains a suggestion too vital to the welfare of all our people to be allowed to pass unnoticed here.

In essence, though not in form, the achievement of Columbus is constantly being duplicated.

NEW WORLDS ARE CONSTANTLY BEING DISCOVERED.

Within the lifetime of many in this audience clothing was all hand-made. At that time the making of garments was one of the incidents of housekeeping. Few people were able to find in garment making a distinct means of earning a livelihood. Since the invention of the sewing machine the making of clothing has become a great industry, one in which hundreds of thousands of our people find opportunity to earn an honest and useful livelihood. More than that, for every person who a century ago was able to get one new dress or one new suit of clothes a year a hundred can now afford two or more new suits or dresses every year. By inventing the sewing machine Elias Howe opened up a new world to industry, vastly increased opportunity, and placed within the reach of millions of people comforts that but for his invention would have remained wholly unattainable.

One of the honored residents of this Capital City, Alexander Graham Bell, who still moves modestly among us, has opened up another world which but for his invention would have remained closed to mankind. The telephone has made possible a vast number of useful services that without it would be impossible. It has added immensely to the comfort and convenience and safety of the world's teeming millions. The communication of intelligence is the world's greatest civilizer. And for every person formerly employed in transmitting messages hundreds are now so employed. To the wage earner the telephone has opened up a new world of opportunity.

The men on the caravel with Columbus several times threatened to throw him overboard. If they had done so, would they have promoted

or retarded the world's progress? Would they have helped or hurt the great mass of mankind? Suppose that the people of those days in all countries had definitely decided that they would use the power of their governments to prevent men of the type of Columbus from exercising their talents; would they have been wise or unwise? Would it be to the advantage of the mass of our people for our Government to adopt the policy of preventing men from doing the best and the most of which they are capable?

Wonderful as was the nineteenth century, its achievements can be far eclipsed in the twentieth. The men could have thrown Columbus overboard. Progress can be hindered. Shall this great Nation, the flowering century plant of time, promote or retard the opening up of these new worlds waiting to be discovered? Do we really desire progress or do we simply wish to talk about it?

THE SPARTAN SYSTEM.

For a long time ancient Sparta pursued the policy of exposing all puny infants on the hillsides to die. Only those infants could lawfully be nourished that gave promise of growing up into vigorous manhood or womanhood. Under that system Sparta developed a great race and was able to maintain itself in the midst of powerful foes. Since then the world has grown kinder and the Spartan policy of deliberately killing off the weak has been abandoned. But would it not be un-speakably foolish to adopt the opposite policy of deliberately killing off the strong? And who would be the chief sufferers under such a policy? Precisely those whose interest it is professed to serve thereby. *The weak need the strong vastly more than the strong need the weak.*

Among men there are more warm hearts than wise heads. Men differ not so much in their motives as in their methods. Though pain and poverty seem to have been ordained by One infinitely wiser and kinder than we, all of us would like to banish them from the earth. Not everyone knows how to do it, but everyone ought to know how not to do it. The lowly can not be permanently lifted up by pulling down the exalted. The real interest of the many can not be promoted by unjust treatment of the few.

We have met to honor achievement. We pay tribute to-day to the Genoese boy who rose from the deepest obscurity to world-wide, age-enduring fame. He heard the voices of the sea and followed the beckoning waves of the blue Mediterranean. Step by step he solved old ocean's mystery and conquered all its terrors. His achievement enlarged the world for man and gave new glory to the sovereigns who lent him aid. Had he received as his reward an infinitesimal part of what he gave to mankind, he would have been rich beyond the dream of avarice. He would have become rich not by taking from others but by preserving to himself a little of what he created. And it is still a part of the divine law of compensation that in order to do much legitimately for himself a man must do immensely more for others. Exceptions to this rule only go to prove it. If wrongdoing never prospered, no one would ever be tempted to do wrong; if it always prospered, the most virtuous would be sorely tried.

Slowly but surely man is moving upward. Disease and pestilence are being driven from the earth. Before the rising sun of intelligence, ignorance and superstition are vanishing like the mists of the morning. Pain is being mitigated and poverty is being lessened. The average man to-day enjoys comforts and conveniences that a king could not command even a century ago. Perhaps the chief significance of this memorial is its value as evidence that the American people hereby show their recognition and approval of the fact that in the onward and upward march of humanity the many have always been led by the few, and that in the nature of the case this must always be true. This is the meaning of memorials.

Let us here and now as a Nation highly resolve that in the future, as in the past, America shall continue to be the land of opportunity. Let us make it more true rather than less true that in this country the man of one talent and the man of many talents shall each be free to achieve the most and the best of which he is capable, and enjoy the full reward that he has fairly earned. Let us keep wide open for everyone the golden gate of opportunity.

THE IMPORTANCE OF INSTITUTIONS.

One other truth this memorial speaks with voiceless eloquence. This Columbus whom we honor has passed from earth. Men, however great, must die. The good work they started would perish with them but for one thing. To insure the carrying on of their work after they have passed away men establish institutions. Before the fateful day on Calvary the Incarnation of Love and Wisdom gathered around Him a body of men to carry on His work. The institution then established has survived the centuries. It still remains blessing and to bless mankind.

One April day in 1865 our country was shocked to hear that the head of the Nation, its best beloved son, had been slain by an assassin. Indignation and anger were felt by every heart. In New York City the editor of a certain newspaper had been saying harsh things about the loved and lost. A crowd gathered and moved toward the building in which this paper was published. The crowd's righteous resentment was to be shown by the demolition of the offending plant. No one can tell what might have happened. But a man appeared on a balcony above the crowd and in a voice that was heard by all he cried, "God reigns, and the Government at Washington still lives." That speech was an inspiration, worthy of the man who a few years later reached the same high station and suffered the same sad fate. Garfield saw that day with the vision of a seer and spoke with the wisdom of a sage. The effect was instantaneous. His words fell like oil upon the troubled waters. The crowd, which was moved by a righteous indignation, but was about to express it in a wrong way, gradually dissolved and the Nation was saved another crime.

Garfield was right. Men die but institutions live. The men who framed our Government have all gone to their reward. But they gave us an institution and a Constitution which for a century and a quarter has served us marvelously well. Our national Constitution has commanded the enthusiastic commendation of the greatest and wisest statesmen of this and other lands. In the words of Gladstone, "The American Constitution is the greatest instrument ever struck off at a given time by the brain and purpose of man." It served well our national purposes when we were a little Nation of thirteen States and four millions of people living along the shores of the Atlantic. It has served us well as we have grown to be the mightiest Nation on the face of the earth, with a hundred millions of people, a Nation that has extended across the continent and covered the islands of the eastern seas. Through all these years it has remained largely unchanged—almost entirely unchanged in its vital principles. That it has been amended shows that it can be amended when the people in their sober judgment think that that is wise.

To the inexperienced all things are possible and most things are easy. Experience shows that there is often a vast difference between promises

and performances. Some of the most highly praised mining claims fail to pan out. Whatever in the present agitation is true and wise will remain, the rest will be blown away like chaff in the severe winnowing of public discussion.

I have an abiding faith in the might of right and in the common sense of the common people. We are not always right in the method of carrying out our best impulses, but experience proves that the sober second thought of the American people can be safely trusted.

And now, Mr. President, to you as the Chief Magistrate of the Nation, I have the honor, as a member of the Columbus Memorial Commission, to turn over this memorial. We chose as its site this entrance to the Nation's Capital, this gateway to the District that bears his name. May the Nation preserve the memorial with loving care and may it throughout unnumbered years speak to our people its lessons of sublime faith and unfaltering courage.

ENROLLED JOINT RESOLUTION PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that April 24 they had presented to the President of the United States, for his approval, the following joint resolution:

H. J. Res. 274. Joint resolution authorizing the commissioning in the Marine Corps of midshipmen under certain conditions.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 3195. An act to authorize the Secretary of the Interior to accept completion of Carey segregation No. 11, and to issue patent therefor; to the Committee on the Public Lands.

S. 1087. An act for the relief of H. L. McFarlin; to the Committee on Claims.

ADJOURNMENT.

Mr. WINSLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, Wednesday, April 26, 1922, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. FORDNEY: Committee on Ways and Means. H. J. Res. 270. A joint resolution authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia; without amendment (Rept. No. 924). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLSPAUGH: Committee on the District of Columbia. H. R. 6258. A bill to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D. C.; without amendment (Rept. No. 925). Referred to the Committee of the Whole House on the state of the Union.

Mr. MCKENZIE: Special Committee on Adjustment of Pay, etc. H. R. 10972. A bill to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service; without amendment (Rept. No. 926). 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. FULLER: Committee on Invalid Pensions. H. R. 11427. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; without amendment (Rept. No. 923). Referred to the Committee of the Whole House.

Mr. KEARNS: Committee on Military Affairs. S. 777. An act for the relief of John M. Green; without amendment (Rept. No. 928). Referred to the Committee of the Whole House.

Mr. KEARNS: Committee on Military Affairs. S. 1880. An act providing for the appointment of Warrant Officer Herbert Warren Hardman as captain in the Quartermaster Corps, United States Army; without amendment (Rept. No. 929). Referred to the Committee of the Whole House.

Mr. KNUTSON: Committee on Pensions. S. 3300. An act granting a pension to Marie Doughty Gorgas; without amendment (Rept. No. 930). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 11150) granting a pension to Emil Schmitt, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

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

By Mr. FULLER: A bill (H. R. 11427) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 11428) to fix the salaries of the Civil Service Commissioners and of certain employees of the Civil Service Commission; to the Committee on Reform in the Civil Service.

By Mr. GREENE of Massachusetts: A bill (H. R. 11429) authorizing the United States Shipping Board to reimburse builders of wooden ships for losses sustained as the result of the cancellation of contracts and the abandonment of wooden-ship construction; to the Committee on the Merchant Marine and Fisheries.

By Mr. PATTERSON of New Jersey: A bill (H. R. 11430) to provide for the purchase of a site and the erection thereon of a public building at Haddonfield, N. J.; to the Committee on Public Buildings and Grounds.

By Mr. CURRY: A bill (H. R. 11431) authorizing and directing the Postmaster General to permit the use of special canceling stamps in the post office at Sacramento, Calif., bearing the words and figures "Come to the Days '49 Celebration, Sacramento, Calif., May 23-29, 1922"; to the Committee on the Post Office and Post Roads.

By Mr. SWING: A bill (H. R. 11449) to provide for the protection and development of the lower Colorado River Basin; to the Committee on Irrigation of Arid Lands.

By Mr. RANKIN: Joint resolution (H. J. Res. 312) amending section 404 of the war risk insurance act; to the Committee on Interstate and Foreign Commerce.

By Mr. MCKENZIE: Resolution (H. Res. 331) for the consideration of House bill 10972; to the Committee on Rules.

By Mr. TUCKER: Resolution (H. Res. 333) requesting the President of the United States to send the four-power treaty and other papers to the House of Representatives; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BURDICK: A bill (H. R. 11432) for the relief of John H. Barrett and wife; to the Committee on War Claims.

By Mr. FAUST: A bill (H. R. 11433) for the relief of Bruce Bros. Grain Co.; to the Committee on Claims.

By Mr. FRENCH: A bill (H. R. 11434) granting a pension to Calvin R. White; to the Committee on Pensions.

Also, a bill (H. R. 11435) for the relief of W. F. Morgareidge; to the Committee on Claims.

By Mr. GOLDSBOROUGH: A bill (H. R. 11436) granting an increase of pension to Fredericka S. Albee; to the Committee on Invalid Pensions.

By Mr. HICKEY: A bill (H. R. 11437) granting a pension to Olive Bosworth; to the Committee on Invalid Pensions.

By Mr. HOGAN: A bill (H. R. 11438) for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J.; to the Committee on Claims.

By Mr. LEA of California: A bill (H. R. 11439) granting a pension to Olive W. Cox; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 11440) for the relief of Henrietta Greene, E. G. Green, J. B. Howell, Emily C. Vaughn, M. E. Howell, W. G. Howell, and Vivian Howell; to the Committee on War Claims.

By Mr. REBER: A bill (H. R. 11441) for the relief of M. Spector & Co.; to the Committee on Claims.

By Mr. TINCHER: A bill (H. R. 11442) granting a pension to Sophia Wilson; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 11443) granting a pension to George C. Peterson; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 11444) for the relief of the Powell Grocery Co.; to the Committee on Claims.

By Mr. WYANT: A bill (H. R. 11445) granting an increase of pension to Charlotte Wirsing; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11446) granting an increase of pension to Grace Olive Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11447) granting an increase of pension to James M. Laird; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11448) granting a pension to Margaret Anna Colligan; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

5271. By the SPEAKER (by request): Resolution of the Presbytery of Nebraska City, Nebr., of the Presbyterian Church in the United States of America, representing 7,466 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5272. Also (by request), resolution of the Presbytery of Wenatchee, Wash., of the Presbyterian Church in the United States of America, representing 1,516 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5273. Also (by request), resolution of the Presbytery of Lansing, Mich., of the Presbyterian Church in the United States of America, representing 3,814 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5274. Also (by request), resolution of the Presbytery of Washington, Pa., of the Presbyterian Church in the United States of America, representing 8,957 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5275. Also (by request), resolution of the Presbytery of Walla Walla, Wash., of the Presbyterian Church in the United States of America, representing 2,681 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5276. Also (by request), resolution of the Presbytery of Columbia, N. Y., of the Presbyterian Church in the United States of America, representing 1,876 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5277. Also (by request) resolution of the Presbytery of Shennango, Pa., of the Presbyterian Church in the United States of America, representing 7,940 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5278. Also (by request) resolution of the Wilmington Conference of the Methodist Episcopal Church, representing 48,522 members, in support of the constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

5279. By Mr. ANDREW of Massachusetts: Petition of the Appalachian Mountain Club, opposing transfer of administration of national forests from Department of Agriculture to the Department of the Interior; to the Committee on Agriculture.

5280. Also, petition of the Massachusetts Society, Sons of American Revolution, opposing the proposed erection in Washington on public land of the so-called George Washington Memorial; to the Committee on the Library.

5281. By Mr. BARBOUR: Petition of the Council of the City of Alameda, Calif., indorsing House bill 10212; to the Committee on the Judiciary.

5282. By Mr. COOPER of Wisconsin. Petition of citizens of Beloit, Wis., protesting against the passage of House bill 9753, or any other Sunday bill; to the Committee on the District of Columbia.

5283. By Mr. CURRY: Petition of the City Council of the City of Alameda, Calif., favoring the enactment of House bill 10212, amending the Judicial Code; to the Committee on the Judiciary.

5284. By Mr. DALLINGER: Resolution of the Appalachian Mountain Club, opposing the transfer of the national forests from the Department of Agriculture to the Department of the Interior; to the Committee on Agriculture.

5285. By Mr. GRAHAM of Illinois: Petition of the Keithsburg Woman's Club, of Keithsburg, Ill., and others, relative to House bill 5964; to the Committee on Agriculture.

5286. By Mr. HICKEY: Resolution adopted by the Presbytery of Logansport, at South Bend, Ind., April 18, 1922, indorsing House joint resolution 131, proposing a constitutional amendment prohibiting polygamy in the United States; to the Committee on the Judiciary.

5287. Also, resolution passed at a meeting of the Presbytery of Logansport, at South Bend, Ind., April 18, 1922, indorsing Senate joint resolution 31, proposing a constitutional amendment authorizing Congress to enact uniform laws on the subject of marriage and divorce; to the Committee on the Judiciary.

5288. Also, resolution passed at a meeting of the Presbytery of Logansport, at South Bend, Ind., April 18, 1922, indorsing House bill 9753, to secure Sunday as a day of rest in the District of Columbia; to the Committee on the District of Columbia.

5289. By Mr. KISSEL: Petition of the Peoria County Farm Bureau, of Peoria, Ill., of April 8, 1922, also April 10, 1922, relative to the importation of "blackstrap molasses"; to the Committee on Ways and Means.

5290. Also, petition of the Southern Tariff Association, of Washington, D. C., relative to tariff on vegetable oils; to the Committee on Ways and Means.

5291. By Mr. MACGREGOR: Resolution adopted by Grange No. 906, relative to the election of six directors to the Federal land banks; to the Committee on Banking and Currency.

5292. Also, resolution adopted by the corporation counsel of the city of Buffalo, relative to a bill to amend the Judicial Code relating to district and circuit courts; to the Committee on the Judiciary.

5293. By Mr. McLAUGHLIN of Nebraska: Petition of sundry citizens of York County, Nebr., urging revival of the United States Grain Corporation; to the Committee on Agriculture.

5294. By Mr. SINCLAIR: Petition of 300 residents of Marshall, Taylor, Richardson, and other places in North Dakota, urging the revival of the United States Grain Corporation and a stabilized price on wheat and other farm products; to the Committee on Agriculture.

5295. By Mr. THOMPSON: Petition of the Presbytery of Toledo, Synod of Ohio, urging passage of Senate Joint Resolution 31, proposing a constitutional amendment authorizing Congress to enact uniform laws on the subject of marriage and divorce; to the Committee on the Judiciary.

5296. Also, petition of the Presbytery of Toledo, Synod of Ohio, urging passage of House Joint Resolution 131, proposing a constitutional amendment prohibiting polygamy in the United States; to the Committee on the Judiciary.

5297. Also, petition of the Presbytery of Toledo, Synod of Ohio, urging passage of House bill 9753, to secure Sunday as a day of rest in the District of Columbia; to the Committee on the District of Columbia.

5298. By Mr. ZIHLMAN: Petition of citizens of Washington, D. C., protesting against the passage of any legislation looking to the enforcement of the observance of any religious institution, or of taking any step in the direction of a union of church and state, and particularly petitioning Congress not to pass House bill 9753 or any other Sunday bills such, for example, as House bill 4388 and Senate bill 1948; to the Committee on the District of Columbia.

SENATE.

WEDNESDAY, April 26, 1922.

(*Legislative day of Thursday, April 20, 1922.*)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ball	Gerry	McCumber	Pomerene
Borah	Glass	McKellar	Ransdell
Brandegee	Gooding	McKinley	Rawson
Broussard	Hale	McLean	Sheppard
Calder	Harrel	McNary	Smoot
Capper	Harris	Moses	Stanley
Caraway	Harrison	Myers	Sterling
Colt	Heflin	Nelson	Sutherland
Culberson	Johnson	Newberry	Townsend
Cummins	Jones, N. Mex.	Nicholson	Wadsworth
Curtis	Jones, Wash.	Norbeck	Walsh, Mass.
Dial	Kellogg	Norris	Warren
du Pont	Keyes	Oddie	Watson, Ga.
Edge	King	Overman	Watson, Ind.
Ernst	Ladd	Page	Willis
Fletcher	La Follette	Phipps	
Frelighuysen	Lodge	Poindexter	

Mr. SHEPPARD. The Senator from Montana [Mr. WALSH] is absent on official business.

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained on account of illness. I ask that this announcement may continue through the day.

Mr. HEFLIN. My colleague [Mr. UNDERWOOD] is detained on account of illness in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Sixty-six Senators have answered to their names. A quorum is present.

INTERMENT OF SOLDIER DEAD.

The VICE PRESIDENT laid before the Senate a communication from the Quartermaster General of the Army, inclosing a list of American soldier dead returned from overseas to be

reinterred in the Arlington National Cemetery Thursday, April 27, 1922, at 2.30 p. m., which was ordered to lie on the table for the information of Senators.

SUPPLEMENTAL ESTIMATE, NAVY DEPARTMENT, 1923 (S. DOC. NO. 195).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Navy Department, fiscal year 1923, for additional employees, Hydrographic Office, \$100,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

S. 1059. An act for the relief of J. B. Waterman;

S. 2616. An act to empower the Commissioners of the District of Columbia to convey certain land;

S. 3170. An act regulating corporations doing a banking business in the District of Columbia; and

H. R. 7272. An act for the relief of Monroe B. Shealy.

PETITIONS AND MEMORIALS.

Mr. LODGE presented resolutions and telegrams in the nature of petitions from the Jewish Ministers' Association of Harlem, N. Y., Rabbi S. Hurwitz, secretary; of the Federation of Hungarian Jews, Samuel Buchler, president, New York City; of the Ladies' Mizrachi Zionists' Organization, of Boston, Mass.; and of the Hadadash Chapter, the Charleston Hebrew School, the Charleston District Zionist Organization, the South Carolina Jewish Relief Committee, the Beth Israel Congregation, the Society Daughters of Israel, the B'rith Shalom Congregation, in the State of South Carolina, praying for the passage of Senate Joint Resolution 191, favoring the establishment in Palestine of the National Home for the Jewish people, which were referred to the Committee on Foreign Relations.

Mr. NICHOLSON presented a petition of sundry citizens of Fort Collins, Colo., praying for the enactment of legislation favoring the establishment in Palestine of the National Home for the Jewish people, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a resolution adopted by the Presbytery of Topeka, at Topeka, Kans., favoring the enactment of legislation providing for uniform marriage and divorce laws, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Presbytery of Topeka, at Topeka, Kans., and the Kansas City Presbytery, at Amoret, Mo., favoring the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Presbytery of Topeka, at Topeka, Kans., and the Kansas City Presbytery, at Amoret, Mo., favoring the enactment of legislation to prohibit polygamy, which were referred to the Committee on the Judiciary.

Mr. NORRIS presented resolutions adopted by the Presbytery of Kearney, at Central City, and the Nebraska City Presbytery, at Fairbury, both in the State of Nebraska, favoring the enactment of legislation providing for uniform marriage and divorce laws, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Presbytery of Kearney, at Central City, and the Nebraska City Presbytery, at Fairbury, both in the State of Nebraska, favoring the enactment of legislation to prohibit polygamy, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Presbytery of Kearney, at Central City, and the Nebraska City Presbytery, at Fairbury, both in the State of Nebraska, favoring the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. TOWNSEND presented a resolution adopted by the Presbytery of Lansing, at Hastings, Mich., favoring the enactment of legislation to prohibit polygamy, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Presbytery of Lansing, at Hastings, Mich., favoring the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.